

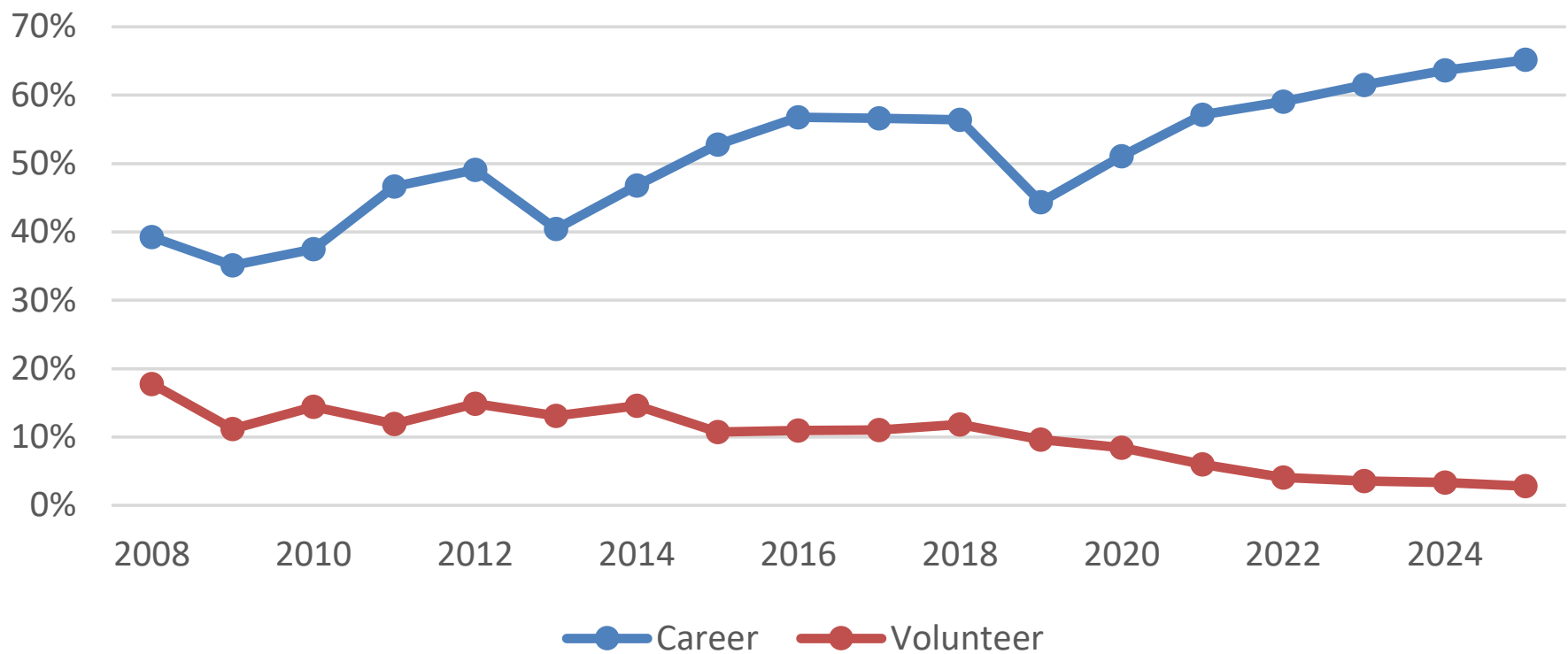
2026 Budget Issues & Interests:

1. For the purposes of FD8's Five-year Plan ("Plan"), future property tax revenue assumptions were based on 6.5% total assessed valuation ("AV") growth from year-to-year. For 2026, the growth unexpectedly decreased to 1.5%. This directly affects the District's future primary "base levy" revenues.
2. Historical average AV annual growth for the District has been 11.4% from 2014 to date.
3. Based on current knowledge, it is assumed this downward trend of AV growth will continue beyond 2026.
4. The significant decrease in planned revenue must be accompanied by an attendant adjustment to future Plan expenditures in 2026 as well as 2027, 2028, 2029 and 2030. This is measured by each years' "ending cash balance".
5. In 2024 voters approved a four-year (2025-2028) excess levy to provide additional funding for expanding Plan incident readiness & response (IR&R) staffing. The Plan also proposes voter approval of an extension of the excess levy in 2028 for years 2029-2032.
6. The Plan provided for up to 28 total career IR&R staff in 2027; currently there are 22 career IR&R staff. It was proposed to add up to 5 new career IR&R FF-EMTs and promote 3 LTs during 2026.
7. The District's career IR&R staff labor & benefit costs represent 68% of the operating budget in 2025 (refer to Appendix 1). Three scenarios have been analyzed to address corresponding future year expenditure adjustments:
 - a. the planned hiring of 5 new career FF-EMTs and 1 new Administrative Assistant (part of the original Plan);
 - b. the hybrid proposal of hiring of 2 new career FF-EMTs and 1 new Administrative Assistant; and
 - c. the adaptive proposal of no new additional career staff in 2026.
 - d. The five-year effect on ending cash balances of each scenario is charted on Appendix 2 attached. This chart also displays the funding requirements of the excess levy in 2029 and beyond.
8. Analysis of potential additional revenue sources to supplement the base and excess levies:

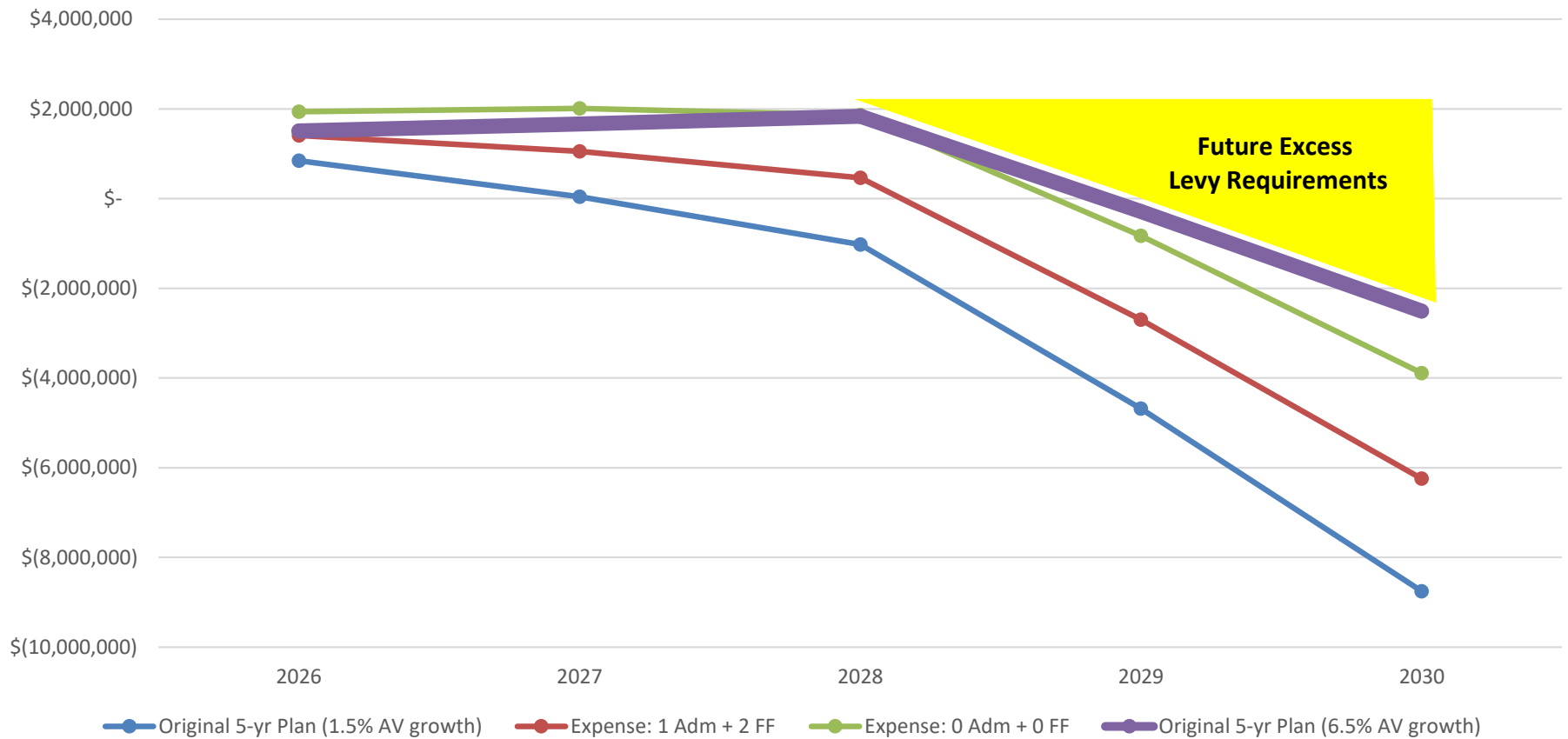
