



## Budget Department

351 NW North Street  
Chehalis WA 98532

### MEMO

TO: Alex Murray (Facilities & Mail Room)  
Jennifer Libby-Jones (Radio Services)  
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Becky Butler (Self-Ins. Admin., WC, UI, GL, PDR)  
Matt Jaeger (IT Services & Human Resources)

FROM: Becky Butler, Budget Administrator

DATE: 5/28/2024

SUBJECT: 2025 Preliminary Internal Service Rates

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One of the initial steps in the annual budget process is preparing preliminary internal service rates. This year, the process will be somewhat different because we will be collaborating with Matrix Consulting to develop a consistent rate structure for all Internal Service Funds. The consultant's work on the new rate methodology will align with your work preparing your 2025 preliminary budget projections.

The goal is to finalize the 2025 preliminary rates on or before **Monday, June 24**. We will collaborate with Matrix Consulting and the Auditor's Office to ensure you have sufficient time to review the updated worksheets. If Matrix requires additional time to complete the 2025 Preliminary ISF rates, we will inform you before the deadline. If needed, we can provide last year's budget worksheets to work from. Don't hesitate to contact me and Rudy for any assistance with budget planning or reports from OpenGov or Munis.

All interfund rates will be based on the original 2024 budget, subtracting any one-time expenditures and adding any known and approved increases for 2025, including costs from negotiated and BOCC-approved union agreements. We recognize that the updated ISF rate methodology might necessitate a review with the BOCC if it impacts the budget.

If you are aware of or anticipate increases in utility rates, equipment costs, service contracts, etc., please email a summary of all increases with justifications to the Budget Department when submitting the rates. This will inform the BOCC and allow for further guidance. As always, review your operations for potential cost savings and efficiencies. Pursuant to the Washington State Auditor's Office (SAO) Budgeting and Accounts Reporting System (BARS), internal service rates should sufficiently cover the costs of operation

and provide for equipment replacement; charges to departments should be equitable, fair, and reasonable; assets and equipment should be properly tracked; and requires appropriate investment of reasonable and necessary reserves..

For additional information, see [www.sao.wa.gov](http://www.sao.wa.gov)

[https://www.sao.wa.gov/bars\\_gaap/accounting/interfund-activities/internal-service-funds/](https://www.sao.wa.gov/bars_gaap/accounting/interfund-activities/internal-service-funds/)

Deficient or excess revenues for the portion(s) of your internal service rates that covered operations in your 2023 budget should be collected from or allocated back to departments that benefitted from those services. Pursuant to RCW 43.09.210, no Fund "*shall benefit in any financial manner whatever by an appropriation or fund made for the support of another.*"

The following information will be provided to assist you in setting your 2025 preliminary rates:

- 2025 preliminary salary spreadsheet. Each salary worksheet includes your employee step increases, if applicable, as well as a wage adjustment approved for 2025. **Please review the employee information and notify Rudy and me if any changes are needed.**
- Included in your salary worksheets are the estimated 2025 rates for Workers' Compensation (596010), General Liability (596020) and Unemployment (596030). The Risk Department has completed an actuary study to ensure the county has sufficient reserves for current and future liability and will be working with the consultant to develop the annual rates. These rates will be attached to the employee record in payroll and charged against actual hours worked to reflect the full employee costs. If necessary, the BOCC may increase or decrease rates before the final budget to keep the reserve balance at an appropriate level.

Again, your 2025 preliminary internal service rates are due to the Budget Department on **Monday, June 24.** If I can provide any additional information to assist you, please contact me at ext. 1198.

## Results of Internal Service Fund Review

Lewis County (County) retained Matrix Consulting Group (project team) to evaluate the methodologies in use by the County for its internal service funds (ISF): Self Insurance, Human Resources, Information Technology (IT), Radios, Facilities, and Fleet. These internal service funds have been in place for more than 10 years and have never been externally evaluated.

The project team worked with County staff to review each ISF and identify areas where each model could be strengthened or improved. The following memo provides a brief overview of the project approach, current methodology in place, key strengths, and opportunities for improvement for all internal service fund models evaluated.

### Project Approach

The scope of this analysis was limited to evaluating the methodologies used to calculate the chargebacks to County funds and departments for the six (6) internal service funds noted. The following points outline the steps taken by the project team to evaluate each ISF model:

- **Interviewed County Staff:** The project team met with key County staff that work within the models to discuss the inner workings of each methodology and how it is utilized. Additionally, the project team also conducted interviews with staff from the different internal service funds to ensure that the model outputs appropriately represented the level of effort spent by staff.
- **Reviewed ISF models:** Collected the model(s) / rates in use by the County and conducted an in-depth review of the different tabs, cost components, and calculation methodologies utilized.
- **Collected additional data:** Collected additional metrics and information such as number of radios, work order hours for facilities, square footage, IT tickets, etc.
- **Evaluated chargeback methodologies:** Based upon the review and documented understanding of each chargeback process, the project team evaluated the methodologies utilized to allocate the costs to county funds and departments and its conformance with industry best practices.

- **Developed Recommendations and Updated Templates:** The evaluation of each methodology resulted in recommendations and updated templates for use by County staff.

This study aims to provide recommendations to enhance and improve ISF models, enabling the County to accurately capture the support and costs associated with providing these services. The recommendations are presented in the subsequent sections of this memo.

## Self-Insurance

Self-Insurance is part of the General Fund and captures the costs of administering the County's self-insurance program. This cost center houses expenditures associated with specific programmatic costs, as well as a portion of salaries and benefits related to staff responsible for administering the insurance. These costs are currently allocated to County funds and departments based on the proportion of Full-Time Equivalents (FTE) per fund and department.

The County is in the midst of an actuarial study which will provide them with updated insurance rates to charge to funds and departments. Once the actuarial study is completed, the County should fold the self-insurance costs into each of the insurance funds. This will allow the administrative cost to flow and follow the insurance allocation. This would comply with industry standards, where insurance administration typically mimics or follows the methodology used for insurance allocation. As such, self-insurance would be eliminated as a separate internal service fund and folded into the risk internal service funds.

**Recommendation: Eliminate self-insurance as a separate chargeback rate and incorporate it into the risk funds and their respective allocation methodologies.**

## Human Resources (HR)

While not a true internal service fund, the County currently assesses a Human Resources (HR) chargeback. This chargeback accounts for the portion of HR services and costs provided to non-general fund departments only. The basis of the chargeback is non-general fund full-time equivalents (FTE).

HR is not a typical Internal Service Fund, especially as it is a general fund department.

As part of this project, the County is developing a General Fund Cost Allocation Plan. This plan will take the administrative costs associated with General Fund departments and allocate them to both general and non-general fund departments. It is recommended that

HR be incorporated into that plan. This would create consistency with common allocation practices while ensuring that the costs associated with providing HR services are allocated to all county funds and departments.

**Recommendations:**

**Human Resources should be eliminated as an internal service fund chargeback and incorporated into the General Fund Cost Allocation plan. Its services would then be charged back through the overhead allocation.**

## Radios

Radio used to be part of the 911 Communications department, as most of the county's radio services (infrastructure and equipment) were related to 911. It was separated from 911 Communications due to the desire to collect radio replacement rates. Therefore, Radio was divided into an internal service fund. Several years later, the replacement rate component of the calculation was removed, and the reason for radio being separate was eliminated.

Currently, the Radio internal service fund captures the maintenance and upkeep of Countywide radios. These costs are allocated back to funds and departments based on the estimated time spent per fund and department. Time estimations were completed several years ago and have not been updated since.

The estimated time spent per fund and department was previously based on timesheet information provided by Radio staff. As this information is no longer available, or tracked, the project team collected possible alternative metrics such as radio work orders and number of radios per fund and department. During reviews of this information, it was determined that neither of these metrics appropriately captured the staff's true level of effort.

Due to the unique nature of radio services, and that staff are primarily supporting the 911 function, Radio should be folded back into 911 Communications. Any specific work that Radio staff conduct on behalf of County departments – Public Works, Coroner's office, sheriff, etc. can be billed directly to those departments through the 911 Communications allocation. This will allow for the most accurate capturing of support by Radio staff and eliminate the need for an additional ISF.

**Recommendations:**

**The Radio ISF should be folded back into the 911 Communications budget.**

**Radios can be allocated the same way that 911 Communications is, with the exception of any specific work done on behalf of County departments. Those should be billed directly to the department based on the scope of work being performed.**

## Facilities

The Facilities Internal Service Fund captures the salaries, benefits, services, and supply costs associated with three distinct areas of service:

1. **Facility Maintenance:** This covers all routine reactive and preventive maintenance at County-owned and operated facilities.
2. **Mail Services:** Staff in facilities receive mail for the entire County and redistribute it to County funds and departments.
3. **Custodial Services:** Staff provide custodial and janitorial services to County-owned facilities.

Currently, the County recovers these costs through facility and custodial charges. The facility charges account for both maintenance and mail service costs and is converted into a per-square-foot charge by dividing total costs by the total serviceable square feet. Funds and departments are then assessed a charge based on their associated square footage. Similarly, the custodial charge is derived by dividing total custodial costs by total serviceable square feet, with funds and department assessed a charge based on associated square feet. Additional factors for 24 hr. service, or other items may be added to a facility. This methodology was developed several years ago and has not been reviewed.

While square footage is a traditional way to allocate facility support, it is not the only mechanism. The County has recently implemented a work order system, which tracks the hours spent per facility / department. The hours spent is typically a better indicator, as even though a facility might be large, it might not need as much support as smaller offices or facilities. Additionally, the square footage of the facility does not capture the level of support provided in relation to mail services.

