Eastside Fire & Rescue

Interlocal Agreement

January 1, 2015 - December 31, 2021

EASTSIDE FIRE & RESCUE INTERLOCAL AGREEMENT

THIS AGREEMENT is entered into by and between KING COUNTY FIRE PROTECTION DISTRICT NO. 10, King County, Washington ("District 10"), FIRE DISTRICT 38, King County, Washington ("District 38"), the CITY OF ISSAQUAH, Washington ("Issaquah"), the CITY OF NORTH BEND, Washington ("North Bend"), and the CITY OF SAMMAMISH, Washington ("Sammamish"), all Washington municipal corporations (collectively, the "Parties").

RECITALS

A. On January 1, 1999, District 10, District 38, Issaquah and North Bend commenced operation of Eastside Fire & Rescue, a fire and emergency medical services joint department, pursuant to Chapter 39.34 RCW. On January 1, 2001, Sammamish joined Eastside Fire & Rescue.

B. The original Interlocal Agreement establishing Eastside Fire & Rescue expired on December 31, 2007 ("Original Agreement") (The Original Agreement consisted of the "Agreement for Joint Operation of Fire and Emergency Medical Services" between District 10 and Issaquah, as amended by the "District No. 38 and North Bend Amendment to the Agreement for Joint Operation of Fire and Emergency Medical Services," by the "City of Sammamish Amendment to the Agreement for Joint Operation of Fire and Emergency Medical Services," and by the "Equipment Funding (Separate Ownership) Amendment to Agreement for Joint Operation of Fire and Emergency Medical Services").

C. The Parties extended the operation of Eastside Fire & Rescue another seven years to December 31, 2014, by amending and replacing in its entirety the Original Agreement with another agreement ("2008 Agreement").

D. The Parties desire to extend the operation of Eastside Fire & Rescue another seven years to December 31, 2021, and to amend and replace in its entirety the 2008 Agreement in accordance with the terms and conditions of this new agreement ("Agreement").

AGREEMENT

The Parties agree as follows:

1. Definitions. The following terms shall have the following meanings:

1.1. "Board of Directors" or "Board" means the joint board of the Joint Fire Department, as described in Paragraph 3.

1.2. "Fire Chief" means the chief of the Joint Fire Department appointed by the Board of Directors.

1.3. "Fire Department" or "Joint Fire Department" means the combined operating fire departments of Issaquah, North Bend and Sammamish (collectively, the "Cities") and District 10 and District 38 (collectively, the "Districts"). The Joint Fire Department shall be known as "Eastside Fire & Rescue."

1.4. "Personal property" means all property that is owned or used by the Joint Fire Department and that is not land or buildings, including but not limited to vehicles, equipment, durable goods, furniture, fixtures, small tools and supplies.

1.5. "Real property" means all land and buildings that are used by the Joint Fire Department.

2. Term. This Agreement shall be effective on January 1, 2015, and shall terminate on December 31, 2021. It shall be renewed automatically thereafter for successive seven-year terms.

3. Board of Directors.

3.1. **Authority**. A Board of Directors shall administer, operate, and manage the Joint Fire Department and all jointly owned or separately owned real and personal property of the Parties. The Board's authority shall include execution of contracts on behalf of the Joint Fire Department for the provision of goods and services, including the authority to enter into or amend existing or future employment contracts with the Fire Chief and such other employees as shall be authorized by the Board. The Board further shall have such additional authority as may from time to time be conferred on it by the legislative bodies of all of the Parties. Except as provided in paragraphs 7, 12.3 and 12.4, the Board shall have no authority to modify or revise the terms of this Agreement.

3.2. **Appointment**. The Board of Directors shall consist of eight elected officials, each of whom shall be currently serving as elected officials of the governing body of one of the Parties. An "elected official" shall be a person elected by the voters to the governing body of one of the Parties, or duly appointed to such an elected position to fill a vacancy on such governing body. The Issaquah City Council shall appoint two Board members, the North Bend City Council shall appoint one Board member, the Sammamish City Council shall appoint two Board members, the District 10 Board of Fire Commissioners shall appoint two Board members, and the District 38 Board of Fire Commissioners shall appoint one Board member. Each Party also shall appoint one of its respective elected officials as an alternate Board member. If a Party must appoint two alternate Board members, the Party may appoint the same elected

official to both of the alternate Board member positions. The Board members and the alternates shall serve at the pleasure of each respective Party.

