

**SEATAC CITY COUNCIL
QUESTIONS REGARDING:**

**CITY OF SEATAC &
KENT REGIONAL FIRE AUTHORITY
CONTRACTUAL CONSOLIDATION**

**PRESENTED AT
AUGUST 27th, 2013
SPECIAL COUNCIL STUDY SESSION**

TABLE OF CONTENTS

QUESTION #1 (PAGE 5)

Why is the City of SeaTac considering consolidation?
(City Manager Todd Cutts / Fire Chief Jim Schneider)

QUESTION #2 (PAGE 8)

Why can't the City of SeaTac have a voting seat on the RFA Board?
(Attorney Snure)

QUESTION #3 (PAGE 8)

Council is wondering why they have to spend \$5 million on a new fire station 45 and then turn around and lease the station to the RFA for \$1 per year?
(Attorney Snure)

QUESTION #4 (PAGE 9)

What if the FBC does not pass in 2016? If that were to occur, what is the impact to the City of SeaTac under the ILA? Do we need something in the ILA?
(Attorney Snure)

QUESTION #5 (PAGE 10)

If there is an issue between the parties, it could go to mediation. How many mediators and who picks them?
(Attorney Snure)

QUESTION #6 (PAGE 10)

Is this the same process for the arbitrator?
(Attorney Snure)

QUESTION #7 (PAGE 10)

What kind of badging will our citizens see on the firefighter's uniforms? On the apparatus?
(Fire Chief Schneider)

QUESTION #8 (PAGE 11)

Does the fire boat stationed at fire station 45 stay in SeaTac?
(Fire Chief Schneider)

QUESTION #9 (PAGE 11)

Review organizational chart with all positions listed?
(Fire Chief Schneider)

QUESTION #10 (PAGE 11)

Should ISO (WSRB) be included in performance (minimum standards and response times)?
(Fire Chief Schneider)

QUESTION #11 (PAGE 11)

EMAC funding – Will EMAC funding and EMPG funding be available, and who would get that funding?

(Fire Chief Schneider)

QUESTION #12 (PAGE 12)

Kent Fire Department is a Nationally Accredited fire agency. Should the City of SeaTac stay where we are in terms of response time or national standards (improve or degrade the City of SeaTac)?

(Fire Chief Schneider)

QUESTION #13 (PAGE 12)

Will SeaTac still receive an Annual Performance Report specific to SeaTac operations?

(Fire Chief Schneider)

QUESTION #14 (PAGE 12)

The RFA will provide information technology. What does that mean?

(Fire Chief Schneider)

QUESTION #15 (PAGE 13)

How many fire apparatus does the City currently have? How does SeaTac replace them? Equipment replacement funding of \$460,000 per year seems high?

(Fire Chief Schneider)

QUESTION #16 (PAGE 14)

Does SeaTac pay the RFA a yearly vehicle repair fee (budgeted item)?

(Fire Chief Schneider)

QUESTION #17 (PAGE 14)

Supplemental services (Public Education, Fire Prevention, Emergency Management) – Can SeaTac carve those out for a shorter timeframe?

(City Manager Cutts)

QUESTION #18 (PAGE 14)

Messaging to senior community?

(City Manager Cutts)

QUESTION #19 (PAGE 14)

Section 3.2c – What if there is an increase in service levels – concern?

(City Manager Cutts)

QUESTION #20 (PAGE 15)

Can SeaTac remove the \$10,000 contribution toward the annual report and newsletter?

(City Manager Cutts)

QUESTION #21 (PAGE 15)

What percentage of administrative costs are salaries and benefits?

(Finance Manager Margaret Martin / Attorney Snure)

QUESTION #22 (PAGE 15)

It was stated SeaTac should have a reduction in insurance costs. Approximately how much? Is it significant?

(Finance Director Antin)

QUESTION #23 (PAGE 15)

Does this fire services ILA affect the ILA with the Port?

