

Bremerton Fire Department And South Kitsap Fire Rescue Consolidation Fact Finding Financial Report

August 2010



Introduction

In February of 2010 the elected officials from Bremerton and SKFR asked that the City of Bremerton and SKFR administration initiate a 6 month analysis to determine the feasibility of re-establishing a regional fire authority planning committee. The time period was to be used to fully answer any outstanding questions regarding a regional fire authority. The elected officials determined that there was a need to definitively answer some outstanding issues. Those issues included:

1. Does a consolidation make financial sense?
2. What would the new organization look like from a personnel perspective?
3. How would the new organization operate?
4. Would the citizens realize better service?

Accordingly, City of Bremerton administrative staff and officials and staff from South Kitsap Fire and Rescue began meeting to address the outstanding questions relating to a potential consolidation of the two agencies through the regional fire authority process. Two committees were formed to help address the outstanding questions. A main committee, the BFD/SKFR Fact Finding Committee, consisting of stakeholders representing both agencies was tasked with oversight of the process. Two subcommittees were also formed to address specific issues. These committees addressed finances and the collective bargaining agreements, respectively.

The work completed previously for the West Sound Fire and Rescue Regional Fire Authority was used as a starting platform for the committees. The committees operated pursuant to two strategic goals: any potential consolidation must produce a collective service level improvement without increasing net costs, and any consolidation would not come at the expense of one agency over the other.

The BFD/SKFR Fact Finding Committee consisted of the following individuals:

Al Duke, BFD Fire Chief
Wayne Senter, SKFR Fire Chief
Rob Ashmore, Local 437 President
Tim Salters, Local 2876 President
Doug Richards, Local 3817 President
Ken Bagwell, City of Bremerton Attorney
Brian Viergutz, Local 437 Vice President
George Roller, Local 2876 Vice President
Ryan Auston, Local 2876 PAC
Matt Million, Local 2876 Secretary
Brian Marceau, Local 437 E-Board Member
Alex Magallon, Local 437 Member
Scott Hartley, Volunteer Lead Battalion Chief
Darlene Slagle, SKFR Accountant
Laura Linder, SKFR Executive Assistant
Dawn Salters, SKFR Clerical Support

Representatives on the Collective Bargaining Agreement Sub-Committee were:

Rob Ashmore, Local 437 President
Tim Salters, Local 2876 President
Doug Richards, Local 3817 President
Brian Viergutz, Local 437 Vice President
George Roller, Local 2876 Vice President
Ryan Auston, Local 2876 PAC
Matt Million, Local 2876 Secretary
Brian Marceau, Local 437 E-Board Member
Alex Magallon, Local 437 Member
Dawn Salters, SKFR Clerical Support

The Finance Sub-Committee representatives were:

Al Duke, BFD Fire Chief
Wayne Senter, SKFR Fire Chief
Ken Bagwell, City of Bremerton Attorney
Darlene Slagle, SKFR Accountant

This report will provide a synopsis of the work done by the fact finding committee. . It is broken into specific areas in an attempt to answer those questions asked by the Bremerton City Council and SKFR Fire Commissioners. At the end of the report, the Fact Finding committee has provided a recommendation.

Table of Contents

	<u>Page</u>
Cover.....	1
Introduction.....	2
Table of Contents.....	4
Organizational Issues.....	5
Financial Issues.....	6
Collective Bargaining Agreements.....	7
Healthcare Benefits.....	8
Overtime.....	9
Ambulance Billing.....	10
Vehicle Maintenance.....	11
Information Technology.....	12
Facilities/Grounds/Equipment.....	13
Clerical/Administrative Support.....	14
Executive Summary and Recommendation.....	15
Recommendation.....	16
Appendix A – Future Organizational Chart.....	17
Appendix B – Transitional Organizational Chart.....	18
Appendix C – Healthcare Matrix.....	19
Appendix D – HRA/FSA vs. 100% Plan.....	24
Appendix E – Overtime Study.....	25
Appendix F – Vehicle Maintenance Report.....	26
Appendix G – Information Technology Report.....	28

Organization/Operations

As discussed in the Introduction to this report, the Fact Finding Committee used the West Sound Fire and Rescue (WSFR) work as a basis to begin the review of how a potential organization resulting from the consolidation of the Bremerton Fire Department and South Kitsap Fire and Rescue might look in the future. The prior work also provided a starting point to help determine how the transition from two separate organizations could meld initially.

It appears that there are very few organizational barriers to melding all services into one department other than managing change in the workplace. The overall strategic goal in this area is to provide equitable or improved service levels as one department as measured by the service levels both organizations provided as separate departments.

The organizational chart in Appendix A represents the possible future organizational chart of the new consolidated organization. The org chart presented in Appendix A is also representative of how the new department would operate, at least on a macro level.¹

However, it is important to remember that the determination of all eventual operation issues would be resolved in any work plan proposed by a potential regional fire authority planning committee. Accordingly, the Fact Finding Committee found that it was difficult to definitively answer how a new consolidated organization would look from a personnel perspective as well as how it would operate.

Appendix A is based on the best information available to the Fact Finding Committee as well as input from Chief Duke and Chief Senter.

¹ This report will also provide some details about other operational issues in the Financial section of this report.

FINANCIAL REPORT

It is apparent that the most significant question that needs to be addressed is whether a future consolidation of South Kitsap Fire and Rescue and the City of Bremerton Fire Department is financially feasible. Any consolidation must make financial sense for the two organizations as well as the citizens they represent and protect. Accordingly, the Fact Finding Committee, through the Finance Sub-Committee attempted to address the question of finances. Again, it is difficult to provide absolute answers. There are many unknown factors relative to finances. While projections can be made as to future Assessed Valuations of property and future property tax rates, there is no way to guarantee what an organization's future revenues might look like. However, there are some known factors that can be addressed as a result of a potential consolidation. This report addresses some of the quantifiable efficiencies that would result as a consequence of consolidation. The projections are also provided.

