SOUTH KING FIRE

SPECIAL COMMISSIONERS MEETING
Budget Workshop – Public Hearing
Virtual and Station 68
November 13, 2024

Commissioner Baruso called the meeting to order at 1430 hours with Commissioners Gates, Fuller and Vadino in attendance. Commissioner Burrus is on his way. Board Secretary Lauri Perry recording.

Everyone said the Pledge of Allegiance.

To listen to the recording of the meeting, please visit our website – southkingfire.org

COMMISSIONER COMMENTS

Commissioner Fuller recognized Chief Van Valkenburg on achieving his Chief Fire Officer from the Commission on Professional Credentialing. Commissioner Fuller read the certificate into record. The certificate was issued on November 5, 2024 for Chief Fire Officer for demonstrating a high level of competence as witnessed by your peers, by documenting professional, educational, technical and community service achievements and fulfilling prescribed standards of performance, ethics and conduct required for CFO.

Commissioner Gates had no comments.

Commissioner Vadino had no comments.

Commissioner Burrus arrived at 1435 hours.

Commissioner Baruso had no comments.

DISTRICT FINANCES

Chief Van Valkenburg reported that Executive Director Ganem is here to make a presentation on the 2025 budget and the Fire Benefit Charge (FBC). Chief Van Valkenburg complimented all staff that worked so hard on the next couple of presentations and everyone that participated in the 2025 budget process. You will see in the next couple of presentations that our department is in good shape. We have a balanced budget, and we maintained our commitment to the community with the FBC by reducing the tax burden or the financial burden to some of our taxpayers. You will see an emphasis on adding capacity for operations and an emphasis on wellness within the department.

Executive Director Ganem welcomed everyone to the meeting. This was a big year for us, we celebrated our 75th Anniversary and we accomplished a lot. We should be proud of what we have done together.

Director Ganem gave a presentation titled "Path to Financial Solvency". The presentation recapped the last 5-years, our challenges and our successes on the road to financial stability.

The following summarizes talking points within the Path to Financial Solvency Presentation:

• Frontline staffing wise, in 2020, we had 130 budgeted firefighters or about 32.5 per shift. •Prior to 2020, the average amount of days off per individual was about six (6) shifts per year. • Today that number has risen to about nine (9) shifts off per individual; this is a much higher and unsustainable utilization. • We have had an increase in the number of calls that we respond to (54%). • The pandemic impacted staffing; we lost staff personnel. • We had an increased workload and fatigue, and the recovery from this period. • Analyzed our financial situation, identified lowest cash balance was in 2018, many years after the recession • Financial reserves were less than expected for a department of our size. • Board adopted a policy to establish and dictate the use of the Rainy-Day Fund. • Prior to 2020, we had limited capital replacements and allocations, deferring critical maintenance. • District was dependent on asking public for a lump sum to handle capital projects (bonds). • Issuing bonds should be utilized strategically; it doesn't make sense to pay for some things over a 20- or 30-year bond period. • District has been intentional about planning, building reserves for the Capital Replacement Schedule.

• Identified the need to shorten the apparatus replacement schedule due to an increase in responses; from 20 years originally to 15 years and eventually 12 years. 20 years was acceptable when call volume was lower. • The Fleet Division gave a presentation in 2021, indicating that we needed to shorten the replacement schedule due to wear and tear on our engines.

• Focused on funding and the "cycle of uncertainty" which caused the district to run elections every couple of years to renew critical levies (Maintenance and Operations Levy every 4 years, and lid-lift renewals every 6 years). Lid-lifts to increase revenue above the 1% limitation up to 6%. • Identified a perfect funding storm in 2024 with two expiring levies. In 2023, we went ran the lid-lift early to avoid having two levies expire the same year.

• Other challenges and changes: Changes at the top. Four Fire Chiefs since 2019. • Four (4) new Commissioners since 2020. • We also had expired labor contracts. • We have poor labor management relations • Grievances and unfair labor practices, something that we didn't have for nearly two decades.

• What have we accomplished?
• Increased operational staffing by 18 positions. The 2025 budget has 148 operations positions or 37 per shift. Gone from 32.5 or less to 37 per shift. • Since 2020, we have hired 75 employees. • This includes adding support staff positions, we currently have six (6) Chief Officers, matching pre pandemic levels. • The 2025 budget has 207 FTE positions budgeted. • We have purchased 6 engines, a heavy rescue, a marine boat, a hazmat rig and numerous staff vehicles, all without seeking voter approved bond measures. • Accomplished with the strategic use of operating capital, grants, debt issuance. • Purchased a headquarters building. • Significant investments in the last five (5) years. • Funded over a $1M a year into capital expenditures on average. • Increased General Fund balance • Doubled the Capital Fund balance • Established a Rainy-Day fund.

