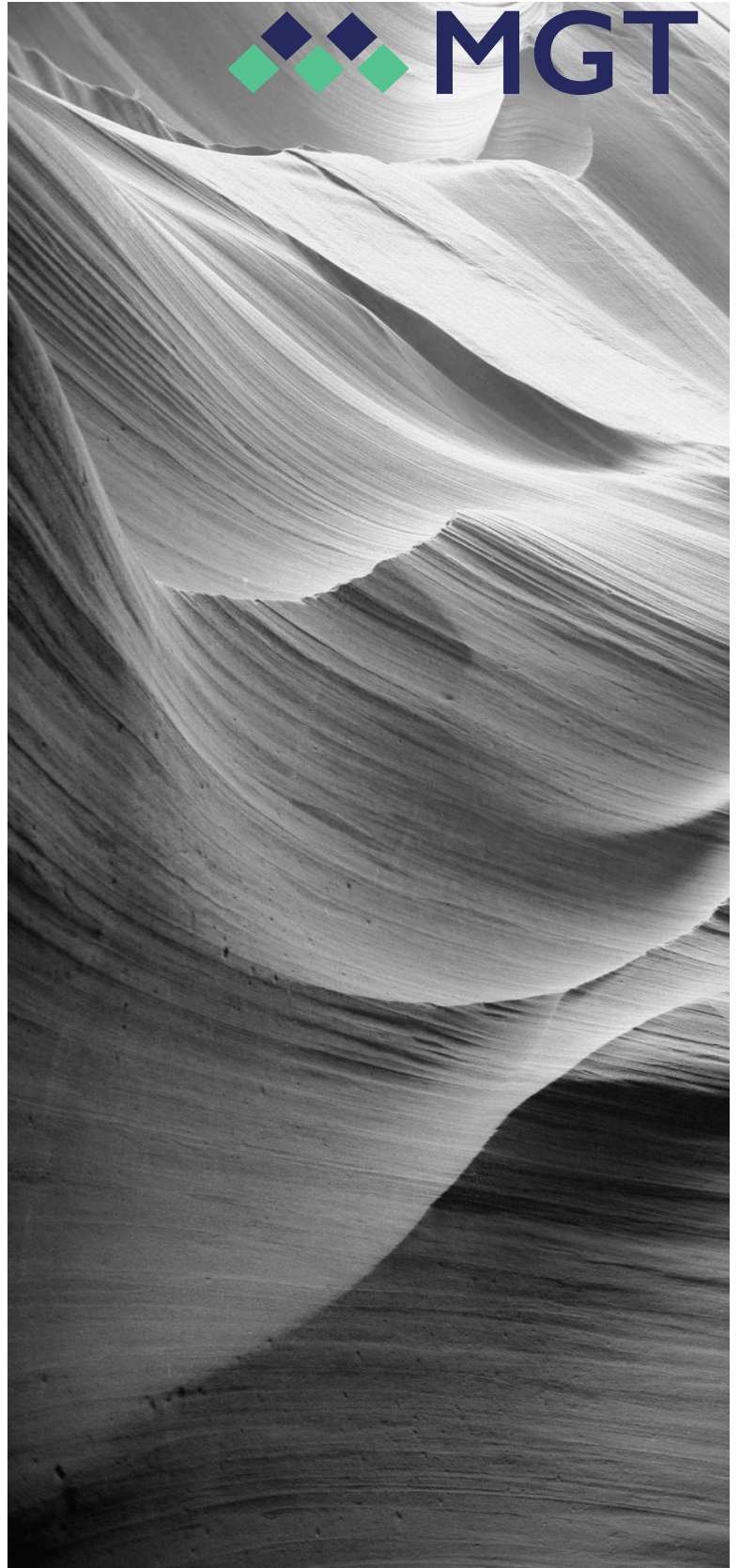


Cost Model Review for Contract Cities

KING COUNTY,
WASHINGTON

Final Report

MAY 31, 2023
RFP # KC000657





May 31, 2023

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SUBJECT: COST MODEL REVIEW FOR CONTRACT CITIES – FINAL REPORT

Dear Mr. Bauck:

MGT is pleased to present our analysis of the Cost Model Review for the Contract Cities project. The County's RFP asked that we address the following areas over the course of this assignment:

- Meet with Oversight Committee and assigned staff, Finance Directors, and City Managers
- Meet with KCSO and Municipal Leadership
- Review current cost sharing agreements
- Review KCSO cost principles
- Document, analyze, and evaluate cost assumptions, methodologies, and allocations within KCSO's costing model
- Review additional data and costing model information
- Review all twelve current cost books and reconciliations and document changes occurring over the last 10 years that have had significant impact to material cost increases charged to contract cities
- Review and document the methodology used to measure and allocate costs for significant changes and other programs
- Review claims over the last 5 years
- Review and document similar police partnerships


- Methodology for charging sworn staff to contract cities
- Calculation and allocation of retirement rates
- Potential alternatives to cost assumptions, methodologies, and allocations for sustainable equal marginalized costs
- Recommendations for bases of allocation
- Review the calculation of credits for vacancies and overtime assumptions
- Meet with contract and cost unit staff to identify new programs

This report presents our findings and recommendations for the above items.

MGT appreciates the participation, assistance, and cooperation of the Sheriff's Office team, other County representatives, the Oversight Committee, and representatives of the twelve contract cities. This report would not have been possible without their enthusiastic participation and insights into this example of inter-governmental coordination of a critical public service.

We look forward to discussing the comments of the Oversight Committee. Should you have any questions, please do not hesitate to contact Jerry Wolf at (847) 404-0030 or JWolf@MGTConsulting.com or me at (916) 502-5243 or PDyer@MGTConsulting.com. We look forward to the successful conclusion of this project.

Sincerely,

A handwritten signature in blue ink, appearing to read "Patrick J. Dyer".

Patrick J. Dyer, Vice President
MGT Performance Solutions Group

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I. Executive Summary

The King County Sheriff's Office website includes the following quote by Sheriff Cole-Tindall:

“Our partnerships are an important and integral part of the King County Sheriff's Office. We value our contract partners. These relationships are crucial to protecting our residents and play an important role in our ability to offer a cost-effective variety of resources that we can tailor to each community's needs.”

A. Background

The King County Sheriff's Office (KCSO) provides police services to contract partners including twelve municipalities (contract cities), the Muckleshoot Indian Tribe, two transit agencies, and an international airport. The twelve contract cities are:

Contract City	2022 Population ¹	Area Square Miles
Town of Beaux Arts Village	315	<1.0
City of Burien	52,490	13.2
City of Carnation	2,160	1.2
City of Covington	21,200	6.0
City of Kenmore	24,090	7.2
City of Maple Valley	28,920	5.9
City of Newcastle	13,560	4.5
City of Sammamish	68,150	24.0
City of SeaTac	31,910	10.2
City of Shoreline	60,320	11.7
Town of Skykomish	165	<1.0
City of Woodinville	13,450	5.63

In total, the twelve contract cities represent about 14 percent of the County's population of 2,317,700.

The provision of services to the contract cities is governed by KCSO's Interlocal Agreement (ILA). Pursuant to the terms of the ILA, cities may select from a City Department (Precinct), Shared Supervision, or Flexible Services model. The models are used to identify the level of service in each city; however, KCSO utilizes the same methodology to determine the cost of each activity regardless of the model. The contract cities use the following models:

¹ April 1, 2022 State of WA Population of Cities, Towns and Counties Used for Allocation of Selected State Revenues

Table 1 – Service Models Utilized by Contract Cities

Contract City	Model Utilized
SeaTac	City Department
Shoreline	City Department
Burien	Shared Supervision
Carnation	Shared Supervision
Covington	Shared Supervision
Kenmore	Shared Supervision
Maple Valley	Shared Supervision
Newcastle	Shared Supervision
Sammamish	Shared Supervision
Woodinville	Shared Supervision
Beaux Arts	Flexible Services
Skykomish	Flexible Services

In both the city department and shared supervision models, KCSO provides cities with patrol officers in city-branded uniforms and cars. In addition to patrol officers and their supervision, the KCSO provides a wide range of services to the contract cities. Major categories include:

- Officer tools and equipment
- Officer support services
- Patrol and specialty unit access
- Administrative oversight
- Professional standards
- Police transparency
- Labor management
- Legal process
- Personnel

B. Project Objectives

King County contracted with MGT of America Consulting, LLC (MGT) to conduct an assessment related to the King County Sheriff's Office's (KCSO) practices for allocating costs to the 12 municipalities which contract for law enforcement services with KCSO. The objectives of this project were to review and assess KCSO's methodology for allocating costs to provide the County and partner cities with a detailed understanding of the current cost model and the trends and issues driving the continued increase in costs. MGT was also asked to make recommendations to increase transparency within the model; decrease direct, indirect, and overhead costs; and facilitate the development of a new, simpler costing model.

C. Summary of Findings

The MGT team met with County and contract city representatives and reviewed the Interlocal Agreement (ILA) and the Contract Cities Cost Model (the “model”). MGT found:

- Contract cities acknowledge the benefits of their relationship with the County such as economies of scale, access to specialized services, and shared risk. In general, they are pleased with the services provided by the KCSO but there are concerns about recent cost increases and vacancies of sworn personnel.
- Some cities commented about recent cost increases but understood that the primary driver was the recent multi-year collective bargaining agreement (CBA) and recent increases in risk management. The KCSO contract has a significant impact on local budgets.
- The model reflects the state of the ILA but is complicated. Without sufficient background, it is difficult to explain to casual or many experienced users.
- Contract cities are seeking increased transparency and simplification surrounding the model and the County’s reporting and this could be achieved by changes to accounting policies and procedures.

D. Summary of Recommendations

This section provides a summary of our recommendations. Supporting analyses are presented in more detail in subsequent sections of this report. MGT recommends changes in both policies and processes. Some of these recommendations will require changes to the ILA.

- To comply with GASB requirements, the County should adopt the Enterprise Fund model for the budgeting and reporting of costs associated with services provided to all 16 contract entities, not just the 12 contract cities.

Using an enterprise fund will increase transparency in reporting and simplify the accounting and preparation of costs associated with the current model. An enterprise fund will also assist the parties in:

- The development of multi-year financial plans, especially to forecast expenses related to the impact of filling vacancies, labor cost increases, and capital investments
- Monthly reporting of planned versus actual expenses, especially in the area of personnel costs
- Improved sharing of information

MGT recommends a monthly and annual report that would present by major category budgeted and actual expenses in total and by contract entity. The report could also include operating statistics for each partner such as dispatch calls, major crimes cases, and other appropriate statistics.

MGT recognizes that it may take until FY 2024 or FY 2025 to implement the Enterprise Fund model. MGT has several recommendations related to current policies and procedures that will address issues of transparency and the allocation of costs to contract cities. These include:

- KCSO should post all reports on a shared website so that every contract entity can access reports. This should improve customer relations as all reports and data used in the preparation of monthly reports would be available online. Reports should be “read only” documents to reduce the risk of changes to links within the model.
- As KCSO develops estimates for the Proposed Exhibit B, it should estimate the Reconciliation Credits for the prior year and reduce the amount in the Proposed Exhibit B. KCSO can base the estimates of each Reconciliation Adjustment on the prior two or three years of Adjustments. This will reduce the amount of future Adjustments as each Exhibit B would have already factored in an estimate based on past Credit Adjustments.
- Over the past 10 years approximately 62 percent of the total adopted costs have been subject to reconciliation. KCSO should consider the possibility of including additional items (e.g., non-personnel dedicated police services costs) in the reconciliation process. KCSO should perform a cost benefit analysis to determine whether including additional items in the reconciliation process would provide more transparency and a net benefit to the contract cities.
- KCSO should request that the County’s Human Resources department designate an analyst to expedite the updates to the PeopleSoft system so that KCSO does not have to adjust each payroll to reflect changes related to transfers and promotions. This should reduce KCSO’s efforts related to the reconciliation of 26 biweekly payrolls and enable semi-annual or quarterly reconciliations.
- The County and the contract cities should revise the ILA to:
 - Remove services that KCSO no longer offers as some services are no longer provided because of budgetary decisions
 - Clarify the types of arrangements that the contract cities can select, including removing the option of selecting services on an a la carte basis
 - Provide for the preparation of one Exhibit B for each contract city (no later than October 1st of each year) three months before the start of the fiscal (calendar) year
 - Reflect the recognition of historical “reconciliation adjustments” in the Exhibit B to reduce the size of post-year adjustments (the adjustments would be customized for each city based on its adjustments for the prior 2 to 3 years)
 - Authorize KCSO to invoice the contract cities on a monthly basis. Invoices would reflect 1/12th of the estimated costs included in the October 1st Exhibit B.
- KCSO should develop materials that better explain the operation of the ILA and the model. KCSO has different users (e.g., mayors, city managers, finance directors, police personnel, etc.) with varying levels of experience with the contracting arrangements. A one-sized document does not meet all needs. It appeared that it takes several years of exposure for users to understand the contract cities program. KCSO should use visual displays as much as possible for training, including videos that can be viewed on demand and flow charts.

- KCSO should develop a succession plan to ensure the smooth transition of responsibilities involved in the preparation of the costbook and Exhibit B. As KCSO Finance staff approach retirement, it is critical that KCSO develop and implement a plan for training personnel so they are ready to step into critical roles.
- KCSO should better utilize existing Excel capabilities, such as pivot tables and table lookups, to allow for the more efficient and accurate preparation of the costbook, related supporting documentation, and the Exhibit Bs for each contract city.
- KCSO and the contract cities should develop protocols for use of non-sworn personnel for certain activities where a sworn officer may not be necessary, for example, parades or direction of school traffic.

E. Approach to Implementation

Once the County the Oversight Committee agree on implementation steps, MGT will be available to assist in identifying recommended implementation steps.

II. Background

KCSO allocates costs to contract cities based on the services provided and the terms of the interlocal agreement (ILA). The allocation is designed to create fully loaded costs for each FTE position the cities may purchase through their contract. In addition, the fully loaded cost of units that are shared across the cities and unincorporated areas are allocated based on workload and overhead is allocated to all functions on a per FTE basis.

KCSO utilizes a document referred to as Exhibit B, after the portion of the ILA which establishes this document, to identify the costs charged to each contract city. A separate Exhibit B is prepared for each city which outlines the Cost of Dedicated Personnel, Additional Police Services, and Overhead. Annually, KCSO prepares two Exhibit Bs for each city, a Proposed Exhibit B and an Adopted Exhibit B. The Proposed Exhibit B is provided to the contract cities in October and is based on King County’s Executive Proposed Budget. The Adopted Exhibit B is provided to contract cities in May, 5 months after the start of the fiscal year, and reflects cost adjustments based on King County’s Enacted Budget. The contract cities are charged at the lesser of the Proposed or Adopted Exhibit B for the fiscal year. At the conclusion of the fiscal year, KCSO reconciles the prior year actual direct labor costs to the amount included in each contract city’s Exhibit B. The adjustment for the reconciliation is incorporated into the first invoice. Table 1 outlines the KCSO budget and reconciliation timeline.

COST ALLOCATION

Simply put, cost allocation is a method used to assign costs to a specific activity. Costs can be directly related to an activity, such as the cost of a Deputy on patrol in a partner city. Costs can also be indirectly related, such as the costs Finance and Accounting incurs to issue the Deputy’s paycheck.

Table 1 – KCSO Budget and Reconciliation Timeline

Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6
	Begin Budget Preparation for Next Fiscal Year		Provide Proposed Exhibit Bs to Contract Cities			Start of Fiscal Year				Provide Adopted Exhibit Bs to the Contract Cities	Begin Invoicing Contract Cities
										Finalize Reconciliation for Prior Fiscal Year	Incorporate Reconciliation Adjustment Into Invoice Process

III. Meetings With Internal and External Parties

Andrew Bauck of the County Executive Office served as the overall Project Coordinator. The Oversight Committee was chaired by Laura Philpot, City Manager, City of Maple Valley. The Oversight Committee included personnel from the Sheriff's Office and representatives from the contract cities. MGT held biweekly meetings with the Oversight Committee to apprise them of the status of the project and to discuss preliminary findings. The MGT team worked closely with KCSO financial staff as they explained the current model and ILA. The KCSO also coordinated all meetings with other County staff as well as the contract cities.

The MGT Team met with County and Contract City representatives to discuss various project matters. MGT interviewed County representatives during on-site meetings and virtually during the course of the project. The interviews focused on reviewing current processes and discussing internal concerns as well as those raised by the contract cities. MGT interviewed these representatives early in the project as their comments would influence analysis of the model, processes, and historical data.

A. Interviews with County Representatives

MGT met with County personnel in the Sheriff's Office, Budget, and Auditor's Office. Discussions focused on policies, financial processes, and working relationships with the contract cities. The staff from the Sheriff's Office were critical to gaining an understanding of the ILA and the current model.

King County Sheriff's Office

- Chief Troy Olmsted
- Undersheriff Jesse Anderson
- Tim Meyer
- Cory Stanton
- Jason King
- Anita Clouse
- Cheri Allan
- Deborah Nelson

King County Budget

- Andrew Bauck, Project Coordinator
- Sergey Kovalchuk, Risk Claims

King County Auditor's Office

- Brooke Leary, Acting Auditor / Law Enforcement Audit Manager
- Peter Heineccius, Senior Principal Auditor
- Justin Anderson, Principal Auditor

B. Interviews with Municipal Leadership

In addition to the King County representatives, MGT met with representatives from the twelve contract cities to gain an understanding of the contract cities’ views on KCSO’s municipal contracting program, including cost structures, modeling, and methods. The representatives included Mayors, City Managers, Police Chiefs, and Finance Directors. MGT focused the interviews on impressions about services, needed improvements, cost sharing, and economies of scale.

MGT interviewed the following representatives:

Table 2 – Contract City Interviews

Contract Cities	Representatives	Role
Town of Beau Arts Village	Aletha Howes	Mayor
City of Burien	Adolfo Bailon Eric Christensen	City Manager Finance Director
City of Carnation	Ana Cortez	City Manager
City of Covington	Casey Parker-Fin Regan Bolli Adam Esterbrook	Finance Director City Manager Chief of Police
City of Kenmore	Ron Karlinsey Stephanie Lucash	City Manager Deputy City Manager
City of Maple Valley	Laura Philpot	City Manager
City of Newcastle	Scott Pingel	City Manager
City of Sammamish	Scott MacColl Aaron Antin	City Manager CFO
City of SeaTac	Carl Cole	City Manager
City of Shoreline	John Norris Tim Meyer (former Commander of KCSO Contracting Unit)	Assistant City Manager Captain
Town of Skykomish	Henry Sladek	Mayor
City of Woodinville	Brandon Buchanan Blaine Fritts	City Manager Finance Director

MGT reviewed the interview guide with the County before proceeding. Topics included:

- General concerns about working with KCSO
- Quality of information shared
- Timing of Information
- With regards to Exhibit B:
 - Do you feel that the information is presented in a way that is easily understandable?
 - Do you understand the difference between Central County Overhead, Sheriff’s Office Overhead, and Direct Support Services Overhead?
 - Do you think it is necessary to separate the different overhead types?
 - Is there additional information that you would like included in Exhibit B?
 - Is there information included in Exhibit B that could be omitted?
- Do you understand the model?
- Do you have any concerns about increases in costs or a particular class of costs?

- Do you agree with how costs are allocated?
- Are there costs included that you disagree with?
- Are there other programs you would like KCSO to provide?

C. Comments by the Contract Cities

The remainder of this section is a summary of the comments and MGT’s observations from the twelve interviews. We have not attributed specific comments to individual contract cities.

General Concerns About Working With KCSO

Generally, the contract cities are pleased with the services provided by the KCSO and the contracting arrangements. The cities recognize the economies of scale that make specialized services available (e.g., Marine, TAC-30 (SWAT), and Canine units) and provide for shared risk management.

Several cities mentioned that they have evaluated the costs of creating their own police departments and that contracting with KCSO provides a less costly alternative. All cities commented about recent cost increases but understood the circumstances. Some cities commented on the potential for working with nearby cities to create joint police forces, similar to recently created fire districts. At the same time, they recognize that fire districts often rely on volunteer firefighters so the fire districts may not be comparable to the requirements of a shared police presence.

All contract cities commented on the current model. Experienced city managers and finance directors appeared to understand the model although they commented on its complexity, especially in the calculation of credits.

Most cities commented on the impact of vacant positions. They also mentioned the calculation of year-end credits related to vacant positions.

Quality of Information Shared

Several interviewees complimented the KCSO Finance team for the accuracy of the data provided to the contract cities. At the same time, many said:

- City staff, particularly those with less experience dealing with the cost models, don’t understand the model.
- City staff expressed concerns about:
 - While they understand the reasons behind recent cost increases, they are concerned about cost trends
 - The transparency of information, communications with Finance staff, and the need to simplify the model
 - Clarity of overhead charges
 - Impact of vacancies on costs and reconciliation credits
 - Some cities were concerned about the overall cost compared to the level of service
 - The benefits to some cities by subscribing to some services on an a la carte basis
- City staff commented about reporting:

- KCSO sends different data and reports to different users within the City (i.e., Finance Directors and City Managers may receive different reports)
- City staff have to follow up and request additional information as the routine reports do not include all the information necessary for decision-making. There were often questions about dispatch calls, Fair Share Credits, and allocations of shared services.
- The cities would like information on crime statistics and calls for service.
- Cities would like full reporting where they would see the costs and allocations for all entities KCSO serves.

Timing Of Information

- All contract cities and the County are on the same January – December fiscal year.
- All contract cities indicated that they finalize their budgets by October, several in September, so cost changes reflected in Exhibit B may create a budget issue if announced after a city has finalized its budget.
- The cities indicated that KCSO Finance has done a good job of advising them of possible changes in costs but those changes can still have a significant impact on city operations and resource allocation.
- Some cities indicated the need to designate a single point of contact in the city for receipt of financial information. This could also be addressed by posting files to a shared site so that authorized personnel with a contract city could access reports.

Exhibit B

There were several questions specifically related to the Exhibit B process and how it's presented:

- Comments about the model being “easily understood” appear to be correlated with how much experience the user has. Answers ranged from “easily understood” to “not understanding” certain components, especially shared services.
- There were several comments about the need to address overhead, including:
 - Inclusion of costs in the overhead calculations
 - Clarification of how overhead rates are calculated
 - Absence of reconciliation of budgeted and actual overhead
 - Whether contract cities are double-charged as they already contribute property taxes to the County's General Fund and KCSO is a General Fund department
- Some cities believe Exhibit B should include the components while others thought one percentage would be acceptable. There was more concern over what overhead costs were included than how the costs were presented.
- Cities did not request more information in the Exhibit B as the focus was more on transparency and training.
- Several cities indicated that they understood the model while others did not understand it. MGT believes the level of understanding is correlated with the years of experience. Most cities commented about not understanding the composition or allocation of overhead costs.

Do You Have Any Concerns About Increases in Costs or a Particular Class of Costs?

Almost all comments centered on three areas:

Table 3 – Areas of Concern Mentioned by Contract Cities

Labor Charges	<ul style="list-style-type: none"> • Cities understood the reasons for recent labor increases but were not a party to the labor negotiations • Cities were aware in advance of the increases • Cities raised questions about the impact of vacancies and officers who missed shifts
Overhead	<ul style="list-style-type: none"> • All Cities commented about the costs of overhead. Comments included: <ul style="list-style-type: none"> • Cities don't understand how overhead costs are calculated • Is overhead a "double charge" because residents already pay property taxes for the County's General Fund • Overhead has increased because of insurance costs • Overhead may increase further because of body cameras
Insurance	<ul style="list-style-type: none"> • All Cities commented about the costs of insurance but recognized the benefits of shared risk

Labor charges and overhead are the majority of the costs charged to the contract cities, so overall, costs are a concern and came up in each interview. The KCSO provided MGT with a copy of the report the City of Sammamish commissioned in 2019.² Excerpts from the report include:

- Overall, the City of Sammamish is well served by its contract with the King County Sheriff's Office (KCSO). Representatives of City government and the public indicate satisfaction with services they provide. (page i)
- KCSO contract costs are increasing in line with additional staff and inflation; adjusting for inflation, the cost per FTE remained relatively steady over the last seven years. (page A-34)

While the above comments may not be representative of all 12 contract cities or the impact of recent cost increases, they provide context that while costs are important, cities are often interested in continuing to work with the KCSO under the ILA.

Do you agree / disagree with how costs are allocated?

There was a range of responses on this question. Responses ranged from:

- Not agreeing on how overhead is allocated
- Agreeing with how overhead is allocated
- Needing more training because of not understanding how overhead is allocated

² January 2019 "Sammamish, WA Police Services Study" by Berk Consulting

Other contract cities responded with:

- There's a lack of transparency in how overhead is allocated
- Concern over whether overhead is allocated fairly between contract cities and Unincorporated areas
- Concern if insurance is a double-charge because:
 - Cities have insurance coverage under the WA Counties Insurance Authority
 - Cities also pay County property taxes that support the King County General Fund

Are there costs included that you disagree with?

- Some cities accept overhead as a cost of doing business while others object to it because it's a material expense that the County should absorb
- Several cities expressed a lack of understanding of the components of overhead
- One city commented on why its overhead charges hadn't fallen after the city hired its own supervisors

Are there other programs you would like KCSO to provide?

City comments included:

- Body cameras but also expressed concerns about the long-term costs of the program
- Interest in increasing the number of officers
- Training of officers on engagement and anti-bias issues
- Improved crime reporting at the Contract City level
- Expanded Gun Buyback program

IV. Review of the Current Cost Sharing Agreement

The County provided us with the current Interlocal Agreement (ILA). The ILA has been in effect since 2001. Some services are no longer provided but the ILA has not been revised. We learned in our interviews that the process of changing the ILA could take up to two years.

We reviewed the ILA and also discussed potential changes with:

- Contract city representatives
- KCSO Finance personnel
- King County Auditor's Office

The ILA describes services that are no longer available to the degree envisioned in 2001 or not available at all. The ILA defines procedures that require a significant effort by KCSO personnel to monitor and apply to develop Exhibit Bs and report to the contract cities.

The ILA includes a schedule that coordinates with the annual financial planning cycle for the County and the contract cities. It's a traditional approach to the incremental budgeting approach that most governments use. We did not see evidence of the multi-year police services business plan included in Section 6.17 of the ILA.

For many of the contract cities, KCSO charges are a significant portion of their individual general fund budget. Significant year over year changes in KCSO's charges can have a major impact on local operations and implications for other contract city programs. Delays in monthly reporting, the basing of Exhibit Bs on authorized positions, and the deferral of calculation of reconciliation credits can create cash flow problems for KCSO's partners.

MGT has addressed many of these issues in the Summary of Recommendations and in other sections of this report.

V. Review of KCSO Cost Principles

MGT reviewed policies and procedures outlining the current cost methodology and the underlying assumptions. The review included:

- King County’s 2021 “Comprehensive Financial Management Policies” cost policies
- Title 2 Chapter 200, Code of Federal Regulations, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Although federal awards are not an issue for the ILA, these provisions constitute a safe harbor that governments may consult when dealing with cost-of-service related issues.
- The Interlocal Agreement
- Government Accounting Standards Board (GASB) policies to identify guidance that may impact how contract city revenues and expenditures are recorded and the ILA.
- Information provided by the Office of the Washington State Auditor because this office serves as the independent auditor for the County’s financial statements and issues its opinion on the Annual Comprehensive Financial Report (ACFR).

A. County Financial Policy

The County’s policy is that it will identify and recover the full cost of services. As stated in the County’s “Comprehensive Financial Management Policies”:³

Charges for services that benefit specific users should recover the full cost of the service to the County within legal constraints. This shall include direct and indirect costs, associated capital costs, department and countywide overhead, and the cost of risk. Departments that impose fees or service charges should prepare and periodically review the cost-of-service in order to ensure adequate cost recovery and that revenues are meeting intended program goals. Charges for space or real estate should be consistent with either the County’s streamlined rate or comparable market leases.

Consideration of fee and user charges will take the following into account: the true or comprehensive cost of providing a service, including the cost of fee collection and administration.

“Full cost” or “total cost” in a governmental setting means all direct and indirect costs associated with a service. Indirect costs may be incurred by the department providing the service (common in large organizations that provide multiple programs or services) and by other departments within an organization (e.g., Human Resources, Finance, etc.).

³ Comprehensive Financial Management Policies - Office of Performance, Strategy and Budget - Updated June 2021, page 24

B. 2 CFR 200

Federal regulations set forth guidelines for state and local governments and their administration of grants and contracts. While KCSO and the ILA do not involve federal funds, many local governments rely on the guidelines set forth in 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. For example, Section 200.402, Composition of Costs, defines “total costs” as:

Total cost. The total cost of a Federal award is the sum of the allowable direct and allocable indirect costs less any applicable credits.

C. Interlocal Agreement

Pages 2 – 4 of the Interlocal Agreement (ILA) addresses the definition of “total cost”. During our interviews with the contract cities, several cities mentioned concerns about how “overhead” was determined and treated in Exhibit B. The ILA addresses administrative / overhead costs in several sections (see highlighted text):

Administrative Services. Administrative services include **legal advisor, planning and statistics, training, weapons permits, accounting, payroll, personnel, labor relations, media relations, fleet control, radio maintenance, purchasing, records, inspections/internal investigations, and other services provided by other County Agencies in support of the KCSO**. Such services do not include legal services of the King County Prosecuting Attorney relating to enforcement of municipal criminal and traffic codes or prosecutions arising thereunder.

- For purposes of this agreement, **administrative services shall be required, except as otherwise noted in Exhibit A**, which is incorporated herein by reference.
- Development of Service Costs. The County shall develop service costs for each precinct/city, support, and administrative service provided by the KCSO.
- Service costs shall include, but not be limited to, salary, benefits and special pays, if any, for personnel providing the service, along with any associated clothing allowance, quartermaster, overtime, **supplies, services, telephone, motor pool, lease cars, systems services, insurance, equipment and associated administrative costs**. If not already included, costs shall include adjustments for cost-of-living and inflation.
- Service costs shall not include the cost of services that are required by state law, provided only within unincorporated King County, or supported by a dedicated revenue source, and services excluded from cost allocation at the discretion of the County. For the purpose of the agreement, such services and their **associated administrative costs shall be considered non-chargeable**.