A. Organizational Impacts

It is assumed that retirements and attrition will create milestones for leadership to move closer and closer to a more efficient organizational structure that maintains a lean support and administration, and maximizes those efficiencies by shifting resources to operations. The greatest need of both organizations is to increase the number of operational response personnel to ensure a credible initial unit, and effective response force, responds with a total response time reflected as baseline levels with the Center for Public Safety Excellence (CPSE), state law, and best management practices the National Fire Protection Association (NFPA).

Currently BFD has five chief officers actively filling a position and one clerical support position. SKFR currently has seven chief officers and six support clerical positions. BFD has fifty-three additional personnel assigned to operations and SKFR has eighty-four. Additionally, SKFR has three mechanics, two and one-half personnel in facility/grounds/equipment, and one in Information Technology. Currently, both BFD and SKFR have two each assigned personnel in the Fire Marshal's Office.

The organizational chart in Appendix B represents the transitional organizational chart as the two agencies meld into one. The eventual attrition of two to five chief officers represents a potential savings of \$275,000 to \$515,000 per year. These savings would allow shifting of resources to operations of three to five additional Firefighters.

Note – The current BFD LEOFF retiree program was not included as part of the new consolidated agencies responsibility.

Potential Cost Savings: \$515,000

B. Collective Bargaining Agreements

The two major collective bargaining agreements are the Firefighter CBA from both agencies. Both CBA's are three year contracts that expire at the end of 2011. The general philosophy was that each agency will negotiate a wage package for their respective bargaining groups and that we would create a matrix in merged CBA that paid each member from both agencies that amount established through the legacy organizations. It was further discussed that the work rules could be easily merged to minimize so that the new consolidated organization operated as a unit rather than two separate agencies under one umbrella.

The total cost of compensation of both major CBA's is very similar, although the method of payment and benefits are different. As an example one CBA may favor educational pay while the other may favor longevity.

There are two options available to complete this task. If labor does support the feasibility of consolidation, a one year contract could be reached for the transition and then once voters approve the consolidation, labor and management would enter negotiations immediately after forming. The other option would be to attempt to accomplish the same melding outside of formal negotiations. The latter option was attempted through the failed WSFR discussions with three agencies. The former option allows a timely manner to settle any differences through mediation and binding arbitration. The finance committee recommends the former option.

Additionally, there is a support services bargaining group under the SKFR Firefighters Local, a Chief Officers Local in SKFR. Together both agencies have several contract or administrative employees. These do not represent any serious barriers in melding together but do require some attention to detail to ensure the transition is smooth.

Potential Cost Savings: \$0

C. Healthcare Benefits

Both BFD and SKFR members have generous healthcare benefits for their employees and their dependents. Both agencies have different programs for providing those benefits through Kitsap Physician Services. Compared to what SKFR now offers their employees, BFD employees generally have a PPOA (100%) plan, while their dependents line up closer with the PPO2 (80-20%) plan (Appendix C). SKFR employees, by an overwhelming majority (99%), use the PPO2 plan. This plan is less cost in premium dollars compared to the PPOA plan. The PPO2 plan requires more contributions than the PPOA plan and to off-set that, SKFR created a Healthcare Reimbursement Account/Flexible Spending Account only for members who use the PPO1 or PPO2 plans. The contribution is less than what the premium differences between the plans are and results in better management of plan use (Appendix D). The employees benefit directly from this system because the HRA funds are available post retirement and are available for employees and dependents.

Comparatively, the plan costs differ by approximately \$18,000 annually. The BFD plan is less expensive but does not provide the long term goal of maintaining benefits levels and controlling premium costs. The SKFR plan is an improvement for BFD employees and dependents immediately and does not require SKFR members to make a concession for a lesser plan that may well cost the employer more over time. For these reasons, the finance committee recommends that the SKFR healthcare plan be offered as the healthcare plan for the new consolidated department. Obviously, this benefit is considered a part of negotiations and would be part of the CBA process mentioned earlier in this report.

Potential Cost Savings: (\$18,000)

D. Overtime

The Finance Committee used the information presented and accepted by the West Sound Fire and Rescue Work Plan Planning Committee process. In that report a study of staffing was made for all three agencies involved in the WSFR discussions. The study revealed predictable times when one or more of the agencies had staffing above their minimum staffing levels at the same time one of the other agencies were below their minimum staffing levels. The result was a savings in minimum staffing overtime through consolidation. (Appendix E)

For this consolidation study, we removed CKFR from the study and recalculated what savings may be made annually through the same method as described above. We found that approximately \$72,000 could be saved annually through consolidation without any significant service reductions in either agency.

There were other areas of overtime savings that we did not calculate but are logically realized through consolidation. As an example, external meetings where we rely on operational staff to attend would be reduced because currently each agency has one member representing them which could be reduced to one. Another example of this savings would be through stand-by expenses. If each agency now has one fire investigator on call this could be considered to be reduced to one, resulting in efficiency and savings.

Potential Cost Savings: \$72,000

E. Ambulance Billing

After a careful review of ambulance billing we found that each agency accomplishes the task a little differently. SKFR has enough volume of ambulance billing that a full time employee, who also assists with general clerical work, performs this work. The agency has compared payment percentage compared to contracting services and has found that the efficiency exists in doing this work in-house. BFD does not have the volume of billing calls to justify a full time employee in-house and contracts this service out for an annual cost of approximately \$37,000. It should be noted that this cost is in addition to some preparation work that is done in-house prior to sending the billing information to the outside contractor.

Again the Finance Committee used the information created by the WSFR effort on this same issue. We found that the addition of the BFD ambulance billing workload to the existing SKFR ambulance billing workload was feasible without any additional cost after the information was loaded onto the billing software. This initial set-up can be done within the normal work week without overtime or additional contracting costs.

We recommend that SKFR ambulance billing be used for the new consolidated fire department at an annual savings of approximately \$37,000. There would be no loss in service and perhaps a gain in percentage paid, which has not been calculated as part of the estimated savings.

Potential Cost Savings: \$37,000

F. Vehicle Maintenance

The Finance Committee utilized the previous study that was done in this area for the WSFR effort. The two agencies both have different ways of doing their vehicle maintenance and repair. Each method has perceived pluses and minuses. The performance measurement in this area is reliability of the vehicles to respond day-to-day and prolong expensive replacement costs. These outcomes seem to be similar with both methods used.

The Fire District's model provides equitable service for less money (Appendix F). Excluding parts, BFD spent approximately \$58,000 in 2009 for this activity. For approximately half of that cost, the new consolidated agency could hire .5 FTE to supplement the three FTE's currently assigned to Fleet Maintenance with SKFR. This new .5 FTE employee would assist in the lower end preventative maintenance work, freeing up existing certified fire mechanics for more complex maintenance work. 3.5 FTE's is enough to maintain the new agencies fleet with equitable outcomes as described above.

This recommendation would save the new consolidated agency approximately \$30,000 each year. Not included in future savings is the positive impact on reduction of reserve apparatus and staff vehicles which is approximately \$50,000 for the first year and \$25,000 thereafter.

Potential Cost Savings: \$30,000

G. Information Technology

The information technology systems in both agencies differ, however, each system seems to produce reliable tools for emergency and staff use. SKFR has approximately twice the personal computers, MCT's, radios and other communications equipment compared to what BFD has. SKFR has one FTE that manages this program and BFD relies on city IT to manage this work. The Finance Committee found that the Fire District model of IT management was less expensive and produced similar outcomes of that in the BFD. In 2009, BFD spent approximately \$67,000 for IT services. The added work and costs of the BFD IT work to the infrastructure that SKFR currently has is estimated to be approximately \$48,000 annually (Appendix G). This expense would include additional help through outside vendors and/or an additional .5 FTE.

The approximate annual savings for the new consolidated agency is approximately \$19,000. This does not include cell phones, network connections, existing software and voice phone lines. These details would need to be negotiated as part of the final work plan for new agency.

Potential Cost Savings: \$19,000

H. Facilities, Grounds Maintenance and Equipment

Both agencies do this work a little differently and each agencies building inventory and status differ considerably. BFD's three fire stations are in very good condition and SKFR's sixteen fire stations range from good to moderate condition. The SKFR career fire stations are in better condition than the un-staffed stations.

Both agencies have modern fire equipment and tools and have different methods for ensuring they are maintained. Both systems produce favorable outcomes. A review of both agencies systems leads the Finance Committee to estimate that there will be no immediate cost savings in this area. Both systems rely on Firefighters, volunteer and civic organizations to assist in grounds maintenance. BFD uses paid city staff to assist in this work and SKFR has 2.5 FTE.

The current public safety bond that does include some fire apparatus and facility capital costs was not included as part of the new agencies responsibility.

Potential Cost Savings: \$0

I. Clerical/Administrative Support

Currently the BFD has one clerical support position that is on location at fire station 1 and SKFR has six clerical/support positions. In addition, the BFD does receive support from other city departments.

Both agencies have adequate clerical support to meet their mission and compared with surrounding fire agencies have a very low percentage ratio of staff to operations. The feasibility study conducted for WSFR by Emergency Services Consulting Inc. indicated that 18% was good ratio. Currently, both agencies are far below that percentage. The Finance Committee believes this is a result of budget tightening that required both agencies to shift as much as practical, support resources to operational areas.

There is no projected savings in this function for the new consolidated agency. The current individual systems combined into one consolidated system would be revenue neutral. However, there may be productivity improvements with a larger workforce creating some opportunities for synergy.

Potential Cost Savings: \$0

Executive Summary

Problem Statement: There currently is an economic crisis facing many public safety agencies throughout the nation. In Washington State the cuts include reductions in service, personnel, hours, wages, benefits, and others. Cities are being hit harder than Districts unless the District is at the maximum tax rate allowed by law without a benefit service charge. The recovery as estimated by the United States Fire Administrator will take one to three years for corporate recovery and another one to two years for government to recover, including public safety agencies.

Solution: Through consolidation, find administrative and operational efficiencies that maintain or improve current core emergency service levels without subsidizing or raising tax revenue significantly.

Finances: The net potential cost savings from a Bremerton Fire Department and South Kitsap Fire Rescue consolidation would be approximately \$140,000 the first year, \$935,000 in the first three years and \$655,000 each year thereafter. The following summary illustrates how over a period of three years the funding gap would be reduced to zero.

