

**The Committee’s work this fall is about trying to make recommendations to the full City Councils by the end of this year around the following questions:**

- A.** Is there a governance model that the Committee is prepared to recommend to govern an RFA combining the current fire operations? What is that model and why does the Committee recommend it?
- B.** Does the Committee think an RFA will work operationally and financially for our jurisdictions? What are the key assumptions and policy goals on which the Committee bases this conclusion?
- C.** Does the Committee recommend we proceed to finalize an RFA plan for final action by the City Councils and Board of Commissioners next spring?

Question **B** in particular involves considering what the future **could** hold for a joint fire operation. Depending on what service level you want, you will need more or less money. Depending on how high the initial levy rate is set, you will need to go back sooner or later to the voters for a lid lift. You may have a lot of room to accommodate future investment in facilities and apparatus, or not very much, depending on your levy rate and service level assumptions.

**The RFA Plan itself needs to include only a couple of starting assumptions**

- 1. An initial governing model
- 2. An initial financing structure
  - a. An initial levy rate for the fire levy.
  - b. A decision whether to preserve the opportunity to impose an RFA EMS levy in the future, in lieu of collecting the 3 local EMS levies.
  - c. A decision whether to preserve the ability to implement a fire benefit charge in the future (this could also be part of the initial ballot package).
- 3. A statement about initial service levels / “standard of cover.”
- 4. A statement about initial staffing (Year 1).
- 5. A statement about how each of these things can be amended in the future – by Board action, or only by going back to the voters.

**How things actually play out over time – in terms of staffing models, service levels and future investment decisions – is not decided today and is not included in the RFA Plan.**

**However, we should do some “due diligence” around whether you can meet your identified values and principles over time. This is where financial modelling comes in.** It makes sense to run a couple of different operating scenarios over a period of years in order to have a degree of confidence that you can meet the principles you have set out for yourself, and to understand how much flexibility you will have in terms of timing of lid lifts and making investments.

**Among the key values and principles you have identified are:**

- **future fire service at levels that meet or exceed current service levels**
- **a funding model that is both sustainable and affordable.**

The finance staff have a **7-year model** that can be used to run various operating assumptions that can help answer Question B. That model needs to be populated with a lot of assumptions—several hundred assumptions. Multiple scenarios can be run based on different assumptions. As we've talked about, "sustainable" and "affordable" mean different things to different people—another reason to run a few scenarios.

It is arguably not a good use of the Committee's time to talk about several hundred financial assumptions. However, for purposes of "stress testing" the RFA concept, and drafting the RFA Plan, it is important that the Committee is comfortable with the major assumptions in the model.

The purpose of the discussion about financial assumptions and operating scenarios is not to commit a future RFA to any particular operating path. Rather, it is to present:

1. The **major financial assumptions** that the finance staff would recommend we use to run the 7-year model (assumptions about growth in population, calls for service, growth in property tax values, inflation of labor costs, etc.); and
2. **Two different operating scenarios to model.** The two models are what the Chiefs believe represent: the minimum necessary to sustain current service levels (**Model 1—Baseline**), and the minimum scenario plus investments they see as most pressing in the next 7 years (**Model 2 – Baseline Plus**). The scenarios are simply part of a modelling exercise: if we wanted these things, how much would they cost, and what would it mean for the levy rate and levy lid lift frequency?

The staff team are seeking your feedback on these assumptions and scenarios—for purposes of financial modelling of various alternatives. **We are not asking you to endorse a specific operations scenario**, or agree that labor inflation will be exactly X%, but rather, whether if you concur these are two plausible scenarios and assumptions to test the financial stability of the proposed RFA. You may want to ask us to adjust some of the assumptions—or not. Once we have explained the assumptions and the operating scenarios, staff would propose to run at least 8 scenarios, looking at two levy rates (combined EMS + regular fire levy at \$1.90 and \$2.00); two operating scenarios; and options with and without the Arlington fire debt being assumed by the RFA. We would present these to you in October. There may be other scenarios to run as well.