D. Government Accounting Standards Board

The Government Accounting Standards Board (GASB) sets guidelines for financial reporting for state and local governments. Statement Number 34, “Basic Financial Statements—and Management's Discussion and Analysis—For State and Local Governments (Issued 6/99)” states:

Fund statements also will continue to measure and report the "operating results" of many funds by measuring cash on hand and other assets that can easily be converted to cash. These statements show the performance—*in the short term*—of individual funds using the same measures that many governments use when financing their current operations. ... On the other hand, when governments charge a fee to users for services—as is done for most water or electric utilities—fund information will continue to be based on accrual accounting *so that all costs of providing services are measured*.

GASB has issued several pronouncements addressing various fund types, which is indicative of the importance of proper classification of activities. Specifically, GASB Statement 34 provides guidance on the use of proprietary funds, of which enterprise funds are one type. Paragraph 67 of that Statement states that *if an activity meets any of the following three criteria, it must be reported in an enterprise fund*. These criteria are:

- The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity,
- *Laws or regulations require that fees and charges be set to recover costs* including capital costs (depreciation or debt service), or
- *There is a pricing policy that fees and charges be set to recover cost*, including capital costs (depreciation and debt service)

These criteria should be applied in the context of the **activity's principal revenue source**. [emphasis added]

E. Office of the Washington State Auditor

According to the Office of the Washington State Auditor:

An *enterprise fund* is a fund that may be used to report any activity for which a fee is charged to external users for goods or services. We have observed that local governments sometimes are not reporting enterprise activities in the correct fund type, and noted the following areas of concern:

- Activities financed almost exclusively by user fees (utilities) are reported in the general or special revenue funds, when an enterprise fund should be used;
- Enterprise funds are incorrectly used for activities when the only revenue sources are taxes, grants, and transfers (these activities should be reported in governmental funds);

- Separate enterprise funds reporting construction, capital improvements, and debt servicing related to enterprise funds (must be in the same fund as operations); and
- Separate enterprise funds reporting customer deposits or equipment reserves (must be in the same fund as operations).

Because the purpose of financial reporting is to provide information needed to make financial decisions and assess financial stewardship, it is vital to ensure that the reporting meets the established governmental reporting standards.

F. Conclusion and Recommendations

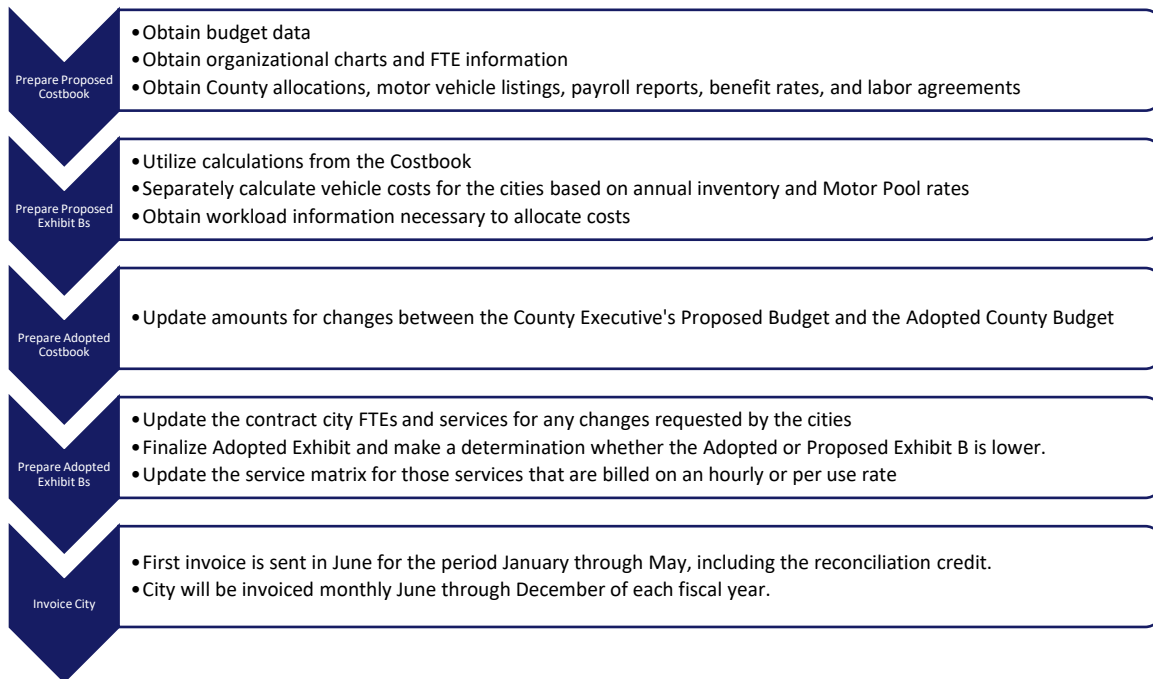
The Sheriff's 2021-22 fiscal year budget included expenses totaling \$408.9 million and revenues totaling \$248.1 million. Revenues include cost reimbursements from the 12 contract cities as well as the other 4 partners (the 4 other partners are not part of MGT's scope).

MGT's examination of current KCSO practices disclosed that currently KCSO accounts for contract city expenditures and revenues in the general fund. Additionally, while KCSO generally recovers the full cost of services, there are some costs that are not recovered, as discussed in more detail in **Section VI. Cost Assumptions, Methodologies, and Allocations within KCSO's Model**. MGT recommends:

- KCSO establish an Enterprise Fund accounting and reporting model to promote transparency between the KCSO and all of its contract partners. Such reporting would involve annual reporting of:
 - Beginning fund balance
 - Expenses
 - Expenses by contract partner (12 cities, 4 other partners)
 - Ending fund balance
- KCSO consider whether additional costs should be added to the model to ensure that all related costs are recovered. If the County and the contract cities disagree about the inclusion of administrative costs in Exhibit B, that should be a discussion involving a potential change in policy.

VI. Cost Assumptions, Methodologies, and Allocations within KCSO’s Model

Annually, KCSO prepares an allocation to calculate the amounts to be charged to the contract cities. The flowchart below presents a brief overview of the process for allocating costs to the contract cities. The detailed methodology KCSO uses to measure and allocate costs is included in Attachment A - Contract Cities Cost Allocation Procedures Manual. ⁴ The following presents a brief overview of the allocation process:



The cost allocation is prefaced on the identification of cost pools and the methods used to allocate individual costs. Cost pools are groupings of individual costs (budgeted or actual) by activity. The cost pools utilized by KCSO are listed in Table 4.

Table 4 - KCSO Cost Pools

COST POOL CLASSIFICATION	COST POOLS	EXPLANATION
Nonchargeable	AFIS ARFF ChildFind Civil	These cost pools provide services on a regional basis or for a specific purpose which are not chargeable or allocable to the contract cities. Costs are

⁴ MGT completed a draft of Attachment A and KCSO’s Finance team reviewed the document. The final version of the document is included as Attachment A.

COST POOL CLASSIFICATION	COST POOLS	EXPLANATION
	Community Programs & Services Court Security – District Court Court Security – Superior Court Criminal Warrants Dignitary Protection/Special Events Domestic Violence Investigations Unit Grants Hazardous Devices & Materials Team Homicide KCHA (HUD) Inspectional Services Unit Metro Security Regional Criminal Intelligence Group Registered Sex Offender Unit Search and Rescue Sheriff MIDD Sheriff’s Office Sound Transit Gun Violence Unit	allocated to these units utilizing the same methods used to allocate amounts to all other KCSO cost pools.
Support Services	Air Support Unit* Communications Center – E911 Drug Fund** Fire Investigations Unit*** Hostage Negotiation Major Crimes/Special Assault Unit Marine Unit MARR Unit Tactical Unit Precinct Facilities and Maintenance *While the Air Support Unit (ASU) is in the Support Services section of the Cost Book, the costs are treated as nonchargeable. ASU services above the level provided for the region may be purchased at established rates by the contract cities.	Costs for Support Services units are incorporated into the contract cities’ costs in the Additional Police Services section of Exhibit B.

COST POOL CLASSIFICATION	COST POOLS	EXPLANATION
	<p>**While the Drug Fund is in the Support Services section of the Cost Book, the costs are not charged to the contract cities.</p> <p>***This service is available optionally through a separate ILA.</p>	
City Precinct	<p>Captain Reactive Patrol City Support Staff Community Crime Prevention Unit Contract City Chief Majors Precinct Detectives Precinct Proactive/Street Crimes Reactive Patrol Reactive Patrol Sergeants School Resource Officer SET</p>	<p>These cost pools accumulate amounts related to the positions in the Dedicated Police Services section of Exhibit B for the contract cities.</p>
Division Administration	<p>Criminal Investigation Patrol Operations Precinct Support Staff Undersheriff Support Services Community Programs & Services Special Operations County Courthouse Tenant Charges Communications Center Tenant Charges</p>	<p>The Division Administration cost pool type gathers the costs for each applicable Division’s Chief and related administrative support positions. These costs are further allocated to pools within the Nonchargeable, Support Services, Department Administration, and City Precinct cost pool types.</p>
Department Administration	<p>Budget & Accounting Contracting Internal Investigations Unit Information Services Section Legal Personnel Photo Lab Polygraph Unit Property Management Unit Public Disclosure Unit Records Research, Planning, & Informational Services</p>	<p>These cost pools represent the KCSO’s administrative units. The costs in these cost pools are allocated across all KCSO FTEs.</p>

COST POOL CLASSIFICATION	COST POOLS	EXPLANATION
Department Administration - Sworn	Data Unit Ravensdale Range Training Unit	These cost pools represent the KCSO's administrative units that support sworn positions. The costs in these cost pools are allocated across sworn KCSO FTEs.
County Overhead	Financial Management Fixed Assets & Real Property Management Information Technology Insurance Personnel Services Tenant Charges	The majority of county charges are incorporated into the Department Administration cost pools and allocated to other cost pool types through that allocation. However, there are a few cost pools that have costs directly related to County Overhead and those are charged directly to the applicable cost pool (for example, the Communications Center cost pool includes the tenant charges for the space occupied by Communications).

The allocation method is the manner in which costs are assigned to each cost pool. Table 5 identifies the methods used by KCSO to allocate costs.

Table 5 - Allocation Methods

COST ELEMENT	COST CALCULATION	COST ALLOCATION
Salaries	The average annual salary adjusted for the anticipated COLA is calculated for each position. The salary for the closest step to the average is used for the cost calculations.	Allocated based on budgeted FTEs for each position by cost pool
Benefits	FICA, Retirement, Washington Sick Leave, Flex/Medical, Dental, and Industrial Insurance are calculated by applying the percentages from the Proforma Benefit Rates and Calculator File provided by the King County Office of Performance, Strategy, and Budget to the calculated salary amount for each position.	Added to the Salaries amount and allocated based on budgeted FTEs for each position by cost pool
Duty Pay	The percentages established in the labor agreement are applied to the calculated salary amount for the	Duty pay is added to each cost pool depending on the activities of the personnel within the pool.

COST ELEMENT	COST CALCULATION	COST ALLOCATION
	applicable position. Benefits are added to this amount by applying the applicable percentages to the salary amount.	For the contract cities, duty pay is added to the cost of positions where duty pay is applicable. There is no duty pay added to the patrol deputies and sergeant positions.
Special Pay	Special pays include education, longevity, and holiday pay, along with patrol premiums and master police pay for patrol sworn positions. The calculations for special pays are based on a comparison of the prior year cost for one month annualized to the prior year budgeted amount. The greater of the two amounts is divided by the applicable FTEs to calculate an amount per FTE.	Special pay is added to each cost pool for the FTEs included in the cost pool. For the contract cities, special pay is added to the cost of each dedicated position. The cost is reconciled against actuals at the end of each fiscal year for dedicated staff.
Overtime	Two overtime calculations are made, one to be spread by FTE and one that is lump sum for a cost pool. The FTE overtime amounts are calculated based on a comparison of the prior year cost for one month annualized to the prior year budgeted amount. The greater of the two amounts is utilized in the cost book for the current year. Lump sum overhead rates are based on budgeted amounts and represent overtime in units where individuals across KCSO may charge overtime to those units. Amounts by FTE for sworn and professional staff are calculated for Support Services, Patrol, Criminal Investigations Division, Communications Center, and Special Operations.	For the contract cities, the FTE amount is also incorporated into the cost for each dedicated position. The cost is reconciled against actuals at the end of each fiscal year for dedicated staff.
Supplies	The amounts for supplies are obtained from the KCSO budget and classified as either directly related to a specific cost pool or allocable across a set of cost pools. The amounts allocable to a set of	The direct amounts for a specific cost pool are added as a lump-sum to that cost pool's total costs. The lump-sum amounts are subtracted from the average per FTE supply amounts to avoid double counting.

COST ELEMENT	COST CALCULATION	COST ALLOCATION
	<p>cost pools include an overall allocation, Criminal Investigations Division, Patrol Operations Division, and Special Operations Division. The budgeted amounts for these groups are divided by the FTEs within the Division, or in the case of the overall allocation, by all KCSO FTEs.</p>	<p>The FTE amounts for allocable supply costs are added to the related cost pools. For the contract cities, the FTE amount is also incorporated into the cost for each dedicated position.</p>
Services	<p>Services include expenses such as repairs and maintenance, travel, and advertising. The amounts for services are obtained from the KCSO budget and classified as either directly related to a specific cost pool or allocable across a set of cost pools. The amounts allocable to a set of cost pools include an overall allocation, Criminal Investigations Division, Patrol Operations Division, and Special Operations Division. The budgeted amounts for these groups are divided by the FTEs within the Division, or in the case of the overall allocation, by all KCSO FTEs.</p>	<p>The direct amounts for a specific cost pool are added as a lump-sum to that cost pool's total costs. The lump-sum amounts are subtracted from the average per FTE service amounts to avoid double counting. The FTE amounts for allocable service costs are added to the related cost pools. For the contract cities, the FTE amount is also incorporated into the cost for each dedicated position.</p>
Telephone	<p>Telephone charges include the budgeted amounts for ongoing telephone services and the initial cost of telephones. A charge per FTE is calculated by dividing the budgeted amount by KCSO FTEs, less those FTEs that do not use KCSO telecom services or are funded by other sources, including AFIS, ARFF, Metro, and Sound Transit.</p>	<p>The amounts are added to each applicable cost pool. For the contract cities, the FTE amount for telephone is also incorporated into the cost for each dedicated position.</p>
Motor Pool	<p>The County Fleet Department charges a specific annual rate for each vehicle and provides a listing of all vehicles assigned to KCSO. The costs by cost pool are based</p>	<p>The accumulated lump-sum amount for each cost pool is incorporated in the cost pool's costs. For vehicles for dedicated officers, cities are charged based on an inventory of vehicles</p>

COST ELEMENT	COST CALCULATION	COST ALLOCATION
	on the vehicles assigned and the rate.	assigned to the city and the Fleet rate for each vehicle.
Lease and Direct Charge Vehicles	Lease vehicles are charged at the amount of the annual lease and annual budgeted cost of gasoline for the vehicle. Direct Charge vehicles are Fleet vehicles that have passed their useful life, but are still in operation. The only cost for these vehicles is an annual estimate for gasoline.	The costs for these vehicles are applied to the applicable cost pool based on the vehicle listing provided by the County Fleet Department. The process is the same for leased vehicles assigned to dedicated officers in cities.
County Information Technology (IT) Support	County IT charges are costs passed through the King County Information Technology Office for support of KCSO IT systems. Costs are allocated through two methods. A per FTE amount is calculated that represents the costs for the Microsoft license, E-mail, VOIP, and cybersecurity. Lump sum amounts are calculated for systems services related to particular units.	The FTE cost is applied to each cost pool to calculate total costs. For the contract cities, the FTE cost is incorporated into the fully loaded cost of each position. The lump sum amounts are added to the applicable cost pools
Insurance	This amount is based on the insurance expense allocated to KCSO by King County Risk Management. The total amount is divided by all FTEs, except for AFIS, to obtain a cost per FTE.	Insurance is applied to the overhead units based on the number of FTEs in the unit. Insurance costs are added to the fully-loaded costs of each position and incorporated into the Central County Overhead Costs.
800 Mhz	This cost pool includes the budgeted amounts for radio access, maintenance, services, and equipment. The total budget is divided by the number of sworn, community service officers, marshals, and fire investigation unit FTEs (net of ARFF) to obtain a cost per FTE.	The cost is allocated to all cost pools with sworn, community service officers, marshals, and fire investigation unit FTEs.
Cellular Phones	The cost for each cellular phone is based on the actual cost per phone, accessory equipment, monthly service cost, and an estimation for breakage and	The cost is allocated based on the number of FTEs.

COST ELEMENT	COST CALCULATION	COST ALLOCATION
	replacement. The cost is updated every few years.	
Division Administration	This cost pool accumulates the fully loaded cost for administrative positions within KCSO divisions.	The cost per FTE for the Patrol Operations Division overhead is applied to each contract city's dedicated personnel and precinct command and support staff. The other Division Administration charges are included as a cost in the calculation of Department Administration and in the calculation of costs for each nonchargeable unit, except for the Undersheriff and Community Programs and Services. Costs for the Undersheriff and Community Programs and Services were not allocated to any other unit as they represent regional services. (Note: Costs related to contracts within Community Programs and Services may be included in the allocation beginning in 2024.)
Department Administration	These are the costs for KCSO-level administration. The units included are Budget & Accounting, Contract Services, Internal Investigations, Information Services, Legal, Personnel, Photo Lab, Polygraph Unit, Property Management Unit, Public Disclosure Unit, Records, and Research, Planning, & Informational Services. A cost per FTE is calculated using total FTEs outside of the administrative units.	The cost per FTE is applied to all KCSO FTE's.
Department Administration: Sworn	These are the costs for operating the Data Unit, Ravensdale Range, and Training Unit. The costs represent personnel costs, along with the applicable unit's share of allocated costs. A cost per FTE is calculated using all KCSO sworn FTEs, excluding administrative sworn FTEs.	The cost per FTE is applied to all sworn FTEs.

COST ELEMENT	COST CALCULATION	COST ALLOCATION
County Overhead	The costs are calculated by and passed through King County. The costs represent the building occupancy charges for KCSO, Human Resources, Financial Management, Fixed Assets Management, and Officer Insurance.	The costs are allocated to all KCSO FTEs.

A. Overall Conclusion

MGT’s examination of KCSO’s procedures disclosed that generally the methods used to measure and allocate costs provided for an accurate allocation of costs and were based on appropriate statistics. However, while the KCSO allocation methodology appears to equitably allocate costs to the contract cities, the methodology is complicated, labor-intensive, and time-consuming to prepare. Additionally, MGT noted the following regarding the cost allocation process:

- KCSO does not include all costs related to providing services to the contract cities in its allocation. Additionally, KCSO includes revenue sources not related to the 12 contract cities in its allocation, reducing the costs charged to the contract cities.
- KCSO used *authorized* positions, rather than *filled* positions to determine costs and there was no adjustment applied for vacancies within shared services or administrative cost pools. Additionally, KCSO used budgeted rather than actual costs to calculate the amount charged to each contract city.
- The preparation of proposed and adopted Exhibit Bs increases KCSO workload without providing a significant benefit to the contract cities.
- The use of overhead rates would significantly reduce the calculations required in the preparation of the cost allocation.
- The methodologies used to estimate costs should be evaluated to determine whether another methodology would provide more accurate estimates and, in some cases, updated.
- KCSO does not fully utilize available functionality in Excel to streamline and reduce potential errors in the cost allocation.
- King County does not begin invoicing cities for annual costs until 6 months into the fiscal year. Invoicing monthly would allow for better cash management at both the County and contract cities.

B. Costs Excluded from Allocation

Pursuant to the County’s Comprehensive Financial Management Policies, charges for services that benefit specific users should recover the full cost of the service to the County within legal constraints. This shall include direct and indirect costs, associated capital costs, department and

countywide overhead, and the cost of risk. Our inquiries with KCSO staff, reconciliation of the amounts included in the allocation to the KCSO budget, and review of labor agreements disclosed that certain costs, while allocable to the contract cities, were excluded from the allocation as outlined in Table 6. Revenue from Ballinger Homes, although earned solely in the unincorporated areas, was used to reduce the costs of patrol in the contract cities. Finally, the table below includes an amount for K9 Units – K9 services are provided to contract cities but the cities are not charged for this service.

Table 6 – KCSO Expenses Not Included

Cost Item	Estimated Annual Expenditures
Unallocated Information Technology Costs	\$4,000,000
Business Resources Center	1,343,000
King County Regional Investigations Group	1,000,000
Tenant Charges for Criminal Investigations Division	945,000
Unallocated Human Resources Costs	500,000
Full Cost of Sergeant Supervisors at Precincts	500,000
Succession Planning Increase	500,000
Homicide Detectives	450,000
K9 Units	300,000
PAO Services	300,000
Charge both majors at precincts – one is not charged	250,000
ESJ Training	250,000
TAC 30 Credits and Special Pays	100,000
Eliminate Credits at Precinct 3	
Motor Vehicle Decals	85,000
Office of Law Enforcement Oversight	
Ballinger Homes Revenue Credit	20,000
Total	\$10,543,000

C. Use of Budget Information

Generally, KCSO utilizes **authorized** positions and **budgeted** amounts in the cost allocation. While KCSO reconciles actual direct labor costs to the budgeted amounts charged for the year, no reconciliation of budgeted to actual labor costs is performed for shared or administrative services. Table 7 identifies the vacancy rates by cost pool classification in July 2022.

Table 7 – Summary of Vacancies

Cost Pool Classification	Budgeted FTEs	Vacancies as of July 2022	Vacancy Rate
Non-chargeable ¹	434.68	58.20	13.4%
Department Administration	120.35	14.76	12.3%
Division Administration	17.00	1.36	8.0%
Support Services	144.47	23.52	16.3%
City Precincts ²	482.00	75.15	15.6%

Cost Pool Classification	Budgeted FTEs	Vacancies as of July 2022	Vacancy Rate
Total	1,198.50	173.00	14.4%
¹ Non-chargeable cost pools are not charged to the contract cities.			
² Salary costs for city precincts are reconciled to actual costs at the end of the fiscal year.			

Source: 2022 Adopted Cost Book and Vacancy Report by Class dated July 22, 2022

MGT examined the salaries and benefits included in the 2023 Proposed Costbook to evaluate the extent to which the vacancies could impact the costs billed to contract cities. As depicted in Table 8, salaries and benefits represent a large portion of the total costs allocated through these cost pools.

Table 8 – Total and Salary and Benefit Costs

Cost Pool Classification	Total Costs	Salary and Benefit Costs	Percent of Total Costs
Department Administration	\$27,498,050	\$17,885,124	65.0%
Division Administration	3,659,576	2,766,726	75.6%
Support Services	21,029,029	18,146,449	86.3%

Given that salaries and benefits comprise a large percentage of the total costs allocated to the contract cities and that vacancy rates in cost pools not subject to reconciliation are significant, the use of authorized positions could result in overcharges to the contract cities.

Additionally, we noted that for most costs,⁵ KCSO uses budgeted amounts to calculate costs for each cost pool. As further described in *Section VIII. Review of the Cost Books and Reconciliations*, KCSO reconciles approximately 62 percent of billed costs to actual expenditures at the conclusion of the fiscal year. According to KCSO management, expenditures are not always recorded in the appropriate account as budget is not available in that particular account. Because expenditures cannot be identified to the appropriate department or function, KCSO’s ability to reconcile other costs is limited.

D. Preparation of Proposed and Adopted Exhibit B

Pursuant to the terms of the Interlocal Agreement, Sections 4.4 and 4.7, the estimated agreement amount is shown in Exhibit B. An Exhibit B estimating the City’s agreement amount should be prepared and provided to the City for the same level of service by September 1. By September 15, the City should notify the County of any changes to the services or model for the subsequent year. By October 5, the County shall provide the City with the estimated agreement amount reflecting the changes in service requested by the City, along with revisions to Exhibit B. Additionally, the County agrees to revise this amount annually following the adoption of the Annual County budget. The County is to provide each city by March a revised estimated agreement amount, if it is less than the amount shown in Exhibit B.

The initial Exhibit B provided in October of each year is referred to as the **Proposed Exhibit B**, while the Exhibit B incorporating changes based on the County’s adopted budget or additional changes in services

⁵ County overhead costs represent actual costs.

requested by the cities is referred to as the **Adopted Exhibit B**. The preparation of these two documents is a significant amount of work and, as shown in Table 9, the difference between the adopted and proposed budgets has historically been less than 1 percent.

Table 9 – Annual Difference between Adopted and Proposed Budgets

Year	Proposed Costs	Adopted Costs	Difference	Percent Difference
2011	\$46,105,405.00	45,265,870.00	\$(839,535)	-1.85%
2012	47,577,146.36	47,385,327.00	(191,819)	-0.40%
2013	48,738,799.90	48,864,660.00	125,860	0.26%
2014	49,555,932.35	49,979,407.00	423,475	0.85%
2015	51,006,533.49	51,530,998.00	524,465	1.02%
2016	54,753,841.10	54,752,311.00	(1,530)	0.00%
2017	57,610,523.90	57,129,417.00	(481,107)	-0.84%
2018	60,309,281.19	60,044,865.00	(264,416)	-0.44%
2019	64,137,203.00	63,996,771.00	(140,432)	-0.22%
2020	67,007,011.77	67,057,739.00	50,727	0.08%
2021	69,676,211.42	69,366,718.96	(309,492)	-0.45%
2022	70,578,939.37	71,419,357.16	840,418	1.18%
Total	\$687,056,828.86	\$686,793,441.12	\$(263,388)	-0.04%

The difference between the proposed and adopted Exhibit Bs is minimal and has little impact on the amounts paid by the contract cities.

E. Overhead Rates

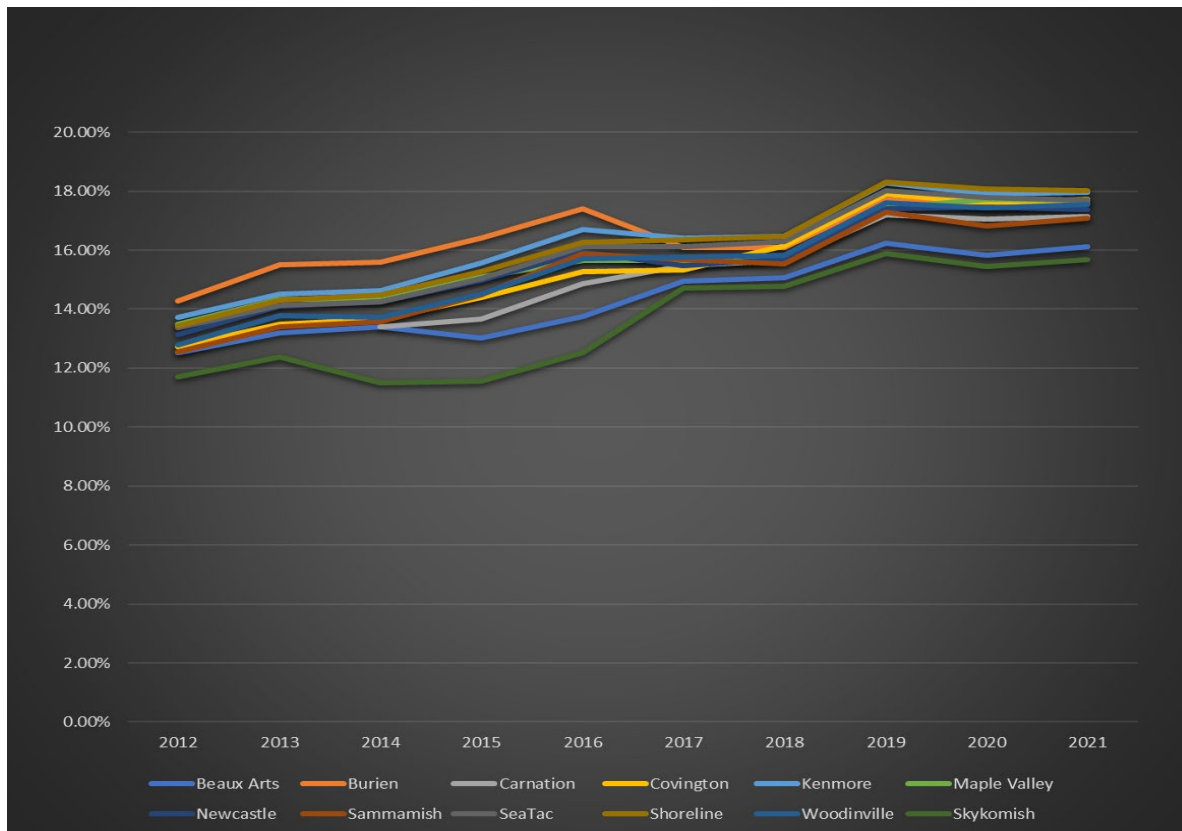
KCSO allocates overhead charges to the contract cities for KCSO and County overhead. Table 10 presents a summary of KCSO overhead charges by activity from the 2019 Adopted Exhibit B through the 2023 Proposed Exhibit B.