2010 Budget gap as outlined in the SKFR/BFD finance committee estimates are approximately \$2,100,000 for that year. South Kitsap's fire rate and Assessed Values (AV) in both jurisdictions are the greatest variables in this issue. SKFR's 2010 AV with a combined fire and EMS rate of 1.67/\$1000 created the shortfall when laid over the city's AV. The projected combined SKFR rates for January 2012 are approximately 1.85/\$1000. Hypothetically, if the city was to annex Navy Yard City and Rocky Point and TriLakes is de-annexed from SKFR, that figure goes up to approximately 1.98/\$1000. If you lay that over the city AV the gap is reduced by \$1,080,000 or down to a gap of \$1,020,000. By laying the fire districts business model over the BFD another \$420,000 is removed or down to a gap of \$600,000. By eliminating over-lapping administrative positions another \$515,000 is removed or a gap of \$5,000 a year. If the AV continues to rise at a rate of 2% collectively after three years, it will reduce the gap another \$100,000 every other year. Once formed the law allows the RFA to increase the revenue by 1% per year plus new construction. This is estimated to increase revenue by \$250,000 for 2012. In three years time we have experienced all of the efficiencies noted above and the city's "back payment" to cover that gap may be eliminated.

Politically: Internally it will mean embracing new ways of doing things. Externally, it will be important that we use some of the initial savings to increase staff on the operational side of our business. If we can show our tax payers that they will receive better emergency service without increasing costs in South Kitsap or the city, we will be successful in forming a new organization that is positioned to survive the economic storm in the short term and thrive once recovery comes to public safety

Recommendation

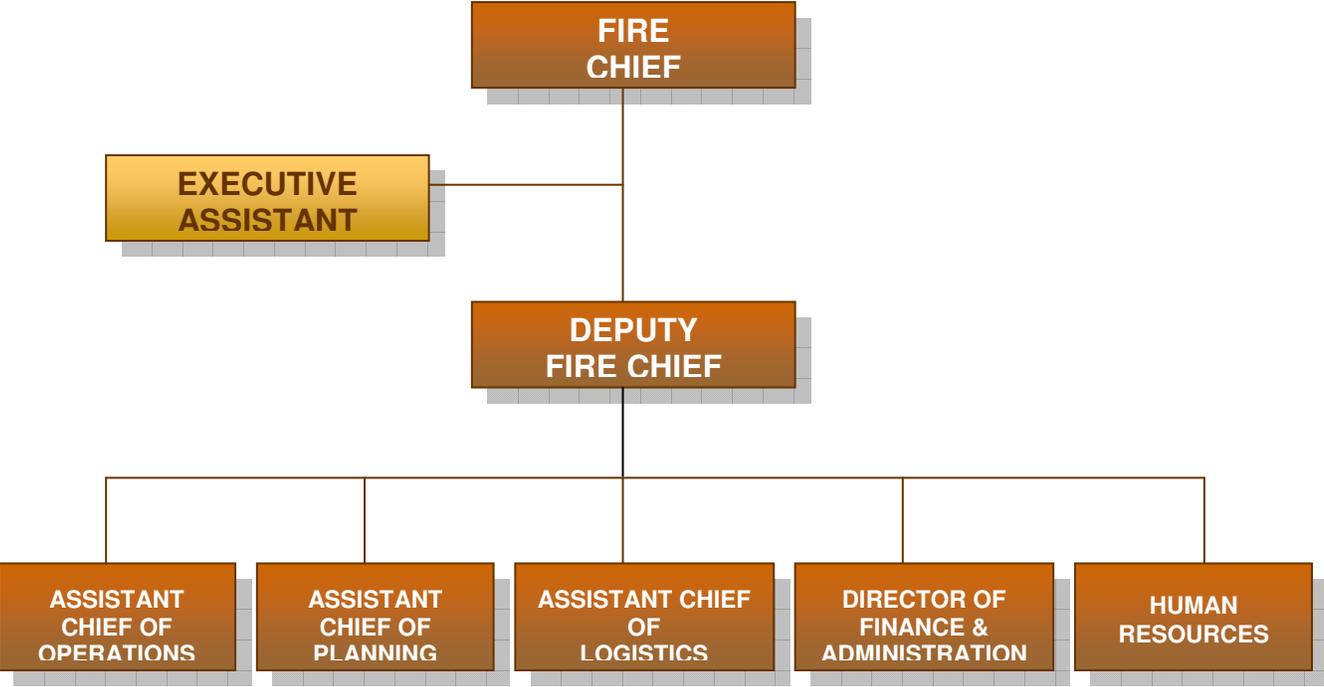
The last six months of fact finding has been enlightening and rewarding. It is always good to look for ways to do things differently that will likely produce immediate improvements and future efficiencies in emergency service.

The results of this fact finding project for a new consolidated fire department including the BFD and SKFR initially and eventually CKFR, has led the committee to recommend that the elected officials from both agencies consider forming a planning committee as required for the formation of a regional fire authority. That this planning committee be directed to have a work plan with sufficient detail for consideration of the voters in the November 2011 ballot. A minimum of six months is needed to inform the public on this issue prior to election, so the work plan will need to be finalized by both agencies elected officials sometime in April of 2011.