3.3. **Meetings**. A quorum of the Board of Directors shall consist of five members or their alternates. Unless actions of the Board are required by law to be in the form of a resolution, the actions of the Board may be by motion or resolution. Except as provided otherwise in this Agreement, at least five Board members or alternates shall approve a motion or resolution. The Board shall approve motions or resolutions regarding changes to the revenue formula of paragraph 7 by unanimous vote of the entire membership of the Board. All meetings of the Board shall be held in compliance with the Open Public Meetings Act, Chapter 42.30 RCW. The date, time, and place of the regular meetings of the Board shall be established by resolution of the Board. The Board shall prepare minutes of its meetings, which shall be distributed regularly to the legislative bodies of the Parties.

3.4. **Committees and Task Forces**. The Board of Directors shall have authority to form and appoint committees and task forces to assist the Board in the performance of its duties and responsibilities.

4. Services. The Board of Directors shall identify and provide services in accordance with applicable laws and regulations. Services within the boundaries of the Parties include, but are not limited to: fire prevention; fire suppression; emergency medical; rescue; and hazardous materials incident response. Within the boundaries of the Parties, the Board shall provide the following additional services in conformance with City and County ordinances: fire code inspection and enforcement; fire code pre-construction building plan review. The Parties recognize that King County has statutory jurisdiction to enforce the Fire Marshal provisions of the County Code within the unincorporated areas served by the Parties.

5. Budget. The Fire Chief or designee shall prepare a proposed budget for a succeeding calendar year and a multi-year projection pursuant to a process established by the Board of Directors. The process shall meet the service needs and requirements of this Agreement and shall comply with applicable laws and regulations. The legislative bodies of the Parties shall adopt a budget before the end of the calendar year in accordance with applicable laws and regulations. The Board may submit a recommended budget amendment to the legislative bodies of the Parties, which may adopt a budget amendment in accordance with applicable laws and regulations. The Board of Directors shall establish a benchmark to evaluate cost effectiveness.

6. Finances -- Special Fund. The Board of Directors shall create a special operating fund at the King County Financial Management Office for the payment of the operating costs and expenses of the Joint Fire Department. The Board

shall be responsible for the proper management and accounting of all funds of the Joint Fire Department. The financial affairs of the Board shall be conducted in accordance with applicable laws and regulations.

7. **Revenues -- Financial Contributions**. Each Party shall contribute funds to support the maintenance and operation of the Joint Fire Department in accordance with the annual revenue formula of this paragraph. The Parties shall pay the financial contributions in equal monthly installments or as otherwise approved by the Board. The revenue formula for the 2015 annual financial contributions of the Parties is set forth in **Exhibit A**, which is attached and incorporated into this Agreement. Pursuant to paragraph 3.3, the Board of Directors may approve a change in the revenue formula on or before May 30 of the year preceding the calendar year in which the amended revenue formula will become effective. Any amendment to the revenue formula shall take into account the Parties as a whole and individually, considering any criteria deemed appropriate by the Board. The amended revenue formula shall be filed with the Secretary of the Board and shall be attached to this Agreement. A Party that has filed a notice of withdrawal from the Joint Fire Department pursuant to paragraph 16.1 shall not participate in any vote regarding the consideration and approval of an amendment to the revenue formula that is effective after the withdrawal. The Parties also shall contribute all emergency medical service taxes.

8. **Major Capital Expenditures -- Bond Issues**. If the Board of Directors determines that major capital expenditures for real or personal property are necessary for the proper operation of the Joint Fire Department, and should be financed through a bond issue (voter approved or legislative body approved) or levy of excess taxes, the Board shall adopt a report and recommendation and submit it to the legislative bodies of the Parties. If one Party fails to adopt the recommendation, the proposal shall be rejected. If all Parties adopt the recommendation, each Party shall adopt appropriate legislative enactments to authorize a legislative body approved bond issue, or they shall submit appropriate ballot propositions to the voters at an election selected by all Parties. If the ballot proposition is not approved in one jurisdiction, the proposal shall fail.

9. **Employer.** District 10 shall serve as the employer of all employees and volunteers of the Joint Fire Department, pursuant to applicable laws and regulations. The Parties acknowledge that District 10 serves as the employer of the Joint Fire Department solely for the convenience of the Parties. The adopted budget for the Joint Fire Department shall contain sufficient funds to pay all wages, salaries, employment benefits, payroll taxes, and other expenses of employees and volunteers. The Joint Fire Department shall pay the LEOFF 1 benefits that the employer is obligated to pay to the LEOFF 1 firefighters who retired as employees of the fire departments of the Parties prior to commencement of the Joint Fire Department and who retired as employees of District 10 after commencement of the Joint Fire Department ("LEOFF 1 Payments"). The LEOFF 1 payments shall be deemed a liability of the Joint Fire Department, for which each Party shall remain liable and responsible after

withdrawal from the Joint Fire Department or after expiration of this Agreement, in accordance with the revenue formula provided for in paragraph 7 in effect at the time of notice of withdrawal or the expiration of this Agreement. In addition to the LEOFF 1 payments, District 10 may request the Parties to share other costs, expenses and liabilities for any claims, judgments, damages or expenses arising from District 10's Employer status by filing a written request with the Board of Directors. The Board of Directors shall approve or deny the request within 30 days of receipt of the request using procedures and guidelines to be adopted by the Board and subject to the provisions set forth in paragraphs 3.3 and 7.