• We have also ratified two (2) CBA's during this period. The Firefighter CBA was approved earlier this year and it is the largest and most competitive compensation package in out 75 year history.

The CBA includes a lot of additional pay incentives. The support staff CBA was also renewed and it includes some benefits that were not in the previous CBA.

PUBLIC HEARING – ESTABLISHMENT OF FBC PER RCW 52.18.060 WITH ACTION ESTABLISHING FBC

Commissioner Baruso called the FBC Public Hearing to Order – The purpose of the public hearing is to hear testimony from citizens as to the 2025 Fire Benefit Charge and for the Board to review the Benefit Charge. Subsequent to the hearing, the Board will take action to establish the Fire Benefit charge for collection in 2025. This hearing is being called pursuant to RCW 52.18.060.

This is a follow-up to the FBC Presentation that was made during the October 29, 2024 Regular Board Meeting.

After the public has been completed, the Chair will declare the public hearing closed and no additional testimony will be taken.

Public testimony – Are there any public comments in regard to the FBC presentation that took place and the Regular Meeting on the Board on October 29, 2024?

Federal Way resident and former Fire Commissioner Mark Freitas commented: He did 18 years here of blood, sweat and tears. He really appreciates all that has been done. During the budget presentation he would like someone to answer a question in regard to response times. How are we different now than we were in previous years? He understands that the organization is healthy, we've got a good direction going, bridges have been built instead of cutting off the bridge.

There were no additional public comments/testimony.

Commissioner Vadino made a Motion to establish the Fire Benefit Charge collection in 2025 in the amount not to exceed $19 million. Motion was seconded by Commissioner Burrus. Motion carried unanimously.

2025 BUDGET PRESENTATION- PUBLIC HEARING RE; REVENUE RESOURCES PER RCW 84.55.120

Commissioner Baruso called the Public Hearing to Order – the purpose of the public hearing is to hear public testimony from citizens with respect to the2025 sources of revenue and proposed allowable levy of taxes for South King Fire. This hearing is being called pursuant to RCW 84.55.120.

Executive Director Ganem began the 2025 Budget presentation, this is our 75th Anniversary and by far our largest and most comprehensive budget that we have ever developed. Executive Director Ganem read some of the achievements that are in the Executive Summary of the budget. Historic milestones were both celebrated and achieved in 2024.

- We welcomed two (2) new Commissioners to the Board Greg Baruso replacing longtime Commissioner Mark Thompson and retired firefighter Craig Burrus was elected to Commissioner Dave Bergers position, when he chose not seek reelection. We thank our former Commissioners for their service, and we look forward to the future and new board members.

- 2024 also marked 75 years of service to the public. To commemorate this milestone, we invited our communities to join us at two (2) Open Houses held in Federal Way and Des Moines. Firefighters, Support Staff, Commissioners and Retirees engaged with our residents to reflect on our past.
- From our early volunteer days in 1949 to an organization of more than 200 employees, we've grown with our communities. We value this trust, and we commit to upholding the highest standards in support of the mission.
- Due to the pandemic and changes in key personnel and labor leadership there were delays in negotiating a successor firefighters collective bargaining agreement (CBA) after nearly two years of negotiations, including mediation through PERC both sides reached an agreement in June. The Board of Commissioners unanimously approved the CBA for years 2022-2026 ensuring a wage and benefit package consistent with neighboring agencies for our firefighters.
- IAFF 2024 represented support staff who also received an updated contract. Discussions on the Battalion Chief CBA are currently underway.
- This year we have implemented a Mobile Integrated Health (MIH) Program. This program is similar to our neighboring agencies. The MIH team consists for a registered nurse and social workers. The aim to address the increase in low acuity calls and enhance community health and wellness by providing proactive patient care.
- Strategic Bridge Plan was adopted January 2023 and will be considered complete at the end of 2024. The four pillars included Funding, Leadership, Accountability and Internal communications which focused on specific deliverables leading to strategic actions that were identified in the Organizational Health Assessment (OHA). Deliverables included access to information, effective communications, employee evaluations and process to improve accountability and growth and most notably funding. The funding pillar was set to identify and secure more fair and sustainable funding model by placing additional cost on structures with higher risk and resource needs. This was accomplished in August of 2024 when our voters approved the Fire Benefit Charge (FBC) by 65.28%.
- We purchased an office building in September to house the Administration and Support Divisions. This decision was made with careful consideration. It will create efficiencies by locating office staff in one location and it will free up space valuable space at Station 62. This will allow us to add operational resources in the future allowing for growth to meet the rising demand of the public in our 75 the year. We can no longer afford to have office space at a response station.
- Looking ahead SKF must engage in a Standards of Cover Policy the effectively identifies fire district performance and levels of service. By assessing risk, establishing response goals and creating the strategy for resource development moving forward. These documents serve as a basis for all aspects of planning, decision making, leadership and finances with our new sustainable funding mechanism, this district is positioned for success for years to come.
- We have increased operational staffing from 130 firefighters in 2020 to 146 in 2024 and 148 in 2024, this will equate to 37 personnel assigned to each shift.