For custodial services, while square footage can serve as a good proxy, the best indicator is the number of hours spent per week at a facility. A facility might be large, but not heavily used by the public, and as such, may not require significant custodial support, while others that are more publicly used, can require significant effort and support.

The project team is proposing to modify each methodology to better capture the level of effort spent by staff and the costs associated with each service area. The facilities methodology should only account for facility maintenance costs and utilize a

combination of facility work order hours and facility square footage. By utilizing a combination of hours and square footage for maintenance support, the County is better able to capture the nuance of large facilities, as well as those that are highly trafficked. Mail services should become its own allocation and be allocated equally to all departments that can and do receive mail. This equal to all methodology ensures that all departments share in the services being provided. Finally, custodial services should utilize weekly hours of service by facility as its allocation metric. This will ensure that services associated with highly trafficked areas are appropriately recognized.

In addition to these components, the County is interested in a facility replacement rate for major systems. A set aside for facility replacements is typically based on the annual depreciation associated with a facility. However, depending on the facility, some may not need replacement, so it is recommended that a deeper look be taken at the facility replacement plan. The County should conduct a facilities conditions assessment, identify the systems and facility needs, and then use that to develop a replacement rate.

**Recommendation:**

**Facility allocation methodology is being proposed to be based on facility work orders, facility square footage, equal to all departments (mail services), and custodial hours worked per week (custodial services).**

**Facility Replacement Rate (ER&R) should be based on a facilities condition assessment and the anticipated need for facility and system replacements.**

## Information Technology (IT)

The Information Technology (IT) department manages the County's network, applications, and IT infrastructure, and allocates this support to County funds and departments based on a rate per type of device. There is a maintenance and systems (M&S) rate, there is an IT replacement (IT ER&R) rate, and then there is an equipment replacement (ER&R) rate.

While a rate per device type can capture the different levels of support, it does not fully capture the support provided by IT to county funds and departments. The number of assets per department is still important, as more assets generally means more support. However, the County also has a ticketing system. The ticketing system allows the County to track the number of requests by fund and department. These requests better capture the variation in the level of work associated with each department.

The IT Department also supports all County departments, as each employee has an email address and access to the County's various applications and systems. Therefore, another

mechanism to capture IT's support is based upon the County's full-time equivalents (FTE) per fund and department.

The project team is proposing that for its maintenance and systems (M&S) rate the IT Department move away from a rate per device, and instead allocate its support to funds and departments based on a combination of the number of tickets per fund / department, number of IT assets per fund / department, and number of FTE.

The IT ER&R rate is for all countywide systems. The original intention behind the rate was to try and capture the rate associated with countywide systems such as servers, or network switches. However, the County does not currently track those systems and does not have an appropriate tracking mechanism for the specific systems that are intended to be replaced. Therefore, it is recommended that this component of the rate be eliminated.

If and when the County needs to purchase or replace assets that are not identified as a departmental asset, it can capture that as an annualized cost as part of the general IT budget, or a one-time capital expense, and then tie it into the larger ER&R rate.

The general ER&R rate for IT assets, is for setting aside money annually to replace the assets (laptop, desktop, printer, etc.) when it is due for replacement. The County's current methodology is to come up with a rate per asset and then summarize the total charges per fund and department. The replacement rate per asset is based on the projected replacement cost divided by the anticipated lifecycle of the asset. There is no change to the proposed methodology. The only item for consideration is to ensure that the projected replacement costs are reflective of current costs. This should continue to be assessed and tracked separately for greater transparency and financial accountability of use of funds.

**Recommendations:**

**IT should alter its methodology from a per device rate per department to be based on # of IT Tickets, # of IT Assets, and # of FTE, to capture the variety in the level of effort.**

**The IT ER&R for countywide assets should be eliminated and incorporated into the M&S budget or covered through capital expenses.**

**The ER&R rate for IT should be retained and continue to be based on the type of asset, its anticipated replacement cost, and service life. It should be identified at the asset level and then consolidated at fund and department. The rate should continue to be charged separately to allow for greater transparency and financial accountability.**

## Fleet

The Fleet Internal Service Fund allocates costs associated with the Motorpool Shop and the Central Shop. These costs cover fuel, staffing, and preventive / reactive maintenance for County-owned vehicles and equipment. The County currently charges two separate rates: Motorpool and Central Shop. Within these rates, the County also incorporates the replacement component of the vehicles and equipment.

The County tracks all fuel and repairs and maintenance by asset. The Motorpool shop allocates costs based on Motorpool maintained assets, and the Central Shop based on Central Shop maintained assets.

As part of this process, the County also projects the replacement cost. This replacement cost is reviewed and updated annually to reflect the most recent price for replacing each vehicle or equipment. However, the County deducts an anticipated surplus from the anticipated replacement value, as a credit to the department. In addition to crediting the surplus, the County also deducts the ending balance of the asset. This is the amount that an asset has paid into the County to date. This ending balance is all-inclusive of maintenance and replacement but is only deducted from the replacement rate.

The overall methodology in use by the County is consistent with typical practices. The fuel is based on actual fuel charges, and repairs / maintenance on actual repairs and maintenance. Labor and other overhead is allocated based on total number of assets. However, unlike other internal service funds, Fleet comingles maintenance and operations with replacement.

It is recommended that Fleet have three rates: Motorpool, Central Shop, and ER&R. The ER&R rate would capture the fleet replacement component. The Fleet Replacement rate should also be based on the anticipated replacement value, netting out only the surplus. The ending balance of the contribution should not be considered when calculating the annual replacement chargeback. The balance that is being contributed for fleet replacement still needs to be tracked by asset, but only to understand when the vehicle / equipment comes due for replacement, the monies are available for that asset.

Furthermore, the replacement rate should be smoothed or annualized based on an anticipated replacement rate for the year the vehicle / equipment is due for replacement. For example, if a vehicle was bought in 2019, but is due for replacement in 2027, the replacement cost should be based on the 2027 price, not the 2019 or the 2024 price. This anticipated replacement cost is typically calculated by taking the original price and applying a compounded inflationary factor. The anticipated replacement price then deducts any anticipated surplus to calculate the remaining replacement value. The

replacement value is then divided by the lifecycle of the vehicle / equipment to come up with an annual replacement rate. This annual replacement rate would not change from year-to-year until the vehicle / equipment is replaced or retired.

Additionally, the County currently tracks replacement rate as part of the annual rate for all vehicles / equipment other than those for the Sheriff department and Public Works. For those departments, no annual set aside is developed, but rather the full capital costs are charged in the year(s) that replacement vehicles / equipment is purchased. This was originally developed due to Commissioner and County staff concern that since replacement was not tracked separately, the fund balance would grow too quickly and too large and could be comingled with operational costs.

This proposed modification would allow the County to track replacement fund(s) separately from its maintenance fund(s) and ensure that the fund balance is restricted to be used only for equipment / vehicle replacement. It is a best practice to account for Fleet Maintenance and Fleet Replacement separately. This modification will also allow the County to incorporate all vehicle / equipment replacements (Sheriff and Public Works) and treat them consistently.

#### **Recommendations:**

**Fleet Maintenance costs can continue to be allocated based on the existing methodology of fuel, maintenance and repair charges, and overhead costs based on number of assets.**

**Fleet Replacement should be separated from Central Shop and Motorpool rates and charged to funds / departments separately.**

**The ending balance should be removed as a component of the calculation for the Fleet Replacement Chargeback.**

**The Fleet Replacement Chargeback should be based on the anticipated replacement value of the vehicle / equipment, rather than a changing rate each year. This will allow for greater consistency in setting aside funding and should be set up as a restricted fund balance to be used only for vehicle / equipment replacement. This replacement rate should also incorporate Sheriff and Public Works vehicles / equipment.**

## **Summary of Internal Service Fund Review**

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Through this process, it was determined that of the six (6) internal service funds in the County, three (3) – Self-Insurance, Human Resources, and Radios should be eliminated and captured through other funding mechanisms. For the remaining three (3) funds that remain as internal service funds – IT, Fleet, and Facilities, methodology changes have been proposed. These methodology changes better align the funds with industry

practices, as well as capture the level of effort spent by County staff in supporting all funds and departments.

Detailed ISF rate model(s) were developed for the three (3) remaining ISF funds and provided to County staff under separate cover. These model(s) incorporate the proposed recommendations and allow County staff to implement the proposed changes for the FY2025 budget cycle.



## Lewis County Facilities

571 NW Prindle St  
Chehalis WA 98532

Memo:  
Facilities Rates  
7/12/2024

### Facilities:

We have been working with Matrix to develop a new and improved rate allocation model based on best practices. The budget model presented represents the new rate allocation model being implemented.

The Facilities Internal Service Fund captures the salaries, benefits, services, and supply costs associated with three distinct areas of service:

- 1. Facility Maintenance:** This covers all routine reactive and preventive maintenance at County-owned and operated facilities.
- 2. Mail Services:** Staff in facilities receives mail for the entire County and redistributes it to County funds and departments.
- 3. Custodial Services:** Staff provide custodial and janitorial services to County owned facilities.

Currently, the County recovers these costs through facility and custodial charges. The facility charges account for both maintenance and mail service costs and is converted into a per-square-foot charge by dividing total costs by the total serviceable square feet.