(Finance Director Antin)

QUESTION #24 (PAGE 16)

Is the City exercising all opportunities to seek funding from tax exempt properties in the city? *(Finance Director Antin)*

QUESTION #25 (PAGE 16)

What is the annual cost for fire service in 2013 with RFA services added in?

(Finance Director Antin)

QUESTION #26 (PAGE 16)

What is the identified impact that consolidation will have on the Kent Fire Department RFA if consolidation were to occur?

(Fire Chief Schneider)

QUESTION #1

Why is the City of SeaTac considering consolidation?
(City Manager Todd Cutts / Fire Chief Jim Schneider)

Why

- History of consolidation
- Background in considering consolidation 2010
- Consolidation starting point in 2011
- Avoidable costs realized in 2014
- Additional considerations

Why – History of consolidation

- City considered consolidating its fire services with surrounding jurisdictions for a number of years
 - 1990's – Explored Saltwater Ridge consolidation
 - Mid-2000's – Explored consolidation with City of Tukwila
 - Neither led to consolidation

Why – Background in considering consolidation in 2010

- June 2010 City Council retreat, potential fire consolidation was discussed at the request of the Council
 - Staff provided Council with background on the existing state of fire services
 - ◆ Minimum staffing levels for effective fire suppression and emergency medical services have been maintained
 - ◆ Resources to provide services such as fire prevention, public education, training, and emergency management were either eliminated or have never been funded
 - Potential reasons and criteria for consolidation included:
 - ◆ Economies of scale
 - ◆ Sustaining services
 - ◆ Elimination of duplication of services

- Staff also presented Council with four scenarios to provide fire services:
 - ◆ City retain fire services
 - ◆ Explore consolidation with the City of Tukwila
 - ◆ Explore consolidation with South King Fire
 - ◆ Explore consolidation with the Kent Fire Department RFA.
- At that time, Council directed staff to explore consolidation with the Kent RFA.

Why – Consolidation starting point in 2011

- Given Fire Chief vacancy and certain services not being provided, City entered into an Interlocal Agreement with Kent RFA in 2011 for the following reasons:
 - Situation on January 1, 2011:
 - ◆ The City of SeaTac was facing a Labor & Industries (L&I) citation – lack of incident command training
 - ✓ An estimated \$800,000-\$900,000 expenditure to meet L&I requirements for providing the required Incident Command training
 - ◆ At that time, Acting Fire Chief was serving as:
 - ✓ Fire Chief
 - ✓ Assistant Chief
 - ✓ Fire Marshal
 - ✓ Emergency Management Director
 - ◆ Because of the drop in A/V in properties, the City of SeaTac was approaching its capacity (\$3.10) in collecting revenue from A/V and was looking towards consolidation for potential savings
 - ◆ One individual was assigned to provide mandated training to 47 fire personnel –
 - ✓ Lack of facilities to provide the training
 - ✓ Lack of FTE resources needed to provide mandated training for an organization this size (47 firefighters)
 - ◆ Mandated training
 - ◆ Lack of specialized training and resources:
 - ✓ Water rescue training
 - ✓ High angle rescue training

- ✓ Steep angle rescue training
- ✓ Confined space rescue training

Why – Avoidable costs realized in 2014 if consolidation were to take place

- Salary Savings program
 - Potential reduction in labor costs due to early retirement program for contractual consolidation (44 FTE's) that is offered by the Kent RFA
 - ◆ *(Estimated potential savings \$50,000-\$100,000)*
- Captain promotional process
 - Consultant, committee, associated costs
 - Challenges to the process
 - ◆ *(Estimated cost savings in 2014 \$35,000-\$40,000)*
- Battalion Chief promotional process
 - Consultant, committee, associated costs
 - Challenges to the process
 - ◆ *(Estimated cost savings in 2014 \$35,000-\$40,000)*
- Engineer Promotional process
 - Future litigation costs – risk exposure
 - ◆ *(Estimated cost savings in 2014 to conduct process \$35,000-\$40,000)*
- Recruit Firefighter process
 - *(Estimated cost savings in 2014 \$40,000)*
- Facilities
 - Maintenance contract paid by RFA to City of SeaTac for facility maintenance (\$73,500)
- Reduction in overtime expenditures
 - Older department
 - Limited Time Duty
 - Lack of sufficient staffing
- Liability costs
- Negotiations