Operating Budget Highlights:

Total Operating Expense for 2025 are budgeted at $51,173,100. This is an increase from the 2024 budget by 10.4% or $4,667,466.

Increases are driven mostly by personal costs, negotiated changes with successor collective bargaining agreements (CBA's), new positions, and continuing rising costs for goods and services.

The 2025 budget includes the following new positions;

- Two (2) new entry-level firefighters to even out shift staffing
- Three (3) Firefighters to fill vacancies due to retirements
- An additional Registered Nurse for the MIH Program, this will allow us to have two (2) units available to assist our communities. This position will for with King county EMS money.
- A civilian public educator, the decision was made nor to pull anyone off of the line because we need to maintain operational staffing.
- A logistics clerk to help with the expanding needs of the logistics division. We have also struggles the past few years with hiring hydrant testers and they can assist with exposure reduction initiatives.
- Custodian positions, so when we purchased the headquarter building in September we remained committed to the janitorial services and other maintenance of that building. WE currently pay for janitorial services for a few of our locations, so we will be taking this in house as we did a few years ago with the HVAC contract and hiring our own HVAC Specialist to maintain our facilities. We plan to do the same thing with other service contracts.
- We also have an unfilled Assistant Chief in the budget and a Communication Specialist to assist with the development of our annual reports and our newsletter and some of the things that we have struggles to maintain. These two (2) positions will be carried into the 2025 budget.

Other funded projects and initiatives include:

- Strategic Planning, Standards of Cover
- District policy and compliance services
- L&I leave management
- Legislative Advocate with grant writing to assist in securing alternative funding
- Software for Support Services – Inventory, ticketing, fleet/logistics, supplies and ordering
- Network security, Wi-Fi system upgrades
- Exposure Reduction Initiative
- Headquarter facility renovations

Capital Budget Includes - $2,257,162

Operations Equipment - $535,500

- High Pressure Hose
- Thermal Imagers
- Dopplers – Medical Device – funded via King County EMS funds
- Suction Units – funded via King County EMS funds
- LP-15 Modems – funded via King County EMS funds
- Response Gear – Exposure Reduction Initiative
- Ballistic Panels – funded via King County EMS funds
- Misc. Operations Equipment

Information Technology - $239,000

- Network Infrastructure
- Printers

- Desktop Computing
- Laptop and Mobile Computing
- Mobile Data Computers/ESM Tablets
- Fleet Software – Operative IQ and Telematics
- Telephone System
- Battery Backup (UPS System)
- Security
- Radios – Mobile
- Conference/Training Rooms
- Technology Fund

Facilities – Station Improvements - $277,460

- Station 64 – Exterior Paint
- Station 66 – Exterior Sign
- Station 67 – Bathroom Upgrades
- Station 67 – Nederman Exhaust
- Station 67 – Interior Paint – Beanery
- Station 68 – Burn Tower Repairs

Headquarters Move-in Renovations - $1,000,000
Capital Contingency Fund - $205,197

Capital Projects – work on several high-value projects and replacements are expected to commence in 2025, these include:

- Ladder Truck – order placement for a replacement apparatus. Delivery timeline 2-4 years depending on manufacturer Estimated cost: $2.4M
- Fire Station 62 Seismic and Safety Improvements – Includes station modernization to increase first response resource capacity at the District's busiest station – Estimated cost $8-10 M
- Headquarters renovations – Office space remodel to collocate divisions inefficiency spread out across the district – Estimated cost $3M
- CO2 Cleaning Machine – Exposure Initiative Reduction equipment to clean and remove toxic chemicals from firefighter Personal Protective Equipment (PPE) – Estimated cost $180k per year, 5 yer lease or purchase for $780k + $72k per year maintenance
- Station 60 Logistics Facility Infrastructure Improvements – Required to house CO@ machine and process PPE – Estimated cost $380k

Authorization by the Board of Commissioners to proceed and fund these projects beyond what is included in the 2025 budget, must occur individually via Board Resolutions. The source of funds for each project may be withdrawn from a newly established Construction Fund (to be created from the proceeds or surplus property) or the Districts Capital Fund.