Funds and departments are then assessed a charge based on their associated square footage. Similarly, the custodial charge is derived by dividing total custodial costs by total serviceable square feet, with funds and departments assessed a charge based on associated square feet.

Additional factors for 24 hr. service, or other items may be added to the facility. This methodology was developed several years ago and has not been reviewed. While square footage is a traditional way to allocate facility support, it is not the only

mechanism. The County has recently implemented a work order system, which tracks the hours spent per facility / department. The hours spent are typically a better indicator, as even though a facility might be large, it might not need as much support as smaller offices or facilities. Additionally, the square footage of the facility does not capture the level of support provided in relation to mail services.

For custodial services, while square footage can serve as a good proxy, the best indicator is the number of hours spent per week at a facility. A facility might be large, but not heavily used by the public, and as such, may not require significant custodial support, while others that are more publicly used, can require significant effort and support.

To mitigate the above issues the Matrix project team proposed to modify each methodology to better capture the level of effort spent by staff and the costs associated with each service area. The facilities methodology should only account for facility maintenance costs and utilize a combination of facility work order hours and facility square footage. By utilizing a combination of hours and square footage for maintenance support, the County is better able to capture the nuance of large facilities, as well as those that are highly trafficked.

Mail services now have its own allocation and can be allocated equally to all departments that can and do receive mail. This equal to all methodology ensures that all departments share in the services being provided.

Finally, custodial will utilize weekly hours of service by facility as its allocation metric. This will ensure that services associated with highly trafficked areas are appropriately recognized.

By implementing the above Rate Allocation Model, we believe that we can better achieve equity between customers, while properly accounting for and distributing costs based on customers' needs.

In working through the Facilities Budget, it has become very clear that the previous Facilities Budgets were based primarily on the focus of the "whole pie" (Org) cost while neglecting to track, update, or modify the "slices" (Object) cost. The further we dove into the budget the more it was realized that individual line items were not a reflection of reality.

A primary goal for 2025 is to clean up the Objects and gain a clear reflection of actual costs. The primary changes seen on the Facilities 2025 budget reflect these captured true costs.

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The primary increases identified by Facilities reflect the projected increase in costs as communicated by service providers, and the consumer price index. Items like postage (USPS released increase), Power, and Natural Gas, and insurance increases, as well as the expected increase/inflation of goods, materials, and supplies.

Line items that decreased are primarily a reflection of our capturing true costs and cleaning up the line items within our budget.

An ongoing challenge faced with the Facilities budget is the large changes that can occur due to factors not yet established such as the cost of Fuel, and again materials and supplies.

The submitted budget represents the true cost to support and manage the services, facilities and assets under the Facilities Department responsibility. Over the last 2 years we have onboarded a large amount of additional square footage that affects both our maintenance and custodial services. Even with the addition of this square footage we have been successful in redistributing funds to appropriately reflect the reality of our work. Even with the large increase of square footage, additional assets and buildings, as well as additional services we have been able to minimize our overall increase to a conservative increase of only 3.5% year over year.

Alex Murray  
Facilities Administrator

Fund	Dept	Program	Description	Work Order	Support Sq. Ft.	Support Mail	Support Custodial	Support Total	Facilities Maint.	Allocate	Minus Mailroom
0010	001	0151160	BOCC	\$63,777		\$3,230	\$4,936	\$19,146		\$91,089	\$86,153
0010	001	0151423	BUDGET	\$15,166		\$563	\$4,936	\$19,146		\$39,810	\$34,874
0010	002	0251310	AUDITOR ADMIN	\$52,877		\$7,117	\$4,936	\$19,146		\$84,076	\$79,140
0010	002	0251423	AUDITOR FINANCIAL SERVICES	\$0		\$0	\$0	\$0		\$0	\$0
0010	002	0251430	AUDITOR RECORDING- SEE 1590	\$0		\$0	\$0	\$0		\$0	\$0
0010	002	0251481	AUDITOR LICENSING	\$0		\$0	\$0	\$0		\$0	\$0
0010	003	0351440	ELECTIONS	\$0		\$0	\$0	\$0		\$0	\$0
0010	004	0451424	ASSESSOR	\$53,823		\$5,846	\$4,936	\$19,146		\$83,751	\$78,815
0010	004	0451481	OPEN SPACE-ASSESSOR	\$0		\$0	\$0	\$0		\$0	\$0
0010	005	0551810	HR	\$14,097		\$3,373	\$4,936	\$19,146		\$41,552	\$36,616
0010	006	0651422	TREASURER	\$18,959		\$3,680	\$4,936	\$19,146		\$46,721	\$41,785
0010	007	0751230	CLERK	\$22,285		\$24,084	\$4,936	\$43,459		\$94,763	\$89,828
0010	008	0851221	SUPERIOR COURT	\$92,189		\$38,796	\$4,936	\$43,459		\$179,379	\$174,444
0010	009	00951240	DISTRICT COURT	\$38,635		\$38,796	\$4,936	\$43,459		\$125,825	\$120,889
0010	010	01051531	PAO ADVICE	\$28,953		\$28,057	\$4,936	\$43,459		\$105,404	\$100,469
0010	010	01051570	PAO CRIME	\$0		\$0	\$0	\$0		\$0	\$0
0010	010	01051580	PAO CHILD SUPPORT	\$15,433		\$2,181	\$4,936	\$19,146		\$41,695	\$36,759
0010	012	01251900	SELF INS ADMIN	\$0		\$0	\$0	\$0		\$0	\$0
0010	013	01351890	INTERNAL SERVICES - ADMIN & CAPT	\$14,150		\$1,954	\$4,936	\$19,146		\$40,186	\$35,251
0010	014	014A1591	PUBLIC DEFENSE	\$0		\$0	\$0	\$0		\$0	\$0
0010	014	014A1592	TRIAL COURT IMP.	\$0		\$0	\$0	\$0		\$0	\$0
0010	015	01551310	COUNTY ADMIN	\$0		\$12,231	\$4,936	\$0		\$17,166	\$12,231
0010	020	02052110	CIVIL SERVICE	\$0		\$0	\$0	\$0		\$0	\$0
0010	021	021A2110	SHERIFF ADMIN	\$30,038		\$48,097	\$4,936	\$54,531		\$137,602	\$132,666
0010	021	021M2170	SHERIFF TRAFFIC	\$0		\$0	\$0	\$0		\$0	\$0
0010	022	022A2310	JAIL ADMIN	\$693,988		\$125,081	\$4,936	\$125,947		\$949,952	\$945,016
0010	023	02352710	JUVENILE ADMIN	\$93,532		\$53,370	\$4,936	\$38,753		\$190,590	\$185,654
0010	052	05255430	ANIMAL SHELTER	\$29,296		\$8,036	\$0	\$0		\$37,332	\$37,332
0010	053	0	BOUNDARY REVIEW BOARD - CASUA	\$0		\$0	\$0	\$0		\$0	\$0
0010	060	06056320	CORONER	\$29,371		\$5,748	\$4,936	\$11,072		\$51,128	\$46,192
0010	070	07057121	WSU EXT. SERVICES	\$1,069		\$4,599	\$4,936	\$6,920		\$17,523	\$12,588
0010	080	08051424	BOARD OF EQUALIZATION - CASUAL	\$0		\$0	\$0	\$0		\$0	\$0
1010	0	10152510	DEM	\$16,143		\$1,459	\$4,936	\$19,146		\$41,684	\$36,748
1010	0	10152560	DEM EMPG	\$0		\$0	\$0	\$0		\$0	\$0
1030	0	10356520	VETERANS	\$0		\$0	\$0	\$0		\$0	\$0
1040	0	10456210	SOCIAL SVCS	\$0		\$0	\$0	\$0		\$0	\$0
1050	0	10557220	LAW LIBRARY	\$0		\$0	\$0	\$0		\$0	\$0
1060	0	10657370	SWWW	\$107,408		\$2,727	\$4,936	\$0		\$115,071	\$110,135
1070	0	10752810	E911 COMMUNICATIONS	\$23,896		\$6,245	\$4,936	\$19,146		\$54,223	\$49,287
1080	0	10851422	TREASURER O&M	\$0		\$0	\$0	\$0		\$0	\$0
1100	0	11051221	DRUG CRT SC	\$29,654		\$0	\$0	\$0		\$29,654	\$29,654
1100	0	11051222	DRUG CRT FAMILY COURT	\$0		\$0	\$0	\$0		\$0	\$0
1100	0	11051230	ITACLERK	\$0		\$0	\$0	\$0		\$0	\$0
1100	0	110J1221	ITA COM SUPERIOR COURT	\$0		\$0	\$0	\$0		\$0	\$0
1100	0	110J1535	ITA - PAO	\$0		\$0	\$0	\$0		\$0	\$0
1100	0	11052360	DRUG COURT JAIL	\$0		\$0	\$0	\$0		\$0	\$0
1120	0	11255360	NOXIOUS WEED	\$16,307		\$3,258	\$4,936	\$11,072		\$35,573	\$30,638
1160	0	11657680	PARKS & REC	\$0		\$0	\$0	\$0		\$0	\$0
1170	0	11754310	ROADSADMIN	\$79,346		\$14,435	\$4,936	\$52,593		\$151,309	\$146,374
1170	0	11754490	ROADS ENG O&A	\$0		\$0	\$0	\$0		\$0	\$0
1170	0	11754290	ROADS MAINT O&A	\$254,339		\$131,907	\$4,936	\$0		\$391,181	\$386,245
1170	0	117G4440	ROADS GIS	\$0		\$0	\$0	\$0		\$0	\$0
1210	0	12152410	COMM DEV	\$46,555		\$26,806	\$4,936	\$37,369		\$115,666	\$110,730
1210	0	12152420	COMM DEV BLDG INSP	\$0		\$0	\$0	\$0		\$0	\$0
1210	0	12155860	COMM DEV PLANNING	\$0		\$0	\$0	\$0		\$0	\$0
1370	0	0	CRIME VICTIM/WITNESS ASSISTANC	\$0		\$0	\$0	\$0		\$0	\$0
1410	0	0	COVID-19 RESPONSE	\$0		\$0	\$0	\$0		\$0	\$0
1420	0	0	AMERICAN RESCUE PLAN ACT	\$0		\$0	\$0	\$0		\$0	\$0
1520	0	0	ANIMAL SHELTER DONATIONS	\$0		\$0	\$0	\$0		\$0	\$0
1590	0	15951430	AUDITOR O&M - RECORDING	\$0		\$0	\$0	\$0		\$0	\$0
1900	0	19056210	PUBLIC HEALTH ADMIN	\$76,432		\$53,482	\$4,936	\$26,758		\$161,608	\$156,672
1910	0	19156214	FOUNDATIONAL PUB HEALTH SRVCS	\$26,302		\$12,152	\$4,936	\$47,519		\$90,909	\$85,973
1980	0	19855730	TOURISM PROMOTION	\$19,193		\$17,123	\$0	\$11,072		\$47,388	\$47,388
3010	0	30151830	CAPITAL MAINTENANCE & REPAIR	\$0		\$0	\$0	\$0		\$0	\$0
3250	0	0	GEN GOV CAPTL CONSTRUCTION	\$0		\$0	\$0	\$0		\$0	\$0
4010	0	401A3700	SOLID WASTE	\$48,051		\$24,437	\$4,936	\$0		\$77,423	\$72,488
4050	0	40554680	PACKWOOD AIRPORT	\$1,405		\$0	\$0	\$0		\$1,405	\$1,405
4070	0	40754680	SOUTH COUNTY AIRPORT - Toledo	\$15,565		\$4,550	\$4,936	\$0		\$25,050	\$20,114
4100	0	0	MIDDLEFORK WATER-SEWER SYSTEM	\$0		\$0	\$0	\$0		\$0	\$0
4200	0	42053400	VADER WATER	\$4,985		\$0	\$0	\$0		\$4,985	\$4,985
5010	0	50154870	MOTOR POOL	\$9,441		\$29,109	\$4,936	\$16,608		\$60,094	\$55,159
5010	0	50154860	CENTRAL SHOP	\$130,544		\$23,850	\$4,936	\$0		\$159,329	\$154,393
5070	0	507A1830	FACILITIES ADMIN	\$0		\$0	\$0	\$0		\$0	\$0
5070	0	507C1830	FACILITIES CUSTODIAL	\$0		\$0	\$0	\$0		\$0	\$0
5070	0	507L1830	FACILITIES MAIL ROOM	\$0		\$0	\$0	\$0		\$0	\$0
5070	0	507M1830	FACILITIES MAINT	\$0		\$0	\$0	\$0		\$0	\$0
5120	0	512P1890	RISK PDR	\$38,576		\$1,636	\$4,936	\$38,292		\$83,439	\$78,504
5200	0	52052880	RADIO SERVICES	\$1,321		\$1,786	\$4,936	\$1,522		\$9,565	\$4,629
5400	0	54051881	INFORMATION TECHNOLOGY	\$110,382		\$12,999	\$4,936	\$26,758		\$155,075	\$150,139
0	0	Other	Other	\$91,501		\$35,530	\$0	\$0		\$127,031	\$127,031
				\$2,454,986		\$818,329	\$167,811	\$872,081		\$4,313,207	\$4,145,396