- a. Capital Repairs & Replacements (CR&R) Fund (current balance \$760k): diversion of these funds would eliminate long-term funding plans for future facilities & equipment assets (requiring bonded indebtedness for funding) and provide "one-time" source for labor costs (about 1.8 FTEs for one year) until the fund is exhausted. Refer to Appendix 3. Not a long-term revenue source.
 - b. District Reserve Fund (current balance \$2,015k): an integral part of the District's risk management portfolio, conversion of funds for a "one-time" source of staffing funding would equal about 8 FTEs for one year until the fund is exhausted. Not a long-term revenue source.
 - c. BLS transport (refer to Appendix 4): cost-benefit analysis estimates the District could recover only 41% of its costs to provide BLS transport; as reviewed in detail in 2024, there are still concerns about the ability to consistently staff an ambulance as well as the marginal revenues versus increased costs. Not a long-term revenue source.
 - d. Mobilization: mentioned as a potential source of revenue; labor and equipment costs incurred by any agency are reimbursed at established rates; like BLS transport, actual overall costs are greater than the reimbursement (no "profit"). There is also a problem of back-filling on-duty staff at the firestations if District members were mobilized. Not a long-term revenue source.
9. I recommend an additional 2.3% COLA (above the 2.7% provided for in District Policy) for the executive staff (Fire Chief, Assistant Chief, District Secretary) due to salary "compression" (refer to Appendix 5) and in recognition of maintaining competitive salaries for staff providing relatively low organizational administrative overhead.
10. After evaluation of long term options and considering our District's fiduciary responsibility, it is my recommendation to not add any new career staff positions in 2026 or to modify any other non-career-labor operating budget programs (facilities & equipment maintenance, training, health & safety, fiscal & office management and volunteer IR&R staffing). Further, I do not recommend reallocation of CR&R and reserve funds to operating purposes.