10. **Employees**. The Fire Chief shall be hired, disciplined and discharged by a majority vote of all members of the Board of Directors. The Fire Chief shall report to and be supervised by the Board. The Board shall conduct annually an evaluation of the performance of the Fire Chief, or more frequently if requested by the Board or the Fire Chief. The Fire Chief shall hire, discipline, discharge and supervise all other employees and all volunteers of the Joint Fire Department.

11. **Fire Marshal Appointment**. Each City, in accordance with its respective fire code, shall appoint the Fire Marshal of the Joint Fire Department as the fire marshal and fire prevention officer of the City. The Fire Marshal, while acting as the fire marshal and fire prevention engineer of the City, shall report to and be supervised by the city manager or city administrator, as applicable, of the City. The Fire Marshal shall cooperate with city building officials and the city administrator or city manager, as applicable, to administer, enforce and carry out the City's fire code. All court costs and other legal costs incurred in the enforcement of the City's fire code shall be paid by the City and shall not be considered an operating expense of the Joint Fire Department. Any award of costs, attorneys' fees, penalties or fines in an enforcement action shall be the property of the City.

12. **Property Ownership and Funding.** All real and personal property that is acquired by a Party or the Parties for use by the Joint Fire Department shall be owned and funded as follows:

12.1. **Real Property Ownership.** All real property that is acquired by a Party prior to becoming a member of the Joint Fire Department shall remain the real property of that Party. Upon becoming a member of the Joint Fire Department, the Party shall file with the Board of Directors an inventory of such before-acquired real property. All real property acquired jointly by two or more Parties after becoming members of the Joint Fire Department shall be the joint real property of those Parties, and all real property acquired separately by a Party after becoming a member of the Joint Fire Department shall be the separate real property of that Party. The Joint Fire Department shall have exclusive access to and control over all real property.

12.2. **Personal Property Ownership.** Upon becoming a member of the Joint Fire Department, a Party shall file with the Board of Directors an inventory, a statement of fair market value and a depreciation schedule of all personal property acquired by the Party prior to becoming a member of the Joint Fire Department. Exhibit B, which is attached and incorporated into this Agreement, lists and describes personal property of the Parties over which the Joint Fire Department has exclusive access to and control over, and indicates whether the personal property of a Party is considered separate personal property of the Party or joint personal property of the Joint Fire Department.

12.3. **Personal Property Replacement.** The Board of Directors shall fund, replace, value, and depreciate all personal property as listed and described in **Exhibit B**. **Exhibit B** shall include the establishment and funding of a special account for replacement of personal property. In conjunction with the annual budget process of paragraph 5, the Board may, by motion, amend **Exhibit B**. The motion shall be reduced to writing, shall be filed with the Secretary of the Board, and shall be attached to this Agreement.

12.4. **Real Property Maintenance and Repair.** The Board of Directors shall fund the maintenance and repair of all real property in accordance with **Exhibit C**, which is attached and incorporated into this Agreement. **Exhibit C** shall include the establishment and funding of a special account for maintenance and repair of real property. In conjunction with the annual budget process of paragraph 5, the Board may, by motion, amend **Exhibit C.** The motion shall be reduced to writing, shall be filed with the Secretary of the Board, and shall be attached to this Agreement.

12.5. **Improvements to Real Property.** The Board of Directors shall determine and carry out all improvements to real property. Upon request by a Party or Parties, the Board may carry out improvements to separate real property that are paid for entirely by a Party or Parties.

13. Indemnification and Hold Harmless. Each Party shall protect, defend, indemnify, and hold harmless all other Parties to this Agreement, and their officers, employees and agents, from any and all costs, claims, judgments or awards of damages, arising out of or in any way resulting from the negligent acts or omissions of such Party, and its officers, employees and agents, in performing or administrating this Agreement. This indemnification and hold harmless shall not apply to the acts and omissions of the Party that serves as the employer pursuant to paragraph 9 of this Agreement.

14. Insurance. The Board of Directors shall provide insurance coverage for all operations, facilities, equipment, and personnel of the Joint Fire Department.

15. Operational Rules and Regulations. The Board of Directors shall, from time to time, adopt and implement necessary rules and regulations consistent with this Agreement to govern operations of the Joint Fire Department.

16. Withdrawal by Party.

16.1. **Right to Withdraw.** Any Party may withdraw from the Joint Fire Department at the end of the initial seven-year term, or at the end of any successive seven-year term, by filing with the other Parties a notice of withdrawal in January of the seventh year of the initial term or any succeeding term, as applicable.