# IT Services

360 NW North Street  
Chehalis WA 98532

To: BOCC  
 From: Matthew Jaeger, Director, IT Services, Interim HR Director  
 Date: 7/12/2024  
 Re: 2025 IT Services Inter-fund Rates

## Internal Service Provided

Technology Services

## Operating Expenses Overview

	2024 Revised	2024 Proposed	Difference
Salaries & Benefits	\$1,974,492	\$2,000,478	\$25,986
Other OpEx (Licenses, Subscriptions, etc..)	\$863,793	\$892,334	\$28,541
<b>Totals Operating Expenditures</b>	<b>\$2,838,285</b>	<b>\$2,892,812</b>	<b>\$54,527</b>

## Explanation of Rates and Methodology

We are presenting a new methodology based on recommendations from Matrix Consulting Group.

While our previous methodology was reasonably sound and appropriate with a combination of direct charges and distributed rates based off assets, the recommendation now is to utilize our support requests and FTEs along with assets to distribute M&S rates.

I agree with their recommendation as our data collection over the last several years allows us to more accurately reflect our rates utilizing 3 major metrics instead of 1.

**M&S:** Maintenance and Support of County infrastructure, staff salaries, building costs, software licensing, development services, network services, hardware, network and cyber security, technology solutions, technical support, and other expenses associated with the IT Department.

For 2025, we still have direct costs charged to departments (specific apps, software, subscriptions, support) and will distribute the rest of the rates through a percentage calculated as **10% Support Ticket Requests (previous YTD tickets), 70% Total Assets, and 20% Department FTE Count**. These percentages were determined to correlate the best when comparing 2024 rates. Over the next several budget cycles, I would expect these percentages to be adjusted as we work with the new model. While total assets will always hold the majority calculation, Support tickets and FTE count would likely rise slightly in the future to better balance the new method.

In addition, we also collect M&S Rates from our Local Title Companies for specific access they need as well as the Police and Fire departments for their VPN connections back into the County.

Finally, we also appropriately charge separate M&S rates to each individual department that have *specific departmental* needs that would not be appropriate to include in our general rates we set for equipment to ensure one department is not subsidizing another department for a service not used by them. Examples, we line-item charge rates for Spillman Support, Laserfiche usage, custom application support, DB support, and other various charges.

**ER&R:** Collected for computer Equipment Repairs and Replacements. This is intended for existing equipment. For 2025, due to significant continued equipment cost increases, we also worked with Matrix to rework expected life-cycle and replacement costs to more accurately reflect the current marketplace and ensure we can continue to replace equipment as appropriate.

**IT ER&R:** Matrix recommended that we eliminate IT ER&R as it is not tied to specific equipment. The purpose was to cover our major switching infrastructure, servers, backup, and storage solutions. The County did create the Technology Committee fund, however, there is no funding (revenue) source.

#### **Options:**

1. Incorporate major infrastructure expenses into M&S rates when they occur based on our strategic plan. The cons to this method is certain years can have significant rate fluctuations to the departments.

2. Determine another source of revenue to appropriately fund the Technology Committee Fund.

**\*\*For 2024, IT already had to push back the replacement of our main Dell EMC Storage array with an estimated cost of \$600,000. We did this by extending our support to run this system for 8 years. (Max lifecycle) We do not have sufficient funding for this and other major projects on our strategic plan over the next 2 - 5 years.**

**Our 5 year strategic plans identifies nearly \$2,000,000 in projects.**

#### **Justification for any increases and future replacements**

Our preliminary Salaries & Wages / Benefits increased **\$25,896** compared to 2024 Revised Budget numbers. IT Services reduced our FTE count due to my appointment as Interim HR Director. We are not requesting additional FTEs for 2024. These increases include annual steps and approved COLA.

Our preliminary operating expenditures excluding Salaries/Benefits increased **\$28,541** compared to 2024 Revised Budget numbers. This includes contract/licensing increases, typically 5%. I was able to keep most all contracts neutral this year, and the primary driver of this increase is a Tyler Munis Support Contract. I had budgeted \$160,000 for 2024 and this was the first year we incorporated the Tyler Munis Contracts in our standard M&S rate methodology. I had already slightly under-budgeted the contracts for 2024 and the estimated Tyler Munis Licensing and Support Costs for 2025 are nearly \$190,000.

**Total Operating Expenditure Increase - \$54,527, approx 1.9%.**

#### **ER&R**

Our preliminary ER&R Collections increased by **\$103,736**. Our evaluation with Matrix refreshed our lifecycle management and current replacement costs to better reflect the current market. I've limited significant increases in previous years by attempting to extend the lifecycles by 12 - 24 months on equipment. It's strongly suggested to ensure we are always reflecting the most accurate modeling based on preferred lifecycle and market costs.

#### **Cost Saving measures reviewed for 2025**

- ARPA projects are generally complete and not a significant driver for any cost savings in 2025.
- Reviewed additional grant opportunities. They are reviewed as best as possible, but some are not feasible to pursue due to complexity, or time needed to appropriately apply and secure funds.

We did receive grant funding for 2024 for our Cyber Security Response plan for the County which is savings as this was a needed project regardless of funding.

- Contracts for services and software licenses were reviewed to determine if there was any non-critical services that we could eliminate. We maintain very strict control over our contracts and are running only what we believe are critical and necessary licenses and subscriptions to maintain the needed level of service for Lewis County. Unfortunately, due to the economic conditions and inflation, most vendors are increasing year over year costs by an average of 6%. We continue to negotiate where possible and utilize State contracts if the pricing is better.

**Under/Over collection for 2023**

- Historically, if we year-end with a small operational savings, these funds were kept in our IT ER&R balance for County-Wide beneficial infrastructure replacements as to not conflict with the Washington State RCW that prohibits any department benefiting in any financial manner whatever by an appropriation or fund made for the support of another.
- As of 2023, we are no longer keeping funds in our IT ER&R and IT ER&R is also being eliminated. Any over/under collections will be reconciled in the next budget cycle.