Table 10 – Comparison of Overhead Charges

	2019A	2020A	Percent Change from Prior Year	2021A	Percent Change from Prior Year	2022A	Percent Change from Prior Year	2023P	Percent Change from Prior Year	Overall Increase
Department Administration										
Budget and Accounting	629,168	655,401	4.2%	628,930	-4.0%	660,908	5.1%	713,069	7.9%	13.3%
Contract Services	94,563	98,243	3.9%	103,053	4.9%	105,130	2.0%	141,303	34.4%	49.4%
Internal Investigations	399,285	417,316	4.5%	437,042	4.7%	448,574	2.6%	510,546	13.8%	27.9%
Information Services Section	934,552	901,696	-3.5%	914,924	1.5%	954,063	4.3%	1,039,515	9.0%	11.2%
Legal Unit	169,151	177,632	5.0%	182,192	2.6%	191,684	5.2%	165,474	-13.7%	-2.2%
Personnel Section	639,401	671,992	5.1%	651,857	-3.0%	795,288	22.0%	947,492	19.1%	48.2%
Photo Lab	78,379	81,122	3.5%	82,735	2.0%	88,069	6.4%	95,422	8.3%	21.7%
Polygraph Unit	60,612	61,891	2.1%	62,711	1.3%	65,384	4.3%	68,537	4.8%	13.1%
Property Management Unit	490,397	558,420	13.9%	567,439	1.6%	591,294	4.2%	629,619	6.5%	28.4%
Public Disclosure Unit	380,259	440,463	15.8%	470,243	6.8%	502,252	6.8%	535,656	6.7%	40.9%
Records	480,408	492,067	2.4%	490,823	-0.3%	521,151	6.2%	551,572	5.8%	14.8%
Research, Planning, & Informational Service	321,961	332,916	3.4%	327,550	-1.6%	351,344	7.3%	374,692	6.6%	16.4%
Precinct Facility Charges	34,502	35,101	1.7%	35,990	2.5%	35,990	0.0%	35,990	0.0%	4.3%
Precinct Facility Credits	(124,619)	(151,474)	21.5%	(145,826)	-3.7%	(147,353)	1.0%	(165,282)	12.2%	32.6%
Patrol Operations Unit	538,444	543,187	0.9%	571,021	5.1%	572,555	0.3%	640,915	11.9%	19.0%
Central IT	238,058	298,040	25.2%	310,886	4.3%	362,329	16.5%	479,889	32.4%	101.6%
MARR	39,926	41,138	3.0%	42,507	3.3%	43,627	2.6%	48,061	10.2%	20.4%
Miscellaneous Revenue	(16,273)	(16,276)	0.0%	(16,429)	0.9%	(16,480)	0.3%	(16,429)	-0.3%	1.0%
Department Administration - Sworn										
Data Unit	687,220	445,418	-35.2%	544,917	22.3%	659,491	21.0%	683,472	3.6%	-0.5%
Ravensdale Range	285,642	294,763	3.2%	314,487	6.7%	325,615	3.5%	376,181	15.5%	31.7%
Training Unit	1,719,368	1,929,912	12.2%	2,159,184	11.9%	2,279,344	5.6%	2,909,452	27.6%	69.2%
County Overhead										
Building Occupancy	307,114	305,553	-0.5%	328,525	7.5%	330,741	0.7%	493,872	49.3%	60.8%
Personnel Services	256,255	257,061	0.3%	393,700	53.2%	365,223	-7.2%	401,579	10.0%	56.7%
Financial Management	197,439	198,060	0.3%	84,129	-57.5%	85,369	1.5%	49,747	-41.7%	-74.8%
Fixed Assets/Real Property Management	13,468	13,511	0.3%	13,754	1.8%	13,957	1.5%	13,823	-1.0%	2.6%
TOTAL	8,854,680	9,083,153	2.6%	9,556,344	5.2%	10,185,549	6.6%	11,724,167	15.1%	32.4%

Currently, KCSO accumulates costs related to overhead and allocates those budgeted costs to each contract city based on FTE. However, KCSO could shift to charging overhead as a rate given the relative stability in overhead over the last 3 years, as shown by Chart 1.

Chart 1 Summary of Overhead Rates



The utilization of a single overhead rate, rather than separate rates for County, Department, and Division overhead, would streamline the allocation process for KCSO. While the rate would need to be evaluated periodically to ensure continued equitability, this evaluation could be performed outside of the allocation process. Additionally, KCSO would need to calculate two rates, as Beaux Arts and Skykomish, who participate in the Flexible Services model, have lower overhead rates than cities participating in the City Department or Shared Supervision models.

F. Allocation Methodologies

While KCSO’s allocation methodologies generally appeared reasonable, MGT’s review disclosed instances in which the allocation of certain costs may be more precise if alternative methodologies are used and instances in which the costs used to calculate the allocation should be updated. Specifically:

- Salaries – KCSO utilizes the same average salary for patrol positions and positions within the KCSO specialty units, such as TAC-30 (SWAT) and Hostage Negotiation Team. However, staff within the specialty units tend to be at higher salaries than staff in the contract cities. While using a lower average salary for the specialty units may help offset some of the vacancies in those units, KCSO should evaluate whether a higher salary should be utilized for these units, particularly if a vacancy credit is adopted.

- Overtime and Special Pay – The amount used in the calculation for the overtime and special pay allocations represents the greater of the prior year cost for one month annualized and the prior year costbook amount. Lump sum overhead rates are based on budgeted amounts and represent overtime in units where individuals across KCSO may charge overtime to those units. As actual data is available for these items, KCSO could obtain actual overtime and special pay charges to utilize in the costbook. As overtime can be variable across years, a 3-year average may be a better approach for overtime.
- Cellular Phones – According to KCSO staff, this cost has not been reviewed or updated in several years. While the cost per phone is not subject to significant variation across years, KCSO should assign a review frequency to this cost, such as every 3 years.
- Communications Statistics – KCSO allocates the costs of the Communications Center using dispatch statistics. Cities are provided a list of dispatch calls and are given the opportunity to remove calls that the city determines are not applicable to their city. However, KCSO does not perform a similar review of calls in unincorporated areas to determine if additional calls should be added to a city’s count of calls. Additionally, the Communications Center includes activities that are not related to dispatch calls, such as alternate call methods. KCSO should evaluate all activities within the Communications Center and determine if multiple allocation methods would be more appropriate. Also, given the minimal impact the call review has on overall statistics, KCSO should consider eliminating the city review.

G. Excel Models

KCSO prepares the cost allocation entirely in Excel. There are multiple Excel files that support the costbook, including, but not limited to, a download of the KCSO budget data and worksheets calculating expenses, fleet costs for support services, fleet costs for the contract cities, salary and overtime costs, workload, and FTEs. These workbooks all support costs that are entered into the costbook and Exhibit B file. Currently, the workbooks do not utilize pivot tables to summarize data and there is minimal use of lookups to help preserve historical knowledge and streamline the annual preparation process.

For example, the workbook containing the download of the KCSO budget data has a tab that creates a summary worksheet adding separate columns for account numbers and cost book division, section, and type. These columns are added manually by the Procurement Supervisor based on her years of experience with preparing the allocation. Additional worksheets are included in the workbook that summarize costs by type. These worksheets are prepared by copying the rows containing the type of cost from the summary worksheet to another tab. The use of lookups to prepare the summary worksheet would help streamline the process and preserve the knowledge of the Procurement Supervisor, who is approaching retirement. Additionally, utilizing a pivot table to summarize budgeted costs by type would reduce the effort to prepare the cost summaries and help ensure that all costs are appropriately captured.

H. Invoice Timing

As described in the *Background*, KCSO provides Proposed Exhibit Bs to the contract cities in October of each year, three months prior to the start of the fiscal year. KCSO provides Adopted Exhibit Bs to the

contract cities in May, 5 months after the start of the fiscal year. KCSO invoices the cities beginning in June. The initial invoice includes the first 5 months of the fiscal year and incorporates the credit from reconciling the prior year's direct labor costs billed to actual direct labor costs. Monthly invoicing would better enable the County to match its revenues to related expenditures and manage cash efficiently.

I. Recommendations

In order to fully demonstrate that amounts charged to the contract cities represent actual expenditures and to streamline the allocation process, MGT recommends:

- The County consider whether all eligible costs should be included in the allocation. KCSO should add a section to the Cost Allocation Procedures Manual documenting any eligible costs that are not charged to contract cities and the reasons thereof. This should include considering revenue sources used as credits in the allocation and whether those sources are generated by activities performed in the cities.
- Ideally, KCSO should bill the contract cities for actual expenditures rather than budgeted amounts. To work to that end, KCSO should evaluate its accounting and budgeting processes and make changes to ensure that account budgets reflect expected expenditures as closely as possible. Until such a time that KCSO could bill for actual expenditures, KCSO should consider whether an additional vacancy credit should be applied to account for vacancies in overhead positions.
- The County should work with the contract cities to amend the ILA to require the preparation of only one Exhibit B annually.
- KCSO should consider utilizing overhead rates, rather than allocating overhead costs to each contract city. The calculation of overhead rates should be based on historical data; however, adjustments may be necessary to account for vacancies or any significant changes in County or KCSO operations.
- KCSO should evaluate its allocation methodologies for the costs and statistics noted in Section VI.F. to determine whether alternative methods would provide a more equitable allocation of costs.
- As KCSO has limited staff involved in the cost allocation process and some of the staff are long-time employees close to retirement, KCSO should revise the cost allocation documents and maximize the utilization of pivot tables, lookups, and other functions within the Excel spreadsheets to streamline the allocation, provide a better trail for subsequent staff, and prevent potential errors due to manual input.
- King County does not begin invoicing cities for annual costs until 5 to 6 months into the fiscal year. Invoicing monthly would allow for better cash management at both the County and contract cities.

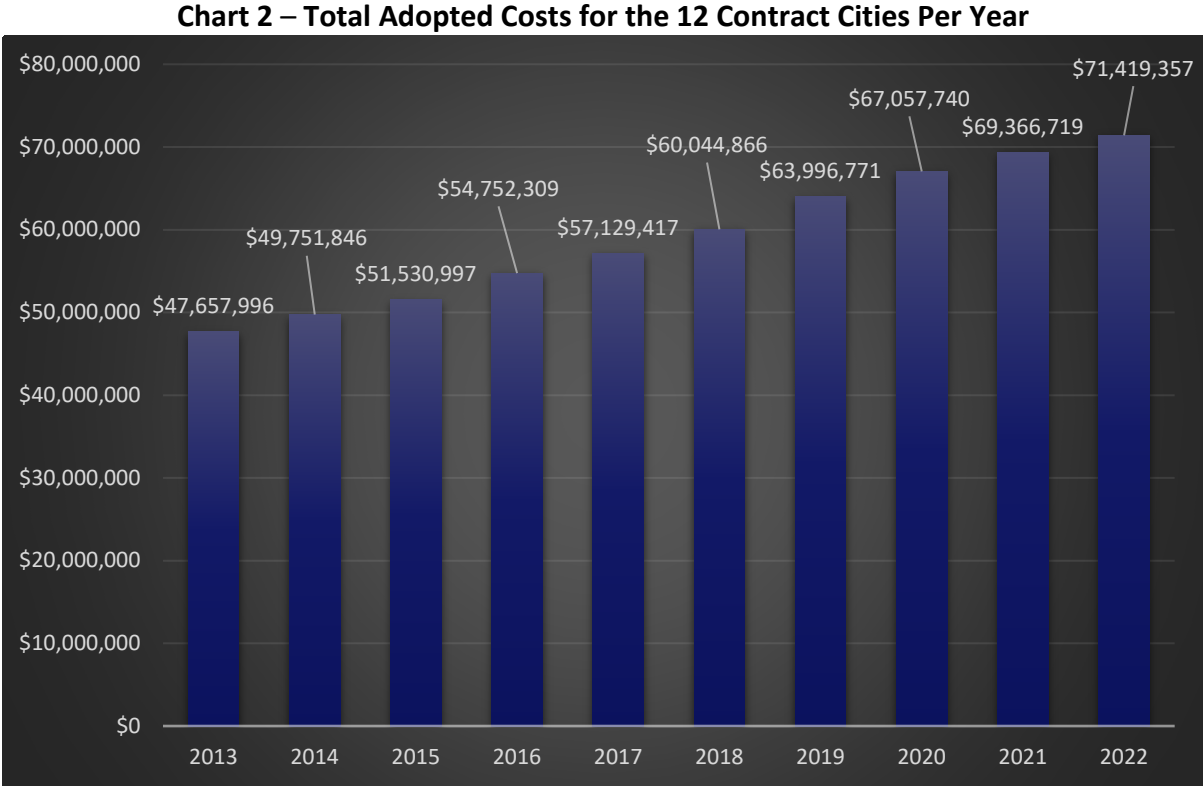
VII. Additional Data and Costing Model Information

In order to fully understand and evaluate KCSO's allocation methodology, MGT reviewed documentation supporting the allocation including the budget, fleet inventories, payroll reports, workload reports, labor agreements. Our evaluation of these documents is included in the **Cost Assumptions, Methodologies, and Allocations within KCSO's Model** section.

VIII. Review of the Cost Books and Reconciliations

A. Analysis

KCSO provided the current adopted cost books, Exhibit B, and reconciliations for the 12 contract cities. The MGT Team analyzed Exhibit B and reconciliations and interviewed appropriate personnel to gain an understanding of changes occurring over the last 10 years that have had significant impact to material cost increases charged to the contract cities. The analysis included comparing the Exhibit Bs from 2013 through 2022 for each contract city to identify years with significant changes. Chart 2 below presents the total adopted cost for all 12 contract cities combined from 2013 through 2022.



Source: created by MGT from the yearly Exhibit Bs provided by the KCSO

Overall, the total of the adopted cost books for the 12 contract cities increased from approximately \$47.7M in 2013 to approximately \$71.4M in 2022. This represented an approximately 50 percent increase during the past 10 years. [By comparison, according to the US Bureau of Labor Statistics, the Seattle area CPI increased by 37.8% during the same period.] Although an increase of approximately 50 percent appears to be significant, it should be taken into consideration that this occurred over a 10-year period and the impact that the number of shared services, dedicated FTEs and salary and benefits had

during this time. Table 11 shows the total number of shared services, dedicated FTEs, and average salary of the dedicated deputy positions from 2013 through 2022.

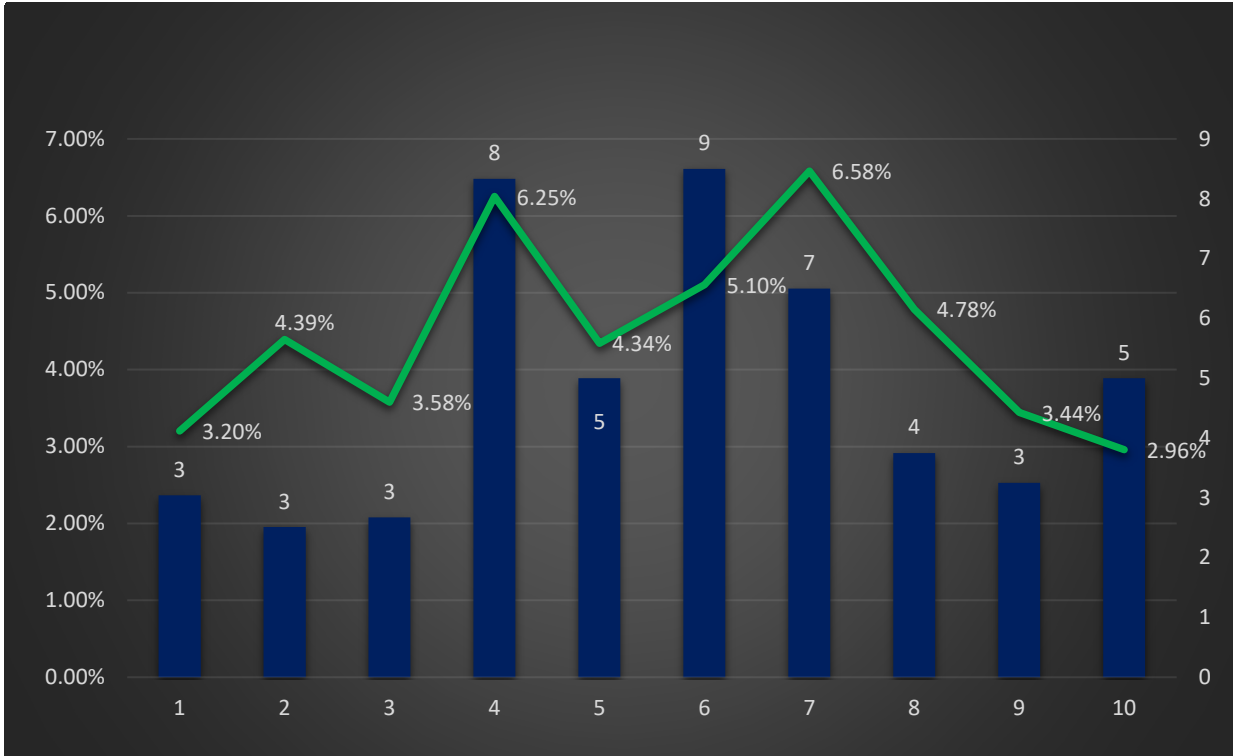
Table 11 – Total No. of Shared Services, Dedicated FTEs, and Average Salary

Year	Total No. Of Shared Services	Total Number of Dedicated FTEs	Deputy Based Salary & Benefits
2013	94	218	\$115,677
2014	106	221	\$115,823
2015	106	223	\$117,560
2016	106	232	\$120,200
2017	105	237	\$120,196
2018	105	245	\$122,980
2019	105	252	\$125,794
2020	105	256	\$130,877
2021	105	259	\$134,738
2022	105	264	\$134,966

Source: Created by MGT from the yearly adopted cost books and Exhibits provided by the KCSO

After gaining an understanding of the total of the adopted cost books for the 12 contract cities, MGT calculated the percentage change year over year to identify years in which there was a significant change (i.e., +/- 5%) in the total adopted cost for the 12 contract cities combined. Chart 3 below presents the year over year percentage change in total adopted costs for the 12 contract cities combined.

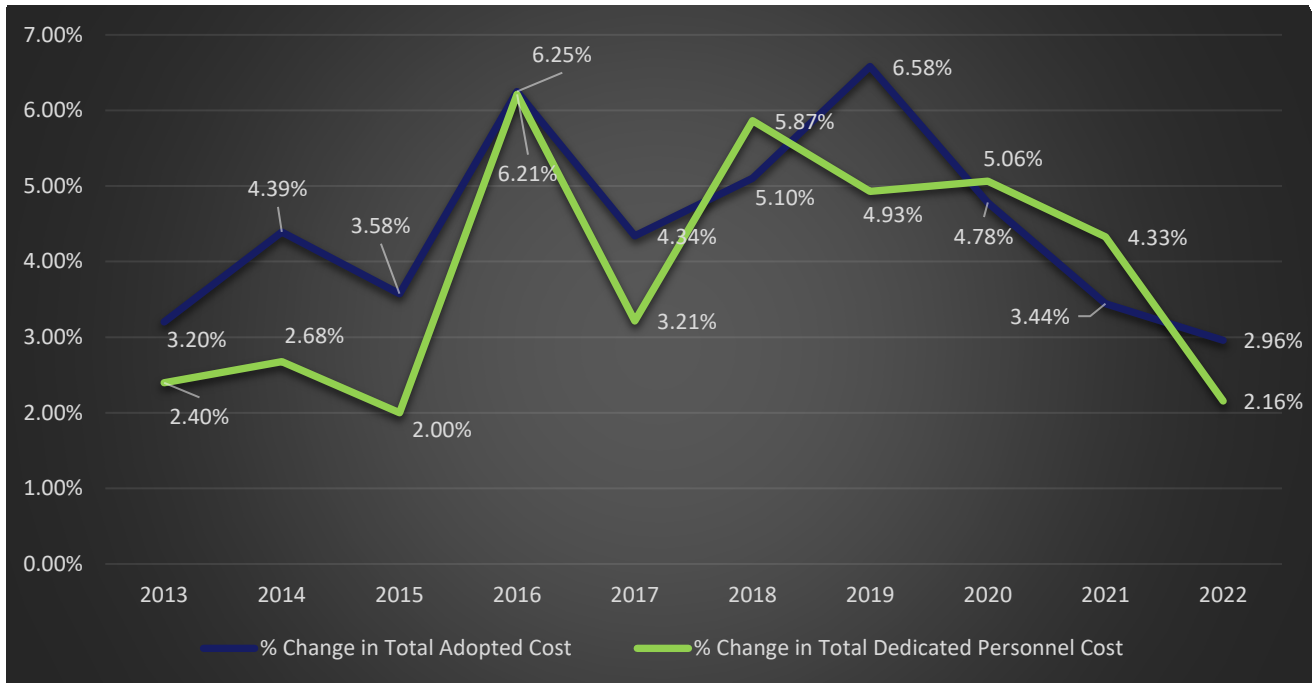
Chart 3 – Yearly % Change in Total Adopted Cost & Dedicated FTE Adds Each Year for the 12 Contract Cities



Source: created by MGT from the yearly Exhibit Bs provided by the KCSO

As illustrated in Chart 3, there were significant increases of 6.25 percent, 5.10 percent, and 6.58 percent from 2015 to 2016, 2017 to 2018, and 2018 to 2019, respectively. The year over year significant increases occurred in years in which the total number of dedicated FTEs increased by at least seven positions. Additionally, the average salary of the dedicated deputy positions increased by approximately 17 percent during these same years. The chart below illustrates the relationship between the change in total dedicated personnel cost and total adopted cost for the 12 contract cities.

Chart 4– Yearly % Change Total Dedicated Cost and Total Adopted Cost for the 12 Contract Cities



Source: created by MGT from the yearly Exhibit Bs provided by the KCSO

The MGT Team also considered the impact of non-personnel dedicated police services⁶, additional police services⁷, and overhead cost in the adopted cost books.

Table 12 – Non-Personnel Dedicated Police Services, Additional Police Services, and Overhead Costs for All 12 Contract Cities

Year	Non-Personnel Dedicated Police Services	Additional Police Services	Total Overhead Cost
2013	\$3,432,767	\$7,857,968	\$5,982,786
2014	\$3,684,741	\$8,583,903	\$6,285,804
2015	\$3,679,935	\$9,211,557	\$6,818,011
2016	\$3,823,793	\$9,463,038	\$7,666,906
2017	\$4,198,362	\$10,172,810	\$7,873,432
2018	\$4,212,265	\$10,574,387	\$8,326,886
2019	\$4,542,560	\$11,016,902	\$9,685,617
2020	\$4,670,385	\$11,625,170	\$10,047,780
2021	\$4,891,935	\$11,593,816	\$10,404,701
2022	\$4,964,171	\$11,826,594	\$11,235,834

⁶ Non-personnel dedicated polices services include uniforms, supplies, vehicles, wireless data, cell phones etc.

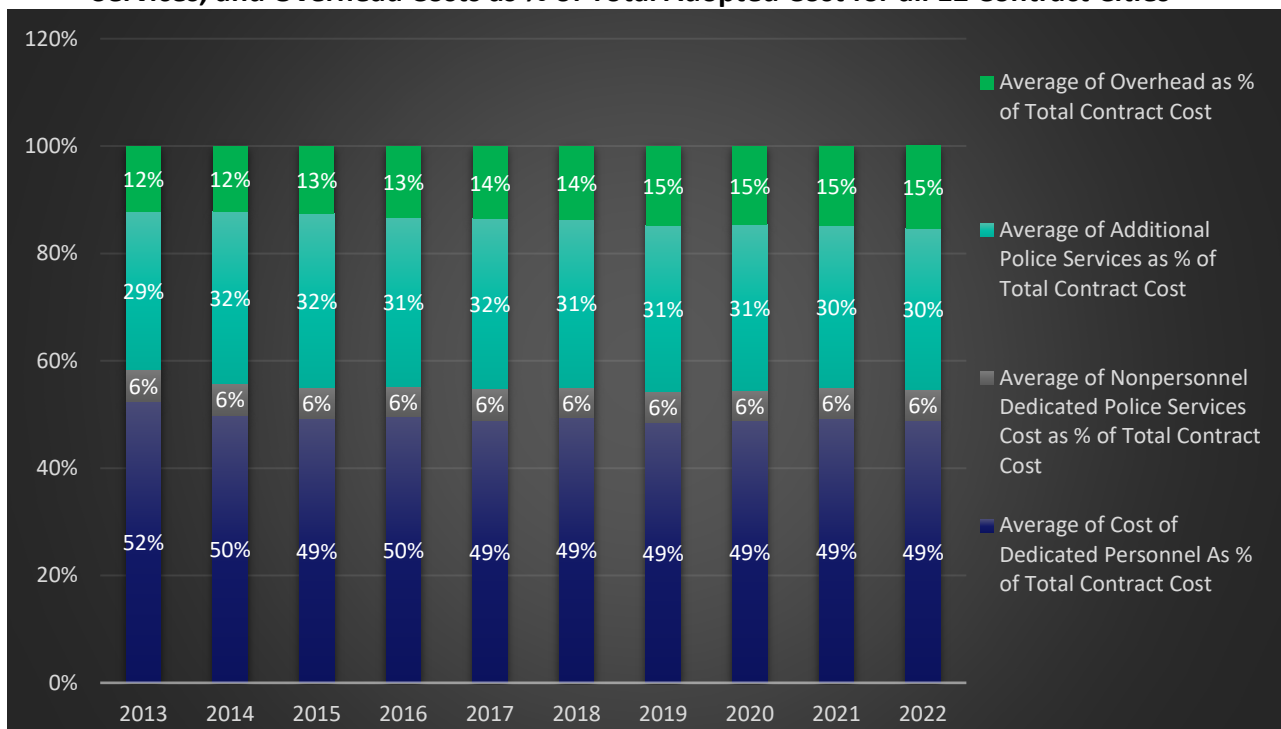
⁷ Additional police services include precinct command staff, shared operations captain, patrol supervision, crimes supervision, shared patrol, shared detectives, etc.

Year	Non-Personnel Dedicated Police Services	Additional Police Services	Total Overhead Cost
Grand Total	\$42,100,914	\$101,926,144	\$84,327,756

Source: created by MGT from the yearly adopted cost books provided by the KSCO

MGT also performed analytics to examine the impact of these costs to the total adopted cost books. Chart 5 presents dedicated personnel, dedicated non-personnel police services, additional police services, and overhead cost as a percentage of the total adopted cost for the contract cities from 2013 through 2022.

Chart 5 – Dedicated Personnel, Non-Personnel Dedicated Police Services, Additional Police Services, and Overhead Costs as % of Total Adopted Cost for all 12 Contract Cities



Source: Created by MGT from the yearly adopted cost books provided by the Sheriff

MGT’s review of the adopted cost books and Exhibit Bs from 2013 through 2022 disclosed the following:

- ◆ Significant increases in the adopted costs during 2013 through 2022 were highly correlated with increases in dedicated FTEs and salaries and benefits of the dedicated positions.
- ◆ Total overhead cost as a percentage of total adopted cost increased from 12 percent to 15 percent.

Total non-personnel dedicated police services cost as a percentage of total adopted cost remained constant throughout the years at six percent.

Although the creation and submission of the proposed cost book, adopted cost book, and Exhibit B require a significant amount of time to complete, the total amount per Exhibit B is not the actual final

amount charged to the contract cities as these do not take into consideration the reconciliation credits/charges and discretionary overtime charged separately.

KCSO presents reconciliations to the contract cities at the end of the year. These reconciliations compare the budgeted direct labor costs to the actual salary costs. While the reconciliations are presented on an annual basis, KCSO prepares monthly reconciliations periodically throughout the year. KCSO staff begin reconciling once the adopted cost book is prepared and usually reconciles January through May in June. The reconciliations reflect monthly activity, along with current year-to-date amounts. Additional reconciliations are prepared throughout the year – times may vary but usually KCSO staff perform reconciliations in October and December, with the final reconciliation being prepared in January. The results of the reconciliation are used to adjust the contract cities’ initial payments for the subsequent year in June.

MGT interviewed KCSO staff to gain an understanding of the reconciliation process. Per KCSO staff, the reconciliation process is a manual process which takes approximately 15 to 20 hours to complete monthly. The process includes working with multiple data sets extracted from PeopleSoft, Excel files created by KCSO staff, and files provided by Human Resources. Some of the files used during the reconciliation process include:

- ◆ PeopleSoft Report for salaries and benefits
- ◆ PeopleSoft Report for overtime
- ◆ Discretionary overtime workbook
- ◆ Contract City Report from HR
- ◆ Excel workbooks created by KCSO to filter the data, including OT Sheets file
- ◆ Vacancies Report
- ◆ Fair Share Report
- ◆ Overhead credits for Fair Share workbook
- ◆ Quarterly grant reports
- ◆ Merit Reports from HR

Attachment B provides a high-level overview of the reconciliation process and how the different files are used throughout the process.

In addition to the salaries, special pay, overtime, and benefits adjustments, there are more credits that are included in the total reconciliation credits/charges. These credits include the Paid Parental Leave (PPL), FTE adds not delivered on time, and Fair Share credits. These are relatively new credits that are not part of the ILA. These credits were implemented by the KCSO to provide the contract cities with additional reconciliation credits that they were not obtaining in the past. These credits benefit the contract cities as their impact results in a bigger reconciliation credit for the contract cities. Table 13 below presents an overview of the PPL, adds not delivered on time, and Fair Share credits.

Table 13 – PPL, ADDS, and Fair Share Credits

Credit	Implementation Year	Purpose	Part of the ILA
Paid Parental	2017	Return of actual salaries and benefits for dedicated FTEs in PPL.	No

Credit	Implementation Year	Purpose	Part of the ILA
Leave (PPL)			
ADDS not delivered on time	2019	This is a full return of overhead beginning month 10 (from the date the position was added). This is because cities pay a step 1 deputy salary plus benefits for the first 9 months of an ADD (while FTE is in academy and getting up to speed). If the officer does not report to duty at month 10, KCSO starts giving credits for overhead.	No
Fair Share Credit	2020	Return of applicable overhead on vacant positions. Excludes some background costs such as recruiting and is pro-rated/reduced to adjust for vacancies factoring in FTE's in hiring pipeline.	No

Source: created by MGT from information provided by KCSO staff

MGT's review also included an analysis of the reconciliation credits given to the applicable⁸ contract cities for the last 10 years. As the 2022 reconciliation is not final, MGT's reconciliation analysis focused on 2012 through 2021. MGT obtained an understanding of the total cost and percentage of total adopted cost subject to reconciliation for the 10 contract cities that go through the reconciliation process (see Table 14).