Why - Considerations for consolidation

- See associated Agenda Bill
- Additional considerations include:
 - Identified immediate avoidable costs
 - Costs associated with state mandates
 - Reduces costs for Valley Communications – 911 Dispatch costs
 - SeaTac Fire Department would become a Nationally Accredited fire agency (Kent Fire is a Nationally Accredited Fire Agency)
 - Preservation of essential services – sustaining service delivery

QUESTION #2

Why can't the City of SeaTac have a voting seat on the RFA Board?
(Attorney Snure)

- There is no legal authority that would allow the City to have a voting position on the RFA Board under a contractual consolidation approach.
- The governing board of an RFA is limited to “elected officials of the participating jurisdictions” or commissioners elected by the voters of the RFA.
- SeaTac is not a participating jurisdiction and therefore cannot, by law, have a voting position.

QUESTION #3

Council is wondering why they have to spend \$5 million on a new fire station 45 and then turn around and lease the station to the RFA for \$1 per year?
(Attorney Snure)

- If the City were able to join the RFA then the RFA would likely take ownership of the fire stations and would be responsible for replacement as the RFA would be statutorily responsible for providing fire protection and emergency medical services to the City.
- Under a contractual consolidation, however, the City of SeaTac remains statutorily responsible for providing fire protection and emergency medical services to its citizens.
- The RFA is simply a contracted service provider that the City is using to meet this responsibility.

- The City must pay for the total cost of the services provided as the RFA taxpayers cannot subsidize the cost of services in SeaTac.
- Fire Station 45 is a City asset that has been and will continue to be used to provide services to the City so the costs associated with the Station remain the responsibility of the City.
- If the RFA were to pay the cost of rebuilding Station 45 or were to pay a fair market value rent, the RFA, to avoid any subsidy, would have to increase the contract fee amount to recover those costs from the City and the net financial impact to the City would be the same.
- The ILA is structured to minimize transferring funds back and forth so the nominal rent approach was used.
- The RFA is responsible for ordinary maintenance and this is funded by a portion of the Operating Cost payment from the City.
 - (Exhibit A, Paragraph 2)
 - ◆ *Operation Costs. The City shall pay to the RFA, in 2014, \$914,193.00 for operation costs including costs of equipment maintenance, training, logistics, supplies, etc. On January 1 of each year subsequent to 2014, the cost shall be adjusted by 100% of the Seattle/Tacoma/ Bremerton CPI-W percentage increase for the period of June to June.*

QUESTION #4

What if the FBC does not pass in 2016? If that were to occur, what is the impact to the City of SeaTac under the ILA? Do we need something in the ILA?
(Attorney Snure)

- The RFA is contracted to provide services to the City at a specific level and the City pays for that level of service. The benefit charge does not fund services in the City and the loss of benefit charge funding would not affect services in the City unless a change in service was mutually negotiated.

QUESTION #5

If there is an issue between the parties, it could go to mediation. How many mediators and who picks them?

(Attorney Snure)

- The contract provides that the parties will mutually agree on a mediation process at the time of a dispute. If the parties are unable to agree on a process, the dispute would move into arbitration.

QUESTION #6

Is this the same process for the arbitrator?

(Attorney Snure)

- The contract provides that arbitration will be before one arbitrator under the King County Superior Court Local Mandatory Arbitration Rules. The parties also have the right to mutually agree to a different arbitration process.