16.2. **Responsibility and Liability Upon Withdrawal.** If the employer of the Joint Fire Department lays off employees as a result of the withdrawal, the withdrawing Party shall be responsible for payment of accrued employee benefits, continuation of employee benefits required by law and unemployment compensation for a period not to exceed two years. For purposes of this paragraph, "employee" means an individual whose employment with the Joint Fire Department has been terminated as a direct result of the party withdrawing from the Joint Fire Department. If the withdrawing Party establishes its own fire department upon withdrawal, it shall give preference in hiring to all laid off employees, if authorized by law. After withdrawal, the withdrawing Party shall remain liable and responsible for its pro rata share of all liabilities, payments and obligations incurred by or attributed to the Joint Fire Department during the membership of the withdrawing Party in the Joint Fire Department, in accordance with the revenue formula provided for in paragraph 7 in effect at the time of notice of withdrawal. Within 30 days after the date of withdrawal, the Joint Fire Department shall settle with the withdrawing Party all liabilities, payments and obligations that became fixed on or before the date of withdrawal. Within 30 days after any liabilities, payments or obligations become fixed after the date of withdrawal, the Joint Fire Department shall settle such liabilities, payments and obligations with the withdrawing Party.

16.3. **Return of Property.** The Board shall return all separate real property and separate personal property to the withdrawing Party on or before the effective date of withdrawal. The Board shall determine the fair market value of all joint real property and joint personal property. The withdrawing Party on or before the effective date of withdrawal shall receive or pay, as applicable, in cash or property, its percentage or ratio of the net fair market value of the joint real property and the joint personal property, in accordance with the withdrawing Party's equity in the Joint Fire Department as determined by the financial statements of the Joint Fire Department for the year of withdrawal. If the withdrawing Party disputes the Board's determination of fair market value of the joint real property or joint personal property, the withdrawing Party shall pay for and accept an

appraisal of the fair market value of the property by an appraiser selected by the Party and the Board.

17. Termination by All Parties. Upon expiration of this Agreement, including automatic renewals thereof, the Parties shall be governed by the following provisions:

17.1. **Preference in Hiring.** Any Party that establishes a new fire department upon expiration of this Agreement shall give preference in hiring to all laid-off employees of the Joint Fire Department, if authorized by law.

17.2. **Liability.** A Party shall remain liable and responsible for its pro rata share of all liabilities, payments and obligations incurred by or attributed to the Joint Fire Department during the membership of the Party in the Joint Fire Department, in accordance with the revenue formula of paragraph 7 for the last year of the Joint Fire Department.

17.3. **Return of Property.** The Board shall return all separate real and personal property to each Party. The Board shall determine the fair market value of all joint real property and all joint personal property. Each Party shall receive or pay, as applicable, in cash or property, its percentage or ratio of the net fair market value of the joint real property and personal property, in accordance the Party's equity in the Joint Fire Department as determined by the financial statements of the Joint Fire Department for the last year of the Joint Fire Department. If a Party disputes the Board's determination of fair market value of the property, the Party shall pay for and accept an appraisal of the fair market value of the property by an appraiser selected by the Party and the Board.

18. Annexations. The Parties acknowledge that upon annexation by a City of the territory of a District, the provisions of RCW 35.02.190, 35.02.200, 35.02.205, 35A.14.380, 35A.14.801 and 35A.14.400 require, in some cases, the transfer of assets and/or payment of cash, properties or contracts for services between the City and the District. The Parties agree that the asset transfer and payment required by such statutes shall be accounted for on the financial statements and audit reports of the Joint Fire Department, and that the final accounting for the asset transfer and payment shall occur on withdrawal of a City or a District from the Joint Fire Department or on expiration of this Agreement, as applicable. The Parties further agree that the annual financial contributions of the City and the District involved in the annexation, pursuant to the revenue formula, shall be changed for the annexed territory on the date that the City is entitled to receive property taxes from the annexed territory.

19. Incorporations. If a city formed subsequent to execution of this Agreement incorporates within all or a portion of a District, all powers, duties and decisions to be made by the District pursuant to Chapters 35.02, 35A.14 and 52.04 RCW,

as presently existing or as amended, shall be exercised by the Board of Fire Commissioners rather than the Board of Directors.

20. Volunteers. The Joint Fire Department acknowledges the role and need for volunteer responders, and shall make available opportunities for citizens of the Parties to volunteer in their communities by taking active efforts to recruit, train and maintain volunteers.