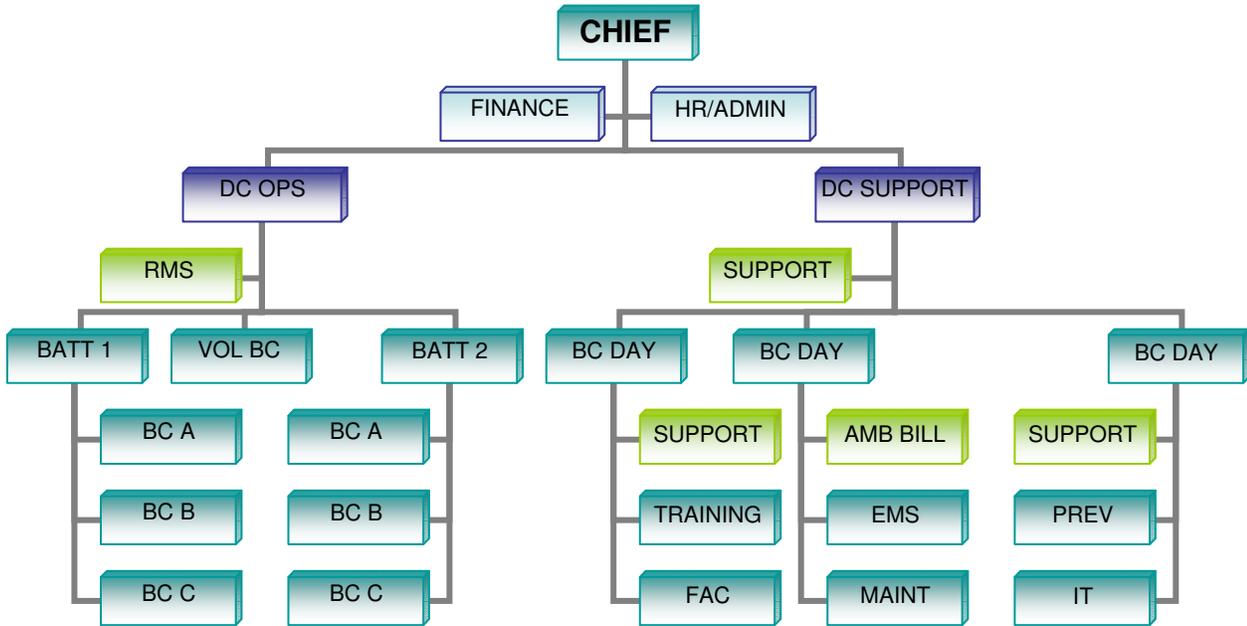
It will be imperative that all internal stakeholders formally support this initiative for it to be successful. To that end, an internal education program for all stakeholders should begin immediately on this report and eventually the work plan.

The Fact Finding Committee wishes to thank its elected officials, stakeholders and support staff for making time to review this critical public safety issue. Out of all of our work we walked away with a better understanding of both agencies and the true dedication of both to provide the best emergency service for each of our communities. Our work reinforces the effort to overcome the old saying: “If you always do what you’ve always done, then you’ll always get what you’ve always got.”

Appendix A Future Organizational Chart



Appendix B Transitional Organizational Chart



Current Chief Officers: SKFR – 7 & BFD – 5

If this number changes, the above chart will be modified to accommodate those changes.

Appendix C Healthcare Matrix

	PPO A	PPO 1	PPO 2	Bremerton KPS	
Annual Deductible				Employees	Dependents
EE	\$0	\$100	\$100	\$50	\$100
Family	\$50 Per Dep To a max of \$150	\$300	\$300		\$300
Annual Coinsurance Max					
EE	\$0	\$1,000	\$1,500	\$200	\$200 per enrollee
Family	\$0	\$3,000	\$4,500		
Coinsurance					
Network	100%	90%	80%	100%	80%
Non-Network	70%	70%	60%	25% < allowed	25% < allowed
Coinsurance Accrues	Separately between par and non-par	Separately between par and non-par	Separately between par and non-par	Non-network difference does not apply to coins-max	Non-network difference does not apply to coins-max
Lifetime Maximum (per Enrollee)	\$2 Million	\$2 Million	\$2 Million	\$1 Million	\$1 Million
Dependent Age Limit	25	25	25	25	25
Facility Hospital Services					
Inpatient	100%	90%	\$200 Inpatient copay per day, 5 days maximum per admit, 80%	100%	80%
Outpatient	100%	90%	\$200 facility copay, 80%	100%	80%
Emergency Room and Supplies	\$50 copay, 100%	\$75 copay, 90%	\$100 ER copay, 80%	100%	90%
Professional Services/Naturopath					
Hospital, skilled Nursing Facility or Ambulatory Care Center	100%	90%	80%	100%	Hospital and SNF: 100% Ambulatory Surg Center: 80%

	PPO A	PPO 1	PPO 2	Bremerton KPS	
Home/Office or Urgent	100%	\$10 copay, 90% (not subject to Deductible)	\$20 office copay, 100% not subject to Deductible	\$10 copay, 100%	\$10 copay, 100%
Ambulance					
Ground	100% limited to \$2,000 per year	90% limited to \$2,000 per year	80% limited to \$2,000 per year	100% of first \$50, then 80%	80%
Air	100% Limited to \$5,000 per trip	90% Limited to \$5,000 per trip	80% Limited to \$5,000 per trip	100% of first \$50, then 80%	80%
Lab & X-ray					
Facility (inpatient Hospital, Ambulatory Surgery Center)	100%	90%	80%	100%	100%
Emergency Room and Supplies	100%	90%	80%	100%	100%
All other Lab and Radiology	100% Not Subject to Ded	90% Not Subject to Ded	80% Not Subject to Ded	100%	100%
Mammography and PSA, diagnostic	100% Not Subject to Ded	90% Not Subject to Ded	80% Not Subject to Ded	100%	100%
Mammography and PSA, routine	100% Not Subject to Ded	100% Not Subject to Ded	100% Not Subject to Ded	100%	100%
Maternity					
Hospital	See Facility/Hospital Services Section	See Facility/Hospital Services Section	See Facility/Hospital Services Section	See Facility/Hospital Services Section	See Facility/Hospital Services Section
Professional	See Professional Services Section	See Professional Services Section	See Professional Services Section	See Professional Services Section	See Professional Services Section
Preventive Care					
Annual Routine Physical Exam/Immunizations	100% not subject to deductible (\$500)	100% not subject to deductible (\$500)	\$20 office copay, 100% to \$500 not subject to deductible	100% (\$200 max)	100% (\$200 max)
Well Baby Care	100% to \$200 not subject to deductible, 80% thereafter subject to deductible	90% not subject to deductible	100% to \$500 not subject to deductible, thereafter 80% subject to deductible	80%	80%
Mental Health					
Inpatient	100% (8 days)	90% (8 days)	See Facility/Hospital Services Section (10 days)	100%	80%

	PPO A	PPO 1	PPO 2	Bremerton KPS	
Outpatient	See Professional Services Home office or Urgent Section (20 Visits)	See Professional Services Home office or Urgent Section (20 Visits)	See Professional Services Home / Office, or Urgent Section (20 visits)	\$10 copay then 100%	\$10 copay then 100%
Chemical Dependency		Combined maximum: \$14,500 per 24 months			
Inpatient	100%	90%	See Facility Services Section	100%	80%
Outpatient	100%	90%	80%	\$10 copay then 100%	\$10 copay then 100%
Rehabilitation- Physical, Speech, Massage & Occupational Therapy					
Inpatient	See Facility/Hospital Services Section (120 days)	90% (\$10,000)	See Facility/Hospital Services Inpatient Section (120 days)	100% (30 days)	80%
Outpatient	See Professional Services Home/Office or Urgent (45 Visits)	90% (\$2,000)	See Professional Services Home / Office, or Urgent Section (45 visits)	100%	80%
Medical Equipment and Supplies	100% (\$5,000)	90% (\$2,500)	80% (\$2,500)	80%	80%
Spinal and Extremity Manipulations	See Professional Services Home.Office or Urgent section (52 visits not subject to deductible)	See Professional Services Home.Office or Urgent section (30 visits)	See Professional Services Home.Office or Urgent section (24 visits not subject to deductible)	\$10 copay then 100% (20 visits)	\$10 copay then 100% (20 visits)
Acupuncture	See Professional Services Home/Office or Urgent (12 treatments)	See Professional Services Home/Office or Urgent (12 treatments)	See Professional Services Home/Office or Urgent (12 treatments not subject to deductible)	\$10 copay then 100% (12 treatments)	\$10 copay then 100% (12 treatments)
RX Drugs				\$150 coinsurance maximum per enrollee	\$150 coinsurance maximum per enrollee
Tier 1	\$7 Copay	\$10 Copay	\$10 Copay	80%	80%
Tier 2	\$10 Copay	\$20 Copay	\$30 Copay	80%	80%
Tier 3	\$30 Copay	\$40 Copay	\$50 Copay	80%	80%
Maintenance Drug Copays	2 copays for 90 day supply Tier 1&2)	2 copays for a 90 day supply (Tier 1&2)	1 Copay for 90 day supply (Tier 1&2)	80% (Tier 1&2)	80% (Tier 1&2)
Mail Order	Included	Included	Included		