The scenarios will help you analyze whether the RFA can meet and potentially exceed current service levels within allowable levy rates, and how the selection of an initial levy rate will affect the timing of future lid lifts. Hopefully, this allow you to answer the question of whether you think an RFA will work operationally and financially for the three jurisdictions.

# MARYSVILLE FIRE DISTRICT ARLINGTON FIRE DEPARTMENT

## Combined Operations Scenarios 2019-2025

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DATED: September 28, 2017



## 1. REPORT SUMMARY

This report summarizes the major operational assumptions and challenges for a combined Marysville-Arlington fire service operation over the next 7 years, and presents for consideration **two scenarios for future operations**. Staff propose to use these scenarios to model the 7-year financial outlook for an RFA.

Over the next seven years, in the combined area of Marysville, Arlington and Fire District 12:

- Population is expected to grow by nearly 8,000 people to an estimated 110,000.
- Calls for Service are expected to grow to 30,000 a year by the end of 2025, based on the average CFS growth in the last five years. This is a 35.5% increase in total CFS. On average, 31% of CFS result in a BLS transport call. Currently, in our departments a dedicated BLS transport unit responds to an average of 3000 calls per year. BLS transports are expected to increase by about 3,100 over the 7-year period, which is why the recommendation is made to add a BLS transport unit.

A key challenge for a combined fire service operation will be maintaining service levels under this rapid growth in calls for service.

The major operational assumptions involved in developing future operation scenarios include:

- The **Year-1 Changes** outlined for the RFA Planning Committee at prior RFA Committee meetings—four items that the Chief’s would implement immediately under an RFA, without needing to increase staffing or resources:
  - Consolidate Stations 63 and 48: move in Station 63.
  - Re-deploy staff to ensure dedicated staffing for 1 ladder truck
  - Re-deploy staff to fully staff 1 additional BLS/transport unit
  - Move staff and a hazmat unit to station 47.

As previously discussed, these changes should result in greater effectiveness and efficiency in deployment of existing resources and improved service levels and modest improvements in response time.

- The **currently adopted apparatus replacement plans** in place in both jurisdictions would be combined and implemented.

The Chiefs have developed two operations scenarios for the initial 7-year period. The first step in this discussion is to explain these scenarios from an operations standpoint. Next month, the financial implications of these scenarios will be presented.

The two scenarios are:

**Baseline:** The primary objective in the Baseline model is to simply maintain current service levels and programs, including response times, in both Cities and the District as population and demand for service grows, and implementing current approved apparatus replacements as scheduled.

**Baseline Plus:** The objective in the Baseline Plus model is the same as in the Baseline scenarios, with additional investment to stabilize staffing and training levels, and investments in identified facilities needs beginning in 2024 (Year 6).

Before presenting the details of the scenarios, this paper summarizes:

- The current apparatus plans, combined
- Current capital facilities issues, and
- Challenges associated with the current dependence on part-time staffing.

## 2. APPARATUS

The adopted apparatus replacement schedules for both agencies is combined in the table below.

2019-2025 APPARATUS REPLACEMENT SCHEDULE

|               | 2019       | 2020      | 2021       | 2022       | 2023       | 2024       | 2025         | Total       |
|---------------|------------|-----------|------------|------------|------------|------------|--------------|-------------|
| Fire Engine   |            |           | 1          |            | 1          |            | 1            | 3           |
| EMS Unit      | 2          |           | 1          | 1          |            | 1          | 2            | 7           |
| Staff Vehicle | 3          | 1         | 4          | 1          |            | 1          |              | 10          |
| COST          | \$ 778,505 | \$ 30,000 | \$ 821,062 | \$ 288,205 | \$ 800,516 | \$ 239,995 | \$ 1,507,270 | \$4,465,553 |

Both scenarios presented below utilize this apparatus replacement plan. However, there are two risks associated with this plan that should be noted—one is addressed in the scenarios presented below, the other is not.