21. Addition of Parties. The legislative body of a governmental agency or entity that either abuts or is in close proximity to a Party may adopt and file with the Board of Directors a resolution to join the Joint Fire Department. Upon receipt of the request, the Board of Directors, by affirmative vote of a majority of the entire membership of the Board, may by motion or resolution authorize consideration of the request through a plan and process adopted by such motion or resolution. The plan and process shall include necessary amendments to this Agreement and a schedule for and components of such consideration, which schedule and components shall include, but not be limited to a written report of the operational and financial impact on and philosophical compatibility with the Joint Fire Department. The Board, by affirmative vote of a majority of the entire membership of the Board, shall submit its recommendation regarding the request to the governing bodies of all Parties. To be effective, a request to join the Joint Fire Department, and any necessary amendments to this Agreement, shall be approved by resolution of all of the governing bodies of the Parties. If a Party has filed a notice of withdrawal from the Joint Fire Department pursuant to paragraph 16.1, that withdrawing Party shall not participate in any vote regarding the consideration and approval of a new Party of the Joint Fire Department. The membership of the Parties, for voting purposes on the request to join the Joint Fire Department, shall be determined without the participation of the withdrawing Party.

22. Liaison/Administrator. The Fire Chief shall assign one employee to serve as a Fire Liaison/Administrator to each party. The fire liaison/administrator shall perform duties as requested by the Fire Chief, which may include attendance at Party governing body or staff meetings; provided, that these duties shall not, in the opinion of the Fire Chief, interfere with or be disruptive to the overall operation and management of the Joint Fire Department.

23. Notices. All notices, requests, demands and other communications required by this Agreement shall be in writing and, except as expressly provided elsewhere in this Agreement, shall be deemed to have been given at the time of delivery if personally delivered or three calendar days after the time of mailing if mailed by first class mail, postage prepaid.

24. Severability. If any provision of this Agreement or its application is held invalid, the remainder of this Agreement or the application of the remainder of this Agreement shall not be affected.

25. Survivorship. The rights and duties of paragraphs 9, 13, 16.2 and 17.2 shall survive expiration of this Agreement.

26. Entire Agreement -- Modification. This Agreement represents the entire agreement between the Parties. No change, termination or attempted waiver of any of the provisions of this Agreement shall be binding on any of the Parties unless executed in writing by authorized representatives of all of the Parties. This Agreement shall not be modified, supplemented or otherwise affected by the course of dealing between the Parties.

27. Benefits. This Agreement is entered into for the benefit of the Parties to this Agreement only and shall confer no benefits, direct or implied, on any third persons.

28. Amendment of Original Agreement and 2008 Agreement. The 2008 Agreement is amended and replaced in its entirety by this Agreement; provided, that the property inventories filed by the Parties pursuant to the Original Agreement or the 2008 Agreement shall remain valid, unless modified by Section 12.2 of this Agreement, and the indemnification and hold harmless provisions of the Original Agreement and the 2008 Agreement shall survive.

CITY OF ISSAQUAH

By _____

Date 1/29/14

KING COUNTY FIRE DISTRICT NO. 10

By _____

Date 1/24/2014

CITY OF NORTH BEND

By _____

Date January 21, 2014

FIRE DISTRICT 38

By _____

Date January 22, 2014

CITY OF SAMMAMISH

By _____

Date 1/27/2014

EXHIBIT A

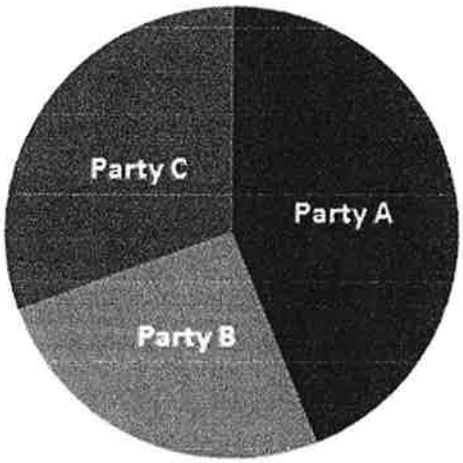
Eastside Fire & Rescue
Funding Model & Member/Party's Equity

The Funding Model (Revenue Formula)

Eastside Fire & Rescue (EF&R) prepares an annual budget for operations, equipment replacement, and capital facilities maintenance. A funding model, which is referred to in Section 7 of the Interlocal Agreement as the "revenue formula," is then used to decide the monthly contribution of each Party in support of the maintenance and operation of EF&R. The funding model is as follows:

1 – Establish Party/Station Areas: Through the use of GIS software, the areas within the EF&R boundaries that each career station (a station staffed by full-time employees) responds to first ("first due area") will be determined and merged with jurisdictional boundary data to establish Party/Station areas within EF&R.