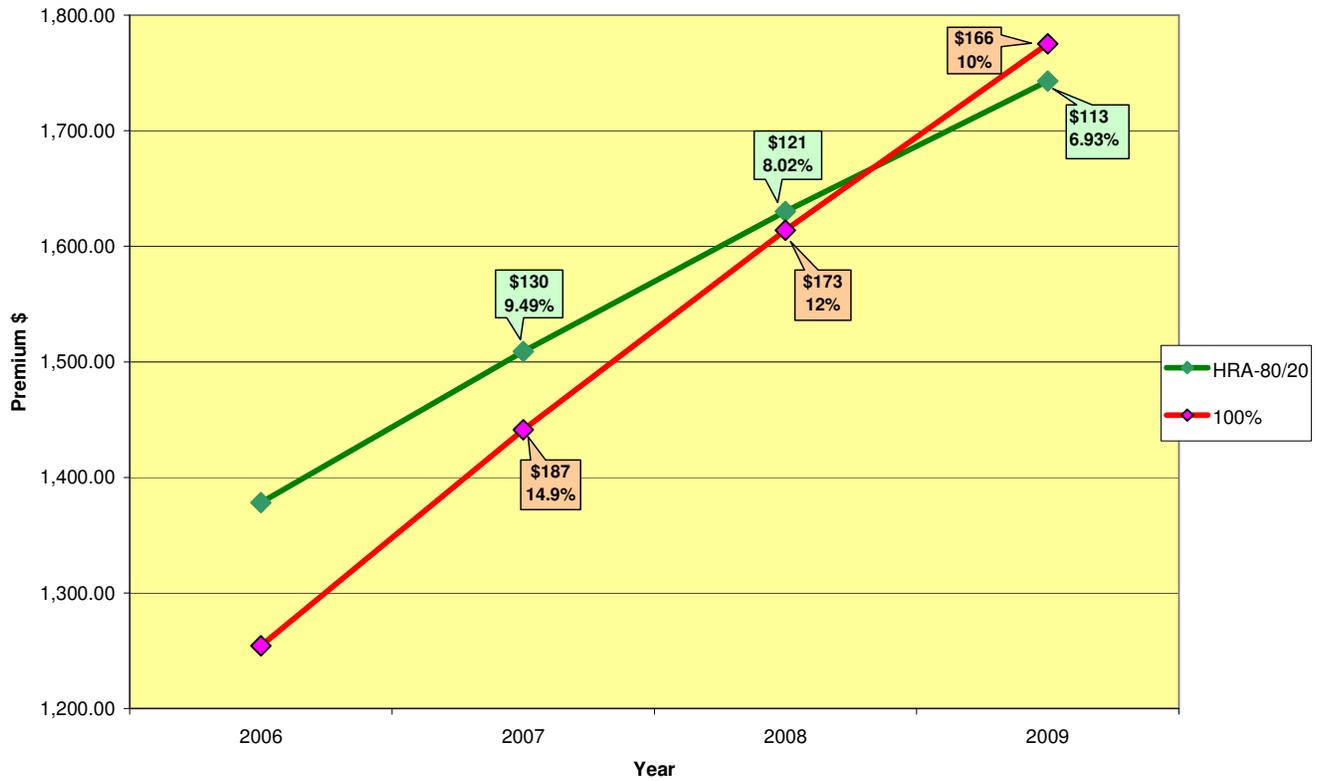
	PPO A	PPO 1	PPO 2	Bremerton KPS	
Organ Transplant	\$250,000 lifetime maximum, See Professional and Facility/Hospital Services sections (12 month waiting period)	\$250,000 lifetime maximum, See Professional and Facility/Hospital Services sections (12 month waiting period)	\$200,000 lifetime maximum, See Professional and Facility/Hospital Services sections (12 month waiting period)	100% at participating provider - 80% at non-par with \$350,000 max	100% at participating provider - 80% at non-par with \$350,000 max
Home Health Care	100% (130 Visits)	90% (130 Visits)	80% (130 Visits)	100% (130 visits)	100% (130 visits)
Hospice	100% (6 months)	90% (6 months)	\$50 copay, 80% (6 months)	100% (6 months)	100% (6 months)
Smoking Cessation	\$500 lifetime maximum paid at 75% constant, not subject to deductible	\$500 lifetime maximum paid at 75% constant, not subject to deductible	\$250 lifetime Maximum paid at 50% constant, not subject to Deductible	??	??
Temporomandibular Joint Disorders	100% (\$1,000/\$5,000 per lifetime)	90% (\$1,000/\$5,000 per lifetime)	80% (\$1,000/\$5,000 per lifetime)	N/A	N/A
Audio benefit					
Hearing Exam	100% 1 per 24 months	\$10 Office visit Copay, 90%	80% Constant to \$125 per year	N/A	N/A
Hearing Aids	100% \$700 every 24 months	90% Constant		N/A	N/A
Occupational Injury (Leif 1 only)	See Facility/ Hospital and Professional Services sections	See Facility/ Hospital and Professional Services sections	See Facility/ Hospital and Professional Services sections	See Facility/ Hospital and Professional Services sections	N/A
Vision					
Hardware	\$100 per year	\$100 per year	\$100 per year	??	??
Exam	100%	100%	100%	100%	100%
Sleep Disorder Maximum	\$6,500	\$6,500	\$6,500	\$5,000	\$5,000

Premiums - SKFR				Bremerton Enrollment	
	PPOA	PPO1	PPO2		
EE	\$ 581.84	\$ 447.70	\$ 407.42	5	
EE+SP	\$ 1,281.38	\$ 985.95	\$ 897.19	9	
EE+1CH	\$ 983.74	\$ 756.93	\$ 688.82	1	
EE+2CH	\$ 1,298.82	\$ 999.35	\$ 909.43	1	
EE+3CH	\$ 1,519.35	\$ 1,169.07	\$ 1,063.86		
EE+SP+1CH	\$ 1,683.24	\$ 1,295.16	\$ 1,178.59	12	
EE+SP+2CH	\$ 1,998.32	\$ 1,537.60	\$ 1,399.21	19	est
EE+SP+3CH+	\$ 2,218.86	\$ 1,707.29	\$ 1,553.62	11	est
All LEOFF Retirees Under 65	\$ 1,814.93	\$ 1,396.50	\$ 1,270.85		
All LEOFF Retirees Over 65	\$ 912.80	\$ 702.35	\$ 639.16		
LEOFF Spouse <65	\$ 1,284.78	\$ 988.58	\$ 899.64		
LEOFF Spouse >=65	\$ 581.84	\$ 447.70	\$ 407.42		
1st CH	\$ 401.90	\$ 309.23	\$ 281.40		
2nd CH	\$ 315.08	\$ 242.42	\$ 220.61		
3rd CH	\$ 220.53	\$ 169.72	\$ 154.43		

	PPOA	PPO1	PPO2	
Cost for Bremerton Members	\$ 2,909.20	\$ 2,238.50	\$ 2,037.10	
	\$ 11,532.42	\$ 8,873.55	\$ 8,074.71	
	\$ 983.74	\$ 756.93	\$ 688.82	
	\$ 1,298.82	\$ 999.35	\$ 909.43	
	\$ -	\$ -	\$ -	
	\$ 20,198.88	\$ 15,541.92	\$ 14,143.08	
	\$ 37,968.08	\$ 29,214.40	\$ 26,584.99	
	\$ 24,407.46	\$ 18,780.19	\$ 17,089.82	
Totals Monthly	\$ 99,298.60	\$ 76,404.84	\$ 69,527.95	
Annual Plan Premium	\$ 1,191,583	\$ 916,858	\$ 834,335	
HRA and FSA	\$ 0	\$ 278,400	\$ 348,000	(assumes 58 members)
Total Annual Cost	\$ 1,191,583	\$ 1,195,258	\$ 1,182,335	
Differences				
Additional benefits (SK plan)	\$ 87,000			
Additional benefits paid by City (avg.) Average of 2006 – 2010 (2010 was annualized)	\$ 9,491			