QUESTION #7

What kind of badging will our citizens see on the firefighter's uniforms? On the apparatus?

(Fire Chief Schneider)

- Uniforms – Neither department can afford to have two different sets of uniforms.
 - SeaTac personnel will become Kent Fire Department personnel on January 1, 2014. They will wear Kent Fire Department uniforms and badges. Personnel will be going from station to station, for minimum station coverage, thus the need for one set of uniforms, not two sets. Currently, Kent Fire personnel respond into SeaTac under automatic aid, and we have never received a concern from SeaTac citizens. They want three firefighters to respond to meet their needs. Likewise, when SeaTac personnel respond into Kent, the result is the same. The Kent Fire Department RFA has not received complaints on uniforms or badges worn by other firefighters responding into our service area.
- Apparatus – Current and future SeaTac fire apparatus and vehicles are funded by the citizens of SeaTac, and will remain in service in the City of SeaTac. SeaTac Fire will remain as the identified logo on fire apparatus.

QUESTION #8

Does the fire boat stationed at fire station 45 stay in SeaTac?

(Fire Chief Schneider)

- Yes, it will stay in SeaTac.

QUESTION #9

Review organizational chart with all positions listed?

(Fire Chief Schneider)

- The organizational chart was handed out at the Council Study Session on Tuesday, August 13, 2013.

QUESTION #10

Should ISO (WSRB) be included in performance (minimum standards and response times)?

(Fire Chief Schneider)

- Currently a Class 4 (WSRB) rating - Reduced from a Class 3 to a Class 4 because of the lack of aerial ladder truck capabilities. The Kent Fire Department WSRB rating is a Class 3, and it is very possible that if SeaTac consolidates with the Kent Fire RFA, with Kent's water delivery capacity and ladder truck, and the purchase of a ladder truck by SeaTac, the City could get a reclass to a Class 3, which means it could affect and potentially reduce the rates commercial property owners pay. However, standards are fluid and can change for WSRB – standards that sometimes neither Kent nor the City of SeaTac can meet (i.e. having six people staff each apparatus).
- Bottom line – The SeaTac City Council and citizens of SeaTac determine the level of service and response time standards for SeaTac.

QUESTION #11

EMAC funding – Will EMAC funding and EMPG funding be available, and who would get that funding?

(Fire Chief Schneider)

- All Emergency Management funding available, requested by the City of SeaTac, and awarded to the City of SeaTac, will remain with the City of SeaTac.

QUESTION #12

Kent Fire Department is a Nationally Accredited fire agency. Should the City of SeaTac stay where we are in terms of response time or national standards (improve or degrade the City of SeaTac)?
(Fire Chief Schneider)

- Kent Fire Department will be providing contractual fire services to the City of SeaTac. The Kent Fire Department is a Nationally Accredited fire agency. SeaTac will be receiving contractual fire/EMS emergency services from a Nationally Accredited fire agency – it can only improve your service delivery, does not degrade SeaTac service and does not affect SeaTac contract for services. SeaTac pays for the services wanted and desired, and receives those services from a Nationally Accredited fire agency.

QUESTION #13

Will SeaTac still receive an Annual Performance Report specific to SeaTac operations?
(Fire Chief Schneider)

- Yes, the Kent Fire Department RFA will provide the City of SeaTac an Annual Performance Report, just as we do for the Kent Fire Department RFA Governance Board.

QUESTION #14

The RFA will provide information technology. What does that mean?
(Fire Chief Schneider)

- The Kent RFA will provide SeaTac fire stations with:
 - A secure computing network
 - Telephone service
 - Service desk (help desk) support
 - Support of MDCs in all apparatus
 - Support of photo/copier/fax machines and printers and replacement as needed
 - Software and licensing support
 - Cellular devices (phones, data plans, apparatus modems for MDCs)
- NOTE: Some of the above services are provided in whole or in part by the City of Kent via an ILA.