*Matthew A. Jaeger*

7/12/24

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Matthew A. Jaeger, IT Director

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Date

## IT M&S AND ER&R 2025 ISF RATES

CONTACT: Matt Jaeger  
 \_\_\_\_\_  
 UPDATED: \_\_\_\_\_  
 \_\_\_\_\_

FUND/DEPT #	ORG	DEPARTMENT NAME	MAINT. / SERVICE /MUNIS- 591010			ER&R- 595020		
			2024 Final	2025 Prelim	CHANGE	2024 FINAL	2025 Prelim	CHANGE
001	00151160	BOCC	45,056	48,158	3,102	4,272	5,285	1,013
001	00151423	BUDGET	18,552	15,211	(3,341)	1,488	2,535	1,047
002	00251310	AUDITOR ADMIN	11,280	14,484	3,204	972	1,155	183
002	00251423	AUDITOR FINANCIAL SERVICES	44,972	36,269	(8,703)	5,160	11,095	5,935
002	00251430	AUDITOR RECORDING- SEE 1590	-	-	-	-	-	-
002	00251481	AUDITOR LICENSING	10,980	8,447	(2,533)	864	840	(24)
003	00351440	ELECTIONS	28,332	26,352	(1,980)	3,036	3,120	84
004	00451424	ASSESSOR	119,292	121,082	1,790	9,492	11,290	1,798
004	00451481	OPEN SPACE-ASSESSOR	-	-	-	-	-	-
005	00551810	HR	30,642	38,658	8,016	2,796	4,760	1,964
006	00651422	TREASURER	62,597	71,327	8,730	6,144	6,870	726
007	00751230	CLERK	112,983	130,946	17,963	11,712	13,060	1,348
008	00851221	SUPERIOR COURT	92,732	97,451	4,719	27,860	29,940	2,080
009	00951240	DISTRICT COURT	140,401	143,752	3,351	32,612	34,595	1,983
010	01051580	PAO CHILD SUPPORT	-	-	-	-	-	-
010	010A1535	PAO ADMIN	132,301	146,256	13,955	12,084	25,175	13,091
012	01251900	SELF INS ADMIN	5,046	4,433	(613)	660	-	(660)
012	012S1900	SELF INS SAFETY	-	-	-	-	-	-
013	01351890	CENTRAL SVCS	7,800	5,404	(2,396)	792	280	(512)
014	014A1592	TRIAL COURT IMP.	312	1,140	828	168	300	132
014	014A1591	PUBLIC DEFENSE	3,660	-	(3,660)	288	-	-
015	01551310	COUNTY ADMIN	18,912	56,856	37,944	1,716	3,035	1,319
020	02052110	CIVIL SERVICE	-	-	-	-	-	-
021	021A2110	SHERIFF ADMIN	313,020	270,446	(42,574)	27,132	47,635	20,503
021	021D2121	SHERIFF RSOA	-	-	-	-	-	-
021	021M2170	SHERIFF TRAFFIC	-	-	-	-	-	-
022	022A2310	JAIL ADMIN	149,808	193,526	43,718	14,460	18,865	4,405
023	02352710	JUVENILE ADMIN	117,761	138,861	21,100	10,212	14,500	4,288
052	05255430	ANIMAL SHELTER	18,600	17,571	(1,029)	1,548	1,595	47
060	06056320	CORONER	30,432	30,915	483	2,676	3,985	1,309
070	07057121	WSU EXT. SERVICES	37,992	23,900	(14,092)	3,360	4,050	690
080	08051424	BOE OPERATIONS	-	-	-	-	-	-
		<b>Total General Fund</b>	<b>1,553,463</b>	<b>1,641,445</b>	<b>87,982</b>	<b>181,504</b>	<b>243,965</b>	<b>62,749</b>
1010	10152510	DEM	12,652	33,787	21,135	840	1,850	1,010
1010	10152560	DEM EMPG	8,160	-	(8,160)	684	910	226
1030	10356520	VETERANS	3,660	3,179	(481)	288	435	147
1040	10456210	SOCIAL SVCS	22,512	33,519	11,007	1,884	3,250	1,366
1050	10557220	LAW LIBRARY	7,320	2,280	(5,040)	576	440	(136)
1060	10655730	SWWF DLC	-	-	-	-	-	-
1060	10657330	SWWF INTERIM	-	-	-	-	-	-
1060	10657370	SWWF	24,872	37,432	12,560	2,028	2,240	212
1070	10752810	E911 COMMUNICATIONS	194,724	140,430	(54,294)	61,340	66,595	5,255
1080	10851422	TREASURER O&M	4,200	5,099	899	504	440	(64)
1100	11051221	DRUG CRT SC	15,972	18,066	2,094	1,632	1,715	83
1100	11051222	DRUG CRT FAMILY COURT	-	-	-	-	-	-
1100	11051230	ITA CLERK	4,160	1,640	(2,520)	288	375	87
1100	110J1221	ITA COM SUPERIOR COURT	3,660	-	(3,660)	288	375	87
1100	110J1535	ITA -PAO	1,000	-	(1,000)	-	-	-
1100	11052360	DRUG COURT JAIL	-	-	-	-	-	-
1100	11056229	NURSE-FAMILY PARTNERSHIP	-	-	-	-	-	-
1120	11255360	NOXIOUS WEED	19,452	21,286	1,834	1,932	2,330	398
1160	11657680	PARKS & REC	23,900	30,737	6,837	1,656	2,260	-
1170	11754310	ROADS ADMIN	104,168	101,157	(3,011)	8,748	9,605	857
1170	11754490	ROADS ENG O&A	112,020	78,742	(33,278)	9,012	21,020	12,008
1170	11754290	ROADS MAINT O&A	111,397	101,489	(9,908)	8,532	8,140	(392)
1170	117G4440	ROADS GIS	39,279	30,624	(8,655)	3,804	6,710	2,906
1210	12152410	COMM DEV	56,772	53,235	(3,537)	4,332	5,555	1,223
1210	12152420	COMM DEV BLDG INSP	34,632	35,278	646	1,992	2,160	168
1210	12155860	COMM DEV PLANNING	30,852	19,978	(10,874)	2,892	2,850	(42)
1590	15951430	AUDITOR O&M - RECORDING	23,280	15,754	(7,526)	2,268	1,692	(576)
1900	19056210	PUBLIC HEALTH ADMIN	130,067	185,114	55,047	12,132	23,110	10,978

## IT M&S AND ER&R 2025 ISF RATES

CONTACT: Matt Jaeger

UPDATED: \_\_\_\_\_

FUND/DEPT #	ORG	DEPARTMENT NAME	MAINT. / SERVICE /MUNIS- 591010			ER&R- 595020		
			2024 Final	2025 Prelim	CHANGE	2024 FINAL	2025 Prelim	CHANGE
4010	401A3700	SOLID WASTE ADMIN	66,792	75,513	8,721	5,412	6,895	1,483
4010	401T3700	SOLID WASTE TRANSFER STATION	7,620	-	(7,620)	684	-	(684)
4010	40155370	SOLID WASTE LANDFILL	-	-	-	-	-	-
4070	40754680	SOUTH COUNTY AIRPORT	4,260	5,003	743	504	540	36
4200	42053400	VADER WATER	3,960	6,930	2,970	396	540	144
5010	50154870	MOTOR POOL	33,662	43,271	9,609	2,208	3,730	1,522
5010	50154860	CENTRAL SHOP	22,500	23,809	1,309	1,944	2,730	786
5070	507A1830	FACILITIES ADMIN	42,444	55,851	13,407	4,032	5,720	1,688
5070	507L1830	FACILITIES MAIL ROOM	3,660	2,682	(978)	288	-	(288)
5070	507M1830	FACILITIES MAINT	31,960	28,812	(3,148)	1,728	280	(1,448)
5120	512P1890	RISK PDR	7,620	14,877	7,257	684	1,955	1,271
5200	52052880	RADIO SERVICES	14,940	8,913	(6,027)	1,260	1,620	360
		<b>Total Other Funds</b>	<b>1,228,129</b>	<b>1,214,487</b>	<b>(13,642)</b>	<b>146,792</b>	<b>188,067</b>	<b>40,671</b>
		<b>Total Rate</b>	<b>2,781,592</b>	<b>2,855,932</b>	<b>74,340</b>	<b>328,296</b>	<b>432,032</b>	<b>103,420</b>



## MEMO

TO: Board of County Commissioners (BOCC)  
FROM: Jennifer Libby-Jones, Director of 911 Communication  
DATE: July 10, 2024  
SUBJECT: Preliminary Budget Development for 2025 Internal Service Rates

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Radio Services provides technical assistance in the procurement of new user equipment, preventative and corrective maintenance of user equipment and design, procurement, installation and maintenance of radio infrastructure which supports user operations. Radio Services also provides configuration and maintenance of 911 Communications integrated dispatch control equipment.

### **2025 Budget**

There was a minimal increase of \$12,360 to the budget for 2025 due to personnel salary increases.

### **Rate Methodology**

During the evaluation of 2025 Internal Service Rates with Matrix Consulting, it was determined that the previous rate model was based on outdated information obtained from previous radio staff manual timekeeping tracking. Current radio staff was able to provide information obtained from their Fiix asset and ticket tracking software, but this software is more tailored for tracking assets and information about the assets more than actual hours worked.