Station X First Due Area by Party

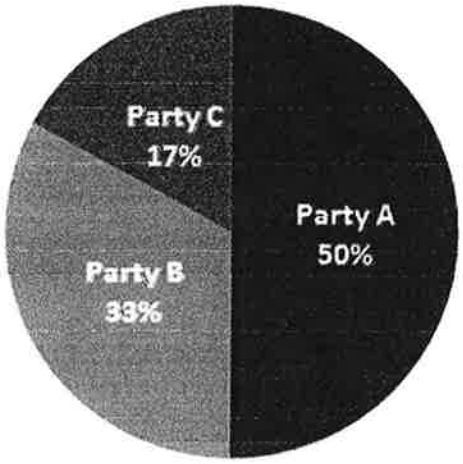


2 – Establish Value, Coverage, and Responsibility of Parcels: Through the use of GIS software, Member/Station Areas derived in Step 1 will be merged with King County parcel data and King County Assessor data to establish Station Coverage, Party Responsibility and Assessed Value (AV) for each parcel.

3 – Establish Each Party's Station Assessed Value Coverage Percentage: Using the data derived in Step 2, calculate the total AV of each Party within each station "first due area," and divide that by the total AV of all parcels covered by that station. This establishes each Party's percentage of the Assessed Value Coverage for each station.

Ex: Station X covers $3b in AV. Of the $3b in AV, Party A has $1.5b, Party B has $1b, and Party C has $0.5b. Party A's Assessed Value Coverage Percentage is 50% ($1.5b/$3b), Party B's is 33%, and Party C's is 17%. These percentages will be used in Step 10 to calculate each Party's Assessed Value Coverage costs for each station.

Assessed Value Coverage Percentage



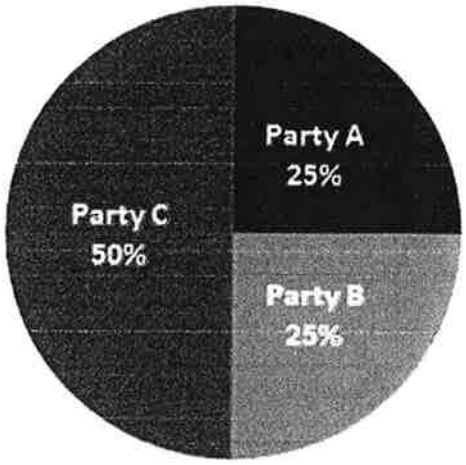
4 – Establish Type, Coverage, and Ownership of Incidents: Through the use of GIS software, NORCOM dispatch data will be merged with Party/Station Areas derived in Step 1 to establish Station Coverage, Party Responsibility, and Incident Type (Fire or EMS) for every incident.

5 – Assign Fire-to-EMS Incident Weighting (75%-25%): Multiply the number of Fire incidents in each Party/Station area by 3, and add the number of EMS incidents in each Party/Station Area. This will establish the Total Weighted Incident values within each Party/Station Area derived in Step 1.

6 – Establish Each Party's Weighted Incident Coverage Percentage: Using the data derived in Steps 4 and 5, calculate the total Weighted Incidents for each Party within each station "first due area," and divide that by the total Weighted Incidents covered by that station. This establishes each Party's percentage of the Weighted Incident Coverage for each station.

Ex: Station X covers a total of 800 weighted incidents. Of the 800 weighted incidents, Party A has 200, Party B has 200, and Party C has 400. Party A's Weighted Incident Coverage Percentage is 25% (200/800), Party B's is 25%, and Party C's is 50%. These percentages will be used in Step 11 to calculate each Party's Weighted Incident Coverage costs for each station.

Weighted Incident Coverage Percentage



7 – Calculate Base Station Cost: Divide the Party's total operating contribution to the EF&R budget by the number of career stations. This determines the Base Station Cost for each station.

8 – Calculate Total Station Costs: For Stations 72 and 81, multiply the Base Station Cost by .75. This establishes the Total Station Cost for those two Regional Stations. For all other career stations, their Total Station Cost is determined using the formula **Base Station Cost + (.5*Base Station Cost/n)**, (where "n" is the total number of career stations minus 2 (72 and 81)).

9 – Calculate Assessed Value and Weighted Incident Coverage Costs: Multiply each station's Total Station Cost by .85 to establish the station's Assessed Value Coverage Cost. Multiply each station's Total Station Cost by .15 to establish the station's Weighted Incident Coverage Cost.

> **Ex:** Station X has a $2m Total Station Cost. It therefore has an Assessed Value Coverage Cost of $1.7m (.85*$2m) and an Incident Coverage Cost of $0.3m (.15*$2m).

10 – Calculate Party Assessed Value Coverage Cost Obligation: For each station, multiply the Party Assessed Value Coverage Percentage derived in Step 3 by the Assessed Value Coverage Cost derived in Step 9 to determine each Party's Assessed Value Coverage Cost Obligation for each station.