QUESTION #15

How many fire apparatus does the City currently have? How does SeaTac replace them? Equipment replacement funding of \$460,000 per year seems high?
(Fire Chief Schneider)

- Currently the City of SeaTac has the following fire apparatus:
 - 1994 Squirt (reserve)
 - 1997 Engine (reserve)
 - 2000 Engine
 - 2004 Engine
 - 2008 Engine
- Proposed replacement:
 - 1994 Squirt will stay in reserve as a reserve ladder truck until 2025 (31 years in service life)
 - 1997 Engine will be replaced with new aerial ladder truck and will be sold (2015) once that replacement occurs. Sale proceeds go into City of SeaTac apparatus replacement fund (18 years in service).
 - 2000 Engine will become a reserve engine in 2015 and will be replaced in 2022 (22 years in service)
 - 2008 Engine will be replaced in 2028.

CIP funds needed:

- The \$460,000 is needed to replace the ladder truck that has been deferred. There will be three years (2015, 2016, and 2017) where the fund will be in the red, but the deficit will be covered by the sale of apparatus and extending purchases. CIP funds will increase by CPI each year.
- Original cost of each apparatus:

	Original Cost	Depreciation Value
1994 Squirt	\$404,279.91	\$20,214.00
1997 Engine	\$394,426.82	\$78,885.36
2000 Engine	\$412,210.10	\$123,663.03
2004 Engine	\$497,182.58	\$273,450.42
2008 Engine	\$642,514.33	\$481,885.75

QUESTION #16

Does SeaTac pay the RFA a yearly vehicle repair fee (budgeted item)?
(*Fire Chief Schneider*)

- The current ILA for apparatus maintenance in 2013 with the Kent RFA is \$111,952.80 plus parts.
- In 2014, if you consolidate, that amount is included in the contractual consolidation amount identified. It is part of the new ILA, if approved.

QUESTION #17

Supplemental services (Public Education, Fire Prevention, Emergency Management) – Can SeaTac carve those out for a shorter timeframe?
(*City Manager Cutts*)

- This suggestion/request was accommodated in the ILA

QUESTION #18

Messaging to senior community?
(*City Manager Cutts*)

The City will continue to actively engage the public through SeaTV, the SeaTac Report, and the City Manager's Weekly Update. In addition, Chief Schneider has attended pancake breakfasts for the last three years at the Bow Lake Residential Community and has assured residents that the level of service they have come to expect will remain the same (stations will not move, many of the same firefighters). City administration is making an effort to schedule a meeting at this location to discuss the potential consolidation.

QUESTION #19

Section 3.2c – What if there is an increase in service levels – concern?
(*City Manager Cutts*)

The City determines services levels and approves staffing. If the City were to decide it wanted to increase service levels, it would pay the increased cost. If the RFA were to decide it wanted to increase service levels above what is called out in the contract, the RFA would pay the increased cost. If there was a legislative mandate or policy that dictated an increase to service levels, either party could compel renegotiation of costs and services.

QUESTION #20

Can SeaTac remove the \$10,000 contribution toward the annual report and newsletter?
(City Manager Cutts)

Yes, the City could remove this service before the ILA was authorized. Or, if it was approved and the City later determined it would like to remove this service, the City could give notice on January 1, 2015 at the earliest with a one-year wind down period.

QUESTION #21

What percentage of administrative costs are salaries and benefits?
(Finance Manager Margaret Martin / Attorney Snure)

EXHIBIT A PAYMENT FOR SERVICES

- Administrative Costs. ** The City shall pay to the RFA in 2014 \$914,193.00 for administrative costs including cost of management staff. On January 1 of each year subsequent to 2014, the cost shall be adjusted by 100% of the Seattle/Tacoma/Bremerton CPI-W percentage increase for the period of June to June.