Matrix was initially only able to provide an updated model based on department radio assets based on the data available to them. This model significantly increased rates to the Sheriff's department and reduced rates to Communications. This was immediately flagged as not accurate to the actual workload by staff. Radio Services spends most of its effort maintaining communications equipment but this time, again, is not necessarily reflected in the ticketing system as staff is not tracking for every hour worked.

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After further review internally and with Matrix, the following methodology was developed:

- Determine per asset cost formula based on work required to maintain equipment and personnel costs. These are separate for Communications equipment and other users due to the increased complexity of core communications equipment.
- Starting with the total budget, reduce amount by Communications portion, allocate remaining departments based on a weight of department assets divided by total assets.

Matrix advised that this model more accurately reflects the level of effort associated with the maintenance of radio assets.

These changes are reflected in the updated 2025 Radio Services Internal Service Rates based on an independent Radio Services Budget.

### **Proposal to Combine Radio Services with Communications**

Radio Services was originally part of the Communications budget. In discussions with County staff, it was separated into its own fund due to accounting issues with ER&R contributions that could not be accurately separated using past accounting systems. That is not the case with current accounting software.

Staff support moving Radio Services back under the Communications budget due to the bulk of their workload being dedicated to maintaining core communications equipment. This may also result in budget savings in administrative costs.

### **Consider Alternative Billing Models to Internal Services Rates**

With proposed changes to the governance model of Communications, it may be beneficial to consider alternatives to billing County departments for Radio Services costs.

#### **Option 1: Fixed-fee Support Agreement**

A fixed rate yearly agreement to provide set services by department could be executed based on a standard formula. This could follow the methodology determined for Internal Service Rates or a similar alternative. Examples of this include Public Works GIS billing to Communications for roads/MSAG maintenance.

#### **Option 2: Direct Time and Materials Billing**

Departments using radio services would have a support agreement with Communications to provide radio preventative maintenance and repair services at a set per hour billing rate and would pay any direct equipment costs. While this model reflects the true costs of services provided and equipment costs, departments will not initially have a clear budget estimate in initial years.

#### **Option 3: Interlocal Agreement**

Assuming a full split of Communications from the County, Radio Services to departments could be performed under an Interlocal Agreement based on any of the methodologies above.

## RADIO SERVICES 2025 ISF RATES - OLD MODEL

**CONTACT:** Jennifer Libby-Jones

**UPDATED:** 7/10/2024

FUND/DEPT #	DEPARTMENT NAME	Radio Services 591020		
		2024 FINAL	2025 PRELIM	CHANGE
021A2110	SHERIFF ADMIN*	96,558	47,252.21	(49,306)
022C2360	JAIL-PRISONER CARE	28,973	40,794.91	11,822
02352710	JUVENILE-ADMIN	4,829	8,508.44	3,680
06056320	CORONER	9,657	8,223.56	(1,433)
	<b>Total General Fund</b>	<b>140,016</b>	<b>104,779.11</b>	<b>(35,237)</b>
10152510	EMERGENCY SERVICES	13,691	2,355.01	(11,336)
11754290	PW - Rds, Traffic, Survey and Eng*	62,501	79,842.56	17,342
190R6258	OTHER ENV HEALTH	4,828	2,943.77	(1,884)
	<b>Total Other Funds</b>	<b>81,020</b>	<b>85,141.34</b>	<b>4,122</b>
10752810	COMMUNICATIONS	241,405	284,880.67	43,476
	<b>Total Communications</b>	<b>241,405</b>	<b>284,880.67</b>	<b>63,055</b>
	<b>Total Rate</b>	<b>462,441</b>	<b>474,801.12</b>	<b>12,360</b>

## ER&R (FLEET) 2025 PRELIMINARY ISF RATES

CONTACT: Josh Metcalf  
 UPDATED: 7/12/2024

FUND/DEPT #	ORG	DEPARTMENT NAME	MOTORPOOL - 595030			CENTRAL SHOP - 595040		
			2024 FINAL	2025 PRELIM	CHANGE	2024 FINAL	2025 PRELIM	CHANGE
004	00451424	ASSESSOR	68,604	47,184	(21,420)	-	-	-
004	00451481	ASSESSOR OPEN SPACE	-	-	-	-	-	-
021	021A2110	SHRF ADMIN	62,980	-	(62,980)	-	-	-
021	021B2123	SHRF SU DR	47,235	-	(47,235)	-	-	-
021	021C2121	SHRF INVST	94,470	-	(94,470)	-	-	-
021	021D2121	SHRF RSOA	-	-	-	-	-	-
021	021F2122	SHRF PATRO	598,332	938,736	340,404	10,272	6,960	(3,312)
021	021H2180	SHRF PROPR	15,745	-	(15,745)	-	-	-
021	021M2170	SHRF TRAFF	157,450	-	(157,450)	-	-	-
022	022A2310	JAIL ADMIN	11,164	-	(11,164)	-	-	-
022	022E2360	JAIL TRNSP	22,328	-	(22,328)	-	-	-
023	02352730	JUVENILE LEGAL	69,828	-	(69,828)	-	-	-
023	02352740	JUVENILE	-	61,644	61,644	-	-	-
052	05255430	ANIMAL SHELTER	7,932	7,296	(636)	-	-	-
060	06056320	CORONER	12,684	33,048	20,364	-	-	-
<b>Total General Fund</b>			<b>1,168,752</b>	<b>1,087,908</b>	<b>(80,844)</b>	<b>10,272</b>	<b>6,960</b>	<b>(3,312)</b>
1010	10152510	DEM ISF MP	10,716	13,908	3,192	-	-	-
1060	10655730	SW WA FAIR	-	138,252	138,252	-	-	-
1100	11051221	DRUG COURT	6,336	11,460	5,124	-	-	-
1100	11051222	DRUG COURT - FRC	6,336	-	(6,336)	-	-	-
1100	11052360	DC JAIL IN	5,580	47,124	41,544	-	-	-
1060		PARKS & RECREATION	-	-	-	-	-	-
1120	11255360	NOXIOUS WEED CONTROL	17,388	19,608	2,220	-	-	-
1170	11754230	RDS MAINT	-	-	-	-	-	-
1170	11754240	RDS DRAIN	-	-	-	-	-	-
1170	11754250	RDS STRUCT	-	-	-	-	-	-
1170	11754264	RDS TC DEV	-	-	-	-	-	-
1170	11754266	RDS SNOW&I	-	-	-	-	-	-
1170	11754267	RDS ST CLE	-	-	-	-	-	-
1170	11754270	RDS ROADSI	-	-	-	-	-	-
1170	11754290	RDS MAINT	1,161,192	725,276	(435,916)	4,191,072	3,951,372	(239,700)
1170	11754310	RDS ADMIN	-	-	-	-	-	-
1170	11754420	RDS ENG IN	-	-	-	-	-	-
1170	11754440	RDS ENG PL	-	-	-	-	-	-
1170	11759510	CNSTRCTN E	-	-	-	-	-	-
1170	11759530	CNSTRCTN R	-	-	-	-	-	-
1200	12152420	COMM DEV BUILDING INSPECTI	51,876	65,196	13,320	-	-	-
1900	19055430	PUBLIC HEALTH-PHCC ANMLC	15,060	-	(15,060)	-	-	-
1900	19056245	PUBLIC HEALTH-PHCCHAZWAS	36,732	-	-	-	-	-
1900	190A6216	PH BUSCMP	6,384	-	-	-	-	-
1900	190L6243	EH WATER QUALITY	7,140	-	(7,140)	-	-	-
1900	190N6244	EH OSS/LAND DEV	20,292	-	(20,292)	-	-	-
1900	190Q6241	EH FOOD INTRFND	12,444	114,840	102,396	-	-	-
1900	190R6258	PUBLIC HEALTH	14,376	5,604	(8,772)	-	-	-
4200	42053400	VADER WATER ADMIN	32,688	76,716	44,028	-	-	-
5070	507M1830	FACILITIES MAINT	7,488	210,108	202,620	-	-	-
5070	507L1830	FACILITIES MAIL ROOM	135,048	8,760	(126,288)	-	-	-
5200	52052880	RADIO	20,904	31,548	10,644	-	-	-
5400	54051881	INFORMATION SERVICES	11,244	6,456	(4,788)	-	-	-
<b>Total Other Funds</b>			<b>1,579,224</b>	<b>1,474,856</b>	<b>(104,368)</b>	<b>4,191,072</b>	<b>3,951,372</b>	<b>(239,700)</b>
<b>Total ER&amp;R Rates</b>			<b>2,747,976</b>	<b>2,562,764</b>	<b>(185,212)</b>	<b>4,201,344</b>	<b>3,958,332</b>	<b>(243,012)</b>

**BEFORE THE BOARD OF COUNTY COMMISSIONERS  
LEWIS COUNTY, WASHINGTON**

**IN THE MATTER OF:**

RESOLUTION NO. 23-303

ADOPT A REVISED EQUIPMENT RENTAL AND  
REVOLVING (ER&R) FUND POLICY

**WHEREAS**, the Lewis County Public Works Department operates the Equipment Rental and Revolving (ER&R) Fund, through which vehicles and equipment are purchased, maintained and replaced; and

**WHEREAS**, the Public Works Director has drafted a new ER&R Fund policy; and

**WHEREAS**, the policy applies to vehicles owned by the ER&R Fund and does not apply to vehicles owned and maintained outright by a department or office; and

**WHEREAS**, the Public Works Director recommends the Board of County Commissioners rescind Resolution 83-29 and adopt the revised ER&R Fund policy, attached hereto.