Assessed Property Values

- Regular property taxes are based upon a projected Assessed Valuation (AV) of $29,365,983,322. This represents an approximate increase of 5.53% in total AVs from 2024 certified amount of $27,826,149,072.
- Total AV Tax Base for excess and Voted Bond Levies is estimated at $29,007,595,466.

2025 Fire Levy Rate

- $1.00 per $1,000 AV – Regular Property Tax
- $ .09 per $1,000 AV – Safety Improvement Bond
- $1.09 per $1,000= Total Fire Levy Rate = 2025 FBC

- Projected Revenues
- Revenue vs Expense Balance Sheet
- Fund Balances
- Reviewed Projected Fund balances for 2025 – The Board has established a goal of maintaining the following minimum balance thresholds as defined by policy;
  - General Fund – 60 days of average expenses or equivalent to $8.8M
  - Contingency Cash Fund – Eight (8) percent or equivalent to $4.1M
  - Capital Fund – Ten (10) percent or equivalent to $5.1M
  - Insurance Reserve Fund (Rainy Day) – Ten (10) percent or equivalent to $5.1M
  - Employee Medical Reserve Fund – Set by State
  - LEOFF1 Medical Fund - $1M
- Source of Funds
- Use of Funds
- Divisional Operating Budgets
  - General Budget – increase of 46.8% due to increase in Liability Insurance, FBC Services Fees that we will have to pay King County for collecting the FBC for us, Property and Apparatus Payments.
  - Administration – increase of 17.2% due to new positions
  - Business Operations Finance – decrease of 18.5% due to retirement of Business Operations Manager, change in direction with position
  - Human Resources – increase of 4.6%
  - Operation – increase of 7.8%
  - Battalion Chiefs – increase of 8.9%
  - EMS – increase of 13.7%
  - Special Teams Rescue – flat budget
  - Special Teams Marine – 21.1%
  - Special Teams Hazmat – increase of 11.8%
  - Swimmers Unit – 15.4%
  - Health & Wellness Safety – increase of 15.5%
  - Fire Marshals Office – increase of 16.2%
  - Community Affairs – increase of 42.4%
  - Mobile Integrated Health (MIH) – increase of 21%
  - Training – increase of .01%
  - Logistics - 21.6% increase
  - Facilities – increase of 12.6%
  - Fleet – 0.7% increase
  - Technology – increase of 26.6%
  - Employee Health Benefits – increase of 1.5%

Chief Van Valkenburg noted that in response to Mark Freitas comments (response times?) we are about 7 minutes and 06 seconds, is our average response times 2024. Our data person is out of the

office, so let's share contact information so I can get you a more precise answer to your question. 7 minutes and 54 seconds was our average response time in 2023. So, we have actually gotten a bit quicker this year than last year, and call volumes have increased.

Commissioner Baruso thanked Executive Director Ganem for the presentation of the 2025 Budget.

The following rules will be enforced at the public hearing:

- Each speaker shall be allowed a maximum of 3 minutes.
- No individual speaker shall speak more than once until all prospective speakers have been heard.
- Speakers shall not directly question or argue with each other.
- All questions and comments shall be directed to the Chair.
- Questions asked must be pertinent to the subject of this hearing.

After the public hearing has been completed the Chair will declare the public hearing closed and no additional testimony will be taken.

The 2024 levy basis calculation is based on an allowable levy of $1.00 per one-thousand of assessed valuation. The assessed valuation for calculating collections in 2025 is approximately $29,287,602 based on the Preliminary Levy Limit Worksheet dated 10.31.2024. Based on the assessed value and using the limit factor for the district, the maximum statutory levy is $29,287,602. This represents a dollar increase of -$11,955,789 and a percentage increase of -28.98838%. Included in the total dollar increase is a re-levy of $249,699 for prior year refunds.

PUBLIC COMMENTS

There were no public comments.