> **Ex:** In Step 3, Party A's Assessed Value Coverage Percentage for Station X was 50%, and in Step 9 the Assessed Value Coverage Cost of Station X was $1.7m. Therefore, Party A's Assessed Value Coverage Cost Obligation for Station X is $850k (.5*$1.7m).

11 – Calculate Party Weighted Incident Coverage Cost Obligation: For each station, multiply the Party Weighted Incident Coverage Percentage derived in Step 6 by the Weighted Incident Coverage Cost derived in Step 9 to determine each Party's Weighted Incident Coverage Cost Obligation for each station.

> **Ex:** In Step 6, Party A's Weighted Incident Coverage Percentage for Station X was 25%, and in Step 9 the Weighted Incident Coverage Cost of Station X was $0.3m. Therefore, Party A's Weighted Incident Coverage Cost Obligation for Station X is $75k (.25*$0.3m).

12 – Calculate Total Individual Party Costs for Each Station: Add the Coverage Costs determined in Steps 10 and 11 to calculate the Total Party Cost for each station.

> **Ex:** In Step 10, Party A's cost was $850k, and in Step 11 it was $75k. Therefore, Party A's Total cost for Station X is $925k ($850k+$75k).

13 – Calculate Total Party Costs: Add each Party's individual cost for each station to determine its Total Costs for all stations.

14 – Phase In/Calculation Years: Incident weighting is phased in over two periods,7 1/2% in 2015 and 15% in 2016 through 2021, using the ratios determined by the 2013 AV and 2012 NORCOM dispatch incidents to apply to 2015, 2016, 2017, and 2018 budgets to determine Party contributions. In 2018, before May 30th, the funding formula ratios shall be recalculated based on 2016 NORCOM dispatch incidents and 2017 King County AV Data and used for the 2019, 2020, and 2021 Party contribution calculations.

Adjustment to the Funding Model for Annexation:

In the event a Party annexes another Party's area after July 1, 2007, the funding model will reallocate the costs as of the effective date that the property tax collections accrue to the annexing party. The following is an example:

Party A is a fire district with AV of $1.2 billion. Party B is a city with AV of $0.8 billion. The two Parties share the use of one station. Party B annexes $0.2 billion of AV from Party A on March 1st and gives notice that the annexation is effective on April 1st. The cost center cost is $2 million of which Party A pays $1.2 million (60%) and Party B pays $800 thousand (40%).

EF&R would adjust the funding model to reflect the annexation administratively. Responsibility for payment of the costs associated with the annexed area shall transfer to the annexing Party upon the effective date of the shift of payment of property tax collections from one Party to the other. In the example above, when Party B begins receiving the real property taxes on the newly annexed $200 million in AV, Party B shall pay an increased percentage of the station cost.

In the event of an annexation by a non-Party city of an area of a Party, or in the event of an annexation by a Party of an area outside of the total area of all Parties, the AV shall be recalculated in and for the year that the annexation becomes effective, consistent with this section, and shall continue for all succeeding years.

Comment regarding EF&R's Financial Statement - Party's Equity of Operating Fund and all assets not addressed in Exhibit B or C:

According to the Washington State Auditor, EF&R is a joint venture partnership operating under the equity accounting section of the Budget, Accounting and Reporting Systems (BARS). This means that as a "Partner," all value contributed by each Party, including cash, equipment, or facilities, is treated as that Party's equity in the Partnership. This begins with the first dollar and continues forward cumulatively each year.

The footnotes in EF&R's annual financial statement identify each Party's percentage of the EF&R total equity at the end of each year. The percentage, when applied to the net worth of the EF&R total equity, expresses each Party's ownership in dollars.

It does not matter that some of the equity is in equipment (not including equipment listed in Exhibit B), or the Reserve Fund (not including reserves listed in Exhibit B or C).

EXHIBIT B

Goals & Objectives

Provide management a tool for timely, coordinated equipment replacement. Each Member will maintain ownership and title of titled personal property and non-titled personal property listed in this Exhibit. Titled and non-titled property owned by EF&R will be the joint property of all of the parties to this Agreement. This Exhibit provides a management tool for efficient equipment rotation maximizing coverage, maintenance and future needs planning.

In General

This fund provides a pooling of equipment replacement dollars into a separate fund for equipment replacement. Scheduled replacements of existing equipment would be provided by annual scheduled funding from member plus accrued interest earned on the carry over fund balance. Management of scheduled replacements and funding is accomplished through the equipment replacement schedule.