Appendix 1 Total Labor Cost

(percentage of Total Operating Budget)



Appendix 2 FD8 Operating Budget Ending Cash Balances



	Current Value	2025 (Act)	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Factor of inflation	3%											
Station 8-1 3506 Shincke Rd NE (Built 1996)												
Total building value	\$3,066,400											
Total land value (incl improvements)	\$1,233,000											
Total estimated life cycle (yr)	35											
Architectural-interior	\$1,355,349	\$6,043	\$20,222	\$20,829	\$21,454	\$22,097	\$22,760	\$23,443	\$24,146	\$24,871	\$25,617	\$26,385
Architectural-exterior	\$521,288		\$9,429	\$9,712	\$10,003	\$10,303	\$10,612	\$10,931	\$11,259	\$11,596	\$11,944	\$12,303
Furnishings & appliances	\$208,515		\$3,110	\$3,203	\$3,299	\$3,398	\$3,500	\$3,605	\$3,714	\$3,825	\$3,940	\$4,058
Plumbing	\$183,984		\$2,745	\$2,827	\$2,912	\$3,000	\$3,090	\$3,182	\$3,278	\$3,376	\$3,477	\$3,582
Mechanical	\$245,312		\$3,659	\$3,769	\$3,882	\$3,998	\$4,118	\$4,242	\$4,369	\$4,500	\$4,635	\$4,774
Electrical	\$306,640		\$4,575	\$4,712	\$4,854	\$4,999	\$5,149	\$5,304	\$5,463	\$5,627	\$5,795	\$5,969
Building Security (Locks)			\$955	\$984	\$1,013	\$1,044	\$1,075	\$1,107	\$1,140	\$1,175	\$1,210	\$1,246
Infrastructure - landscaping	\$98,640		\$309	\$318	\$328	\$338	\$348	\$358	\$369	\$380	\$391	\$403
Miscellaneous (5%)			\$2,250	\$2,318	\$2,387	\$2,459	\$2,533	\$2,609	\$2,687	\$2,767	\$2,850	\$2,936
Station 8-2 8100 Johnson Point Rd NE (Built 1965, 1999)												
Total building value	\$290,000											
Total land value (incl improvements)	\$82,000											
Total estimated life cycle (yr)	30											
Architectural-interior	\$128,180		\$2,393	\$2,465	\$2,539	\$2,615	\$2,693	\$2,774	\$2,857	\$2,943	\$3,031	\$3,122
Architectural-exterior	\$49,300		\$30,000	\$947	\$975	\$1,005	\$1,035	\$1,066	\$1,098	\$1,131	\$1,165	\$1,200
Furnishings & appliances	\$19,720		\$367	\$378	\$389	\$401	\$413	\$425	\$438	\$451	\$465	\$479
Plumbing	\$17,400		\$324	\$334	\$344	\$354	\$365	\$376	\$387	\$398	\$410	\$423
Mechanical	\$23,200		\$434	\$447	\$460	\$474	\$488	\$503	\$518	\$534	\$550	\$566
Electrical	\$29,000		\$5,427	\$5,590	\$5,758	\$5,930	\$6,108	\$6,291	\$6,480	\$6,675	\$6,875	\$7,081
Infrastructure - landscaping	\$6,560		\$75	\$77	\$80	\$82	\$84	\$87	\$90	\$92	\$95	\$98
Miscellaneous (5%)			\$497	\$512	\$527	\$543	\$559	\$576	\$593	\$611	\$630	\$648
Station 8-3 & Annex 5046 Boston Harbor Rd NE (Built 1955, 1995)												
Total building value	\$3,251,000											
Total land value (incl improvements)	\$782,500											
Total estimated life cycle (yr)	30											
Architectural-interior	\$1,436,942		\$20,014	\$20,614	\$21,233	\$21,870	\$22,526	\$23,202	\$23,898	\$24,615	\$25,353	\$26,114
Architectural-exterior	\$552,670		\$60,000	\$9,090	\$9,363	\$9,644	\$9,933	\$10,231	\$10,538	\$10,854	\$11,180	\$11,515
Furnishings & appliances	\$221,068		\$3,050	\$3,142	\$3,236	\$3,333	\$3,433	\$3,536	\$3,642	\$3,751	\$3,864	\$3,980
Plumbing	\$195,060		\$2,691	\$2,772	\$2,855	\$2,941	\$3,029	\$3,120	\$3,213	\$3,310	\$3,409	\$3,511
Mechanical	\$260,080	\$11,354	\$3,586	\$3,694	\$3,804	\$3,919	\$4,036	\$4,157	\$4,282	\$4,410	\$4,543	\$4,679
Fire Protection & Emergency Electrical Supply		\$422,900	\$450,000									
Electrical	\$325,100		\$4,486	\$4,621	\$4,759	\$4,902	\$5,049	\$5,201	\$5,357	\$5,517	\$5,683	\$5,853
Infrastructure - landscaping	\$62,600		\$1,173	\$1,208	\$1,244	\$1,282	\$1,320	\$1,360	\$1,401	\$1,443	\$1,486	\$1,530
Miscellaneous (5%)			\$20,446	\$2,257	\$2,325	\$2,394	\$2,466	\$2,540	\$2,616	\$2,695	\$2,776	\$2,859
Training Center 3349 South Bay Rd NE (Built 1954, 2016)												
Total building value	\$997,500											
Total land value (incl improvements)	\$293,500											
Total estimated life cycle (yr)	30											
Architectural-interior	\$440,895		\$8,534	\$8,790	\$9,054	\$9,325	\$9,605	\$9,893	\$10,190	\$10,496	\$10,811	\$11,135
Architectural-exterior	\$169,575		\$3,282	\$3,380	\$3,482	\$3,586	\$3,694	\$3,805	\$3,919	\$4,036	\$4,158	\$4,282
Furnishings & appliances	\$67,830		\$3,282	\$3,380	\$3,482	\$3,586	\$3,694	\$3,805	\$3,919	\$4,036	\$4,158	\$4,282
Plumbing	\$59,850		\$1,159	\$1,194	\$1,230	\$1,266	\$1,304	\$1,344	\$1,384	\$1,425	\$1,468	\$1,512
Mechanical	\$79,800		\$1,545	\$1,591	\$1,639	\$1,688	\$1,739	\$1,791	\$1,845	\$1,900	\$1,957	\$2,016
Electrical	\$99,750		\$1,931	\$1,989	\$2,049	\$2,110	\$2,173	\$2,239	\$2,306	\$2,375	\$2,446	\$2,520
Infrastructure - landscaping	\$23,480		\$849	\$874	\$901	\$928	\$956	\$984	\$1,014	\$1,044	\$1,075	\$1,108
Miscellaneous (5%)			\$1,029	\$1,060	\$1,092	\$1,125	\$1,158	\$1,193	\$1,229	\$1,266	\$1,304	\$1,343