First, the apparatus replacement schedule does not have enough transport units to keep pace with calls for service. At a minimum, at least 1 reserve EMS transport unit should be placed in full-time service to address this—both scenarios presented below include this. However, this could be too conservative. We are estimating CFS growth based on a 5-year average, and the more recent years have seen steeper growth. There is the possibility that 1 to 3 *additional EMS Transport units* would need to be added over the next 7 years, in addition to putting the existing reserve unit into service.

Second, the Departments currently have two 22-year old reserve engines: these are in service fairly regularly. The cost of maintenance of these engines will increase over time, and there may be reliability issues. One alternative is to replace them with newer –but still used—engines. Estimated cost would be about \$100K per vehicle, assuming 10-year old replacement vehicles. This is not included in the scenarios presented.

### 3. CURRENT CAPITAL FACILITIES and PRIORITIES FOR INVESTMENT

Most facilities are in good shape for the next 7 years, but consolidating and relocating some existing facilities could create efficiencies and improve service delivery, and address deficiencies noted below.

#### CITY OF MARYSVILLE

| Facility        | Facility Status   |
|-----------------|---|
| Fire Station 61 | Public Safety Building utilized by Jail, Police, and Fire |

#### CITY OF MARYSVILLE / FIRE DISTRICT 12 JOINTLY OWNED

| Facility                | Facility Status   |
|-------------------------|---|
| Fire Station 62         | No updates needed   |
| Fire Station 66         | No updates needed   |
| Admin Building          | Too small, intended for 3 year stay, now in the 8th year                        |
| Station 65 Rental House | Located directly behind St. 65, future drain field site for St. 65 (if needed). |

#### FIRE DISTRICT 12

| Facility                       | Facility Status  |
|--------------------------------|--|
| Fire Station 63                | Location issue, modifications needed for Ladder and 2 more personnel |
| Fire Station 65                | Bathroom and Kitchen updates necessary                               |
| Maintenance Shop               | Residential zone area, too small for increased fleet needs           |
| Storage Facility - St. 64      | No updates needed  |
| Vacant Property - 45 Degree Rd | Unused, plan to sell   |

#### CITY OF ARLINGTON

| Facility   | Facility Status   |
|------------|---|
| Station 46 | No updates needed                                       |
| Station 47 | Land leased from City Airport, Exp. 2029 \$8,946 Annual |
| Station 48 | Bldg Lease Private Owner, Exp. 09/2018, \$37,884 Annual |

Some of the more pressing facilities issues are:

1. Combining Stations 48 and 63 immediately will save money and facilitate more effective deployment of existing resources. However, Station 63 is not in an ideal location to address increasing call demand in the Smokey Point area or for the most northern points of the service area.
2. The Administration building is too small. It was originally planned for a three-year occupancy, however, we are now into the eighth year of occupying the space.
3. Station 47 is currently under lease and too small to accommodate a fire engine, EMS unit and hazmat response unit.
4. Station 61 is thirty years old and does not meet current building code standards. Also, it has become too small to house all its current tenants—the fire department, police department and jail.
5. The current shop building is located in a residential area and is too small to provide for the additional space needed for the increased fleet numbers.

One of the two scenarios includes a proposal to address these issues in year 6 of RFA operations.

#### **4. STAFFING – COST BENEFITS OF PART TIME VERSUS FULL-TIME FIREFIGHTERS**

Both the Marysville and Arlington operations rely heavily on part-time firefighters. This creates important staffing flexibility for the operations—when full-time firefighters are on vacation or out on sick leave, part-time staff can be deployed at less cost than overtime for a full-time firefighter. From a recruitment, development and hiring practice, the Part Time Employee (PTE) FF program is ideal. The character, competence and chemistry of the PTE is tested, scrutinized and verified during the part time employment period. When the PTE is hired as a Full Time Employee (FTE) the member has already bought into the organizational mission, gained invaluable training and experience and also has a keen awareness of the role, expectations and hazards of a career in firefighting. The orientation and initial training timeline of the newly hired PTE is greatly reduced, based on previous exposure to the department from the part-time program. Hiring full-time members from existing part-time staff has proven highly effective for both AFD and MFD.