Table 14 – Total Adopted Cost and Cost Subject to Reconciliation

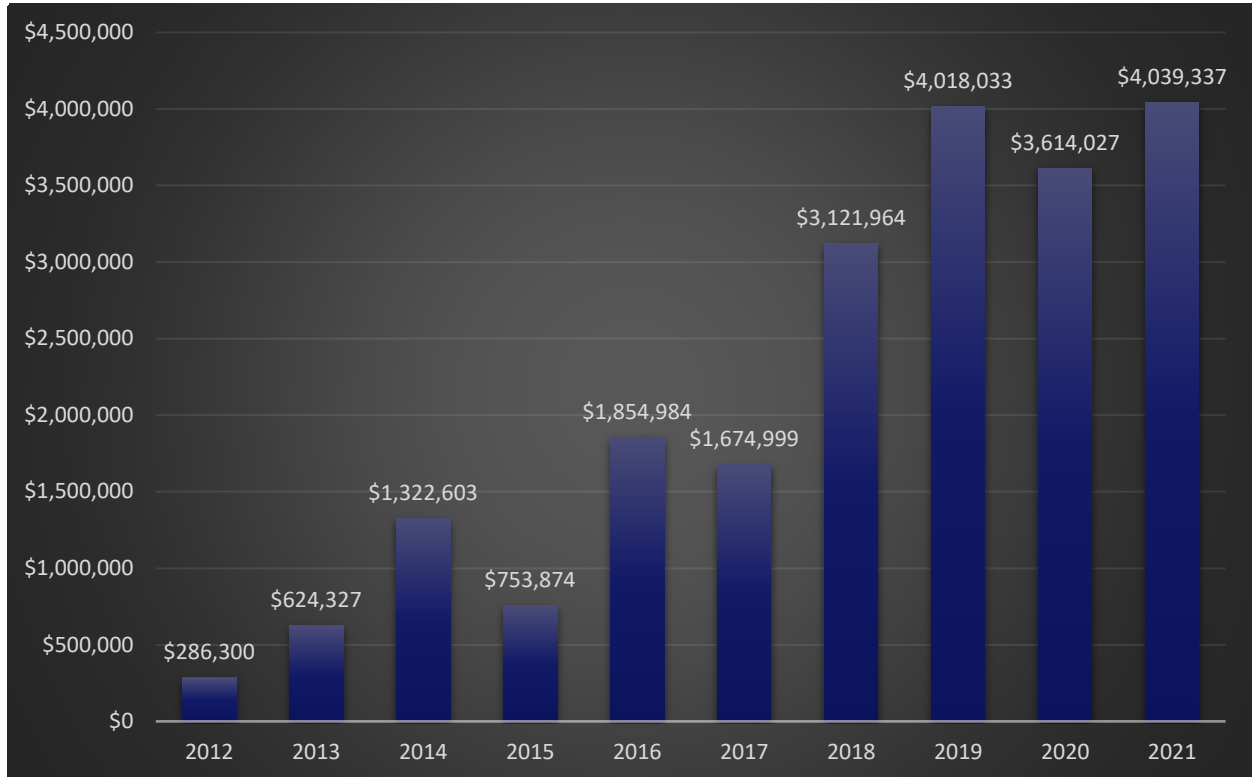
Year	Total Adopted Cost	Personnel Cost of Dedicated FTEs (Subject to Reconciliation)	% of Adopted Cost Subject to Reconciliation
2012	\$46,138,520	\$29,673,210	64%
2013	\$47,614,373	\$30,384,475	64%
2014	\$49,706,075	\$31,197,399	63%
2015	\$51,482,472	\$31,821,495	62%
2016	\$54,700,785	\$33,798,573	62%
2017	\$57,083,917	\$34,884,814	61%
2018	\$60,000,255	\$36,931,329	62%
2019	\$63,952,150	\$38,751,693	61%
2020	\$67,008,896	\$40,714,404	61%
2021	\$69,318,131	\$42,476,266	61%
Total	\$567,005,574	\$350,633,657	62%

Source: created by MGT from the yearly adopted cost books provided by the Sheriff

⁸ Beaux Arts and Skykomish do not obtain reconciliation credits as these cities do not have dedicated FTEs.

As presented above, approximately 62 percent of the total adopted cost from 2012 through 2021 was subject to reconciliation. The percentage of the total adopted cost subject to reconciliation decreased by about 3 percent over the last 10 years (i.e., 64% in 2012 to 61% in 2021). As it relates to actual dollar value, the total reconciliation credits have fluctuated with one-time credits and new credits significantly increasing the reconciliation amounts. Chart 6 below presents the total reconciliation credits provided to the 10 applicable contract cities over the last 10 years.

Chart 6 – Total Reconciliation Credits



Source: created by MGT from the yearly adopted cost books and Exhibit Bs provided by the KCSO

MGT identified 2014, 2016, 2018, and 2019 as years in which the total reconciliation credits had a significant increase. For these years, MGT interviewed KCSO and analyzed the applicable reconciliations to identify the reason(s) for the increases. MGT noted that the significant increases in reconciliation credits correlated with years in which there were additional credits (e.g., COLA-related and one-time medical credits) and recently implemented credits took effect (e.g., PPL). Table 15 below provides an overview of the reason(s) identified by MGT as the main reason(s) contributing to the significant increase in the reconciliation credits.

Table 15 – Credits Causing Significant Increases in Reconciliation Credits

Year	Reason(s)	Value of Credit(s)	Total Reconciliation Amount Excluding These Credits
2014	Guild COLA Adjustment; One-time Medical Credit	\$826,174	\$496,429
2016	One-time Medical Credit	\$989,064	\$865,920
2018	PPL; Return of COLA	\$1,320,580	\$1,801,384
2019	PPL; Return of COLA	\$2,100,132	\$1,917,901

Source: created by MGT from the yearly reconciliation files provided by KCSO staff.

MGT's review of the reconciliation process and significant changes that occurred from 2012 through 2021 that had a significant impact in reconciliation credits disclosed the following:

- ♦ The reconciliation process is a manual process that requires the person performing the reconciliation to incorporate data extracted from various systems and throughout multiple files into a single file. This person is also required to identify adjustments manually.
- ♦ Significant increases in the reconciliation credits during 2012 through 2021 were caused by one-time credit adjustments (e.g., medical credit), return of COLA, and recently implemented credits (e.g., PPL, Fair Share Credit, and adds not delivered on time).
- ♦ In recent years, KCSO has implemented additional credits with the purpose of providing their clients with bigger reconciliation credits which ultimately decreases the cost of services.

Lastly, MGT analyzed the net charges⁹ paid by the contract cities after taking into consideration the reconciliation credits to gain an understanding of the impact of the reconciliation credits on the amount ultimately paid by the contract services for KCSO services. Overall, total reconciliation credits from 2012 through 2021 totaled approximately \$21.3M, or 3.8% of Adopted Costs. This represents the amount included in the adopted Exhibit B and not charged to the contract city because of the reconciliation process (see Table 16).

Table 16 – Net Charges After Reconciliation Credits

Year	Adopted Cost	Reconciliation Credits	Net Charges
2012	\$46,138,520	\$286,300	\$45,852,220
2013	\$47,614,372	\$624,327	\$46,990,045
2014	\$49,706,076	\$1,322,603	\$48,383,473
2015	\$51,482,473	\$753,874	\$50,728,599
2016	\$54,700,786	\$1,854,984	\$52,845,802
2017	\$57,083,917	\$1,674,999	\$55,408,918
2018	\$60,000,253	\$3,121,964	\$56,878,289
2019	\$63,952,150	\$4,018,033	\$59,934,117
2020	\$67,008,896	\$3,614,027	\$67,801,783
2021	\$69,318,131	\$4,039,337	\$65,278,794

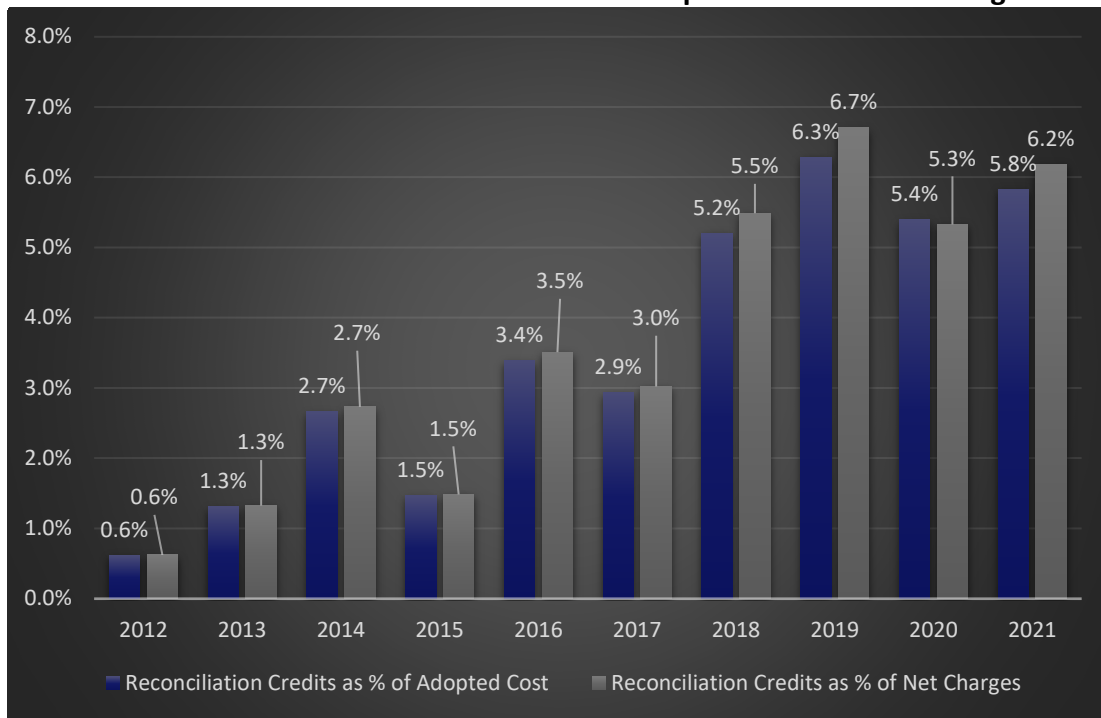
⁹ Does not include charges for discretionary overtime which is billed separately and is considered immaterial to the overall amount.

Year	Adopted Cost	Reconciliation Credits	Net Charges
Total	\$567,005,574	\$21,310,448	\$550,102,041

Source: created by MGT from the yearly reconciliation files provided by KCSO staff.

Chart 7 below presents the yearly reconciliation credits as a percentage to the adopted cost and net charges for the 10 contract cities that go through the reconciliation process.

Chart 7 – Reconciliation Credits as a % of Adopted Cost and Net Charges



Source: created by MGT from the yearly adopted cost books provided by the Sheriff

The above graph indicates that from 2018 through 2021 the reconciliation credits as a percentage of adopted cost has been consistent (i.e., within 5.2 – 6.3 percent) through the four years. If the pattern remains the same, KCSO should be able to use this information to estimate the reconciliation credit amounts in future years.

MGT performed a similar analysis for all 12 contract cities individually. The associated charts, tables, and results can be found in Attachment C of this report.

B. Recommendations

- KCSO should request that the County’s Human Resources department designate an analyst to expedite the updates to the PeopleSoft system so that KCSO does not have to adjust each payroll to reflect changes related to transfers and promotions. This should reduce KCSO’s efforts related to the reconciliation of 26 biweekly payrolls and enable semi-annual or quarterly reconciliations.

- As KCSO develops estimates for the upcoming Exhibit B, it should estimate the Reconciliation Credits for the prior year and reduce the amount in the upcoming Exhibit B. KCSO can base the estimates of each Reconciliation Adjustment on the prior two or three years of Adjustments. This will reduce the amount of future Adjustments as each Exhibit B would have already factored in an estimate based on past Credit Adjustments.
- Over the past 10 years approximately 62 percent of the total adopted cost has been subject to reconciliation. KCSO should consider the possibility of including additional items (e.g., non-personnel dedicated police services costs) in the reconciliation process. KCSO should perform a cost-benefit analysis to determine whether including additional items in the reconciliation process would provide more transparency and a net benefit to the contract cities.

IX. Significant Changes to the Methodology Used to Measure and Allocate Costs

The methodology used to measure and allocate costs is described in *Section VI. Cost Assumptions, Methodologies, and Allocations within KCSO's Model*. MGT made inquiries with KCSO management and staff involved in the allocation to determine whether any changes were made to the methodology. According to KCSO management and staff, no significant changes were made to the allocation methodology. MGT also reviewed the Notes for Version Change in the 2023 cost book (version changes going back to 2017) and Log of Updates in the 2023 Exhibit B workbook (dating back to 2015). The Notes and Log did not identify any significant changes to the allocation methodology. MGT also prepared an analysis of costs allocated to the contract cities over the last 10 years. MGT's analysis, as described in *Section VIII. Review of the Cost Books and Reconciliations*, did not identify any significant changes in the methodology.

X. Methodology for Charging Sworn Staff to Contract Cities

The methodology used to measure and allocate costs, including salary costs, is described in *Section VI. Cost Assumptions, Methodologies, and Allocations within KCSO's Model*. As noted in that section, the allocation is based on estimated salaries for authorized positions. While KCSO reconciles actual direct labor costs (e.g., the salaries of officers working in the contract cities) to the budgeted amounts charged for the year, no reconciliation of budgeted to actual labor costs is performed for shared or administrative services. The full impact of this methodology is addressed in the *C. Use of Budget Information* subsection. Additionally, *Section VIII. Review of the Cost Books and Reconciliations* addresses the reconciliation process and the credits applied to each city.

As discussed in *Section VIII. Review of the Cost Books and Reconciliations*, the primary driver in increasing costs is the increase in dedicated FTEs and the increase in salary and benefits for KCSO personnel. As previously discussed, MGT recommends that KCSO make appropriate adjustments to salaries and benefits, along with related costs, to account for vacancies.

XI. Review of Claims Over the Last 5 Years

The County requested that we meet with the Office of Risk Management Services (ORMS) to discuss the County’s approach to allocating insurance costs. ORMS provided claims data for the most recently completed 5 fiscal years. ORMS also provided the methodology used to allocate insurance expenses to County departments. Governments frequently centrally budget and pay for programs such as worker’s compensation and general liability. The County provided annual expenses for these programs and the costs associated with the Sheriff.

ORMS is responsible for the following:

- **Claims** - investigation and resolution of claims against King County as well as recovery for damages caused to King County by negligent third parties.
- **Insurance** - administration of a funded self-insurance program and procurement of insurance policies consistent with an annual insurance portfolio review meeting the needs of the County.
- **Contracts** - Risk Management advises County agencies on insurance requirements, indemnification, release, and hold harmless provisions in all types of County contract documents.
- **Enterprise Risk Management** - engaging all county agencies to manage risks and leverage opportunities in support of each agency reaching their overall business objectives.
- **Public Records Program** - assistance with complex requests in addition to training and tools.

A. Description of Methodology ¹⁰

The Risk Management central rate is comprised of four cost pools: claims, insurance premiums, general program expenses, and public records program expenses. The Risk Management central rate is reflected in expense account 55252.

Table 17 – Allocation Weights

Components	Allocation Method	Percentage of Total Rate
Claim settlements and direct expenses	Division/Section 5-year paid loss history plus reserves on open claims	56%
Insurance Premiums: <ul style="list-style-type: none"> • Excess Liability • Property • Cyber/Fidelity • Other Premiums 	<ul style="list-style-type: none"> • Claim Allocation Method • Agency Property Values • # of Agency FTEs • Directly to Agency/Programs 	34%
General Program Expenses	15% Allocated by KC FTEs 70% Allocated by claims method	8%

¹⁰ Risk Services

Components	Allocation Method	Percentage of Total Rate
	15% Allocated by # of claims	
Public Records Program	Allocated by Executive Branch FTEs	2%

The primary cost driver for risk management rates is each division’s five-year paid loss history plus reserves on open claims. At this time, there is a nationwide trend of increasing claim settlement costs that is also affecting King County claim payments.

When agencies reduce their losses, there is a related reduction in their risk rate. The Enterprise Risk Management program has several analytical tools and methods to help agencies understand and reduce their risks. A menu of services is available.

Another significant cost driver for risk management rates is the global insurance marketplace that directly influences the cost and availability of insurance coverage for King County.

B. Five Year Expenditures

The Office of Risk Management Services provided data on risk management charges to the KCSO since 2017. The amounts are shown in the following table.

Table 18 – Insurance Charges Allocated to KCSO

Year	2017	2018	2019	2020	2021	2022
Amount	\$3,112,079	\$3,112,079	\$3,927,057	\$3,927,057	\$3,635,358	\$5,555,661
Percentage Change		0.0%	26.2%	0.0%	-7.4%	52.8%

Since 2017, the total percentage increase was 78.5%, or an average of 13.1% per year over the six years.

C. Summary

Risk Services commented that the 52.8% increase in 2022 was the result of the settlement of several insurance claims. These amounts will remain in the algorithm used to allocate expenses to the KCSO for 4 more years.

XII. Review and Document Similar Police Partnerships

King County requested a White Paper describing how similar police partnerships allocate costs. The County selected five counties that it believed had similar contracting arrangements and were not significantly larger than King County.¹¹

Table 19 – Counties for Peer Surveys

County	State	Population	Population of Contracted Cities	Contracts
King	WA	2,317,700	301,361	12 municipalities
Broward ¹²	FL	1,930,983	514,122	13 municipalities
Riverside	CA	2,458,395	933,027	17 cities, county hospital, 1 tribal community
San Diego	CA	3,286,069	434,958	9 cities - Negotiated new contract in 2021
Maricopa	AZ	4,496,588	53,519	7 cities
Waukesha	WI	408,756	136,148	7 cities

A. Summary of Responses

MGT's White Paper is included as Attachment D. Major findings include:

Not all peers provide the same services to the contract cities. For example:

King County Provides Without Extra Charge	Peers
Lab work	The 3 peers charge separately. For example, San Diego's crime lab is a regional facility that does not charge contract cities
Incident response	Riverside County charges for incidents within City limits, but county incidents are not charged to the City
Court appearances	This is included as regular duties for Maricopa and San Diego County

¹¹ KCSO excluded Los Angeles County, CA because its 9.9 million population and 4,753 square mile service area was considered too large to be a peer to King County.

¹² Broward County, FL and Waukesha County, WI declined to participate in the survey.

King County Provides Without Extra Charge	Peers
Sheriff Administration	Maricopa charges a 3% administrative fee. Riverside County and San Diego County do not charge

- Special Services Provided for No Charge
 - San Diego County provides “special enforcement detail,” bomb/arson, search & rescue, crime lab, property & evidence and an aviation unit for no additional charge.
 - Maricopa County and Riverside County will occasionally provide county-wide services outside of the contract, but only if they’re needed.
- Peers determine costs in different ways:
 - Maricopa County bases bills on estimated costs by beats of service
 - Riverside County bases bills on actual costs and only bills for filled positions
 - San Diego bases bills on average costs
- Cost recovery goals vary by County:
 - King County does not recover actual salaries for special response units, nor does it recover all administrative costs.
 - Maricopa County and San Diego County do not recover all costs
 - Riverside County recovers all costs
- Overhead
 - Maricopa (3%) and Riverside (0%) cap the amount charged for Sheriff Office overhead
- Expenditures and Equipment
 - Maricopa charges the initial cost for vehicles to the contract town and then charges for vehicle replacement and repair afterwards.
 - Riverside County: over \$5,000 (Capital Assets) are not included in the contract rate, IT subscriptions are paid for by the IT division and allocated to the contracts and other areas of the department based on personnel allocation methods.
 - San Diego includes charges for large capital expenditures in overhead.
- Vacancies
 - Maricopa makes vacancy adjustments on a town-by-town basis, as needed. Only vacancies that last 3 months or longer in length are considered for vacancy cost adjustment.
 - Riverside County’s model calculates costs based on filled positions, and therefore does not need to consider vacancies.

- San Diego's contract has a vacancy/absence clause and is only required to credit to cities on the 61st day of a vacancy/absence until the position is filled.

XIII. Calculation and Allocation of Retirement Rates

The County requested that MGT review retirement estimates. MGT requested data from the KCSO on the County’s costs and compared the calculations against data available from the County’s pension plan and annual actuarial reports. This section presents MGT’s findings on pensions and retirement rates.

A. Vacancies Nationally

Retirement rates will compound the vacancy issue cited by all twelve contract cities. Vacancies in police departments is a national problem. As cited by Police Chief Magazine:¹³

Police recruiting – and staffing in general – is in a prolonged crisis ... US police agencies are reporting significant decreases in staffing and interest in careers, and a recent staffing report showing that San Francisco, California, Police Department is operating at 1,263 personnel vs. a recommended number of 1,528.”

San Francisco has a vacancy rate of 17.3 percent.

B. King County Workforce

As of July 22, 2022, KCSO reported the following data on its sworn positions:

Table 20 – KCSO Sworn Personnel – July 2022

Classification	Number of Authorized or Budgeted	Number of Filled Positions	Number of Vacancies
Sheriff	1	1.0	0
Undersheriff	1	1.0	0
Chief	3	3.0	0
Chief of Staff II	1	1.0	0
Major	8	8.0	0
Captain	24	18.0	6.0
Sergeant	116	97.0	19.0
Deputy	628	539.0	89.0
Marshal	31	29.5	1.5
Total	813	697.5	115.5

The percentage of vacant positions is 14.2 percent, comparable to San Francisco.

On January 24, 2023, King County Sheriff's Office – HR provided an updated file of current officers that identified their job title, age, and years of service. There were 676 commissioned officers (see below):

¹³ “A Way Forward for Police Recruiting”, Police Chief Magazine, December 2022

Table 21 – KCSO Sworn Personnel by Service Rank – January 2023

Classification	Average of Service Years	Count of Job Title	Percent in Title
Sheriff	24.0	1	.1%
Undersheriff	31.0	1	.1%
Chief	24.8	4	.6%
Major	29.6	8	1.2%
Captain	21.4	19	2.8%
Sergeant	19.3	99	14.6%
Deputy	9.8	544	80.6%
Total	11.9	676	100.0%

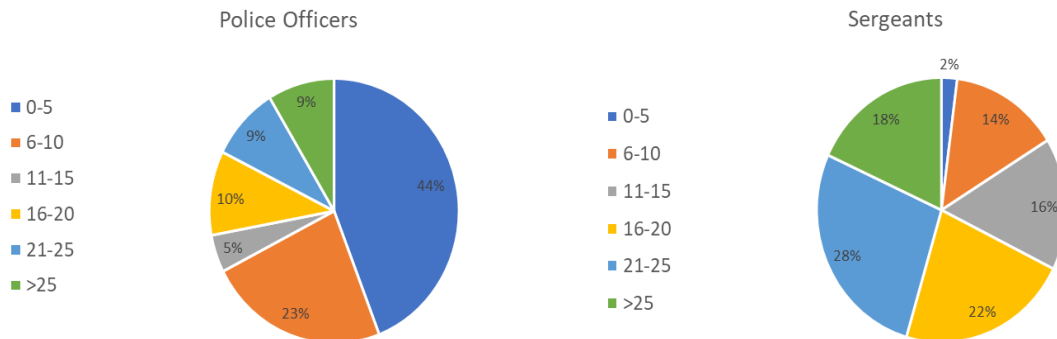
The 643 Deputies and Sergeants (544 plus 99) had the following years of service:

Table 22 – KCSO Deputies and Sergeants by Service Years – January 2023

Service Years	Police Officers	Sergeants	Total
0-5	240	2	242
6-10	127	14	141
11-15	25	16	41
16-20	56	22	78
21-25	49	27	76
>25	47	18	65
Total	544	99	643

The percentage distributions by seniority for Police Officers and Sergeants are presented below.

Years of Service



C. Retirement Rates

The Washington State Department of Retirement Systems estimates retirement ages by employee age and years of service, but, for privacy reasons, KCSO could only provide data on hire dates and years of service, not age of employee.

To estimate future retirements, we reviewed two reports:

- “Police Officer Retirement: The Beginning of a Long Life” – US Department of Justice, Office of Justice Programs (1987)
- Policemen’s Annuity and Benefit Fund of Chicago: Actuarial Valuation Report for the YE December 31, 2021

The DOJ report stated:

“A comparison was made between 732 Illinois State police retirees and the actuarial tables used for retired Illinois State employees. ...The age of the officers at retirement ranged from 45 to 73, with the average being 55 ... They had served on the force for an average of 26.4 years.”

The Chicago report included Exhibit L, New Annuities Granted During 2021, and reported:

Number retired/deceased	667
Average age attained	56.1
Average length of service	27.0

The above information is consistent with data provided by the KCSO on LEOFF 2 annuitants. As of June 30, 2022, there were 7,607 “Service Retired” annuitants in the LEOFF 2 plan. The average age at retirement was 57.0 with 25.5 years of service.¹⁴

Given the DOJ and Chicago data, King County should expect a high percentage of the Police Officers and Sergeants to retire in the next several years. As LEOFF 2 is fully funded, the retirements should not have a material negative impact on the funded ratio of the plan. However, this is all subject to market returns and changes by the Legislature and/or the Retirement Board to contribution rates.

D. Pensions

The County participates in the State’s pension plan. Sworn personnel are in the Law Enforcement Officers’ and Fire Fighters’ Retirement System (LEOFF). There are 2 LEOFF defined benefit plans, LEOFF 1 and LEOFF 2. However, almost all active members are in LEOFF 2:¹⁵

Plan	Active Plan Members
LEOFF 1	11

¹⁴ January 27, 2023 email from Seth Miller WA Department of Retirement Systems seth.miller@drs.wa.gov

¹⁵ Washington State Department of Retirement Systems “Annual Comprehensive Financial Report for YE 6/30/22”, pages 42, 54, 55, 197.

Plan	Active Plan Members
LEOFF 2	12,843
Total	12,854

Both plans are “fully funded” in that assets are more than actuarial liabilities (as of June 30, 2021).¹⁶

Plan	Actuarial Liability	Funded Ratio
LEOFF Plan 1	\$4.2 B	146%
LEOFF Plan 2	\$15.8 B	104%

For LEOFF, employer and employee contribution rates are developed by the Office of the State Actuary to fully fund the plans. LEOFF 2 employers and employees pay at the rates the LEOFF Plan 2 Retirement Board adopts. For FY 2022, the employer and employee contribution rates were 5.12% and 8.53%, respectively.

E. Recruiting

KCSO has many vacant positions. Future retirements and internal promotions to officer ranks could increase the number of vacancies in the Deputy and Sergeant ranks. Filling vacancies in police departments is a national problem. As noted in a recent *New York Times* article:¹⁷

At a recent conference in Washington held by the Police Executive Research Forum, a law enforcement policy organization, officials from departments across the country said they were struggling. They said they were not finding enough people willing and able to fight crime, staff unfilled shifts and build residents’ trust in the police.

There is no comprehensive, real-time federal data on police employment. A survey of 184 police departments conducted this year found that resignations were 43 percent higher in 2021 than in 2019, and that retirements were 24 percent higher. Hiring was down significantly in those departments over the same two-year span, though there were more new recruits in 2021 than in 2020. Many of those trends have continued this year, chiefs said in interviews.

F. Summary

Like many West Coast communities, King County faces a recruiting issue. KCSO has many vacancies and the demographics of the current complement of officers means that filling vacancies will continue to be a challenge.

¹⁶ According to the Pew Charitable Trust and 2019 data, the State of Washington ranks fourth of 50 states in pension funding ratio at 96.3%. Only WI, SD and TN have a higher funded ratio. The average for all 50 states is 71.3%.

¹⁷ “As Applications Fall, Police Departments Lure Recruits With Bonuses and Attention”, *New York Times*, December 25, 2022

XIV. Potential Alternatives to Cost Assumptions, Methodologies, and Allocations for Sustainable Equal Marginalized Costs

As discussed in *Section VIII. Review of the Cost Books and Reconciliations*, the primary driver in increasing costs is the increase in dedicated FTEs and the increase in salary and benefits for KCSO personnel. As previously discussed, MGT recommends that KCSO make appropriate adjustments to salaries and benefits, along with related costs, to account for vacancies.

XV. Recommendations for Bases of Allocation

The recommendations provided in this report provide a foundation upon which a new cost allocation model could be built, including bases of allocation. However, the implementation of a **new cost model** is dependent on a multitude of factors involving the recommendations contained in this report. Some of the factors that will require consideration by the County and the contract cities prior to implementation include:

Implementation of a Contract City Enterprise Fund

- Changes to the County's chart of accounts to provide for the fund and an appropriate accounting within the fund,
- Establishment of a beginning fund balance and determination of the source of funds for funding the fund balance, and
- Establishment of a minimum and maximum fund balance and a process for imposing surcharges on the contract cities or refunding excess funds.

Utilization of Actual Expenditures

- Budget modifications to ensure the budget aligns with actual expenditures,
- Timing and accounting for transfers in for allocated costs from Support Services and overhead,
- Updates to PeopleSoft to ensure that transfers and promotions are timely recorded and reflected in the payroll records, and
- Steps to be taken during or at year-end if a contract city's actual expenditures exceed the proposed budget provided to the contract city (e.g., will there be a carryover and adjustment to the next fiscal year, can the city absorb the cost during the current year, establishment of a threshold distinguishing between what would be carried over versus what could be absorbed within the year).

Invoicing Process

- Determination of what invoice schedule works best within the new model (such as quarterly, with a fiscal year-end invoice to account for year-end adjustments and reconciliations)

While the reports that could be provided to each contract city to document the allocation of costs would be dependent on the recommendations implemented by the County, if the County fully implements all recommendations, the reports to the contract cities could resemble a financial statement, which may be easier for the cities to read and interpret. An example of a possible report is presented below.

**Table 22 – Example of Enterprise Fund Financial Model
Example - Enterprise Fund Statement**

	Direct	Directly Allocated
Expenses		
Salaries and Benefits		
Uniforms		
Equipment		
Supplies		
Cellular Phones		
Training		
Professional Services		
Telephone		
Postage		
	Subtotal	
Overhead		
	Total Expenses	
Revenues		
Contract City Revenues		
Other Revenues		
	Total Revenues	
Fund Balance		
Current Billings		
	Adjusted Balance	

Directly allocated includes support services functions.

XVI. Review the Calculation of Credits for Vacancies and Overtime Assumptions

As discussed in *Section VI. Cost Assumptions, Methodologies, and Allocations within KCSO's Model*, overtime amounts are estimated based on a comparison of actual overtime charges for one month annualized and the amounts charged for the prior year. The current methodology does not provide a credit for vacancies in the annual allocation process. Instead, credits are included in the annual reconciliation process for overhead related to vacant positions. This process is more fully described in *Section VIII. Review of the Cost Books and Reconciliations*.

XVII. Meet with Contract Cities and Cost Unit Staff to Identify New Programs

The County asked that we discuss ideas for new programs with the contract cities. During our meetings with the contract cities, we asked for their input on new programs.

Initiatives mentioned include:

- Body cameras
- Training of officers on engagement and anti-bias issues
- Improved crime reporting at the Contract City level
- Expanded Gun Buyback program

Attachment A - Contract Cities Cost Allocation Procedures Manual



King County Sheriff's Office
Contract Cities Cost Allocation
Procedures Manual



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This manual was prepared by MGT and reviewed by the KCSO Chief Financial Officer and Business and Finance Officer III.

I. OVERVIEW

The King County Sheriff's Office (KCSO) allocates costs to contract cities based on the services provided and the terms of the interlocal agreement (ILA). The allocation is designed to create fully loaded costs for each FTE position the cities may purchase through their contract. In addition, the fully loaded cost of units that are shared across the cities and unincorporated areas are allocated based on workload and overhead is allocated to all functions equivalently based on FTE.

Pursuant to the terms of the ILA, cities may select from a City Department (Precinct), Shared Supervision, or Flexible Services Model. The contract cities are currently using the following models:

Contract City	Model Utilized
SeaTac	City Department
Shoreline	City Department
Burien	Shared Supervision
Carnation	Shared Supervision
Covington	Shared Supervision
Kenmore	Shared Supervision
Maple Valley	Shared Supervision
Newcastle	Shared Supervision
Sammamish	Shared Supervision
Woodinville	Shared Supervision
Beaux Arts	Flexible Services
Skykomish	Flexible Services

The models are used to help dictate the level of service in each city; however, the methodologies used to determine the cost of each service are the same regardless of the model. The methodology includes the development of a cost book identifying the costs to be allocated and the preparation of an Exhibit B for each contract city identifying the costs of dedicated positions, shared services, and overhead for the city.

I. OVERVIEW



High Level Flow Chart



I. OVERVIEW



The cost allocation is prefaced on the identification of cost pools and the methods used to allocate individual costs. Cost pools are groupings of individual costs (budgeted or actual) by activity. The allocation method is the manner in which costs are assigned to each cost pool.

Cost Pools

COST POOL CLASSIFICATION	COST POOLS	EXPLANATION
Nonchargeable	AFIS ARFF ChildFind Civil Community Programs & Services Court Security – District Court Court Security – Superior Court Criminal Warrants Dignitary Protection/Special Events Domestic Violence Investigations Unit Grants Hazardous Devices & Materials Team Homicide KCHA (HUD) Inspectional Services Unit Metro Security Regional Criminal Intelligence Group Registered Sex Offender Unit Search and Rescue Sheriff MIDD Sheriff’s Office Sound Transit Gun Violence Unit	These cost pools provide services on a regional basis or for a specific purpose which are not chargeable or allocable to the contract cities. Costs are allocated to these units utilizing the same methods used to allocate amounts to all other KCSO cost pools.
Support Services	Air Support Unit* Communications Center – E911 Drug Fund** Fire Investigations Unit*** Hostage Negotiation Major Crimes/Special Assault Unit Marine Unit MARR Unit Tactical Unit Precinct Facilities and Maintenance *While the Air Support Unit (ASU) is in the Support Services section of the Cost Book, the costs are treated as nonchargeable. ASU services above the level provided for the region may be purchased at established rates by the contract cities. **While the Drug Fund is in the Support Services section of the Cost	Costs for Support Services units are incorporated into the contract cities’ costs in the Additional Police Services section of Exhibit B.

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COST POOL CLASSIFICATION	COST POOLS	EXPLANATION
	Book, the costs are not charged to the contract cities. ***This service is available optionally through a separate ILA.	
City Precinct	Captain Reactive Patrol City Support Staff Community Crime Prevention Unit Contract City Chief Majors Precinct Detectives Precinct Proactive/Street Crimes Reactive Patrol Reactive Patrol Sergeants School Resource Officer SET	These cost pools accumulate amounts related to the positions in the Dedicated Police Services section of Exhibit B for the contract cities.
Division Administration	Criminal Investigation Patrol Operations Precinct Support Staff Undersheriff Support Services Community Programs & Services Special Operations County Courthouse Tenant Charges Communications Center Tenant Charges	The Division Administration cost pool type gathers the costs for each applicable Division's Chief and related administrative support positions, along with tenant charges for the Divisions. These costs are further allocated to pools within the Nonchargeable, Support Services, Department Administration, City Precinct cost pool types.
Department Administration	Budget & Accounting Contracting Internal Investigations Unit Information Services Section Legal Personnel Photo Lab Polygraph Unit Property Management Unit Public Disclosure Unit Records Research, Planning, & Informational Services	These cost pools represent the KCSO's administrative and support units. The costs in these cost pools are allocated across all KCSO FTEs.
Department Administration - Sworn	Data Unit Ravensdale Range Training Unit	These cost pools represent the KCSO's administrative units that support sworn positions. The costs in these cost pools are allocated across KCSO sworn FTEs.
County Overhead	Financial Management Fixed Assets & Real Property Management Information Technology Insurance Personnel Services Tenant Charges	The majority of county charges are incorporated into the Department Administration cost pools and allocated to other cost pool types through that allocation. However, there are a few cost pools that have costs directly related to County Overhead and those are charged

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COST POOL CLASSIFICATION	COST POOLS	EXPLANATION
		directly to the applicable cost pool (for example, the Communications Center cost pool includes the tenant charges for the space occupied by Communications).

Allocation Methods

COST ELEMENT	COST CALCULATION	COST ALLOCATION
Salaries	The average annual salary adjusted for the anticipated COLA is calculated for each position. The salary for the closest step to the average is used for the cost calculations.	Allocated based on budgeted FTEs for each position by cost pool
Benefits	FICA, retirement, Washington Sick Leave, Flex/Medical, Dental, and Industrial Insurance are calculated by applying the percentages from the Proforma Benefit Rates and Calculator File provided by the King County Office of Performance, Strategy, and Budget to the calculated salary amount for each position.	Added to the Salaries amount and allocated based on budgeted FTEs for each position by cost pool
Duty Pay	The percentages established in the labor agreement are applied to the calculated salary amount for the applicable position. Benefits are added to this amount by applying the applicable percentages to the salary amount.	Duty pay is added to each cost pool depending on the activities of the personnel within the pool. For the contract cities, duty pay is added to the cost of positions where duty pay is applicable. There is no duty pay added to the patrol deputies and sergeant positions.
Special Pay	Special pays include education, longevity, and holiday pay, along with patrol premiums and master police pay for patrol sworn positions. The calculations for special pays are based on a comparison of the prior year cost for one month annualized to the prior year budgeted amount. The greater of the two amounts is divided by the applicable FTEs to calculate an amount per FTE.	Special pay is added to each cost pool for the FTEs included in the cost pool. For the contract cities, special pay is added to the cost of each dedicated position. The cost is reconciled against actuals at the end of each fiscal year for dedicated staff.
Overtime	Two overtime calculations are made, one to be spread by FTE and one that is lump sum for a cost pool. The FTE overtime amounts are calculated based on a comparison of the prior year cost for one month annualized to the prior year budgeted amount. The	For the contract cities, the FTE amount is also incorporated into the cost for each dedicated position. The cost is reconciled against actuals at the end of each fiscal year for dedicated staff.

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COST ELEMENT	COST CALCULATION	COST ALLOCATION
	<p>greater of the two amounts is utilized in the cost book for the current year. Lump sum overhead rates are based on budgeted amounts and represent overtime in units where individuals across KCSO may charge overtime to those units. Amounts by FTE for sworn and professional staff are calculated for Support Services, Patrol, Criminal Investigations Division, Communications Center, and Special Operations.</p>	
Supplies	<p>The amounts for supplies are obtained from the KCSO budget and classified as either directly related to a specific cost pool or allocable across a set of cost pools. The amounts allocable to a set of cost pools include an overall allocation, Criminal Investigations Division, Patrol Operations Division, and Special Operations Division. The budgeted amounts for these groups are divided by the FTEs within the Division, or in the case of the overall allocation, by all KCSO FTEs.</p>	<p>The direct amounts for a specific cost pool are added as a lump-sum to that cost pool's total costs. The lump-sum amounts are subtracted from the average per FTE supply amounts to avoid double counting.</p> <p>The FTE amounts for allocable supply costs are added to the related cost pools. For the contract cities, the FTE amount is also incorporated into the cost for each dedicated position.</p>
Services	<p>Services include expenses such as repairs and maintenance, travel, and advertising. The amounts for services are obtained from the KCSO budget and classified as either directly related to a specific cost pool or allocable across a set of cost pools. The amounts allocable to a set of cost pools include an overall allocation, Criminal Investigations Division, Patrol Operations Division, and Special Operations Division. The budgeted amounts for these groups are divided by the FTEs within the Division, or in the case of the overall allocation, by all KCSO FTEs.</p>	<p>The direct amounts for a specific cost pool are added as a lump-sum to that cost pool's total costs. The lump-sum amounts are subtracted from the average per FTE service amounts to avoid double counting.</p> <p>The FTE amounts for allocable service costs are added to the related cost pools. For the contract cities, the FTE amount is also incorporated into the cost for each dedicated position.</p>
Telephone	<p>Telephone charges includes the budgeted amounts for ongoing telephone services and the initial cost of telephones. A charge per FTE is calculated by dividing the budgeted amount by KCSO FTEs, less those FTEs that do not use KCSO telecom services or funded by other sources, including AFIS, ARFF, Metro, and Sound Transit.</p>	<p>The amounts are added to each applicable cost pool.</p> <p>For the contract cities, the FTE amount for telephone is also incorporated into the cost for each dedicated position.</p>

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COST ELEMENT	COST CALCULATION	COST ALLOCATION
Motor Pool	The County Fleet Department charges a specific annual rate for each vehicle and provides a listing of all vehicles assigned to KCSO. The costs by cost pool are based on the vehicles assigned and the rate.	The accumulated lump-sum amount for each cost pool is incorporated in the cost pool's costs. For vehicles for dedicated officers, cities are charged based on an inventory of vehicles assigned to the city and the Fleet rate for each vehicle.
Lease and Direct Charge Vehicles	Lease vehicles are charged at the amount of the annual lease and annual budgeted cost of gasoline for the vehicle. Direct Charge vehicles are Fleet vehicles that have passed their useful life, but are still in operation. The only cost for these vehicles is an annual estimate for gasoline.	The costs for these vehicles are applied to the applicable cost pool based on the vehicle listing provided by the County Fleet Department. The process is the same for leased vehicles assigned to dedicated officers in cities.
County Information Technology (IT) Support	County IT charges are costs passed through the King County Information Technology Office for support of KCSO IT systems. Costs are allocated through two methods. A per FTE amount is calculated that represents the costs for the Microsoft license, E-mail, VOIP, and cybersecurity. Lump sum amounts are calculated for systems services related to particular units.	The FTE cost is applied to each cost pool to calculate total costs. For the contract cities, the FTE cost is incorporated into the fully loaded cost of each position. The lump sum amounts are added to the applicable cost pools
Insurance	This amount is based on the insurance expense allocated to KCSO by King County Risk Management. The total amount is divided by all FTEs, except for AFIS, to obtain a cost per FTE.	Insurance is applied to the overhead units based on the number of FTEs in the unit. Insurance costs are added to the fully-loaded costs of each position and incorporated into the Central County Overhead Costs.
800 Mhz	This cost pool includes the budgeted amounts for radio access, maintenance, services, and equipment. The total budget is divided by the number of sworn, community service officers, marshals, and fire investigation unit FTEs (net of ARFF) to obtain a cost per FTE.	The cost is allocated to all cost pools with sworn, community service officers, marshals, and fire investigation unit FTEs.
Cellular Phones	The cost for each cellular phone is based on the actual cost per phone, accessory equipment, monthly service cost, and an estimation for breakage and replacement. The cost is updated every few years.	The cost is allocated based on the number of FTEs.
Division Administration	This cost pool accumulates the fully loaded cost for administrative positions within KCSO divisions.	The cost per FTE for the Patrol Operations Division overhead is applied to each contract city's dedicated personnel and precinct command and support staff.

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COST ELEMENT	COST CALCULATION	COST ALLOCATION
		The other Division Administration charges are included as a cost in the calculation of Department Administration and in the calculation of costs for each nonchargeable unit, except for the Undersheriff and Community Programs and Services. Costs for the Undersheriff and Community Programs and Services were not allocated to any other unit as they represent regional services. (Note: Costs related to contracts within Community Programs and Services may be included in the allocation beginning in 2024.)
Department Administration	These are the costs for KCSO-level administration. The units included are Budget & Accounting, Contract Services, Internal Investigations, Information Services, Legal, Personnel, Photo Lab, Polygraph Unit, Property Management Unit, Public Disclosure Unit, Records, and Research, Planning, & Informational Services. A cost per FTE is calculated using total FTEs outside of the administrative units.	The cost per FTE is applied to all KCSO FTE's.
Department Administration: Sworn	These are the costs for operating the Data Unit, Ravensdale Range, and Training Unit. The costs represent personnel costs, along with the applicable unit's share of allocated costs. A cost per FTE is calculated using all KCSO sworn FTEs, excluding administrative sworn FTEs.	The cost per FTE is applied to all sworn FTEs.
County Overhead	The costs are calculated by and passed through King County. The costs represent the building occupancy charges for KCSO, Human Resources, Financial Management, Fixed Assets Management, and Officer Insurance.	The costs are allocated to all KCSO FTEs.

Excel Templates

The cost book and Exhibit B are prepared in Excel. The following table explains each group of tabs or tab in the workbooks. For each tab, items in green must be entered. Items in black are formulas.

I. OVERVIEW



Tab	Overview
Cost Book	
Notes for Version Changes	This tab identifies any changes made to the methodology and the cost book where the change was implemented (P – Proposed Cost Book, A – Adopted Cost Book).
Salaries and Benefits	This tab is used to enter the step salary closest to the calculated average base salary costs by position. The tab also includes columns for FICA, Retirement, WA paid family medical leave, Flex/Medical, and Industrial Insurance (worker’s compensation). The Flex/Medical amount is provided by the County and represents the cost per employee for the County’s health insurance, which is a self-insurance program.
Special-Duty Pay	This tab summarizes the special pay, clothing allowance, and duty pay from the Formulae tab. The information on this tab is used to calculate the overall compensation by position.
Overtime Rates	This tab summarizes the overtime pay by position and adds lump-sum overtime charges for specific activities. Additionally, shows the additional overtime for work conducted by officers assigned to specific units.
Lump Sums	This tab identifies costs related to an activity or unit that are not allocated on an FTE basis and may include unique cost pools.
Motor Pool	This tab contains a summary of vehicle costs by function. The information is taken from a separate spreadsheet provided by the King County fleet department that identifies the Division and Unit for each vehicle.
Revenue	This tab includes the budgeted revenue amounts for KCSO. The revenue amounts are deducted from total expenditures on the applicable tab. For example, E911 revenues are reflected as a credit on the Communications tab (Shared Services).
Summary	This tab summarizes the sworn and non-sworn FTEs and the total amount of expenditures by function.
NonChargeable Tabs (Blue Tabs)	The NonChargeable tabs summarize the costs related to KCSO functions that are not charged to the contract cities. These functions represent services that are required by state law, provided only within unincorporated King County, supported by a dedicated revenue source, or excluded from cost allocation at the discretion of the County. Services excluded at the discretion of the County include Hazardous Devices and Materials Team, Homicide, Inspectional Services, and Regional Criminal Intelligence Group.
City Precinct Tabs (Purple Tabs)	The precinct tabs identify the costs to operate a precinct within the city. Some of these tabs are used to prepare the Exhibit Bs and the remainder help demonstrate that all costs are allocated.

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Tab	Overview
Support Tabs (Orange Tabs)	These tabs identify the direct support services that are provided to the contract cities. These costs are allocated to cities through Exhibit B under the Additional Police Services section.
Departmentwide Administration (Pink Tabs)	These tabs summarize the costs of operating the KCSO. This includes the costs of Budget and Accounting, Contracts, Personnel, and other overall activities that support the KCSO. These costs are allocated to all contract cities, unincorporated, and regional components of the Sheriff's Office.
Division Administration (Green Tabs)	These tabs identify administrative costs of the Divisions providing services to the contract cities. This includes the Criminal Investigation Division, Patrol Operations Division, and Precinct Support Staff among other services.
KCCHOCopyCost	This tab outlines the square footage each KCSO Division occupies within the King County Courthouse and the related maintenance cost. The costs in this tab flow into the units where the FTEs are housed, primarily shared or overhead units. Costs for this tab are derived from the Facilities Rate model.
CountySupport	This tab identifies the County level costs that are charged to KCSO, including personnel, financial management, fixed assets and real property management.
RevenueCopy	This tab is a duplicate of the revenue tab. This tab is not used to prepare the exhibits.
LineItemSummary	This tab summarizes the costs by object and classification (e.g., nonchargeable, precinct, support, Department administration, and Division Administration). This tab is not used to prepare the exhibits.
Formulae	This tab calculates the costs for duty assignment pay, special pays, overtime, clothing allowance, quartermaster, supplies, centralized services, motor pool, and other administrative costs. The calculated per FTE costs are brought forward to other tabs. This is a key tab for the preparation of the Exhibit Workbook.
Addendum Tabs (Bright Blue Tabs)	These tabs represent fully loaded rate cards for the designated position and summarize the salary, benefits, direct, and indirect costs for one FTE. These cards are used to build the Exhibit Workbook.
Exhibit Workbook	
Log of Updates	Shows notes on versions, last notes were for the 2017 Proposed Exhibit B. In more recent years, any changes are noted on the applicable tab and the top of each tab notes the date last updated.
Data	This tab identifies FTE by city. Additionally, the tab summarizes the services provided to each city. The tab also identifies the cities that have asked for salaries to be budgeted at step 6 of the pay scale.

I. OVERVIEW



Tab	Overview
Instructions	This tab provides detailed instructions on how to prepare the Exhibit Bs for each city. The last update was March 2023.
Summary	This tab summarizes total costs and dedicated FTEs. This tab also compares total current year costs to prior year costs, with and without taking into consideration any changes made by the city (e.g., changes in FTE or workload). The Adopted Exhibit B Summary also includes a comparison of the proposed and adopted costs.
Vehicle Worksheet	This tab summarizes vehicle costs by city. The tab identifies costs and the number of vehicles and compares the current year costs to prior year costs. Data from this tab is populated by data from a separate Excel file, which combines the most recent City Vehicle inventory and Fleet Department vehicle rates.
ExhibitA_coststaff	This tab summarizes the costs by position and is used to build Exhibit B for each city. This tab is slated for deletion and replacement by the ExhibitA_New tab.
Facility Costs	This tab calculates the credits given to cities who provide space for deputies assigned to unincorporated areas. The credits on this tab should be periodically reviewed to determine whether space is still being provided by the applicable city.
ExhibitA_New	This tab summarizes the costs by position. It contains the same information as the ExhibitA_coststaff tab. This tab was created to display components of the fully-loaded cost of positions in the categories requested by the contract cities.
ExhibitA_work	This tab summarizes workload data by city. The tab includes tables with single-year data and 3-year averages for 2 full years prior.
FIU (Arson)	This tab shows a 3-year average of the hours spent on fire investigations for the years ending 2 years prior to the year being calculated. Fire Investigative services are included within Additional Police Services, if selected by the contract city, in Exhibit B. These services can also be utilized and billed on an hourly basis if not included in the city's Exhibit B.
Marine_NEW	The allocation of marine services within Exhibit B is based on the marine patrol budget for the 4-month boating season and is allocated based on an average of the city's percentage of shoreline and number of incidents over 3 years. Marine services are included within Additional Police Services, if selected by the contract city, in Exhibit B. These services can also be utilized and billed on an hourly basis if not included in the city's Exhibit B.
Exhibit E	This tab shows the hourly costs for selected services. The tab is used to build the KCSO Service Matrix. The Service Matrix is used to bill cities for these services if they do not

I. OVERVIEW



Tab	Overview
	have a contract with KCSO or the services are not part of the city’s Exhibit B services.
ExhibitE-ASU	This tab shows the services that are chargeable and nonchargeable for the air support unit (ASU). The tab also provides the rates for charging services. This tab is used to build the KCSO Service Matrix, not to allocate costs to the contract cities.
ASU Rate	This tab calculates the rates for charging ASU services that are identified on the ExhibitE-ASU tab.
Credits	This tab calculates the credits given to cities for facility costs, maintenance, copiers, and telephone services.
OH Summary	This tab shows, for each of the three categories of overhead, the classification of the total overhead charges by city.
Contract City Tabs	These tabs are the Exhibit Bs provided to each contract city. The proposed Exhibit Bs are provided to the cities to aid in budgeting. The adopted Exhibit Bs are provided to the cities once the King County budget has been approved. The cities are billed for the lesser of the proposed or adopted Exhibit B.

Roles & Responsibilities

NAME	TITLE/ROLE	RESPONSIBILITY
Jason King	Chief Financial Officer	Responsible for all financial functions. Reviews and approves Cost Book and Exhibits.
Anita Clouse	Business & Finance Officer III	Assists with the preparation and review of the cost book, primarily focusing on the labor-related calculations, prepares the Exhibit B file.
Cheri Allen	Procurement Supervisor	In addition to supervising KCSO procurements, prepares all grant financial reporting and has lead responsibility for preparation of the cost book.



2. DATA COLLECTION

Annually, KCSO obtains the following information to calculate the Cost Book. All data represents annual data for the prior fiscal year.

Financial Data

DATA ELEMENT	SOURCE	DESCRIPTION	COMMENTS
Essbase Budget Data	Draft Budget	King County budget detail by account	Pulled from the Budget System after the County Executive has reviewed the budget and made their changes
Salary Data	PeopleSoft	King County accounting system	
Allocations from King County Finance, HR, and IT		From rate models and budget system	
King County Pay Scale			

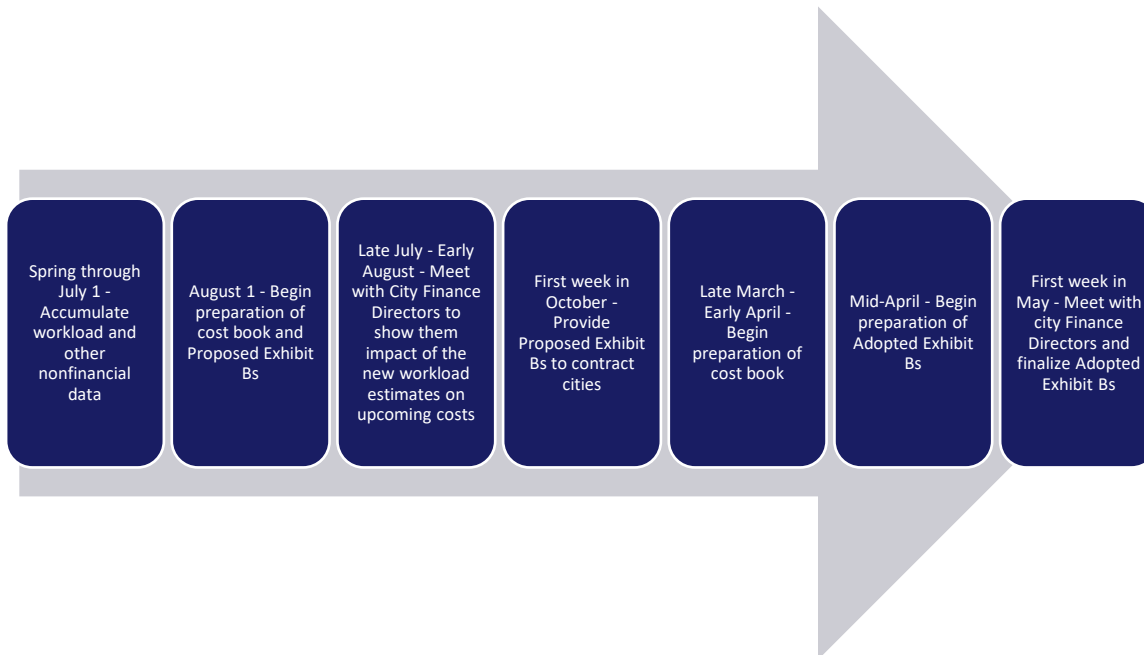
Statistical Data

DATA ELEMENT	SOURCE	DESCRIPTION	COMMENTS
Proforma Benefit Rates and Calculator File	County Office of Performance, Strategy, and Budget		
Square Footage	Facilities Model		
FTE	Org. Chart		Confirmed with HR
Fleet Data	King County Fleet		Rates are good for 2 years

3. SCHEDULE

The section has the approximate schedule for preparing the cost books supporting the proposed and adopted Exhibit Bs.

Schedule



4. PROCESS

This section describes how the Proposed and Adopted cost books are prepared.

STEP 1. Create the Proposed Cost Book



Copy the Adopted cost book from the prior year and update as necessary. Add FTE information to the cost book.

1. Obtain the final Adopted cost book from the prior year and save it with a new name.
2. Obtain FTE data from the King County organizational chart and work with KCSO HR to ensure that the organizational chart is consistent with the budget. The organizational chart is used to allocate positions in the Cost Book.
3. Populate the FTEs for each position in each functional unit using the organizational chart. Add FTEs that are pending budget supplementals that are likely to be approved by the Council. Note that some FTEs may be under one function on the organizational chart, but another for budget and cost allocation purposes.
4. Prepare the FTE balancing workbook. This workbook is used to ensure that the FTEs contained in the workbook agree to the FTEs in the organizational chart. The Balancing Book tab, which summarizes FTEs by Cost book type and page and the Balancing Org Chart tab, which summarizes positions by type of position and overall organization. This workbook is used solely to ensure that all FTEs in the organizational chart are identified and can, in total, be balanced to the cost book.

STEP 2. Populate the SalariesBenefits tab.



Obtain payroll data and calculate averages to populate the *SalariesBenefits* tab.

1. Run the PeopleSoft salary report showing all positions with the KCSO, their compensation rate, step, and title.
2. Request a vacancy report by job classification from Human Resources showing the number of positions authorized, budgeted, and vacant.
3. Sort the PeopleSoft salary report by position title. Compare the number of positions by title on the PeopleSoft report with the number of budgeted positions for that title on the vacancy report. If there are more positions on the PeopleSoft report than the vacancy report, delete or add vacant positions on the PeopleSoft report until the number of positions matches the total budgeted positions for that title.

4. PROCESS



4. Add columns to the report for the annual base salary, salary with a step increase, salary adjusted for COLA, and Merit.
5. Add cells at the top of the worksheet for the COLA estimate for Police Guild members, Professional staff union members, and non-represented staff. Also add cells for the number of working hours in the year at the top of the spreadsheet.
6. Calculate the annual base salary by multiplying the Base CompRate by the number of working hours in the year (2080).
7. Populate the salary with a step increase column by finding the applicable rate on the King County Pay Scale. For vacant positions, this column should be the same as the base salary.
8. Calculate the salary adjusted for COLA by multiplying the salary with the step increase by the appropriate COLA estimate. Identify which COLA estimate is applicable by identifying the employee's class. Generally, staff are classified in the same manner as classified in previous years. Non-represented staff represent a very small number of generally high-ranking positions.
9. Populate the merit column where needed. Merit is only available to staff in professional services categories at the top step who have not already received the merit.
10. Calculate the average salary for each position by totaling the COLA Added salaries or the Plus Merit salaries (where applicable) and dividing it by the number of FTEs for the position.
11. Use the average salary and compare it to the salaries for each step from the Pay Scale to identify which step the average is closest to. Record the salary for the step closest to the average on the SalaryBenCostBkPage – Working Copy.
12. Use the SalaryBenCostBkPage – Working Copy worksheet to fill in the Salary column on the SalariesBenefits tab of the Cost Book.
13. Use the Proforma Benefit Rates and Calculator File provided by the King County Office of Performance, Strategy, and Budget. The Benefit Rates tab in this file includes the FICA rate, cutoff, and rate after cutoff; retirement rates for noncommissioned and commissioned staff; rate for paid family medical leave; the annual cost of medical benefits for Patrol Officers and all other positions; and the Industrial Insurance rate. Commissioned staff is anyone with a rank (e.g., deputy, sergeant, major, captain, chief) and noncommissioned is all others.
 - a. The FICA rates and cutoff amount are entered into a table at the top of the spreadsheet, which is then used in the preexisting formula in the FICA column.
 - b. Retirement rates are also entered into a table at the top of the spreadsheet. These rates, along with the column indicating whether a position is commissioned or not, are used to calculate annual retirement costs for each position.
 - c. WA Sick leave is calculated using formulas based on the Paid Family Medical Leave rate entered into the table at the top of the spreadsheet.
 - d. Flex/Medical is keyed into the spreadsheet. The cost for Patrol officers (Deputy, Detective, and Sergeant) is different than the cost for all other positions.
 - e. The Industrial Insurance cost is the same for all positions. It is calculated by taking the rate from the Proforma file and multiplying by the number of budgeted hours for a full-time position from the Budget System. The calculated amount is keyed for each position.
14. The AFIS line on this tab represents all costs related to AFIS, this includes salaries and benefits, software, supplies, and other expenses. The amount is calculated by taking the entirety of budgeted costs from Essbase for the AFIS Cost Center.

15. Perform a reasonableness check comparing the current year total benefits and salary to the prior year amounts. Calculate the increase/decrease and percent change. Identify the cause of any unexpected increases and add comments explaining the reason for the change.

STEP 3. Prepare the Costbook Source File



Accumulate and identify costs for recording in the costbook.

1. Extract the budget information from the Essbase for the General Fund, Drug Fund, and AFIS.
2. Add a tab and create a worksheet from the Essbase General Fund data that adds columns for Division, Costbook Section, Type, Cost Center, and Account Number. Currently those columns are added manually by the BFOIII; however, the columns could be added through a combination of VLOOKUPS and TRIM formulas.
3. Use the worksheet to create additional tabs summarizing expenses for the Lump Sum and Formulae tabs in the costbook.

STEP 4. Update the Formulae Tab



Accumulate and identify costs related to activities that are allocated to all activities.

1. Update the Formulae tab for costs that are allocated to activities through the individual tabs.
Duty Pay and Clothing Allowance
2. Calculate the duty pay and clothing allowance amounts. These amounts are calculated using the percentages contained in King County's labor agreements for each type of duty. Multiply the applicable percentages by the Salary amount (only Salary, not Salary and Benefits) for Deputy and Sergeant.
- Special Pays and Overtime**
3. Prepare the Special Duty and Overtime workbooks that calculate the special pays and other allotments.
4. Obtain the MCOP PeopleSoft report that shows total salaries, including special pays, for KCSO employees.
5. Using the MCOP PeopleSoft report, take a randomly selected month of special pays and overtime and calculate the total for the month and annualize the cost. Do this for Deputies & Sergeants, Captains, Majors, and Professional Staff.
6. Compare the annualized cost to the amount in the cost book from the prior year taking into consideration factors such as changes to labor agreements and changes in length of service demographics.

4. PROCESS

7. If the annualized cost is less than the prior year cost, use the prior year cost with a small percentage increase. If the amount was greater than the prior year cost, use the annualized cost.

Quartermaster

8. Using the Essbase expense worksheet, obtain the budgeted amount for Account 52208 Supplies Uniforms Clothing (Quartermaster tab). Divide the budget by the number of FTEs requiring uniforms (sworn, community service officers, marshals, screeners, fire investigators, and evidence and supply specialists) to calculate a charge per FTE for the Quartermaster. In addition, summarize any lump sum amounts included in the budget by cost pool.

Supplies and Services

9. Using the Essbase expense worksheet, obtain the budgeted amounts for supplies and services budgets (accounts 52xxx) in administrative cost pools (Supplies Overhead and Services Overhead tabs).
10. Summarize the budgeted amounts by Type. Calculate the amount per FTE for centralized supplies and services by dividing the budget by total KCSO FTEs. Calculate additional amounts per FTE supply and service costs for Patrol, Special Operations, and CID. These FTE amounts are calculated by dividing by the number of FTEs in the applicable function and then adding the FTE for centralized supplies and services. The Costbook Formulae tab has formulas to make the FTE calculations once the budget and FTE numbers have been input.

Telephone

11. Telephone costs are based on the budgeted amounts for telecom services and telephone equipment.

800 MHZ

12. Radio costs are based on the budgeted amounts in the accounts for radio access, equipment, services, and the maintenance program.

Cellular Phones

13. The cost for cellular phones is based on actual costs; however, these costs are not updated annually, but historical costs are utilized for the calculation. This includes a component for replacement of phones on a 2-3 year basis, along with broken phones.

MARR Calculation (Officer Accident Investigation)

14. This amount in the Formulae tab represents the costs of officer-involved accidents. This cost is removed from the total MARR costs. The amount represents 8 percent of MARR costs based on a historical percentage of MARR workload spent on officer-involved accident investigations.

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15. This represents the actual cost of the license per FTE for the police records system.

STEP 4. Prepare the Special-Duty Pay and Overtime Rates tabs.



Obtain and summarize special pay, clothing allowance, duty pay, and overtime to populate the *Special-Duty* and *OvertimeRates* tabs.

4. PROCESS

1. Record the calculated special pay, overtime, and uniform allowance amounts on the Formulae tab in the Cost column.
2. The Special-Duty Pay and Overtime Rates tabs are populated by the amounts entered on the Formulae tab. The benefit amounts are calculated using the tables at the top of the spreadsheet which are developed from the Proforma Benefit Rates and Calculator File.

STEP 5. Prepare Lump Sum amounts



Record the lump sum amounts for indirect costs on the *LumpSums* tab.

1. Capital – Capital costs are derived from the Cost Source File. On the worksheet tab, filter by Type to Capital and copy those lines to another tab. Sort and total the Capital costs by cost center.
2. Printing – Printing costs are derived from the Cost Source File. On the worksheet tab, filter by Type to Printing and copy those lines to another tab. Sort and total the Printing costs by cost center. The printing line for the Fleet Charges cost center is removed. This amount represents the car decals that are placed on the cars prior to being placed in operation or when a repair is needed.
3. Services – The Lump Sum Services are derived from the Cost Source File using the account codes for services. On the worksheet tab, these services are coded with a type of LUMP.
4. Supplies – The Lump Sum Supplies are derived from the Cost Source File using the account codes for supplies. On the worksheet tab, these services are coded with a type of LUMP.
5. IT Costs – Except for the Central IT Support amount, the costs are taken from the prior year's Cost Book. The Systems Services amounts are based on the County's previous IT allocations to KCSO with an incremental increase. The Central IT Support per FTE amount is based on the costs from the Central IT Allocation for the MS License and E-mail with inflated costs for VOIP and Cyber Security.
6. Investigative Funds – These amounts are calculated in the Costbook Source File. The amounts represent account number 53801 Services Legal and are totaled by Cost Center. The amounts are identified with a type of SPEC INV FUND in the Costbook Source File Worksheet.
7. Succession Training – These costs represent training costs of new recruits for normal attrition. Presently, only 21 FTEs (salary and benefits only, no overhead) are allocated on a per FTE basis.
8. Off-Duty Vehicle – This is based off the estimated revenue included in the budget for this credit.
9. BLEA Charge – This is a charge for the state law enforcement academy based on the amount the state charges for each recruit. The amount is based on the estimated number of recruits expected to go through the Academy.
10. Extraditions – These amounts are taken from the Costbook Source File. The budgeted amounts are identified with a type of EXTRADITIONS in the Worksheet and represent travel accounts.
11. De-escalation Training – These are training costs included in the budget. The costs represent the cost for OT Backfill and OT for officers attending the training, along with the costs of the training. All officers, including those assigned to contract cities, are required to attend the training.

STEP 6. Calculate occupancy costs.



Calculate KCSO Occupancy costs for County buildings.

1. Obtain costs by square footage and the square footage for each Division from the County's Facilities Rate Model worksheet.
2. Update the KCCHOccupancy Cost tab to calculate the costs for the Courthouse by Division, along with specific charges for the Photo Lab, Court Security, and the Communications Center.

STEP 7. Populate the Motor Pool tab.



Populate the Motor Pool section of the Formulae tab and calculate the motor pool costs for each shared service.

1. Obtain a download of fleet data from the KCSO Fleet Department. The download includes the make and model of the vehicle along with columns for Jurisdiction/Contract and Unit.
2. Obtain the Class and Price list which identifies the annual cost charged by the Motor Pool for each vehicle class from the King County Fleet Department.
3. Update the Formulae tab of the Costbook by adding each vehicle type, class number, and annual rate using the Class and Price list.
4. For Non-Chargeable and Shared Services, the motor vehicle workbook is divided into multiple tabs. The Fleet tab includes all vehicles with a class number other than ARFF, DC, LEASE, METRO, or SURPLUS RENTAL. The contract cities tab includes all vehicles where the Jurisdiction/Contract field contains one of the contracted entities; however, this tab is not used to populate the vehicles cost in Exhibit B. The Lease Cars tab includes all vehicles with a class of LEASE. The DC Cars tab includes all Direct Charge vehicles on the download with a class of DC. The ARFF and Sound Transit tabs include the vehicles from the download with Airport Police and Sound Transit, respectively, in the Jurisdiction/Contract field.
5. For the Fleet tab, copy all vehicles with a class other than ARFF, DC, LEASE, METRO, or SURPLUS RENTAL from the download to a new tab.
 - a. Insert columns for Division, Cost Book Section, and Cost Book page.
 - b. Reorder the columns to put Section and Unit after these inserted columns.
 - c. Insert a column for Quantity after Unit. The quantity is based on the FTEs in the cost pool.
 - d. Insert a column for Annual Cost. This column could be populated using a VLOOKUP to the Class and Price tab.

4. PROCESS
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- e. Insert a column for Cost Book Cost. This column is the Quantity multiplied by the Annual Cost.
6. Populate the Division, Costbook Section, and Costbook Page columns on the Fleet tab. The Division tab is manually populated using the Section and Unit from the download. The Costbook Section and Costbook Page are manually populated based on the Division, Section, and Unit.
7. Summarize the quantity and Cost Book Cost for each page of the cost book. Enter these amounts on the Motor Pool tab of the Cost Book.

STEP 8. Identify KCSO Sources of Revenue



Record planned revenue sources for KCSO.

1. For airport security, link the planned revenue to the planned expenditures. All expenditures for airport security are reimbursed.
2. For all other revenue sources, obtain the revenue amount by category from the budget.

STEP 9. Update tabs for Cost Pool Categories



Accumulate and identify costs related to each cost pool category.

1. The summary and individual cost pool tabs for each cost pool category are populated by formulas based on FTE.
2. Verify that the FTEs have been entered correctly and formulas correctly populated.
3. Verify that the Summary tab correctly accumulates the FTEs and cost estimates for each cost pool category.

STEP 14. Populate the addenda for each contract city position type.



Accumulate the costs for each position type to show the total costs for each position type.

4. PROCESS

1. For each dedicated position type utilized by the contract cities, calculate the “fully-loaded” cost of one position. For patrol deputies, patrol sergeants, precinct detectives, SET detectives, calculate the costs without and with precinct support.
2. For positions without precinct support, accumulate the following per FTE costs/budgeted amounts. These amounts are all formula driven with links to the Salaries and Benefits, Special-Duty Pay, Overtime Rates, Lump Sum, Formulae, Department Administration, Division Administration, and Revenue tabs of the costbook.
 - a. Regular salary and benefit
 - b. Special Pay – Sworn Patrol salary and benefit
 - c. Overtime – Sworn salary and benefit
 - d. Quartermaster
 - e. Supplies
 - f. Services
 - g. Telephone
 - h. Motor Pool – Patrol
 - i. Central IT Support
 - j. Insurance
 - k. 800 Mhz
 - l. Cellular Phones
 - m. MARR: Officer Accident Investigation
 - n. Division Administration Charges – Field Operations
 - o. Department Administration Charges – Departmentwide
 - p. Department Administration Charges – Sworn
 - q. Revenue – Ballinger Homes (Credit)
 - r. Revenue – False Alarm Civil Penalty (Credit)
3. For positions with Precinct Support, an additional line is added for the cost of the precinct support staff. Precinct Support is obtained from the Division Administration Summary tab. Precinct Support is charged for those cities that do not have support staff funded by the city.

The steps below relate to the preparation of the Exhibit B workbook.

STEP 15. Update the Data tab.



Update supervisory and dedicated staff for each city. Update the Shared Services utilized by each city.

1. Before updating any data, copy and paste the values in column B of the Summary tab into column F and update the header for that column.
2. Incorporate any FTE additions or deletions based on letters received from the contract cities requesting such changes. If any cities indicated they want a change, but have not sent a letter, reach out to the city to obtain a final decision and letter. Update the dedicated staff for any changes requested by the cities.

4. PROCESS

3. Update the supervision columns for any changes to the chief type, number of sergeants, or adjustment if there is a shared captain position. These represent credits for positions within the city that serve in this role and reduce the amount of supervision required by these positions in unincorporated areas. If there is a 1 in the column, there is no reduction.
4. Verify the number of ACCURINT licenses. These numbers are based on requests by the contract cities and do not change often.
5. Confirm with the cities that they will continue to use the same shared services for the upcoming fiscal year or modify the shared services table for any changes.
6. Calculate the Flex Patrol percentages and FTEs for Beaux Arts, Carnation, and Skykomish. The percentage is calculated by calculating the city's percentage of total calls. A 5-year average of the city's calls is divided by the total workload in the surrounding area (zone). A percentage is calculated for Carnation because, although, they do not use the Flexible Services model, the city only has one dedicated FTE, therefore, they extensively use the services of deputies assigned to unincorporated areas.
7. Update the Step 6 table for any cities that have requested that Step 6 Salaries and Benefits be used to calculate the city's salary costs or whether Step 5 will be utilized and update the Step 5 and Step 5 officer salary and benefits amounts in the table. The step 5 amount is taken from the SalariesBenefits tab of the Costbook for the Deputy position. The step 6 amount is from the step 6 salary identified in the Budgeted Positions workbook with benefits added.

STEP 16. Update the Vehicle Worksheet.



Update the vehicle worksheet to show vehicle costs by city.

1. Obtain the most recent vehicle inventory report and the report from King County Fleet. Merge into one file.
 - a. Copy the data from the original file from fleet into a new tab. Label the tab From Fleet Sorted. Remove the totals by class and sort by asset number.
 - b. Prepare a summary of the Fleet data with columns for asset number, class, model, and annual rate. This can be done by inserting a pivot table from the Fleet sorted tab or copying the fleet sorted tab and deleting all other columns. Label this tab Fleet Summary.
 - c. Take the individual inventory tabs for each city and merge them into one worksheet. Label the tab Inventory (Month Year of Inventory), for example Inventory July 2022.
2. Insert columns for Fleet Class, Class Check, Fleet Price, and Cost.
 - a. Fleet Class and Fleet Price are populated using a VLOOKUP to the Fleet Summary tab. The Fleet Class lookup is based off the KCSO Class and the Fleet Price is based off the Vehicle Number. Because the Fleet rate sheet is only updated once every 2 years while the vehicle inventory is conducted twice a year, there may be vehicles that are not included on the rate sheet. Utilize the rate for vehicles in a similar class to populate the rate.

4. PROCESS



- b. Use the Class Check column to verify that the KCSO Class from the inventory report matches the fleet class. Occasionally there are vehicles where the KCSO class will not match the Fleet class. The check column provides an easy way to filter and identify mismatched class numbers and resolve the errors.
 - c. Cost is a calculated field, multiplying the Quantity field by the Fleet Price field.
 - d. Verify that costs are zero for any vehicles that are noted as totaled and add replacement vehicles of a similar class.
 - e. For leased vehicles, populate the cost using the Formulae tab from the Costbook.
 - f. Add comments on any shared vehicles and adjust the quantity to reflect the sharing arrangement. Also, add comments on any vehicles that were transferred to other units subsequent to when the inventory was conducted or additional vehicles requested by the city.
 - g. Total data by city.
3. Within the Exhibit B file, populate the Vehicle Cost and the number of vehicles to charge from the inventory report.
 4. Populate the number of FTEs for each contract city using the FTEs in the Data tab. (Note: This column is currently linked to the Summary tab and the Summary tab is linked to the Data tab.)
 5. While the Vehicle worksheet includes columns for adjustments, most adjustments are made within the Inventory report worksheet so that adjustments for items such as shared or transferred vehicles are already incorporated into the total cost.
 6. Compare the amount in the current year to the prior year amount. Obtain explanations for any variances.

STEP 16. Update ExhibitA.



Update Exhibit A (New) which calculates the fully-loaded cost for each position type.

1. Populate the costs for Exhibit A by position and also by unit for shared services. The fully-loaded costs on the Exhibit are used to inform the cities of the costs of adding additional positions by position type.
2. The first two columns indicate whether the position/service is required or optional and whether the position is flexible or dedicated. For example, officers are required while motorcycle units are optional. Flexible positions are positions available through the shared services model, while dedicated positions are assigned solely to the contract city.
3. The following columns are populated by formulas linking to the costbook.
 - a. Base Salary and Special Pays
 - b. Benefits (FICA, Retirement, Medical, Industrial Insurance)
 - c. Overtime – Note no overtime is included for majors or captains.
 - d. Vehicles – No vehicle cost is included for clerical staff.
 - e. Insurance, 800 Mhz, MARR, System Messaging – This column includes Central IT support and the revenue offsets.

4. PROCESS

4. The Payroll, Crime Analysis, Records, Evidence, IT column amount represents the Departmentwide Overhead amount by FTE from the costbook (includes the Budget & Accounting, Contract Services, Internal Investigations, Information Services, Legal, Personnel, Photo Lab, Polygraph Unit, Property Management Unit, Public Disclosure Unit, Records, and Research, Planning, & Informational Services cost pools).
5. The Training, Firing Range, & Data column represents the Departmentwide Sworn Overhead amount by FTE from the costbook. This amount is excluded from non-commissioned positions.
6. Patrol Ops Admin represents the Patrol Operations Division Administration amount by FTE from the costbook.
7. The cell phone amount is taken from the Cellular Phones section of the Formulae tab in the costbook. The cell phone allocation is excluded from non-commissioned positions.
8. Add in the cost of precinct support staff. This amount is obtained from the Division Administration tab of the costbook. Shoreline and SeaTac are not charged for precinct support staff as the cities utilize their own staff for precinct support.

STEP 17. Update Exhibit A Workload.



Update Exhibit A Workload.

1. Obtain annual workload statistics for the most recent complete fiscal (calendar) year. For example, for the 2023 allocation, 2021 workload statistics are used to allocate costs. The statistics are obtained from the Contracts Project Manager for entry into the Workload Indicators workbook.
2. The Workload Indicators workbook includes tabs for Dispatch Calls for Service (DCFS), Fire Investigation Unit (FIU), MARR, Marine, and Other Workloads. The Other Workloads tab includes Air Support, Hostage Negotiation Team, Major Crimes, TAC-30, and East Precinct Detective Cases.
 - a. Summarize DCFS calls by precinct and contract city. For Beaux Arts and Skykomish, update the 5-year table and use the 5-year average for those two cities.
 - b. For FIU, add a column for the most current fiscal year and add the number of hours spent on fire investigations for all cities, unincorporated, and other areas. Calculate a 3-year average for all FIU customers. Additionally, summarize the total hours overall and the total hours for all contract cities to determine the percentage of work effort attributable to the contract cities. At present, based on the current number of cities contracting for FIU services, KCSO allocates 1.25 FTE fully-loaded Fire Investigator (including supervision) is allocated amongst the cities.
 - c. For MARR, add the current year's traffic accident fatalities, injuries, and eluding statistics to the spreadsheet and calculate a 3-year average for all cities. For Beaux Arts and Skykomish, a 5-year average is calculated as these cities are smaller and a longer period is used to smooth the statistics.
 - d. For Marine, add monthly statistics for the current year. The months of May through September are used to calculate boating season statistics and the remaining months are

4. PROCESS



included in off-season totals. There are 3 different activities that go into calculating the total counts used for marine – DCFS, on-views, and buoy maintenance. The 3-year average workload/statistics, along with the percentage of shoreline the city has, are used to calculate the percentage allocation of Marine unit costs.

- e. For the statistics on the Other Workload tab, compile the data by city, unincorporated area, or other area.
3. Enter the statistics into the Exhibit A Workload tab.
 - a. Copy the DCFS data from the Workload spreadsheet. Compile the statistics for each contract city along with the unincorporated areas. Calculate the percentage each city/area represents of the applicable precinct and of the total.
 - b. For the tables in the Workload Details section, drop the oldest year of data, move the remaining 4 years over one column, and use the blank column to add data for the current year. Do this for the Hostage Negotiation Team, Major Crimes Unit, TAC-30, and MARR. Calculate 3-year averages for all cities, except Beaux Arts and Skykomish. Calculate 5-year averages for Beaux Arts and Skykomish.
 - c. Update the Detective Cases table similar to the tables in the Workload Details section. Add current year detective cases for Beaux Arts, Carnation, Skykomish, and the Unincorporated East zone. Calculate 5-year averages for all cities and areas in this table. This table is used to populate the precinct detective cases, and the percentages for flex detectives and flex sergeants in the table at the top of the worksheet.
 - d. Verify that the marine information populated correctly from the Marine tab in the table at the top of the worksheet.

STEP 18. Update proposed costs for Fire Investigation unit.



Calculate utilization and costs for fire investigation.

1. Update the FIU tab to include the investigation hours for the current year by city/area.
2. Calculate a 3-year average number of hours for each city and determine the percentage of the total those hours represent.
3. Update the salary and benefit costs for investigators by linking to the costbook calculation and multiply by the number of FTEs charged to the contract cities. Currently, 1.25 FTE fully-loaded Fire Investigator plus supervision to the cities and unincorporated areas. As more cities contract for FIU services, the number of allocated FTEs will need to increase proportionately. Similarly, update the costs of the supervisor by linking to the costbook calculation. Sum the total to be used to allocate costs to each city.
4. Calculate the costs by city by multiplying the 3-year average by the total salaries and benefits cost.
5. Prepare a comparison of the current year calculated costs to the prior year costs along with the dollar and percent change for each city and in total.

STEP 19. Update proposed costs for the Marine unit.

4. PROCESS



Calculate the costs to be allocated to each contract city for Marine services.

1. Calculate the total costs to be allocated:
 - a. Update the cost allocation by linking the Marine Patrol Budget for the year to the costbook total for the Marine page (without taking into account revenues or leases).
 - b. Calculate the boating season allocation by dividing the patrol budget by 3 (e.g., boating season represents 4 months).
 - c. Obtain the Boat Tax Revenue from the costbook.
 - d. Calculate the net Marine Patrol Budget for boating season by taking the boating season allocation and subtracting the full annual amount of Boat Tax revenue.
2. Calculate the workload allocation statistic. The workload allocation is based on a combination of shoreline and the number of incidents. Note: The workload allocation includes all cities that contract for marine policing cities and unincorporated areas.
 - a. Link shoreline footage to the 2010 updated footage file. Calculate the percentage of shoreline footage for each city with shoreline footage and unincorporated areas.
 - b. Obtain the 3-year incident data from the Workload file and calculate the percentage each city and unincorporated King County represents of the total.
 - c. Calculate the allocation percentage by averaging the city's percent of shoreline with the percent of incidents.
3. Calculate customer costs by multiplying the net Marine Patrol budget by the allocation percentage for each city/area.
 - a. Compare the current year amount to the prior year amount and calculate the percentage change. Review any unexpected changes in costs.

STEP 20. Update proposed costs for the Air Support Unit.



Calculate hourly rates for Air Support services.

1. Update the ASU Rate tab to obtain the hourly rates for Exhibit E.
 - a. Copy over the ASU tab cost book information. Add a column for the regional model charge.
 - b. Calculate the flight crew labor subtotal by populating the regional model charge column with the salary and benefit cost multiplied by the number of FTE that fly at a time.
 - c. Calculate the hourly cost for flight crew labor by dividing the total regional model costs by person hours.

4. PROCESS

- d. Calculate the overhead/supervision costs. These costs are taken from the cost book and multiplied by the applicable FTEs. Non-salary costs are multiplied by the overhead/supervision total FTEs. Calculate the hourly rate by dividing the total overhead/supervision costs by person hours.
 - e. Summarize costs for all helicopters except the Huey and prepare a separate summary for the Huey. This is necessary as the Huey takes a crew of 3 while all other helicopters take a crew of 2.
 - f. In each table, show direct costs, which represents the salaries and benefits for the crew, along with overhead and operating and maintenance costs. (Note: The operating and maintenance costs have not been updated since 2011, since this service is rarely charged.)
 - g. Obtain flight hour data from the Air Support Unit.
2. Verify that the rates on the Exhibit E-ASU tab have correctly updated for the changes to the ASU Rate tab.
 3. Review and update the overtime rate per hour for deputies.
 4. Verify that the formulas updated appropriately in the cost estimates table.

STEP 21. Update city credits for unincorporated space use.



Calculate the city credits for unincorporated space use.

1. There are 4 cities, Sammamish, SeaTac, Shoreline, and Kenmore, that receive a credit for space, copier, or phone use.
2. Shoreline receives a copier and telephone credit and Kenmore receives a copier credit.
 - a. Calculate the copier credits by taking the budgeted amounts for the Patrol Operations Division and the total budgeted amount less Account 53712 Rent Lease Copy Machine. A per FTE amount for the total and the total net of account 53712 is calculated by dividing the amounts by total Patrol FTE and multiplying that amount by the FTE in the respective contract city. The copier credit is the difference between the two amounts.
 - b. The telephone credit is calculated by taking the Telephone FTE amount from the Formulae tab in the Costbook and multiplying it by the city's FTEs.
3. For the Sammamish and SeaTac credits:
 - a. Calculate the DCFS totals for the applicable cities and the surrounding unincorporated areas and the percentage related to the unincorporated area. Since the workload counts are linked to the Workload tab, verify that the amounts populated and formulas calculated correctly (e.g., no errors).
 - b. Verify that there have been no changes to the Sammamish/SeaTac square footage usage by KCSO.
 - c. Obtain facility cost data from Sammamish and SeaTac. This should include the facility charge, annual utility cost, annual maintenance costs, and annual janitorial, security, and electrical costs. These costs should be multiplied by the square footage percentage

4. PROCESS

- used by KCSO. (Note: Sammamish staff have been providing data already allocated by the percentage. Verify the manner in which the data has been provided.)
- d. Multiply the annual costs by the percentage of DCFS calls related to unincorporated areas. This represents the amount of the credit for Sammamish and SeaTac.

STEP 22. Populate the Exhibit B tabs for each contract city.



Verify that Exhibit B has been populated correctly and formulas are appropriately calculating totals.

1. Exhibit B contains 3 sections Dedicated Police Services (not applicable to cities that utilize the Flexible Services model), Additional Police Services, and Overhead.
2. For Dedicated Police Services:
 - a. Verify that the units for each position pulled correctly from the Data tab. The units for ACCURINT licenses are also pulled from the Data tab. The cell phone units represents the total number of sworn FTEs in the Dedicated Police Services section.
 - b. Verify that the Salary and Benefits amounts pulled correctly from Exhibit A. The Salary amount represents the amount of Base and Special Pays. The Benefits amount includes FICA, Retirement, Medical, and Industrial Insurance.
 - c. If the city has requested the Step 6 Adjustment be included in the estimated costs, populate the Step 6 adjustment column for Officers, Motorcycle Units, School Resource Officers, Crime Prevention Officers, Detectives, and Street Crime Detectives. These represent positions where costs are originally calculated at Step 5 and the city has requested Step 6 be used to account for a salary increase during the contract year.
 - d. The total cost is calculated by multiplying the number of units by the total salary+benefits+Step 6 adjustment.
 - e. The FTEs column is populated from the number of units.
 - f. The Uniform, Equipment, and Supplies cost is taken by multiplying the number of FTEs by the Uniform, Equipment, Supplies, Services, and Telephone amount on Exhibit A for each applicable position.
 - g. The ACCURINT license cost is based on the number of licenses from the Data tab.
 - h. The Vehicles amount is a formula that takes the total for the city from the Vehicle worksheet tab.
 - i. Cell phones is based on the total units multiplied by the cell phone cost taken from Exhibit A.
 - j. The 800 Mhz cost is calculated by multiplying the total number of FTEs, rounded up to the nearest whole number, by the 800 Mhz amount calculated on the Formulae tab of the costbook.
3. For Additional Police Services:
 - a. The number of units is calculated as follows:
 - i. Precinct Command Staff – The city’s percentage of dispatch calls for service within the precinct. Obtained from the Workload tab. (Note: As discussed under

4. PROCESS



Step 13, the cities receive a credit to the number of units for dedicated Captain positions.)

- ii. Patrol Supervision –The city’s percentage of dispatch calls for service within the precinct. Obtained from the Workload tab. (Note: As discussed under Step 13, the cities receive a credit to the number of units for dedicated Sergeant positions.)
 - iii. Detective Supervision - This percentage is the flex sergeant percentage from the Data tab. It represents the 5-year average of the city’s detective cases divided by the total number of cases for the precinct. (Allocated only to flex cities and Burien)
 - iv. Shared Patrol – Only flex cities are charged for shared patrol. The units are calculated based on the percentage of the city’s 5-year average of calls divided by the 5-year average of the total number of calls for the precinct including the city.
 - v. Shared Detectives - This percentage is the 5-year average of the city’s detective cases divided by the total number of cases for the precinct.
 - vi. Precinct Support Staff – The city’s dedicated FTEs plus the FTEs for Precinct Command Staff, Patrol Supervision, Detective Supervision, Shared Patrol, and Shared Detectives.
 - vii. Evidence and Supply Technician – The city’s dedicated FTEs except for Clerical staff. Currently, only SeaTac contracts for shared Evidence and Supply Technicians.
 - viii. Communications/Dispatch – This percentage is based on the city’s calls divided by total calls, regardless of precinct.
 - ix. Hostage Negotiation Team – This percentage is based on the number of the city’s call for hostage negotiation team services compared to the total number of calls for the Team. A 3-year average is used for this statistic.
 - x. Major Crimes Investigation – This percentage is based on the city’s Part I Major Crimes as a percentage of total Part I Major Crimes for the County. A 3-year average is used for this statistic.
 - xi. Marine Unit – The percentage for this unit is based on a combination of the city’s shoreline and marine unit workload. A 3-year average is used for this statistic.
 - xii. MARR Unit – The percentage for this unit is based on callouts for fatalities, injuries, and eluding. The three statistics are summed and the city is charged for their percentage of total callouts. A 3-year average is used for this statistic.
 - xiii. TAC-30 Team – The percentage for this unit is based on the city’s TAC-30 callouts as a percent of total callouts. A 3-year average is used for this statistic.
- NOTE: For all activities using a 3-year average except Marine, a 5-year average is used for Beaux Arts and Skykomish due to the small size and number of activity in those cities.
- b. The Salary, Benefits, and Other columns are populated from Exhibit A.
 - c. The City Cost is a calculated field which multiplies the city’s units by the total of the Salaries, Benefits, and Other Costs.

4. PROCESS



- d. FTEs are calculated by dividing the City Cost by the total on the Addenda for the applicable position for individual positions. For units, such as Communications, divide the City Cost by (total costs for the unit in Exhibit A/total FTEs for the unit).
4. Verify that the County, Sheriff, and Direct Support Overhead amounts populated correctly from the Overhead Summary.
5. Check that workload changes have been appropriately accounted for in the totals for the city.
6. Below Exhibit B is the Overhead calculations that drive the amounts on the Overhead summary, update the amounts in this summary to facilitate the calculation of Overhead by category.
 - a. For the Insurance, 800 Mhz, etc. Category – Verify that no additional lines need to be added to this category. Check that the FTEs are appropriately calculated to pick up all applicable staff for each category. Link the cost per FTE to the Deputy Addenda in the costbook.
 - b. For the payroll, crime analysis, evidence, etc. – Verify that no additional lines need to be added to this category. Check that the FTEs are calculating correctly. It should be all direct FTEs plus all FTEs above Precinct Support Staff in the Additional Police Services section. Link the Cost per FTE to the applicable line on the Department Admin Summary tab of the costbook.
 - c. For Department Overhead (sworn and nonsworn) on the services provided by units in the Additional Police Services Section, verify that all unit services utilized by the city are listed and use the workload statistic in Exhibit B for the Workload. The Pool Cost is obtained from Exhibit A and links to the overhead totals for the unit in the costbook.
 - d. For the Department Overhead – Sworn (Training, Firing Range, Data), the FTEs represent all direct FTEs plus all FTEs above Precinct Support Staff in the Additional Police Services section. Link the Cost per FTE to the applicable line on the Department Admin Summary tab of the costbook.
 - e. For Department Overhead - Sworn on the services provided by units in the Additional Police Services Section, verify that all unit services utilized by the city are listed and use the workload statistic in Exhibit B for the Workload. The Pool Cost is obtained from the Sworn Overhead column in Exhibit A and links to the Sworn overhead totals for the unit in the costbook.
 - f. Division Overhead charges for the Patrol Operations Division are based on all direct FTEs plus all FTEs above Precinct Support Staff in the Additional Police Services section. Obtain the cost per FTE from Exhibit A and links to the Division Administration Summary in the costbook.
 - g. For Division Overhead charges on the services provided by units in the Additional Police Services Section, verify that all unit services utilized by the city are listed and use the workload statistic in Exhibit B for the Workload. Link the Pool Cost to Exhibit A, the Division Overhead amount for the applicable unit. The Division Overhead amount links to the amount for the unit in the costbook.
 - h. Add in any Facility Charges or Credits for the city. Link Charges to the Facility Costs tab and link to the Credits tab for facility credits.
 - i. Summarize costs by type. This section is formula driven and needs to be verified that no errors occurred.
 - j. Update the links for Central County Government Overhead. Link the costs to the applicable page in the costbook.

4. PROCESS
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- k. Verify that the check total at the bottom is zero, representing that all overhead has been allocated.

STEP 23. Verify that Overhead amounts populated correctly.



Verify that the Overhead Summary and the totals for each overhead type on the contract cities' Exhibit B workbook populated correctly.

1. The amounts reported on the Overhead Summary tab are populated from the Exhibit B tabs for each contract city. Verify that the cells all populated correctly.
2. The amounts for this spreadsheet are calculated in the lower section of each city's Exhibit B tab. The allocation is based on the number of FTE's for the city and the total cost per FTE from the Costbook for County and Department Overhead and from the Exhibit A tab for Division Overhead.

STEP 24. Review the Summary tab.



Add notations to the Summary tab regarding adds and cuts in FTE or services. Review the change from prior year and determine whether the change has a reasonable explanation.

1. Verify that the costs and FTEs for each city populated correctly and include the percentage of any COLA adjustment used in calculating salaries and benefits.
2. Update the notations below the chart for any adds or cuts in FTEs or services.
3. Review the percentage increase over the prior year for each city with and without any changes made by the city. Explain any increases not explained by the COLA adjustment or changes to city FTEs.

STEP 25. Update for Adopted Budget.



Update the Costbook and Exhibit B workbooks for the adopted budget and any changes necessitated due to approved labor agreements, requests from cities, etc.

1. For the Costbook, update all tabs applying the same methodology described in the preceding Costbook steps.
2. For the exhibit, save the Proposed file as DRAFT Adopted exhibit. Also, update each tab to say DRAFT Adopted.

4. PROCESS



3. On the Summary tab, insert columns and copy-paste the values from the 2023P Costs column into the new column. Once the Adopted amounts have been calculated, you will need these values to compare to the Adopted costs to see which is lower.
4. On the Data tab, update the header in cells B1 through B4. If there are any FTE adds or cuts, update the FTE counts for the appropriate city and position. Go to the applicable city's tab and make sure that the change is correctly noted in the exhibit. Additionally, add a row at the bottom of the exhibit to factor this into the percentage increase in costs (e.g., exclude added FTEs). Any FTEs added or deleted, should also be added/removed from the Proposed Exhibit B to facilitate an equitable comparison between the Adopted and Proposed costs.
5. On the Data tab, update the salaries and benefits included in the Step 6 table starting at row 56. These amounts are obtained from the salaries and benefits workbook used to calculate average salaries and benefits by position for the costbook.
6. Additionally, on the Data tab, update the Optional Overtime adjustment (beginning at row 104), for any changes to the cities' requests for additional overtime.
7. If there was a change to a City's FTEs regarding the number of dedicated sergeants in the city, update the Number of Sergeants column on the Data tab to provide additional credit or reduce the credit provided for supervision. Additionally, if there was a change in the Captain FTEs, update the Shared Captain Adjustment column on the Data tab to provide additional credit or reduce the credit for shared captains.
8. Utilize the most recent vehicle inventory and update the calculation of vehicle costs by city, update the Vehicle tab in the Exhibit B worksheet for the most recent calculation.
9. Update all links in the Exhibit file to point to the new Adopted Costbook file.
10. Update the links in Exhibit A so that they are pulling from the appropriate cells in the costbook file.
11. On Exhibit A, if needed, update the number of Precinct Majors, Captains, or Sergeants charged to the cities. Typically, 1 position is excluded from each cost pool. For Precinct 4 cities (Burien & SeaTac), they are not allocated a portion of the Precinct Major or Captain here. The charge for the Captain portion, is updated on the Burien or SeaTac tab. Currently, Burien and SeaTac are paying 5 percent of a Precinct Captain.
12. The Exhibit A workload tab is updated in June of each year and the update is reflected in the Proposed Exhibit. No change is necessary for the Adopted Exhibit.
13. For FIU, the workload is updated as part of preparing the Proposed Exhibit. For the Adopted Exhibit, update the link to the cost of a Fire Investigator to link to the Adopted Costbook file.
14. For the Marine tab, update the proposed budget amount by updating the link to go to the Adopted Costbook file. The workload data is only updated in the Proposed Exhibit.
15. The Exhibit E, Exhibit E-ASU, and ASU Rate files are used to build the KCSO Service Matrix. The Service Matrix is sent to all cities in King County to establish an hourly rate for services if they have no contract with King County. These tabs do not impact the costs allocated to contract cities. These tabs are only updated in the Adopted Exhibit.
16. The credits for Kenmore and Shoreline are updated in both the Proposed and Adopted Exhibits. The SeaTac and Sammamish credits are updated only in the Proposed Exhibit. These amounts represent credits for the portion of the precinct used by unincorporated staff.
17. The Overhead Summary tab does not need to be updated as the tab is entirely formula driven. After the Overhead tab in the exhibit file is finalized, the separate overhead file is linked to the Exhibit file. The separate overhead file is used as page 2 of the city cost exhibits provided to each contract city.

4. PROCESS

18. For the Contract City tabs:
 - a. Burien – Update section cells H57-J75 based on conversations w/ Burien Chief and Precinct 4 Major or Captain to properly apportion shared FTE’s in the City exhibit (cell B40). (Basically, there are 2 Shared Sgt positions that Burien and Unincorporated Precinct 4 share).
 - b. Burien – Update section (cells H77-P81), to calculate the portion of Precinct 4 Sergeants that Burien should pay for to provide Sgt Supervision when City Sgts are not on duty. This pulls to cell F54 on the Burien cost exhibit.
 - c. Kenmore – Update the dollar amounts in comments on row 60, with the dollar amount listed on the Shoreline tab (cell F140). Update Shoreline tab comment with same number in row 61.
 - d. Kenmore – Take the sum of this last number, plus cells F38, F39 and F45 and enter the total in the comment on row 71. Update Shoreline tab comment with the same number in row 73.
19. Compare the amounts on the Summary tab to the totals on each contract city tab to verify that the Summary is correctly populating.
20. On the Summary, compare the total costs for each city between the Proposed and Adopted Exhibit. It is very rare (like once in a decade) that proposed costs have been lower than adopted costs, but in the event proposed costs are lower, the Proposed exhibit for the city would be considered the final Exhibit B, sent to the city, and used for billing. If Adopted costs are lower, the Adopted exhibit will be considered the final Exhibit B, sent to the city, and used for billing.
21. Once all files are finalized, make the Costbook, Exhibit, and all supporting files read-only to prevent accidental modifications.

STEP 26. Update proposed costs for Exhibit E.



Update the Exhibit E tab to support the KCSO Service Matrix.

1. Exhibit E presents an hourly rate for K-9, SET (Drug Enforcement, Gambling, Other Special Functions), Hostage Negotiation Team, Fire Investigation Unit, Major Crimes, Marine Patrol, MARR, Polygraph Examiner, and Tactical Unit.
 - a. The Adopted Cost amount is obtained from the costbook or Exhibit A.
 - b. Calculate person hours. Hours per position are calculated using a full-time year less estimated hours for leave, training, and holidays. Specialty unit hours are obtained from the Workload file and a 3-year average is utilized for Exhibit E. Other unit FTEs are based on the FTEs in the costbook, net of any FTEs charged directly to contract cities, multiplied by the hours per position.
 - c. Calculate the hourly cost. This amount is formula driven and represents the Adopted Cost divided by the person hours.
 - d. Calculate the minimum charge. Minimum charge is based on specifications by unit or type of service. For example, the minimum charge for tactical services is based on 2 hours for 7 officers.

4. PROCESS



2. Update Exhibit E for the Air Support Unit. Verify with KCSO management that there have been no changes to the non-chargeable or chargeable calls and the priorities for the calls. Also, determine whether any changes need to be made to the cost basis.



5. ACRONYMS

Abbreviation	Full Term
AFIS	Automated Fingerprint Identification System
ARFF	King County Airport Police
ASU	Air Support Unit
COLA	Cost of Living Adjustment
DC	Direct Charge
DCFS	Dispatch Calls for Service
FICA	Federal Insurance Contributions Act
FIU	Fire Investigation Unit
FTE	Full-Time Equivalent
ILA	Interlocal Agreement
IT	Information Technology
KC	King County
KCCH	King County Courthouse
KCHA	King County Housing Authority
KCSO	King County Sheriff's Office
MARR	Major Accident Response and Reconstruction
MIDD	Mental Illness and Drug Dependency
Mhz	Megahertz
SET	Special Emphasis Team
TAC	Tactical
VOIP	Voice over internet protocol

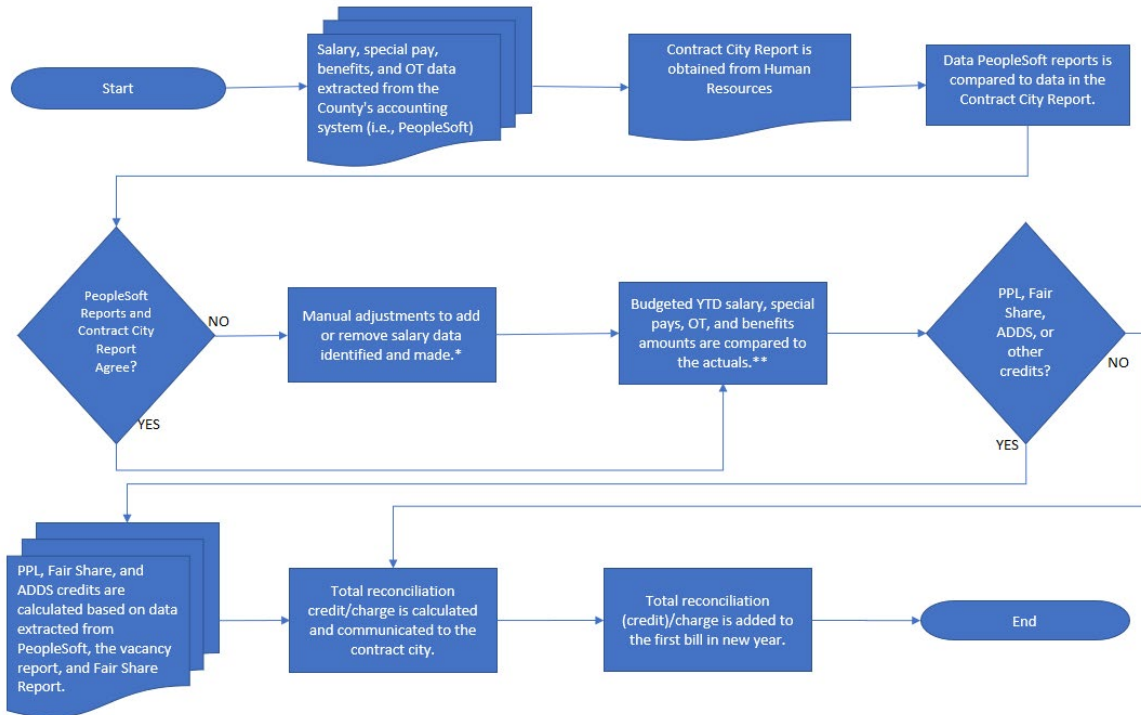
6. CLIENT SIGNOFF

Name

Signature

Date (date manual accepted by KCSO)

Attachment B - Reconciliation Process Overview Flowchart



***Examples of steps occurring here:**

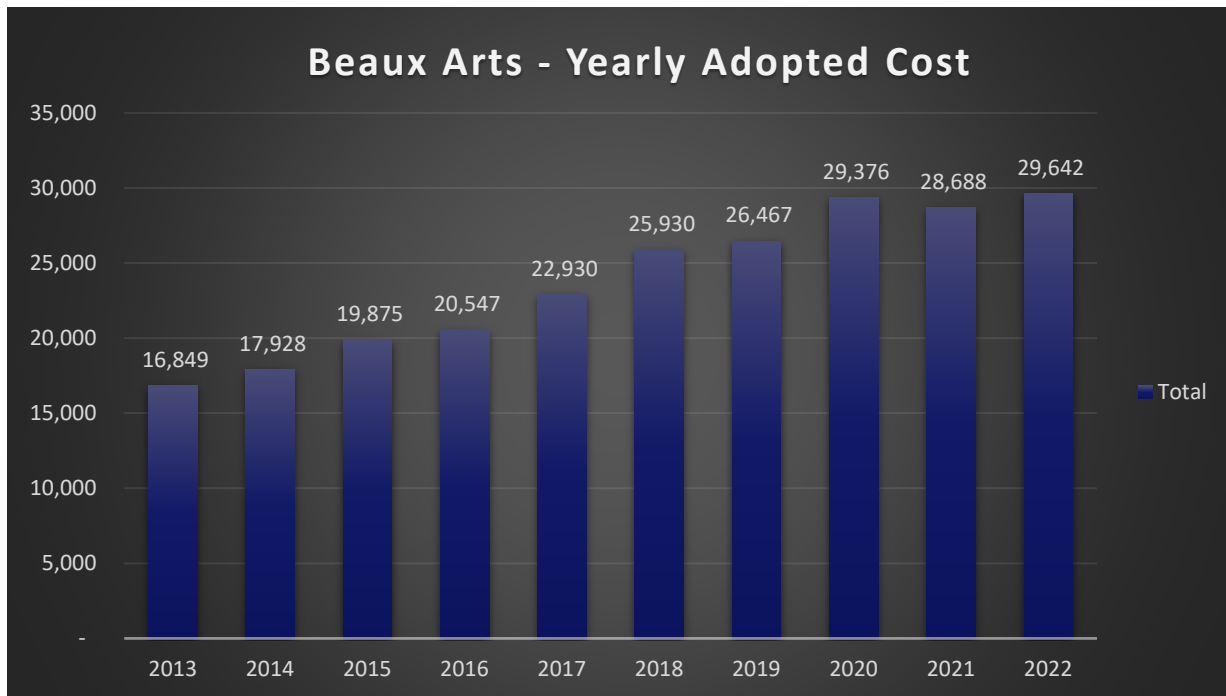
- 1) If a Contract has an FTE ADD, a step 1 deputy plus benefits is added for first 9 months.
- 2) Obtain Discretionary OT report from BFOIII, and manually remove any separately billed OT in that report (from reconciliation process)
- 3) Obtain quarterly Grant billing (for JTAT, SEDO and Active Shooter).....and back that out of reconciliation
- 4) If PeopleSoft or HR reports show an officer is getting last paycheck, calculate % of their career last spent in that contract, and manually remove the rest from hitting the city.
- 5) If a City has TAC30, Bomb or Dive officers, give a 20% credit for S&B's, and a 100% credit for duty pays for those officers.
- 6) If a labor negotiation is pending, and we have an estimated COLA for the year....adjust examples 1 and 5 accordingly
- 7) If a disparity is seen that does not make sense....we can also look at Atlas, personnel orders, and reach out to HR to figure it out.

****This process is done on a monthly basis, and feeds another file that accumulates the Budget to Actual comparison on a YTD basis.**

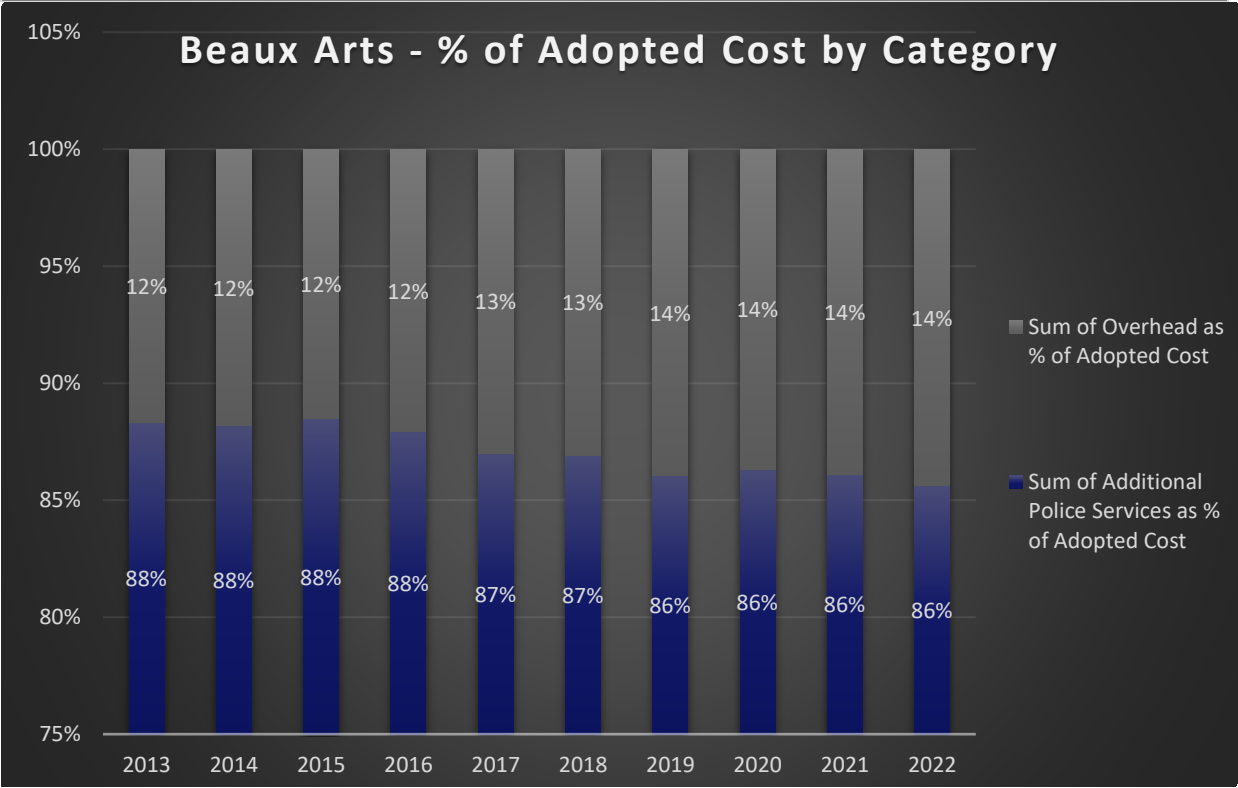
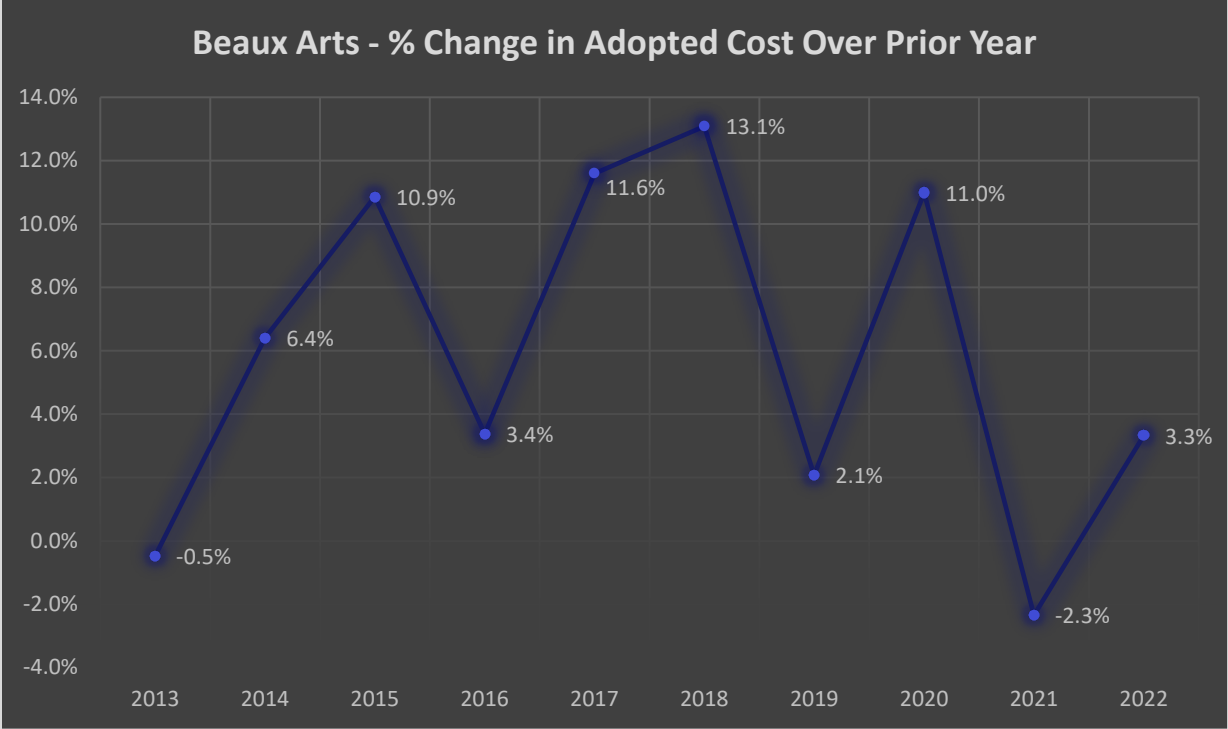
Source: Created by MGT and confirmed by KCSO staff

Attachment C - Cost Book and Reconciliation Analysis By City

Beaux Arts¹⁸



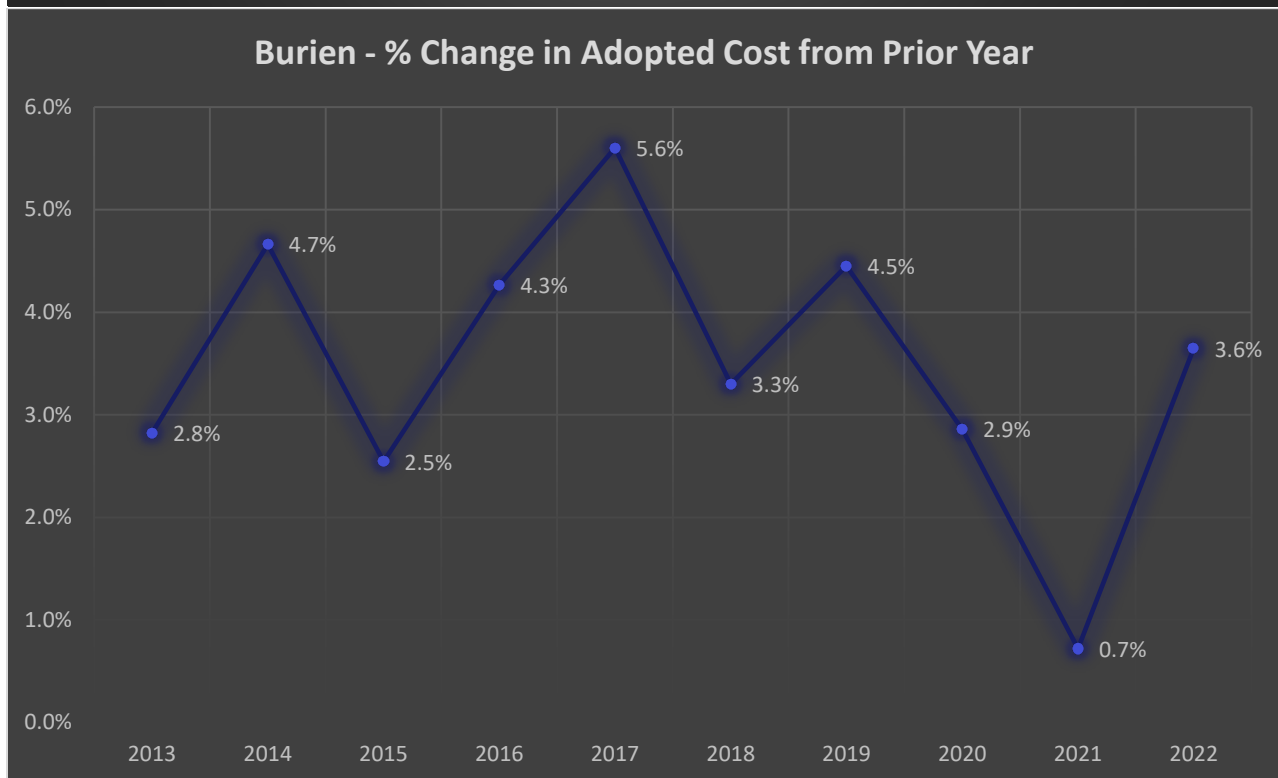
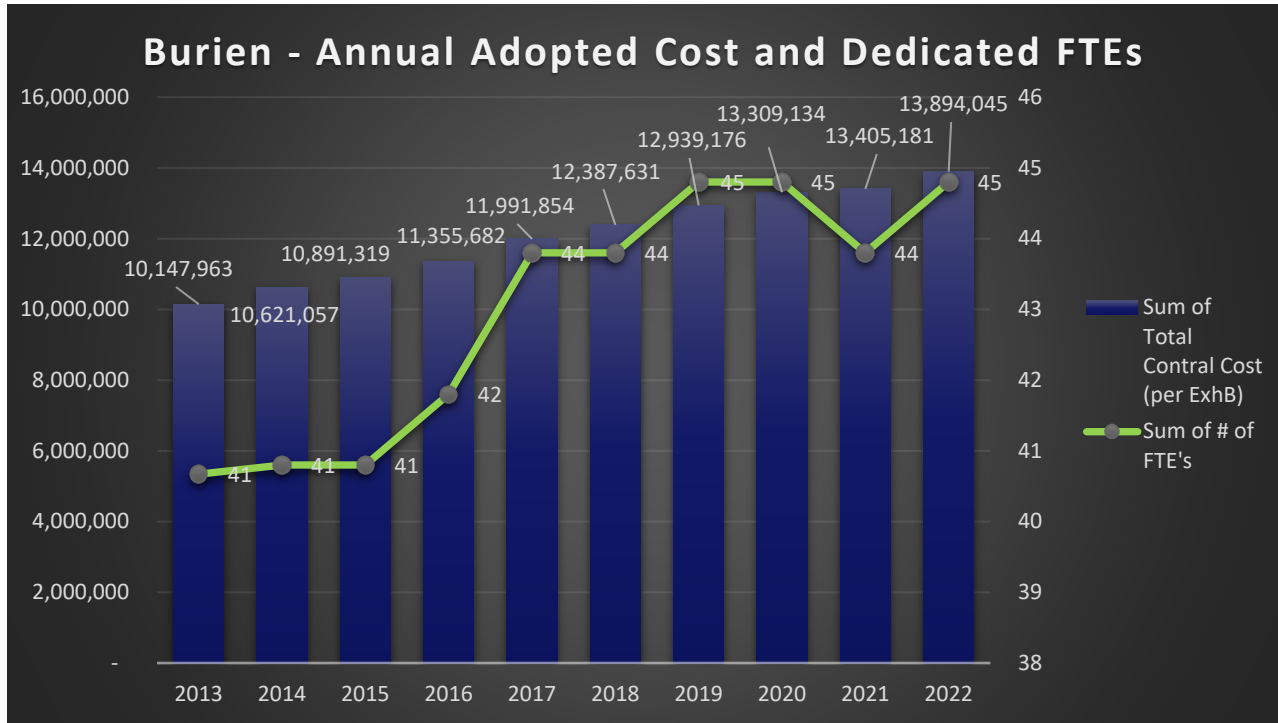
¹⁸ The city does not have any dedicated FTEs; therefore, it does not incur charges that are subject to reconciliation.