APPENDIX 3 FD8 CAPITAL REPAIRS & REPLACEMENT FUND SCHEDULE

	Current Value	2025 (Act)	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Residence Quarters 5501 63rd Ave NE (Built 1977)												
Total building value	\$389,600											
Total land value (incl improvements)	\$414,000											
Total estimated life cycle (yr)	25											
Architectural-interior	\$172,203		\$3,864	\$3,980	\$4,099	\$4,222	\$4,349	\$4,479	\$4,614	\$4,752	\$4,895	\$5,042
Architectural-exterior	\$66,232	\$36,733	\$1,486	\$1,531	\$1,576	\$1,624	\$1,673	\$1,723	\$1,774	\$1,828	\$1,882	\$1,939
Furnishings & appliances	\$26,493		\$594	\$612	\$630	\$649	\$669	\$689	\$709	\$731	\$752	\$775
Plumbing	\$23,376		\$524	\$540	\$556	\$573	\$590	\$607	\$626	\$644	\$664	\$684
Mechanical	\$31,168		\$699	\$720	\$742	\$764	\$787	\$810	\$835	\$860	\$885	\$912
Electrical	\$38,960		\$874	\$900	\$927	\$955	\$984	\$1,013	\$1,044	\$1,075	\$1,107	\$1,140
Infrastructure - landscaping	\$33,120		\$874	\$900	\$927	\$955	\$984	\$1,013	\$1,044	\$1,075	\$1,107	\$1,140
Miscellaneous (5%)			\$446	\$459	\$473	\$487	\$502	\$517	\$532	\$548	\$565	\$582
Operations Equipment												
SCBA Equipment (8-10 yrs.)						\$463,230						
Electronic Equipment (5 yrs.)		\$7,899	\$11,000	\$11,330	\$11,670	\$12,020	\$69,600	\$12,500	\$12,875	\$13,261	\$13,659	\$14,069
Power Tools & Equipment (10 yrs)		\$32,805	\$8,000	\$8,240	\$8,487	\$8,742	\$9,004	\$5,800	\$5,800	\$5,800		
Hose, Nozzels & Appliances (10-12 yrs)			\$4,776	\$4,919	\$5,067	\$5,219	\$5,375	\$5,537	\$5,703	\$5,874		
Support/Administrative Equipment												
Radios: Base/Mobile/Portable			\$6,419	\$6,612	\$6,810	\$28,057	\$7,225	\$7,442	\$7,665	\$7,895	\$8,132	\$8,376
PC-MCT (Rotation)		\$22,988	\$15,772	\$16,245	\$16,733	\$17,234	\$17,752	\$18,284	\$18,833	\$19,398	\$19,979	\$20,579
Information technology & media		\$1,849	\$13,659	\$14,069	\$14,491	\$14,926	\$15,373	\$15,835	\$16,310	\$16,799		
District Apparatus												
Total estimated life cycle (yr)	15											
3129-2005 Ford F-350 (Brush/BLS 81)	\$29,000											
3138-2010 Chevrolet Tahoe (Command Unit)	\$41,000		\$140,000					\$109,250				
3500-2019 Ford F-450 (Aid Unit 83)	\$170,000											\$265,000
3503-2021 Chevrolet Tahoe (Command Unit)	\$120,000											
3504-2024 Ford F-550 (Brush/BLS 81)	\$260,000											
xxxx-(2021 Ambulance from Medic One)			\$15,000									
Total estimated life cycle (yr)	25											
3126-2010 Kenworth T-300 (Tender 83)	\$191,900											
3134-2009 Kenworth T-300 (Tender 81)	\$191,900										\$425,000	
3135-2005 Kenworth T-300 (Tender 82)	\$156,000						\$400,000					
Total estimated life cycle (yr)	20											
3131-1993 Pierce Dash (Engine 82)												
3136-2015 Pierce Saber (Engine 83)	\$430,000											\$1,153,600
3502-2020 Pierce Enforcer (Engine 81)	\$730,000											
(2025 Pierce Enforcer--Engine 81, TBD)	\$930,000											
Reserve appartus ("fully amortized")	0											
3123-2000 Ford E-450 (Aid Unit 84)												
3130-1996 Pierce Saber (Engine 84)												
Total Expenditures:		\$542,572	\$897,815	\$200,134	\$206,138	\$696,595	\$675,912	\$330,777	\$227,999	\$234,665	\$637,378	\$1,637,349
Beginning Balance		\$889,448	\$758,242	\$269,120	\$502,933	\$759,427	\$553,069	\$393,123	\$610,366	\$966,328	\$1,354,536	\$1,379,035
Transfer from Fund 6680	1.060	\$384,406	\$407,470	\$431,919	\$457,834	\$485,304	\$514,422	\$545,287	\$578,004	\$612,685	\$649,446	\$688,413
Other Revenue	2026	\$26,960	\$1,222	\$2,029	\$4,798	\$4,934	\$1,543	\$2,733	\$5,956	\$10,188	\$12,430	\$2,065
(Less) Expenditures		\$542,572	\$897,815	\$200,134	\$206,138	\$696,595	\$675,912	\$330,777	\$227,999	\$234,665	\$637,378	\$1,637,349
Ending Balance		\$758,242	\$269,120	\$502,933	\$759,427	\$553,069	\$393,123	\$610,366	\$966,328	\$1,354,536	\$1,379,035	\$432,163