**NOW THEREFORE BE IT RESOLVED** that the Board of County Commissioners hereby rescinds Resolution 83-29 and hereby adopts the new ER&R Fund policy effective September 20, 2023.

DONE IN OPEN SESSION this 19th day of September, 2023.

APPROVED AS TO FORM:  
Jonathan Meyer, Prosecuting Attorney

BOARD OF COUNTY COMMISSIONERS  
LEWIS COUNTY, WASHINGTON

David Bailey  
By: David Bailey,  
Chief Civil Deputy Prosecuting Attorney

Sean D. Swope  
Sean D. Swope, Chair

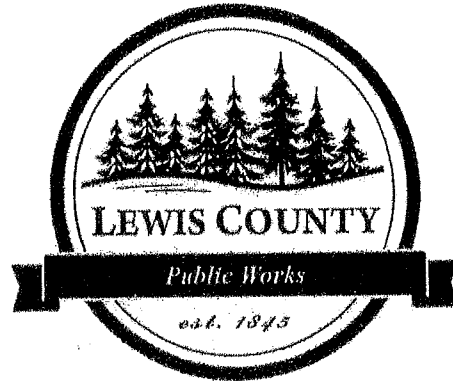
ATTEST:



Scott J. Brummer  
Scott J. Brummer, Vice Chair

Rieva Lester, CMC  
Rieva Lester, CMC,  
Clerk of the Lewis County Board of  
County Commissioners

Lindsey R. Pollock, DVM  
Lindsey R. Pollock, DVM, Commissioner



# LEWIS COUNTY EQUIPMENT RENTAL AND REVOLVING FUND POLICY

Adopted: September 2023

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Josh Metcalf, PE  
Public Works Director

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## 1 Overview

The Equipment Rental and Revolving (ER&R) Fund was established to manage the maintenance and replacement funds to ensure sufficient funds are available when needed. This allows the County to focus on maintenance and increasing government efficiency by providing a way to allow expensive vehicles, equipment, and supplies to be rented to all County departments and offices.

Per RCW 36.33A.010, all counties are legally required to establish an ER&R Fund for operating county road departments. ER&R Funds may be expanded to provide services to other departments or offices including public works, utilities, fire, and police.

The Lewis County ER&R Fund was initially established and adopted by the Board of County Commissioners (BOCC) through Resolution in December 1977. In January 1983, the BOCC approved Resolution 83-29, Establishing Equipment Rental and Revolving Fund, which repealed and replaced Resolution 77-591 approved in 1977.

All Lewis County vehicles purchased with County revenues fall under the authority of the BOCC. The Lewis County BOCC delegated administration of the County ER&R Fund to the Director of Public Works.

## 1.1 Purpose

The purpose of this document is to rescind and replace Resolution 83-29 with a revised Equipment Rental and Revolving Fund Policy for Lewis County that provides specific guidance for managing and administering the fund as follows;

- Manage, maintain, repair, and replace equipment and vehicles, including parts, materials, fuel, and supplies,
- Manage and maintain aggregates and pits and quarries operations and inventories,
- Identify procedures for establishing rental rates, replacement cycles, and service levels for all County owned vehicles,
- Ensure the availability of safe, cost effective, and reliable vehicles that meet the County's needs.

This Policy applies to vehicles owned by the ER&R Fund and does not apply to vehicles owned and maintained outright by a department or office.

## 1.2 Administering the ER&R Fund

The ER&R Fund is an internal service fund and the purpose of this fund is to establish rates that both optimize costs and maintain the role and sustainability of the ER&R Fund. Revenues collected for the replacement of vehicles are the property of the ER&R Fund and shall be invested only in allowable investments and not transferred to other funds. The Public Works Director is responsible for ensuring that ER&R has adequate funds available to cover costs associated with both normal operations and annual vehicle replacement needs. ER&R must also have adequate reserves to cover expenses which may be incurred from unforeseen catastrophic events.

The Fleet Services Manager maintains an asset record for each vehicle in the fleet. The asset record helps the Public Works Department capture a complete vehicle history for each individual asset including original purchase price, usage, fuel consumption, service, repair information, depreciation, and salvage value. These components are used to determine appropriate vehicle rental rates.

The fund balance of the ER&R Fund shall reflect a level that is anticipated to ensure continued operation of the fund. Management policies shall support the amount of cash reserves necessary for continued operation of the fund and timely replacement of vehicles or equipment as determined during the rate setting process.

## 2 Definitions

- **ER&R Balance** – The remaining revenue applied to the replacement bank for an individual vehicle or piece of equipment after revenue is applied to the actual costs of maintenance and repairs of that vehicle or piece of equipment.
- **Fleet Management Program** – Application used by the Fleet Services Division to track ER&R vehicles, vehicle use (hours and miles) parts inventory, fuel usage, maintenance records, and vehicle work orders. This application is one of the tools used for the overall management of the County's ER&R Fund.

- **Fleet Services Division** – A division of the Public Works Department responsible for the oversight and management of the Lewis County ER&R Fund and the maintenance, repair, and/or replacement of vehicles and equipment within the ER&R Fund.
- **Internal Service Fund** – A fund primarily used for activities that provide goods and services to other offices, departments, or other governments on a cost reimbursement basis. If the contributed nonmonetary assets were originally acquired with restricted resources, the usage and disposal shall be monitored to ensure one fund does not benefit from another. Contributed capital to be managed for the benefit of the contributing fund. This fund requires 100% recovery of all costs to manage contributed capital until fully consumed or otherwise disposed of or all costs to manage contributed capital plus adequate funding for future asset replacement.
- **Life Cycle** – The number of years estimated to be the useful life of a vehicle or piece of equipment (period in which the replacement rate is collected).
- **Monthly Replacement Rate** – A monthly rate used to accrue the ER&R Balance for the specific vehicle or piece of equipment over the life cycle of the vehicle or equipment. The rate is developed based on estimated replacement value, salvage value, and life cycle for the specific vehicle or piece of equipment.
- **Rental Rate** – The overall rate charged to an office or department for the use of vehicles or equipment within the ER&R Fund. A rental rate is the sum of the direct and fixed costs and the Monthly Replacement Rate (if applicable) of a vehicle or piece of equipment.
- **Replacement Cost** – The anticipated cost to replace the vehicle or piece of equipment at the end of its life cycle (this should be reevaluated on an annual basis using market trends and changes).
- **Roads Fund** – The Road Fund or “County Road Fund” as defined by RCW 36.82.010 is the county fund where all revenues for use on county roads shall be credited or deposited. Management and oversight of the Roads Fund is the responsibility of the County Engineer and shall be used in accordance with RCW 36.82.070.
- **Salvage Value** – Projected value of the vehicle or equipment at the end of its life cycle. The salvage value is estimated based on current market values, historical market trends, vehicle condition and availability, or by using straight line depreciation.
- **Vehicles** – Any piece of equipment, sedan, SUV, pickup, motorcycle, or other items owned within the ER&R Fund and managed by the Public Works Department.

### 3 Rate Setting

The Public Works Director is responsible for the preparation of annual rates for all vehicles within the ER&R Fund and providing recommendations to the Board as part of the annual budget development process. The Fleet Services Manager shall develop rates for all office and department vehicles, and they

will work in collaboration with the County Engineer on preparation of the rates for the Roads Division vehicles. The County Engineer shall be responsible for reviewing the proposed rental rates and certifying to the BOCC the proposed rates are an appropriate use of county road funds as per RCW 36.80.

Rates shall reflect all applicable annual expenses, including inflation, fuel, labor and parts for repairs and service, insurance, indirect costs, and overhead. Rental rates for all vehicles within a department or office are calculated per class of vehicle (such as sedans, SUV's, light duty pickups, heavy trucks, equipment, etc.). Vehicles shall be tracked individually for operation, maintenance, depreciation, and replacement. Vehicles will be grouped with like units when possible. Rental rates for grouped vehicles will be averaged per hour.

The BOCC approves rental rates each year as part of the annual budget development and approval process. The Public Works Director and County Engineer may make adjustments within any year to reflect rapidly changing cost factors. These factors could include, but are not limited to, increased expenses or changes in usage patterns. If deemed appropriate, the Public Works Director and/or the County Engineer will present interim adjustments to the BOCC for review and approval.

### 3.1 ER&R Vehicles

The rates are calculated on an annual basis and include the following elements:

1. Direct Costs – Operations (i.e., repairs, maintenance, fuel, and fuel surcharge, etc.)
2. Fixed Costs – Overhead (salaries, benefits, facilities, utilities, insurance, etc.)
3. Replacement – Replacement (salvage, new equipment, inflation, upfit costs, etc.)

### 3.2 Non-ER&R Vehicles

Some departments offices within Lewis County choose to own their vehicles rather than have them be part of ER&R. The maintenance and replacement of a vehicle that is not part of ER&R is the responsibility of the office who owns the vehicle. The office may choose to utilize a third-party vendor for service and maintenance, or they can put in a request to the Fleet Services Manager for maintenance or service to be provided by Motorpool. If the Fleet Services Manager determines the Motorpool shop can accommodate the request, an appointment will be scheduled around the rest of the Motorpool ER&R work. Once the required work is complete, the office (who owns the vehicle) will be invoiced based on actual costs of the maintenance and/or repairs completed. The actual costs will include all labor, parts, and materials required to administer and complete the work.