** The percentage of Admin costs that are salaries and benefits are: 69.4%

QUESTION #22

It was stated SeaTac should have a reduction in insurance costs. Approximately how much? Is it significant?
(Finance Director Antin)

- The estimated portion of the City's liability insurance premium related to fire services (excluding building insurance) equals \$30,000. *(This would be the potential amount of liability premium savings if coverage was changed in 2014 to what is being proposed as part of the ILA.)*

QUESTION #23

Does this fire services ILA affect the ILA with the Port?
(Finance Director Antin)

- No. There is no direct reference to the Port of Seattle in the current ILA language for this contract for fire services. Section 8.1 specifically addresses existing agreements, while Section 13.1 includes a non-exclusive agreement clause.

QUESTION #24

Is the City exercising all opportunities to seek funding from tax exempt properties in the city? (*Finance Director Antin*)

- The City Council has not previously provided staff with this locally administered tax and fee policy direction. The Fire Services ILA is a contract for services arrangement. It is the City's Council's decision to determine what level of service they desire to have within the financial limitations they approve on any given service provision area. The level of service that is to be included in the proposed contract for fire services is addressed in section 3 of the ILA and the payment for that level of service is addressed in section 4 of the ILA.

QUESTION #25

What is the annual cost for fire service in 2013 with RFA services added in?
(*Finance Director Antin*)

- In the General FUND #001:
 - The Fire Department portion of the 2013 Budget = \$7,921,632
 - The Human Resources "Civil service" 2013 budget related to Fire = \$ 21,516
 - The Non-Departmental portion of liability insurance related to Fire services = approximately \$30,000
 - Subtotal 2013 General Fund = \$7,973,148
- In the Fire Equipment Capital Reserve Fund # 303:
 - As part of the adopted 2013-2018 Capital Improvement Plan and adopted 2013-2014 biennial budget, the amount budgeted in 2013 for Fire capital equipment = \$501,453
- Subtotal of authorized budget appropriation in 2013 for Fire related operating and fire capital equipments = \$8,474,601

QUESTION #26

What is the identified impact that consolidation will have on the Kent Fire Department RFA if consolidation were to occur?
(*Fire Chief Schneider*)

- The Kent Fire Department RFA Governance Board, Leadership Team, and fire personnel fully understand the dynamics behind the downfall of Blockbuster Video and that consolidation of services is the new norm, whether it is fire jurisdictions, port authorities, school districts, or other government related entities.
- The staff report presented to the RFA Governance Board identified the following:

Qualitative analysis of the pro's and con's of contractual consolidation with the City of
SeaTac

PRO'S	CON'S
<ul style="list-style-type: none"> • Cost neutral for the RFA - the City of SeaTac pays for the services they desire and receive. 	<ul style="list-style-type: none"> • Limited liability of facility major repairs (annual operating costs identified)
<ul style="list-style-type: none"> • Potential to sell excessive equipment such as fire vehicles and apparatus 	<ul style="list-style-type: none"> • Could delay needed CIP projects, improvements, and repairs
<ul style="list-style-type: none"> • Burden of capital improvements rests with the City. 	<ul style="list-style-type: none"> • Greater liability exposure for RFA due to increased number of employees and service area
<ul style="list-style-type: none"> • Reserve apparatus leasing 	
<ul style="list-style-type: none"> • Economy of scale in purchasing of supplies and equipment through joint bidding and purchasing 	
<ul style="list-style-type: none"> • Share specialized and costly equipment 	
<ul style="list-style-type: none"> • Eliminates duplication of resources (e.g. fire chief, fire marshal) 	
<ul style="list-style-type: none"> • Safety of firefighters – through centralized and coordinated fire administration and management of fire / emergency services 	
<ul style="list-style-type: none"> • Continue to update the training and professionalism of both departments 	
<ul style="list-style-type: none"> • Similar cultures 	

Because consolidation is a reality for sustaining services, our organization has adopted the saying that states:

“THE BEST WAY TO PREDICT THE FUTURE
IS TO CREATE IT”