Appendix 4 District BLS Transport Analysis

- **Impacts:**
 - Estimated 230 potential transports per year in District
 - This is an average of 0.7 calls per day
 - Will sufficient on-duty staff be available?
 - Greater out-of-service crew times (increased by 80% per call)
 - Estimated increased costs:
 - Equipment maintenance & operations
 - Capital Repairs & Replacements:
 - Acceleration of replacement ambulance vehicles (2)
 - Investment in improved patient handling equipment
 - Contracting with vendor to manage customer invoicing/collection (new)
 - Increased insurance-liability-umbrella premiums
 - Require compliance with all HIPPA regulations (not subject now)
 - Competition with private sector and damaging viability of private business health
- **Potential benefits:**
 - Minor reduction in on-scene to transport times
 - Improved continuity of BLS care by District EMTs
 - Enhance District EMT experience in pre-hospital patient care and handling
- **Cost benefit analysis:** (based on 2024 cost data)
 - Average total cost per EMS call: \$1,738 (non-transport):
 - Allocated administrative overhead: \$60
 - Career and volunteer IR&R staffing: \$1,470
 - CR&R & equipment-facilities: \$190
 - Training & safety: \$18
 - Estimated additional cost per EMS call: \$138 (for FD transport):
 - Supplies & consumables: \$45
 - Additional CR&R & equipment: \$53
 - Administrative & billing: \$40
 - Total estimated cost for BLS transport per call: \$1,876
 - Estimated total revenue for BLS transport per call: \$760
 - Thurston County Medic One: \$155
 - CMS (Medicare/Medicaid): \$ 895
 - Commercial health insurance: \$8
 - Adjust for uncollectable & write-offs: (\$280)
 - Based on Olympia FD's GEMT* experience, 5-8 BLS transports per unit per day necessary to "break even"
- **Recommendation:**
 - Continue to maintain BLS transport capabilities for emergency back-up service as *current service level* based on following considerations:
 - Uncertain ability to consistently staff round-the-clock response capability
 - Increased out-of-service time for on-duty crews
 - Increased costs for operating and administrative functions
 - Limited reimbursement/revenue contribution over increased costs
 - Currently available private BLS transport service provided at no cost to the District:
 - *Customers would continue to pay in either circumstance (Olympic or District)*
 - Current service levels acceptable and little impact to District on-scene times
 - Public sector "crowding out" private sector business
 - Increased potential liabilities under HIPPA and risk exposure (business function)

NOTE * - GEMT: Ground emergency medical transport program for Medicaid reimbursement.

Appendix 5 2026 Salary Ranges

(Bargaining Unit ranks includes holidays & overtime)