However, there are also some challenges associated with heavy dependence on part-time staff.

The current use of part-time firefighters reflects a transition in recent years away from historic use of volunteer firefighters. These staff no longer respond from their homes, rather they work shifts at fire stations. The training level of part-time firefighters is also higher than the volunteers of the past.

Both Marysville and Arlington conduct several part-time training academies annually and continually train new part-time members while on-duty. The part-time training academies are, primarily instructed through the use of overtime from full-time employees. Across our two operations, there is approximately 1 part-time firefighter for every 3 full-time firefighters on staff. This is a considerably higher reliance on part-time staff than we see in other similarly sized fire agencies. Larger agencies rely less, or not at all, on part-time firefighters.

| Jurisdiction                | DEMOGRAPHICS       |               |       |            |                |
|-----------------------------|--------------------|---------------|-------|------------|----------------|
|                             | Annual Call Volume | FT Line Staff | PT FF | Population | Assessed Value |
| Bellingham                  | 16,036             | 129           | 0     | 84,850     | 9,301,737,832  |
| Valley RFA                  | 13,000             | 104           | 0     | 87,415     | 8,756,381,957  |
| East Pierce Fire            | 10,259             | 112           | 0     | 90,954     | 11,916,988,209 |
| Snohomish FD #7-Mill Creek  | 10,790             | 131           | 16    | 110,000    | 13,682,565,905 |
| ThurstonFD3-Lacey           | 12,964             | 94            | 0     | 93,110     | 8,722,627,919  |
| West Pierce FD3-Lakewood    | 15,904             | 159           | 0     | 100,000    | 9,046,400,629  |
| Average w/o RFA             | 13,159             | 122           |       | 94,388     | 10,237,783,742 |
| RFA - Marysville/Arlington  | 19,235             | 116           | 40    | 99,500     | 10,476,020,220 |
| Variance From Group Average | 6,076              | -6            |       | 5,112      | 238,236,478    |

The annual aggregate cost of maintaining the current part time program is approximately \$653,000, with an additional \$60,000 in F/T overtime due to part time vacancies

There are important limitations related to reliance on part-time staff. First, part-time firefighters have more limited roles than full-time firefighters because they have more limited training. They are not permitted to drive fire engines. They can provide BLS transport services or be part of a fire suppression crew. They cannot be assigned to Paramedic Units. The heavy reliance on part-time staff means using more staff with less skill and experience, and reduced familiarity between team members. This can create more risk and liability for the operation.

Second, there is an extremely high turnover rate with part-time staff. We are seeing that many of these folks want full-time career positions that we are not able to offer them. Of the 201 part-time staff that Marysville Fire District enrolled and trained in the last 4.25 years, only 25 are currently still working as part-time firefighters with the agency. MFD has hired 20 of those 201 for full-time positions; the remaining 163 have separated from MFD, with 64 of those hired full-time in other departments.

Because of the extreme turnover rate, the Department deploys a continual cycle of recruiting and training part time members just to maintain basic skill levels of part time personnel.

This issue comes down to a trade-off of improving staffing stability, skills and cohesion versus cost. A part-time firefighter is less expensive than a full-time firefighter, hour for hour of service.

Both of the operations scenarios presented in this paper includes a transition to greater deployment of full-time firefighters while still maintaining a reliance on our part-time firefighter programs.

## 5. SCENARIO OUTLINES

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| <b>Scenario #1: BASELINE</b>   |
| <b>Outcomes:</b> The objective in the Baseline model will be to maintain all current service levels and programs as well as response times throughout the cities and district.   |
| <b>Operational Changes needed:</b><br><b>Labor:</b> Increase full-time head count by 6 FTE over 6 years to support an additional dedicated EMS transport unit full-time; two promotions to the rank of Captain would facilitate the unification of shift schedules between the two departments. No change in part-time staffing efforts. No staff are added to the fire prevention program, which will not reduce call response times, but can be expected to reduce the speed with which fire inspections are completed. As development occurs on-call staff will perform routine inspections, as time and training allows, to mitigate the workload on the existing fire prevention staff.<br><b>Apparatus:</b> Take one reserve EMS unit out of reserve and deploy full time.<br><b>Facilities:</b> No investments assumed. |
| <b>Implications:</b><br><br>If our growth in service demand assumptions are correct, this should allow us to maintain response times. We will continue to struggle with the challenges of heavy reliance on part-time staff. This will defer investment in known facilities issues.  |
| <b>Costs--Levy Rates &amp; Renewals:</b><br><br>To be presented in October.  |

**Scenario #2: BASELINE PLUS**

**Outcomes:** The objective in the Plus model would be the same as above with the following additions:

- Stabilize staffing levels by reducing the dependency on part time members
- Reduce overtime through the addition of full time employees (FTE)
- Improve training levels of personnel
- Identify, prioritize and address fleet and facility needs, as funding allows

**Operational Changes needed:**

**Labor:**

Add 11 FTE in addition to the 6 FTE added in the Baseline scenario.

Reduce the extent to which we rely on part-time firefighters by 40% for better balance to the minimum daily staffing needs of the combined department. An additional 8 line staff FTE positions will be used to maintain or add to the current number of EMS transport units as demand and response times dictate. Two promotions to the rank of Captain would facilitate the unification of shift schedules between the two departments; with one additional promotion facilitating the enhancement to the EMS program. Add 3 positions to the fire prevention division to accommodate future development in the RFA.

**Apparatus:** Same as Baseline: put one EMS reserve unit into full-time service

**Facilities:** Address most significant facilities issues in 2024 through either non-voted or voted debt, specifically:

- (1) New Smokey Point Area Fire station
- (2) Sell Administration Building and Shop Facility—relocate Admin Staff to Station 61 or New Smokey Point Station. Relocate shop to the vacated Station 63.
- (3) Remodel Stations 61 and 65

The estimated cost of this package of investments is approximately \$20M.

**Costs—Levy Rates & Renewals:**

To be presented in October.

## STAFFING SCENARIO HEADCOUNT SUMMARY

The table below summarizes the staffing required for both scenarios as compared to 2017.

|                                 | 2017<br>MFD/AFD | RFA BASELINE |          | RFA BASELINE<br>PLUS |               |
|---------------------------------|-----------------|--------------|----------|----------------------|---------------|
| Fire Chief                      | 1               | 1            |          | 1                    |               |
| Deputy Chief - Operations       | 2               | 2            |          | 2                    |               |
| Deputy Chief - Fire Marsha      | 1               | 1            |          | 1                    |               |
| Deputy Chief - SSD              | 1               | 1            |          | 1                    |               |
| Human Resource Manager          | 1               | 1            |          | 1                    |               |
| Finance Manager                 | 1               | 1            |          | 1                    |               |
| Payroll/Admin Assistant         | 1               | 1            |          | 1                    |               |
| Accounting Technician           | 1               | 1            |          | 1                    |               |
| Administrative Assistant        | 2               | 2            |          | 2                    |               |
| PIO/Pub Ed                      | 1               | 1            |          | 1                    |               |
| Public Education                | 0               | 0            |          | 0                    |               |
| Lead Mechanic/Facilities        | 1               | 1            |          | 1                    |               |
| Mechanic Asst                   | 1               | 1            |          | 1                    |               |
| <b>Subtotal Non-Represented</b> | <b>14</b>       | <b>14</b>    | <b>0</b> | <b>14</b>            | <b>0</b>      |
| Battalion Chief                 | 6               | 6            |          | 6                    |               |
| Captains                        | 26              | 28           | 2        | 29                   | 3             |
| MSO                             | 5               | 5            |          | 5                    |               |
| Paramedics                      | 28              | 28           |          | 28                   |               |
| Fulltime Firefighters           | 49              | 53           | 4        | 60                   | 11            |
| Inspector                       | 1               | 1            |          | 3                    | 2             |
| Assistant Fire Marshal          | 1               | 1            |          | 2                    | 1             |
| <b>Subtotal Represented</b>     | <b>116</b>      | <b>122</b>   | <b>6</b> | <b>133</b>           | <b>17</b>     |
| <b>TOTAL FULLTIME</b>           | <b>130</b>      | <b>136</b>   | <b>6</b> | <b>147</b>           | <b>17</b>     |
| <b>PART TIME FIREFIGHTERS</b>   | <b>40</b>       | <b>40</b>    | <b>0</b> | <b>24</b>            | <b>(16)</b> * |

\* Illustrates utilized positions, not actual head count for part time firefighters

**RFA KEY FINANCING ISSUES**

**PREPARED BY: Sandy Langdon, Kristin Garcia, Chelsie McInnis**

**DATED: September 28, 2017**

|                 |   |  |
|-----------------|---|--|
| <p><b>1</b></p> | <p>Existing Debt Obligation Related to Fire Service – future responsibility</p> <p><i>Staff propose to run scenarios with and without the Arlington debt funded by the RFA.</i></p> | <p>Marysville currently has no fire related debt.</p> <p>Current Arlington debt obligation as follows:<br/>Combined annual debt service \$690,000</p> <p><b><u>Fire Station 46</u></b><br/>Maturity – 2030<br/>Outstanding Balance - \$2,755,000</p> <p><b><u>Apparatus – Engine/Ladder</u></b><br/>Maturity – 2025<br/>Outstanding Balance - \$1,422,220</p> <p>Future RFA Responsibility – 2024 “Baseline Plus” Scenario models facility enhancements and the construction of a new fire station – approx. \$20M debt obligation in 2024; voted vs. non-voted debt obligation to be determined</p> |
| <p><b>2</b></p> | <p>SERS debt responsibility (if any)</p>  | <p>MFD/AFD - \$60,000 annual maintenance fees included in RFA operating costs.</p> <p>AFD – Outstanding Debt Obligation to SERS of \$140,000; matures in 2020; Debt not modeled, policy decision on assignment to RFA.</p> <p>Continued operating cost for SERS will be allocable to an RFA. There is a possibility of future debt obligation for the SERS system replacement</p>  |

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|---|---|--|
| 3 | LEOFF 1 Retirees  | <p>(6) LEOFF 1 Retirees – (4) MFD / (2) AFD</p> <p><u>Current Expenditure Level</u><br/> Annual Insurance (Healthcare &amp; Long Term Care (MFD)) - \$108,000<br/> Uninsured Claim Costs - \$2,000</p> <p>No reserves currently held aside for specific LEOFF 1 costs. Model will include pay-as-you-go assumptions for this liability, and that this liability is transferred to the RFA.</p>   |
| 4 | Labor Assumptions (as compared to agencies of comparable population and assessed value)   | <p>Summary – As a larger agency, the RFA compensation packages would most likely be slightly higher when compared to other agencies of comparable size demographics.</p> <p>Wage and benefit inflation assumptions in the model are 3.48% annually. This (combined with necessity for the model to apply one mid-range wage/benefit rate to the FF classification as a whole, regardless of individual variance) will account for the averaging of slightly higher comparable agencies compensation packages.</p>  |
| 5 | <p>Funding the RFA – Options/Implications</p> <p><i>Scenarios will be run showing results at levy rates at total of \$1.90 and \$2.00 (combination of regular levy and EMS levy); timing of levy lid lifts will also be simulated</i></p> | <p><u>Regular Levy:</u> RFA ballot measure to include a regular levy, dollar value determined by committee (Proposed value between \$1.40-\$1.50)</p> <p><u>EMS Levy:</u> Assuming this is initially excluded from RFA ballot measure initially to ensure simple majority voter approval. Marysville/Arlington/Fire District 12 shall maintain separate EMS levies and transfer funds to RFA. Policy decision as to whether or not Arlington and Fire District 12 shall match the difference between the Marysville EMS levy rate and their own; thus creating an equal rate amongst the three entities. Once a future RFA EMS</p> |

|   |   |  |
|---|---|--|
|   |   | <p>levy is approved, the levies of Marysville/Arlington/Fire District 12 shall be withdrawn.</p> <p>The EMS levies purchasing power erodes every year. The model assumes an equalized levy rate of all three agencies in 2018 and progresses forward in the same manner.</p> <p><i>Policy decision as to additional cash contributions from the Arlington to match the higher Marysville/FD12 EMS levy rates.</i></p> <p><u>Benefit Charge:</u> Assume this is included in the RFA as a future option. Excluded from initial RFA ballot measure – Requires super majority vote for approval.</p> |
| 6 | Continuing Service Contracts with third parties | The modelling will assume current contracts are continued under current terms with an escalation in revenues based upon 3% inflation or another specific rate defined under the terms of each contract.  |
| 7 | Other Revenues                                  | <p>Other revenues modeled at 3% annual rate of inflation.</p> <p>Ambulance Transport fees modeled at current rates of each entity separately with 3% annual inflation factor; RFA implementation would include the adoption of a new transport fee schedule as the MFD/AFD differ in both rates and service types billed.</p> <p>Future revenues to be derived from the Ground Emergency Medical Transportation (GEMT) program not included; Unknown as to when the funds will be available and how much will be available to MFD/AFD. We should know more on this topic in late October.</p>    |
| 8 | RFA Reserves – Initial and Target Balances      | Dependent upon adopted operational assumptions – Target of 4 months (33.32%) of operational expenses.  |

|                            |  |   |                            |              |           |           |
|----------------------------|--|---|----------------------------|--------------|-----------|-----------|
|                            |  | Example: Operating Reserve / Min Fund Balance at the Baseline level scenario approximately \$9,200,000 (Includes apparatus purchasing). This factor is variable on an annual basis as operating expenses increase.  |                            |              |           |           |
| 9                          | Existing City/District Reserves – Transfer/Disposition   | <p><b>2017</b> estimated ending fund balances dedicated for Fire &amp; EMS:</p> <table border="0"> <tr> <td>Marysville/Fire District12</td> <td>\$12,195,000</td> </tr> <tr> <td>Arlington</td> <td>\$273,000</td> </tr> </table> <p>Transfer 2018 ending balances to RFA - Estimated to meet minimum fund balance for baseline scenario assumptions (\$9,200,000), however this factor is variable based upon the adopted service level.</p>   | Marysville/Fire District12 | \$12,195,000 | Arlington | \$273,000 |
| Marysville/Fire District12 | \$12,195,000   |   |                            |              |           |           |
| Arlington                  | \$273,000  |   |                            |              |           |           |
| 10                         | <p>7 Year Financial Plan</p> <p><i>Several scenarios will be run to help the committee determine appropriate starting levy rate and set expectations lid lifts</i></p> | <p><u>Min Cash Balance</u> – 4 months of expenditures; Majority of revenue received in April and October; periods of economic recession are harder to recover from with property tax as primary revenue source; industry best practice</p> <p><u>Levy Lid Lift Frequency</u> – As determined by need-operations, capital investment levels; timing would be staggered between regular and EMS levies.</p> <p><u>Inflation Assumptions:</u> Annual A/V increase of 5%, general operating cost inflation between 0% - 3% respectively, labor cost increase 3.48%.</p> |                            |              |           |           |