EXECUTIVE SESSION

At 1549 hours Commissioner Baruso noted that the Board will adjourn into Executive Session to discuss attorney-client privileged matters per 42.30.110 (1) (i). To discuss with legal counsel representing the agency matters relating to agency enforcement actions, or to discuss with legal counsel representing the agency litigation or potential litigation to which the agency, the governing body or a member acting in an official capacity is or is likely to become a party when public knowledge regarding the discussion is likely to result in an adverse legal or financial consequence to the agency. Action may or may not be take after Executive Session.

Joining the Board in Executive Session will be Executive Secretary Perry and legal counsel. At this time we will recess for 5 minutes to get everyone transferred into Executive Session. WE anticipate Executive Session lasting for 60 minutes. Action may or may not be taken after Executive Session. At the end of Executive Session we will take a 5 minute recess to get everyone transferred back over to the Special meeting.

At 1554 hours Chief Van Valkenburg, Executive Director Ganem, Director Lee and Evan Schneider joined Executive Session.

At 1618 hours Chief Van Valkenburg, Director Lee and Evan Schneider left Executive Session and Finance Supervisor Kelsey Barret joined Executive session.

At 1654 hours Executive Session was extended 45 minutes.

At 1739 hours Executive Session was extended 35 minutes.

At 1814 hours Executive Session was extended 20 minutes.

At 1834 hours Executive Session was extended 20 minutes.

At 1843 hours Executive Director Ganem and Finance Supervisor Kelsey Barret left Executive Session.

At 1854 hours Executive Session was extended 5 minutes.

At 1859 hours Executive Session ended and we began the transition back to the Special Meeting.

At 1904 hours Commissioner Baruso welcome everyone back to the Special meeting.

RESOLUTION 655 – ADOPTION OF INTERNAL CONTROL POLICIES

Commissioner Baruso read Resolution 655 into record. Commissioner Burrus made a Motion to approve Resolution 655. Motion was seconded by Commissioner Fuller. Motion carried unanimously.

Commissioner Baruso reported that we have some Motions to go along with the Resolution.

Commissioner Vadino, I move for the Executive Director Ganem, Finance Supervisor Barrett and Executive Secretary Perry and legal counsel to conduct a comprehensive internal audit related to the State Auditor's Office, Accountability Audit and Findings for final presentation to the Board of Fire Commission on or before the regular meeting on January 28, 2025. Motion was seconded by Commissioner Gates. Motion carried unanimously.

Commissioner Burrus, made a Motion for Executive Director Ganem, Finance Supervisor Barrett, Executive Secretary Perry and legal counsel to investigate time and attendance records related to day shift personnel and Battalion Chiefs and report back to the Board on or before the regular meeting on Tuesday, January 28, 2025. Motion was seconded by Commissioner Vadino. Motion carried unanimously.

Commissioner Fuller, I move for Executive Director Ganem, Finance Supervisor Barrett, Executive Secretary Perry and legal counsel to investigate District vehicle and equipment usage to include fuel costs and acceptable usage related to day shift personnel. Motion was seconded by Commissioner Gates. Motion carried unanimously.

Commissioner Baruso, I move to adopt Policy 703 District Vehicle to replace and supersede Policy 703 Take Home Vehicle Motion. Motion was seconded by Commissioner Burrus. Motion carried unanimously.

Commissioner Baruso, I have another motion to direct Chief Van Valkenburg to enforce Vehicle Policy Number 703 effective no later than Monday, December 2, 2024. Motion was seconded by Commissioner Burrus. Motion carried unanimously.

Commissioner Gates, I make a Motion to withdraw Chief Van Valkenburg's ability to sign or amend the following: contracts, monthly time and attendance approvals, schedule modifications, and policy modifications until further notice. Authorize Executive Director Ganem to approve time and attendance entries and report to the Board on a monthly basis. Motion was seconded by Commissioner Burrus. Motion carried unanimously.

Commissioner Fuller, I move we create a professional development committee to evaluate and approve education and tuition reimbursement requests. Motion was seconded by Commissioner Baruso. Motion carried unanimously.

DISCUSSION AND FINAL ACTION ON 320TH PROPERTY ST SURPLUS PROPERTY SALE (PURCHASE AND SALE AGREEMENT)

Commissioner Baruso reported that we have nothing to report or discuss at this item.

Meeting adjourned at 1913 hours.

COMMISSIONER (CHAIR)

COMMISSIONER (VICE CHAIR)

COMMISSIONER

COMMISSIONER

COMMISSIONER

BOARD SECRETARY