Schedule Mechanics

Each piece of equipment is listed on its like kind schedule which identifies and tracks its useful life. An equipment cost replacement schedule tracks the cost of each like kind replacement piece over time accounting for estimated average cost increases, placing the appropriate cost into the replacement schedule (Urban Engine Replacement Schedule, etc.). The funding schedule denotes the annual need contribution each year to completely fund the replacements as scheduled by balancing the cash accumulated with current year purchases. The funding schedule (and the entire model) provides an annual "snapshot" of equipment replacement and funding, that rolls forward into a 15 year estimate, year by year. The schedule is a rolling model, in that adjustments in a current or future year roll forward into subsequent years, and a "snapshot" is available for each scheduled year.

Member Agency Fund Withdrawal Calculation

At the time of withdrawal from the Agency, the member will take all vehicles that are titled to them, along with the cash that has been collected to replace the vehicle at the end of its useful life.

Example:

Vehicle	Type	Year purchased	Member titled to	Cash accumulated to date for replacement 2014
App 9810	Elevated Stream	2009	Issaquah	$ 293,148
App 3807	Tender	2002	District 10	$ 160,863
App 7832	Aid Car	2000	Sammamish	$ 172,447

In this example: Issaquah would withdraw with apparatus 9810, plus $293,148 in cash.
District 10 would withdraw with apparatus 3807, plus $160,863 in cash.
Sammamish would withdraw with apparatus 7832, plus $172,447 in cash.

For vehicles titled to the Agency (EF&R), each member will have an equity interest in them, equivalent to the cash contributions paid into the fund since its inception. See ERF Funding Summary for percentages.

Example:

Vehicle	Type	Year purchased	Member	Member percentage
5818	Small Pickup	2012	District 10	37.89%
			District 38	6.76%
			Issaquah	22.75%
			North Bend	4.11%
			Sammamish	28.48%
				100.00%

In this example: The member would own a percentage of the vehicle based on the percentages noted above.

For equipment that was brought into the Agency when the member joined or was purchased by the member for the Agency to use, the ownership of the equipment will be maintained and be returned to the member upon time of withdrawal, along with the cash that has been collected to replace the equipment at the end of its useful life.

Example:

Equipment	Year purchased	Member titled to	Cash accumulated to date for replacement
SCBA Air Compressor	2002	Issaquah	$ 16,729

In this example: Issaquah would withdraw with the SCBA Air compressor at 73, plus $16,729 in cash.

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For equipment that was purchased by the Agency, each member would have an equity interest percentage based on the cash contribution paid in to the fund since its inception. See ERF Funding Summary for percentages.

Example:

Equipment	Year purchased	Member	Partner percentage
Radios	2008	District 10	37.89%
		District 38	6.76%
		Issaquah	22.75%
		North Bend	4.11%
		Sammamish	28.48%
			100.00%

In this example: The member would own a percentage of the Radios based on the percentages noted above.

Exhibit C

Real Property Maintenance and Repair Fund

Goals & Objectives

Provide management a tool for timely, coordinated repairs and maintenance. Provide management a tool for efficient repairs and maintenance maximizing party contributions, and maintaining safe and efficient work place. Provide management and the Board annual and long term budgeting tools. Provide the parties budgeting and planning tools. Provide the parties retention of titled ownership of real property.

In General

The fund provides a pooling of maintenance and repair dollars into a separate fund for repairs and maintenance. Scheduled replacements of items listed in the Exhibit would be provided by annual scheduled funding from the parties plus accrued interest earned on the carry over fund balance. Management of scheduled replacements and funding is accomplished through the maintenance and repair schedule. Administration of the schedule is managed by the Administration at the behest and directive of the Board.

Funding will be by real property according to funding model use. For example if real property is used by two parties and the funding model split of that property is 40% to one and 60% to the other, then the maintenance cost of that property would be divided 40/60 and billed to those two parties accordingly.

Schedule Mechanics

Each piece of real property is listed on a schedule which identifies the useful life of items that need to be maintained. A maintenance cost schedule tracks the cost of maintenance over time accounting for estimated average cost increases, placing the appropriate cost into the maintenance schedule (Station 71, roof, HVAC, paint, etc.). The funding schedule denotes the annual need contribution each year to completely fund the maintenance as scheduled by balancing the cash accumulated with current year purchases. The funding schedule (and the entire model) provides an annual "snapshot" of maintenance and funding, that rolls forward into a 15 year estimate, year by year. The schedule is a rolling model, in that adjustments in a current or future year roll forward into subsequent years, and a "snapshot" is available for each scheduled year.

Each year during the budget process the Administration will recommend projects to be funded in the succeeding years budget. After the budget is approved, the Administration will notify the owner of the real property of the projects funded over $10,000 and will give the owner 30 days to identify those projects that the owner would like to manage and an estimated date that the work will be preformed. Unless EF&R is notified otherwise, if the project is not started by the owner by the projected date, EF&R will begin work on the project within 30 days. Emergency repairs will be managed by EF&R.