## 4 New, Replacement, and Disposal of Vehicles

The ER&R Fund will only fund replacement of equipment or vehicles accounted for in the ER&R Fund's existing asset schedule. New vehicles are typically purchased as replacements for older vehicles in the fleet. Replacement schedules are developed by evaluating a combination of factors, including years in service, mileage, cost of operation and available funding. These factors, together with the anticipated needs of the applicable departments and offices, determine replacement requirements. Planned replacement of vehicles keeps operational expenses in check, provides safe, reliable transportation for employees; and demonstrates responsible management of County fleet assets within the ER&R Fund.

New assets not listed in the asset schedule will need to be accounted for in the budget process and approved by the BOCC before purchasing. Unless requested by a director or elected, all new vehicles will be assigned as an asset, added to the ER&R Fund, and placed on a replacement cycle.

The Fleet Services Manager will coordinate with departments and offices when procuring new vehicles or surplus old vehicles to make sure their ER&R information is accurate. The Fleet Services Manager will ensure all new vehicles purchased are placed in ER&R and included in the ER&R budgeting process and approved by the BOCC.

4.1 Replacement Criteria

The Fleet Services Manager is responsible for maintaining the vehicle and equipment lists and identifying when a vehicle or piece of equipment qualifies for replacement. It is the County's intention to keep rental rates as low as possible. When purchasing vehicles, the intent is to procure a vehicle that meets the office or department needs while being mindful of purchase price, fuel efficiency, appropriate class size, make, and model.

The Fleet Services Manager will coordinate with departments and offices to determine when the vehicle should be replaced. If the elected or director is not satisfied with the Fleet Services Manager's decision, they may submit, in writing, reasons for disagreement to the Public Works Director for review. If a resolution is not achieved at this level, the issue will be referred to the BOCC for final resolution.

Vehicle replacement will be done in accordance with the following criteria unless otherwise requested from a director or elected and approved by the BOCC. The County Engineer and/or Public Works Director, on a case-by-case basis, may make adjustments or accommodations for the replacement of heavy equipment used by the road maintenance shops.

The replacement criteria are as defined below:

- Sedan/SUV 15 yrs. of service and/or 180,000 miles
- Light Duty Trucks 8 - 12 yrs. of service and/or 180,000 miles
- Medium Duty Trucks 7 - 10 yrs. of service and/or 180,000 miles
- Patrol Vehicles 7 - 8 yrs. of service and/or 150,000 miles and/or dependability
- Dump Trucks 15 - 20 yrs. of service and/or dependability
- Equipment 10,000 – 16,000 hrs. and/or dependability and/or 20 years of service

4.2 Requesting New Vehicles

The requesting department or office will be required to fund new or additional vehicle or equipment purchases (excluding replacement of existing vehicles or equipment already managed through the ER&R Fund). Requests must be made in writing to the Fleet Services Manager. The Fleet Services Manager will review the request and work with the department or office to help provide the information needed for budget approval. With approval from the Public Works Director, the Fleet Services Manager shall have responsibility for acquiring Lewis County fleet vehicles using a method that complies with the Lewis County Procurement Policy and all State and Federal procurement requirements.

The Fleet Services Manager shall be responsible for compiling the necessary information to support making the most cost-efficient purchase of all fleet vehicles, considering purchase price, maintenance, repair, operating costs, and resale value. Acquisition of fleet assets shall be selected, acquired, and

utilized providing the best possible support of County operations and be environmentally responsible in accordance with the Fleet Management Plan and Procedures.

#### 4.3 Replacement Vehicles

Each vehicle purchased within ER&R will have a replacement value assigned when added to the fleet. Funding for a replacement vehicle shall come from the monthly replacement rate collected for that specific vehicle unless otherwise approved by the BOCC.

If the vehicle being replaced was purchased from a fund other than the ER&R Fund, the department or office to which the vehicle is assigned shall budget for the replacement.

#### 4.4 Funding Upgrades

Replacement vehicles, including upfit materials, are to be of a similar size and value as the original vehicle or equipment. Upgrades to fleet vehicles shall be requested during the budget process. Changes in the type or size of fleet vehicles require advance approval by the BOCC or designated appointee.

#### 4.5 Procurement

The procurement of any new vehicle and equipment shall comply with all Local, State, and Federal procurement requirements. All vehicles shall be procured using a competitive bidding process unless the best economical rate can be obtained through one of the following government contracts;

- **Sourcewell:** This membership gives the county competitive purchasing power on a wide variety of products and services to include construction, fleet, roads, public safety, facilities etc. You can browse the website to view contractors and products. Contact Procurement department for more specifics.
- **Washington State Department of Enterprise Services:** As a county government we are allowed to participate in the Washington Statewide purchasing contract.
- **US General Services Administration:** GSA Purchasing is a centralized procurement area for the federal government, GSA offers products, services, and facilities needed by federal agencies for serving the public.

#### 4.6 Receiving New Vehicles

The Fleet Services Manager or designated appointee will contact the department or office receiving the new asset to schedule a pick-up time. This will ensure the Fleet Services Division has sufficient time to: get any license work done; schedule and complete the necessary upfit; and inspection of the asset before putting it into service. The Public Works Accounting Division will submit the asset documentation to the Lewis County Auditor's office and the Fleet Services Manager will initiate a vehicle record in the Fleet Management program.

#### 4.7 Surplus Vehicles

The County's standard business practice shall be to surplus vehicles on a regular schedule as defined in this plan. As a vehicle approaches the end of its designated life cycle, final disposition becomes a managerial decision based on a combination of factors. Each vehicle must be considered individually in terms of reliability, maintenance, safety, and salvage value. Adequate record keeping, and analysis of

vehicle costs are very important to timely and effective disposition. The Fleet Services Manager will review all pertinent vehicle information and work with department/office managers in making final vehicle disposition decisions. Once a final decision is made to remove a vehicle from the fleet, the method of disposal must be identified, the timing of disposition determined, and decommissioning procedures completed.

The Fleet Services Manager will work with the Public Works Director on the preparation of a list of vehicles ready to surplus on an as needed basis and present it to the BOCC for approval to declare them surplus. Once approval has been given by the BOCC, the Fleet Services Manager will coordinate with the department or office to have the vehicle delivered to the appropriate shop for decommissioning and preparation for surplus. Decommissioning includes removing county decals, radios, and any other parts that are valuable to the county. Light bars, county decals, cages, and push bumpers shall be removed from all law enforcement vehicles. Surplus assets will be made available to the public through a local auction, online auction site, or other means as approved by the BOCC, Lewis County Code and Procurement Policy. The Fleet Services Manager will work to ensure the vehicle does not go in for decommissioning until the replacement vehicle has been delivered and is ready to be put into service.

Revenues resulting from the sale of a vehicle shall be returned to the ER&R Fund for the specific vehicle sold.

#### 4.8 Transferring Vehicles

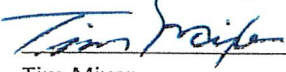
A vehicle no longer needed by one department or office may benefit another. The Fleet Services Manager may evaluate the possibility of re-assigning and/or repurposing a vehicle which a director or elected official decides is no longer needed. For all vehicles within ER&R the Fleet Services Manager may use their discretion to determine whether to re-assign any vehicle within ER&R or to another department or office. The receiving department or office will reimburse the ER&R Fund the current book value of the transferred vehicle, there will be no transfer of funds for a vehicle that has reached full depreciation as per this policy and the Fleet Management Plan and Procedures. The receiving department or office will assume the rental obligation and any upfit costs of the transferred vehicle. Any vehicle transfer must be approved by the Public Works Director.

Exceptions to this plan can be made if due to some unforeseen circumstances the need arises for a new or replacement vehicle and a new vehicle has not been budgeted previously. A request can be made by the specific director or elected official to the Public Works Director to consider utilizing one of the vehicles on the surplus list to fulfill the need. This request shall be considered on a case-by-case basis and a decision made based on what is most fiscally responsible for the County and its taxpayers.

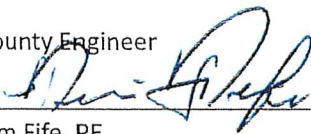
## 5 Pits and Quarries

Pits and quarry operations are funded with operating capital and shall be repaid by the Roads Fund (maintenance, projects, etc.) as materials are loaded and hauled from stockpile locations. Rates for the products shall be established by the County Engineer and shall be reviewed on an annual basis to ensure they are still appropriate. The rates shall be developed to include all costs associated with permitting, production, haul, maintenance, administration, and all other costs associated with the production, hauling, and stockpiling of the materials.


Fleet Services Manager

  
\_\_\_\_\_  
Tim Mixer

County Engineer

  
\_\_\_\_\_  
Tim Fife, PE

Public Works Director

  
\_\_\_\_\_  
Josh Metcalf, PE

# BOCC AGENDA ITEM SUMMARY

**Resolution:** 23-303

**BOCC Meeting Date:** Sept. 19, 2023

**Suggested Wording for Agenda Item:**

**Agenda Type:** Deliberation

Adopt a revised Equipment Rental and Revolving (ER&R) Fund Policy

**Contact:** Josh Metcalf

**Phone:** 3607402762

**Department:** PW - Public Works

## Description:

Adopt a revised Equipment Rental and Revolving (ER&R) Fund Policy

## Approvals:

## Publication Requirements:

**User**

**Status**

### Publications:

PA's Office

Pending

## Additional Copies:

Geoff Soderquist, Michael Kroll, Tina Hemphill

## Cover Letter To: