

Question

1) You've stated that you obtain a portion of your revenue from crash recovery fees when responding to crashes on the freeway, how will the department be impacted if the state bans that fee class as they have been discussing?

Answer: The motor vehicle accident cost recovery fee was implemented in April of 2013. The amount collected for the remainder of 2013 was approximately \$8,000.00 and we have billed out over \$19,000. We estimate that we could see revenue generated in 2014 of approximately \$25,000. This recovery is planned to help with costs associated with fuel, supplies such as emergency aid equipment used for treating injured people, volunteer firefighter reimbursement, maintenance for equipment and apparatus, and training personnel to operate safely when working on interstate highways. If the State bans our ability to charge a fee which is assessed against the driver at fault for the accident then we will need to explore other programs to help with these costs. The King County Medic 1 levy already contributes \$26,000 to SPFR to help with cost associated with treating injuries and illness in our fire district.

Question

2) What is the bad debt rate on MVA recovery?

Answer: SPFR began billing for motor vehicle accidents (MVA) and vehicle fires on I90 in April of 2013 in an effort to recoup costs associated with response on Interstate 90. Since then we have billed out \$19,945.00 and received \$8,075.00. There is still \$7230.00 pending collection and \$4730.00 disallowed. SPFR is working with our third party billing company to figure out what is causing such a high denied claim rate. Once we have more details we will adjust information that needs to be gathered to improve collection. At this point we estimate the issue is not enough information is gathered at the scene and the insurance companies are denying payment

Question

3) Can the Fire Benefit Charge be initiated for less than a 6 year term? If yes, how short? If run shorter than 6 years, what is the impact?

Answer: Benefit charges can be established for "six or fewer" years (RCW 52.18.050). We could ask the voters to approve a 1, 2, 3, 4, 5 or 6 year benefit charge. The primary negative of establishing a benefit charge for less than six years would be the added cost of running additional elections to renew the benefit charge.

Question

4) How much did the station cost to build?

Answer: The fire station total cost to build was 5.7 million. The land the fire station is on was donated by the United States Forest Service. Matt Cowan, our Fire Chief at the time, and Chris Caviezel, one of our former Fire Commissioners went to Washington D.C. and testified in front of the U.S. Congress in order to get the land for free.

After we secured the land the District began to apply for grants. In 2009 the Fire District was awarded a grant through FEMA under the American Reinvestment and Recover Act or ARRA. This grant totaled just over \$4 million with no matching

requirements. The District wanted to make sure that we built a fire station that would last for at least 50 years and also have the ability to grow as the needs of the community grow during that time. So the District went out for a voter approved (UTGO) and a non-voter approved LTGO Bond to help bridge the gap. The voter approved bond totaled \$850,000 and the non-voter approved total was \$1,035,000. The voter approved bond is collected by the County Treasurer through taxes and the non-voter approved bond is paid by SPFR's operating budget.

Question

5) Why have we only been paying interest-only on the note and what is the term of the loan?

Answer: When the Bonds were first approved the District wanted to make sure we moved our equipment and personnel in to the new building for a few years and get a better idea about additional costs associated with facilities maintenance and operations such as utilities, fuel and insurance. At the time our communities assessed value was still increasing there for it was estimated by 2015 assessed value would have increased helping offset the additional costs of the new fire station. Unfortunately assessed value has decreased. Until now the District has been making payment on the non-voter approved bond in June and December of each year. Those payments up to this point have been approximately \$25,707 each for a total of about \$51,415 annually. In 2015 SPFR will make a payment of \$25,707.50 in June and \$70,707.50 in December for a total payment in 2015 of \$96,416.00. The reason for the December increase is we begin to pay down the principle on the bond and each year we see a decrease on the June interest only payment until the bond is completely paid off on December 1, 2030.

Question

6) How much do we pay on the Bond (loan) for the new fire station each year?

Answer: Below is a breakdown of bond payments we will make each year until the bond is completely paid off on December 1, 2030:

2011: \$47,558	2021: \$94,927.50
2012: \$51,415	2022: \$97,122.50
2013: \$51,415	2023: \$99,062.50
2014: \$51,415	2024: \$95,747.50
2015: \$96,416	2025: \$97,647.50
2016: \$99,840	2026: \$98,862.50
2017: \$98,090	2027: \$99,550
2018: \$96,340	2028: \$99,950
2019: \$99,465	2029: \$95,062.50
2020: \$97,265	2030: \$95,175

Question

7) Is the interest rate on the Bond (loan) adjustable and can we refinance to get a better rate?

Answer: Similar to a mortgage there is the possibility of refinancing the Bond, but there would need to be a significant improvement in rates to justify it and we would start the 20 year repayment period over again. The arbitrage yield rate that

we were given initially was 4.574%, which was pretty good at the time for bonds. The interested rate is set for the period of the bond, but it can go up if our credit rating goes down. Currently we have a "A" rating, again pretty good for a District our size, but that rating is partially due to having a Fire Benefit Charge in place. Without the FBC then we risk having our credit rating drop and our interest rate go up.

Question

8) If we terminated the fire benefit charge which would result in exempt tax parcels (buildings on government land), couldn't we obtain fees from them in another way?

Answer: Prior to the fire benefit charge the district attempted to collect fees associated with fire protection from the buildings on government land that are exempt from the fire levy. The only property that we collected on a fire protection contract was the Washington State Department of Transportation maintenance facility at Hyak. This was done partially due to the passing of the FBC and the imminent installation of the FBC structure. The levy exempt buildings would have to agree to pay a fire protection contract for us to collect fees. The fire benefit charge is designed to allow the county treasurer to collect fees using the fire benefit charge, but they still do not pay any amounts on the fire levy. The short answer is fire protection contracts do not have any statutory enforcement and there for have no means to force collection of contract fees.

Question

9) What is the process for annual adjustment to the fire benefit charge, and what in the calculation changes?

Answer: The First thing that happens each year is the data base of properties is reviewed to make sure the properties included in the fire benefit charge are correct. The Board is required to have a public hearing to set the amount to be collected for the following year. The public hearing is typically the first Wednesday of November and at that time impacts to the taxpayer are discussed. The Board then sets the amount to be collected for the fire benefit charge in the November general meeting which is the third Wednesday in November at 6:00 p.m. Letters then go out in December to notify property owners of the fire benefit charge. There is an appeals process and typically the appeals are due around the first of February followed by an appeals hearing at the February general Board meeting on the Third Wednesday at 6 p.m.

10) Is it possible to put a cap on the 'cost per gallon' in the FBC calculation? Or to cap the FBD dollar amount?

Answer: It is possible to cap the cost per gallon and cap the total amount of the fire benefit charge. The Board would have to adopt a resolution stating what those caps will be.

11) Are we sure the exempt properties won't find their way out of the FBC (since we are relying heavily on this revenue)?

Answer: The Fire Districts reviews the fire benefit charge data base each year in October to look for errors. The district reviews to make sure that the exempt properties are included on the fire benefit charge assessment annually. The FBC

has similar authority to a property tax so if the property does not pay it there is an automatic lien put on the property for that amount until it is paid.

12) RCW lays out what authority the commissioners have which is a little loose, what stops the board from raising FBC rates once it's passed?

Answer: The voters and community members must hold the Board accountable for their actions. It is important that SPFR communicates financial needs to the community in open public meetings. The District encourages community members to get involved in district business so that we can continue to manage finances responsibly and provide cost effective emergency services. The Board could put a resolution into place that caps the amount of the FBC, but ultimately it comes down to trust and that the Commissioners represent the Community, which is their sworn duty. There is a track record in that we have recently gone through some difficult years without a substantial increase in the FBC.

13) What hospital is interested in putting a clinic in the fire station?

Answer: King County Hospital District 4 (Snoqualmie Valley Hospital) has expressed interest in establishing a clinic in the fire station. The district sees this as a valuable resource not only to our resident population but also to our skiing public. We would welcome suggestions from anyone on any other hospitals that may have interest in having a clinic at the fire station.

14) What cost cutting measures have been taken by the department prior to asking for additional funding?

Answer: SPFR will not refill the 3rd full time employee position at this time. Careful consideration should be applied for this position in the future. Having full time staff helps manage the periods when our volunteers are at work providing 911 responses during the middle of the week. Full time employees also help maintain a maintenance program for facilities, apparatus, and tools ensuring 100% readiness for emergency situations. The full time staff has also been critical with managing the volunteer program such as training, maintenance, duty shifts, leadership and direction on calls, and human resources services. This has helped to ensure safety for personnel and has helped develop standard operating procedures for everyone to follow. Additionally, we have not increased the volunteer reimbursements and in some cases personnel have received pay cuts.

We have also negotiated contracts for snow removal services, and maintenance programs realizing some of this work can be done by district staff saving on larger bills.

We did a complete overhaul on our insurance policy by accepting higher deductibles for lower premiums. The District's theory is with more training and better standard operating procedures we will accept more risk knowing that our personnel are safe and well trained.

We eliminated high speed internet land lands saving approximately \$6000 per year.

We continue to apply for grants and have received grants that have little to no cost to the district for capital purchases such as tools, and vehicles. We also pursue grants to help train firefighters significantly reducing the cost associated with maintaining trained firefighters.

15) Will the FBC be requested at the full 60% of operating budget as allowed by law?

Answer: No. The district will not request the full 60% of the operation budget allowed by law. Through proper process of open public meetings and public hearings the District will maintain the fire benefit charge and levy rate to meet the needs of the community and provide the current level of service

16) How many paid positions do we have in the department? Are we trying to expand?

Answer: We currently have 2 full time and 4 part time positions. In 2013 we had 3 full time positions but we lost one employee because that employee took another job. We do not plan to re-hire for that position currently but do feel it should be considered in the future.

The district does not plan to expand full time or part time positions at this time.

17) What happens if the FBD doesn't pass?

Answer: If the fire benefit charge does not pass we will lose revenue generated from the levy exempt structures on Snoqualmie Pass. Since these properties are in the fire district and we provide fire protection and emergency medical services these properties in essence will receive these services at no cost. We will also lose revenues from commercial and multifamily structures which typically require a larger response in the event of a fire. The loss of this revenue would be pretty devastating and require further service and staffing cuts. We would also risk dropping our credit rating and increase bond payment costs.

18) Why do you have all this extra equipment that other departments don't have (ex - snowmobiles), seems like an extravagance? How were those things paid for?

Answer: Prior to having 2 snowmobiles SPFR owned an older Thiokol snow cat. The issue we had with the snow cat was it was old, broke often, and was extremely difficult to transport to emergencies and to operate. SPFR had to have a separate ramp truck to transport. Realizing that our over the snow response needs were more for emergency medical services we sold the old snow cat and ramp truck. The snowmobiles purchases were primarily paid through another grant. The primary purpose is to provide emergency medical response to our community for residents who do not have plowed roads or conditions are such we that we cannot access the incident. We have used the snow mobiles to assist the ski patrol and both the King County Sheriff and Kittitas County Sheriff with search and rescue situations. SPFR also has a tow behind rescue toboggan that fits one patient and one rescuer. The toboggan was purchased by King County Hospital District 4 (Snoqualmie Valley Hospital) and was given to SPFR for use on Snoqualmie Pass.

We also recently received a wildland fire engine that was donated to us by the Forest Service. This apparatus has firefighting capabilities and is four wheel drive, which allows us to not only respond to area wildfires, but access our own residences when conditions would prevent normal access.