Appendix D HRA/FSA vs. 100% Plan

SKFR MEDICAL/HRA/FSA INCREASES 2006-2009



Appendix E 2008 WSFR Overtime Study

	January	April	July	October	Total OT Hours	\$ Paid in 4-month period	\$ Paid in 1-year period
Total Overtime	295.25	642.25	1165.5	701.75	2804.75	\$120,772.54	\$362,317.61
BFD	165.00	522.25	248.50	342.75	1278.50	\$55,052.21	\$165,156.63
SK	130.25	120.00	917.00	359.00	1526.25	\$65,720.33	\$197,160.98
Total Saved	175.00	334.75	0.00	48.00	557.75	\$24,016.72	\$72,050.15
Total Overtime Paid	120.25	307.50	1165.50	653.75	2247.00	\$96,755.82	\$290,267.46

Assumptions

1. Bremerton Fire Minimum Staffing = 12
3. SKFR Minimum Staffing = 17
4. No overtime was counted for Drop Boarders Now for BFD (if a PM was on OT for "minimum staffing", it was not counted)
5. Only Overtime for Sick Leave, FMLA, Comp Time Off, Bereavement, Vacation, and Kelly Days were counted
6. Overtime for hold overs, training, meetings, union leave, etc were not counted

Appendix F Vehicle Maintenance Report

FTEs and Hourly Rates

City of Bremerton Shop information;

Shop Fees:

\$72 per hour shop rate

Equipment cost is added for station visits

Service Schedules:

Engines - 1st out every 2 months, Reserve every 6 months

Medic Units - 1st out every 2 months, Reserve every 6 months

Staff Vehicles - Every 4 months

A-Service; oil change and inspection (3 to 4 per year)

C-Service; all fluids changed, filters changed, tire rotated, inspection (1 per year)

The following data is based on the current BFD fleet of:

First Out Equipment	Back Up / Reserve Equipment
3 medic units	2 medic units
3 engines	3 engines
1 ladder truck	1 antique vehicle
7 staff vehicles	1 car pool vehicle
1 duty chief vehicle	
1 boat	
1 utility truck	

First out equipment

- \$33,500.32 was spent on shop time & equipment costs (No Parts)
- Based on \$72 per hours this was equivalent to 465.30 shop hours

Reserve equipment

- \$24,881.66 was spent on shop time & equipment costs (No Parts)
- Based on \$72 per hours this was equivalent to 345.60 shop hours

Total hourly expenses:

- \$58,381.98 was spent on shop time & equipment costs
- Based on \$72 per hours this was equivalent to 810.90 shop hours

Not taken into account is that the firefighters do most of the transporting of equipment to and from the shop, minor in-station apparatus repairs, annual pump testing, and small equipment repairs and servicing.

Summary: In 2009 it cost the fire department \$58,381.98 for 810.90 hours of shop time. As a combined department there could be a less expensive way and hourly rate to handle these repairs. Per our current CBA a mechanic makes roughly \$28 per hour. At that rate, a part-time mechanic working 1040 hours per year could be hired for around \$30,000. Although this would not address the entire workload of transporting vehicles, pump testing or small equipment repair, it would cover the vast majority of actual shop time. This estimation shows almost a \$30,000 savings in shop costs.

Frequency of Maintenance

This is an area which we believe we could also save some money, although we don't see making any immediate changes but rather a review of the current practices. The question comes from the frequency of routine maintenance that is performed by the Bremerton shop. They are bringing in apparatus approximately every two months, six times per year, for routine oil changes; mileage is not a factor. This is done for both first out and reserve apparatus. South Kitsap brings in staffed engines twice a year and ambulances every 5000 miles.

We would recommend a review to see how often these apparatus really need to be serviced based on hourly use and mileage and not calendar time. It appears that the reserve apparatus specifically may be over serviced inflating the yearly cost.

Total Fleet Numbers

Currently both departments have a full complement of first out and reserve vehicles. I see no change in the number of first out vehicles needed to provide service to our communities. The savings would come in the number of reserve and carpool vehicles needed to support the first out fleet. It would take a year or so to evaluate the true number of reserve vehicles needed but I do see three areas of efficiency that would be created by a combined department.

First the total number of reserve vehicles could be cut and a small income would be generated by the sale of those vehicles.

Secondly you can see by the cities spreadsheet that nearly \$25,000 in labor, not including parts, was spent to maintain those reserve vehicles. By reducing the number of reserve vehicles there would be a second savings to the fleet budget.

Finally the third savings would come in the amount of staff cars needed for day time employees. Bremerton will be bringing seven fairly new staff cars into the combined department in addition to SKFR's three, and this would allow SKFR to potentially cut future staff cars from their proposed budget.

Appendix G Information Technology Report

SKFR currently has just over twice the number of PC's as Bremerton, so all numbers are based on a 50% increase in our current costs in most areas. A cost savings would be seen in the back end infrastructure. Currently all of our servers are adequate to meet any additional load we would see. The estimates below do not include any capital projects such as software upgrades or server upgrades as these would be budgeted for as needed.

Computer Cost Increase

Workstation Replacement: \$5,000.00/year
Repair/Replacement Parts: \$2,500.00/year
Software: \$2,000/year
Backend/Servers: \$0.00/year
Software Support, \$5,000/year

Radio Communications Cost Increase

Radio Service and Replacement: \$3,500.00

Personnel Cost Increase

1/2 FTE Computer/Electronics Technician: \$40,000 or \$30,000 in OT for existing staff and outside vendors.

Total Cost: \$48,000 - \$58,000/year

Approximate Savings: \$9,000 - \$19,000/year

Other Items not included, but would remain constant to what Bremerton is already paying would be Cell Phones/pagers, Network connections, existing software and Voice phone lines.