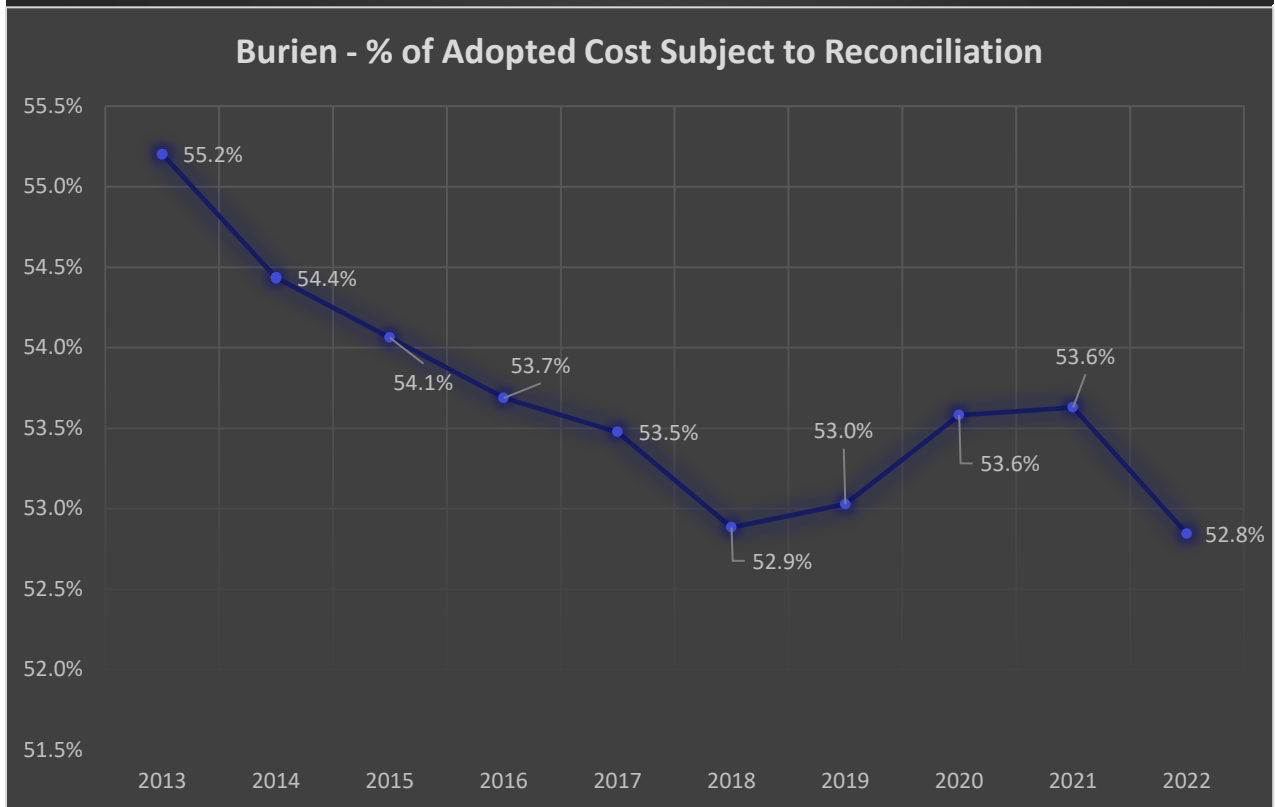
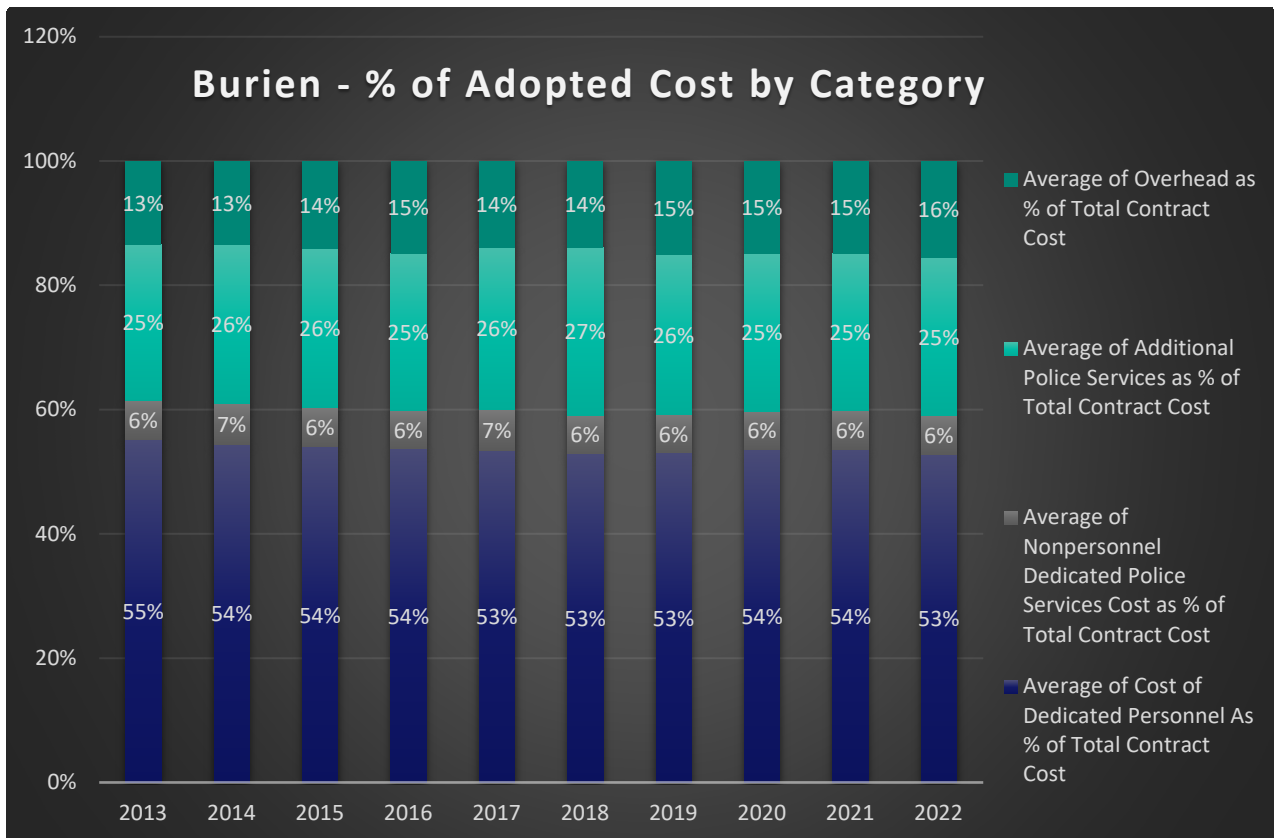


Summary for Beaux Arts:

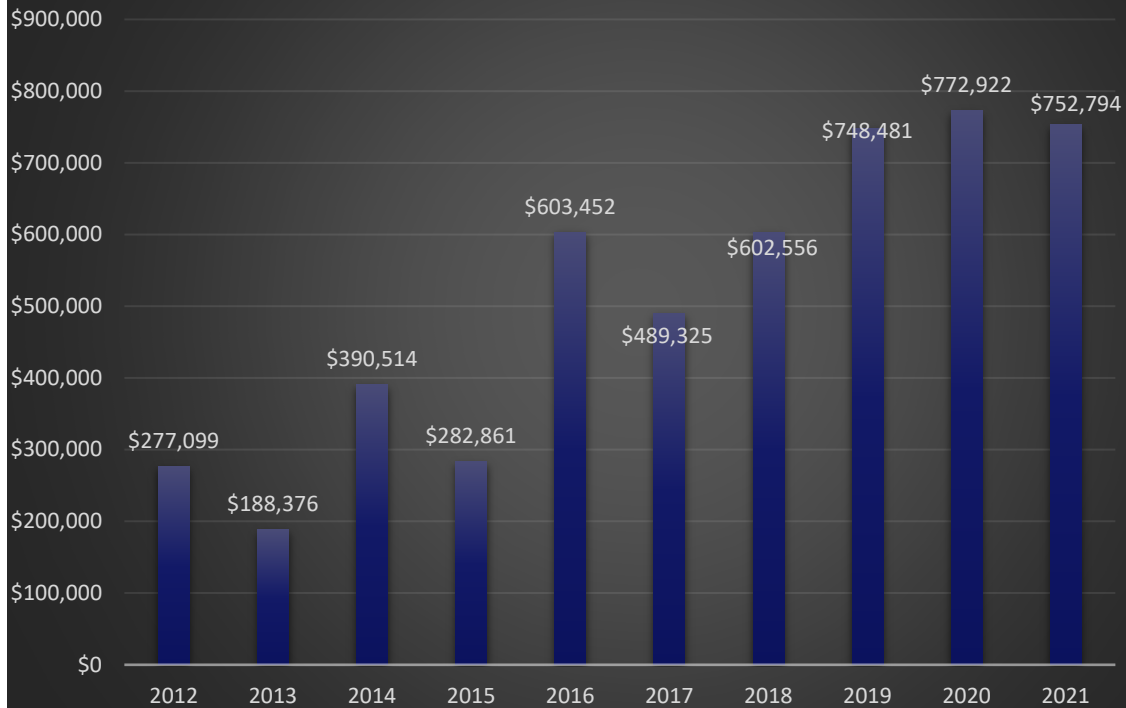
- Although some of the increases in adopted cost appear to be significant when taking into consideration the percentage change from the previous year, the dollar value of the increases was minimal. The dollar value of the year-over-year increases ranged from \$537 to \$3,000.
- Overhead as a percentage of adopted cost increased from 12 percent in 2013 to 14 percent in 2022.
- The city does not have dedicated FTEs. Thus, the city does not incur any direct labor cost charges and is not subject to reconciliation.

Burien

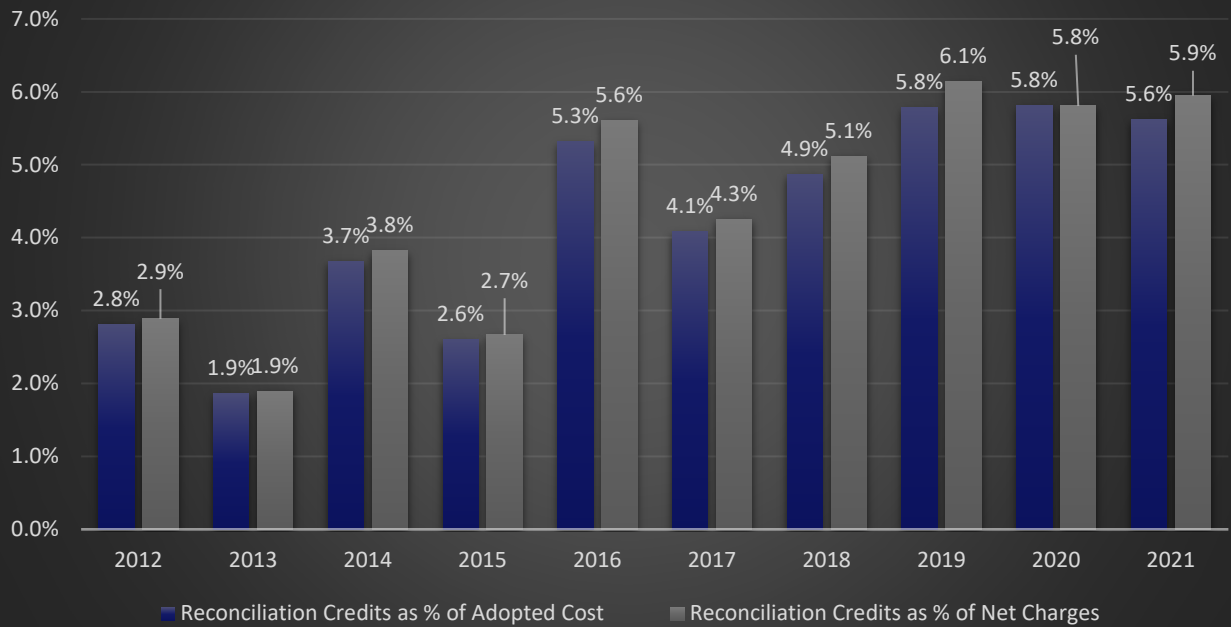




Burien - Total Reconciliation Credits/(Charges)



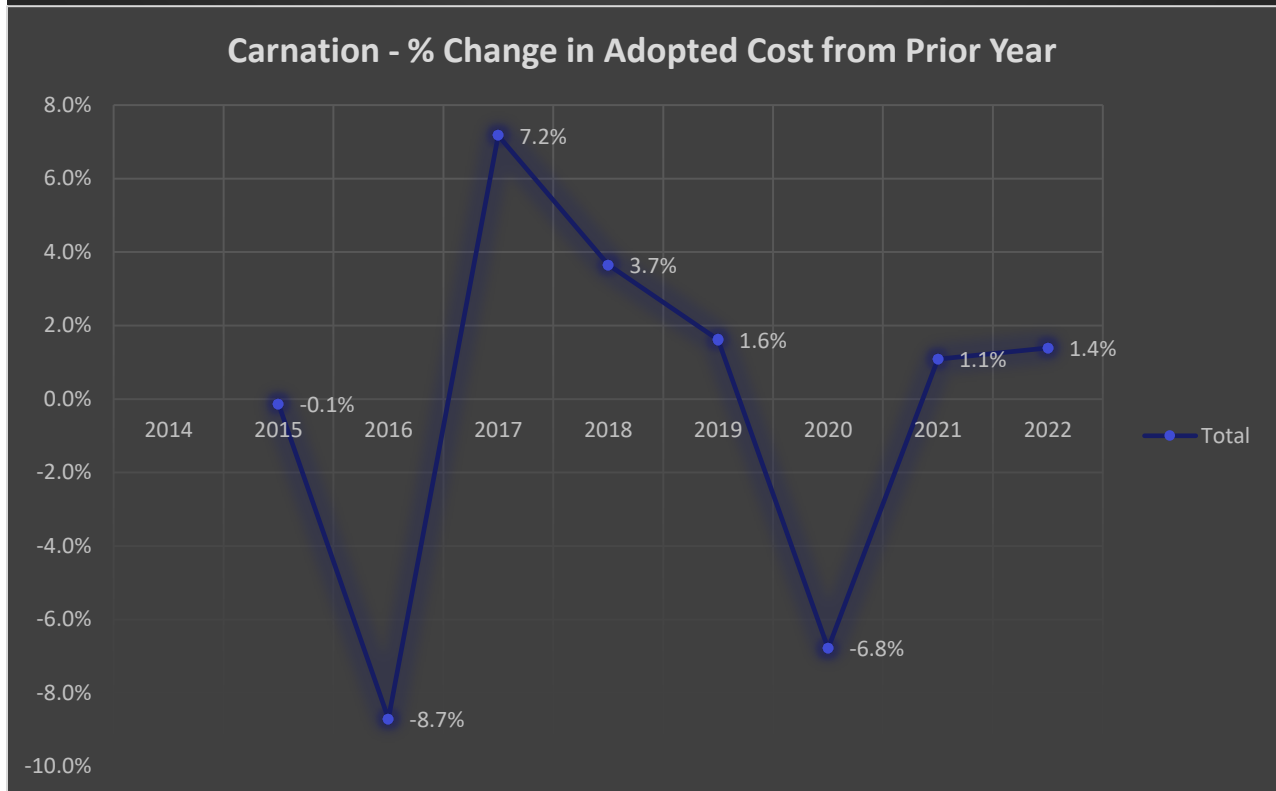
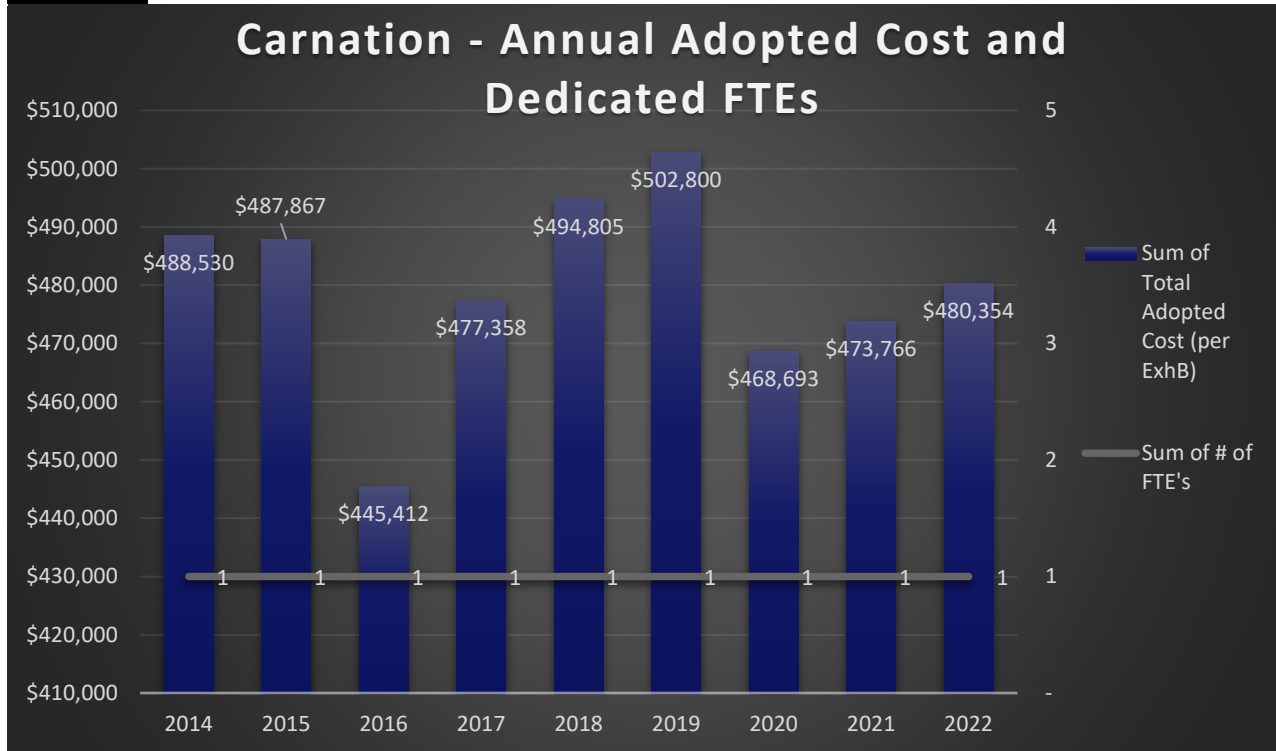
Burien - Rec. Credits as % of Adopted Cost & Net Charges



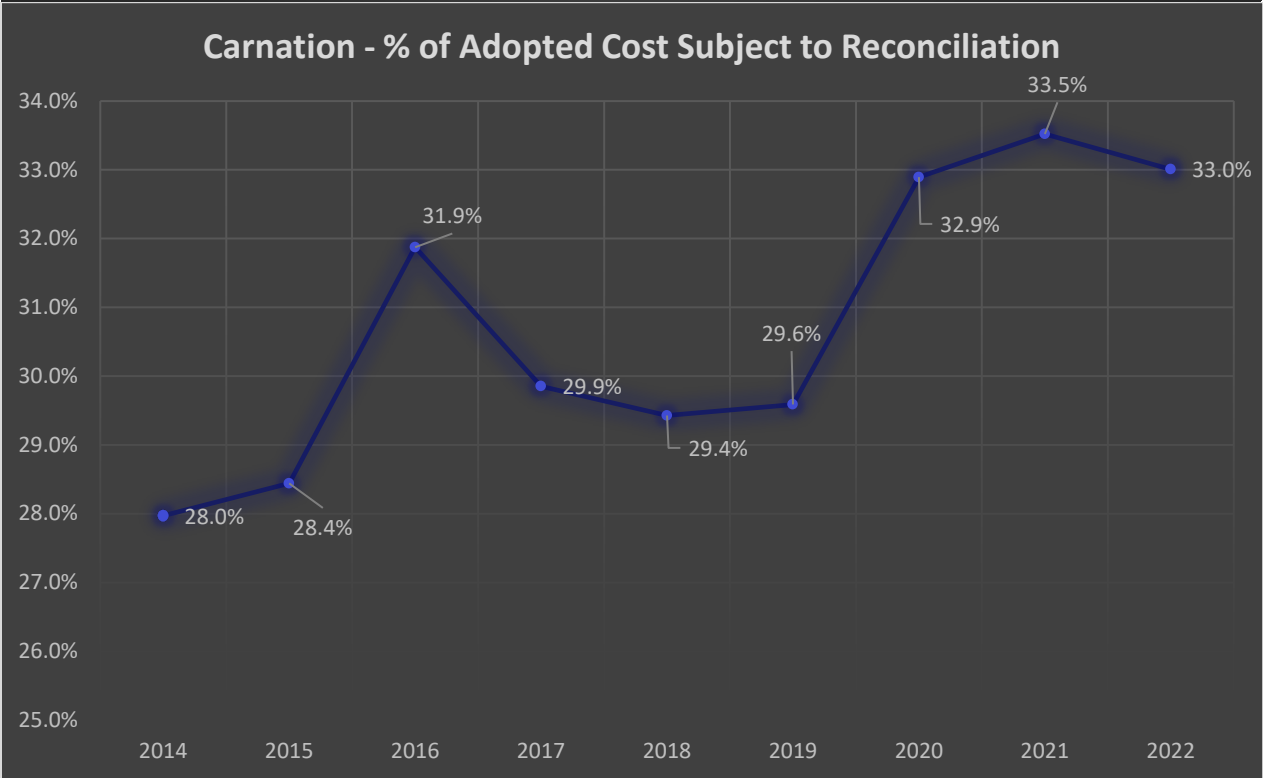
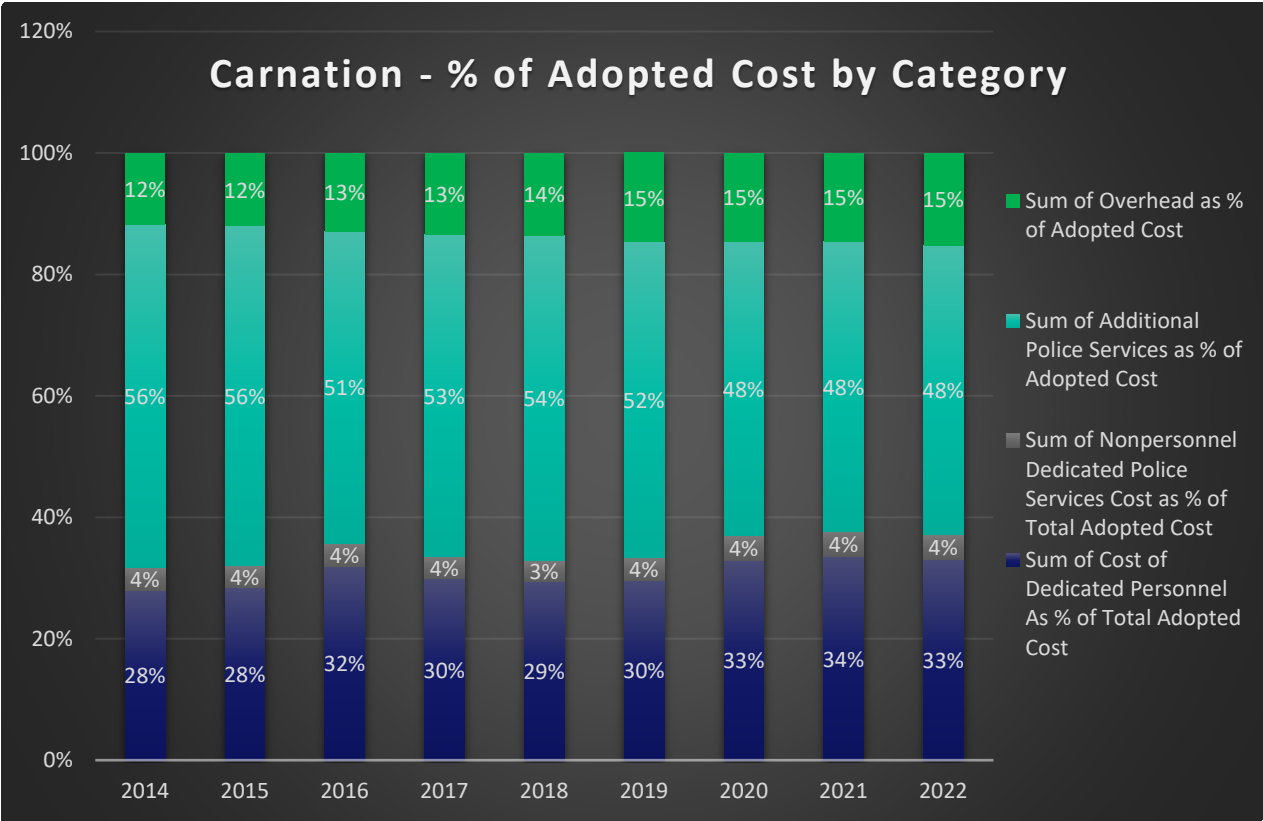
Summary for Burien:

- There was a significant increase of 5.6 percent in adopted cost from 2016 to 2017. The cities added two dedicated FTEs during his time.
- Overhead as a percentage of adopted cost increased from 13 percent in 2013 to 16 percent in 2022.
- The cost subject to reconciliation (direct personnel cost) as a percentage of adopted cost decreased from 55.2 percent in 2013 to 52.8 percent in 2022. This indicates that a smaller portion of total adopted cost is going towards direct labor cost.
- From 2018 through 2021, the reconciliation credits were between 4.9 and 5.6 percent of the adopted cost.

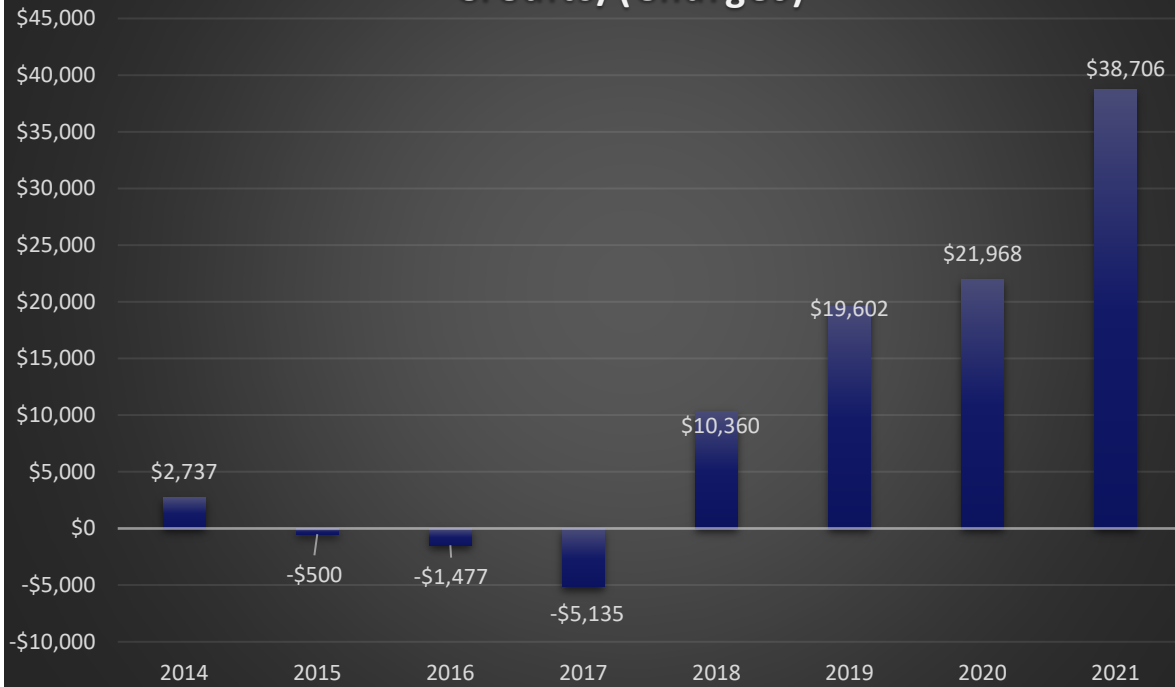
Carnation¹⁹



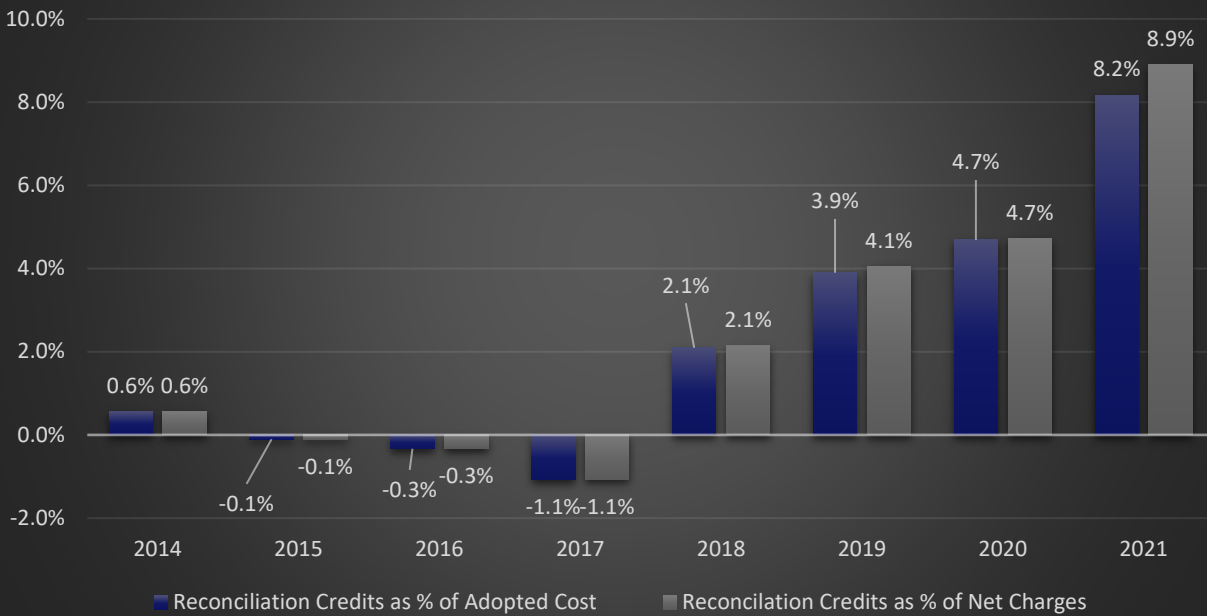
¹⁹ KCSO started providing services to the city in 2014.



Carnation - Total Reconciliation Credits/(Charges)



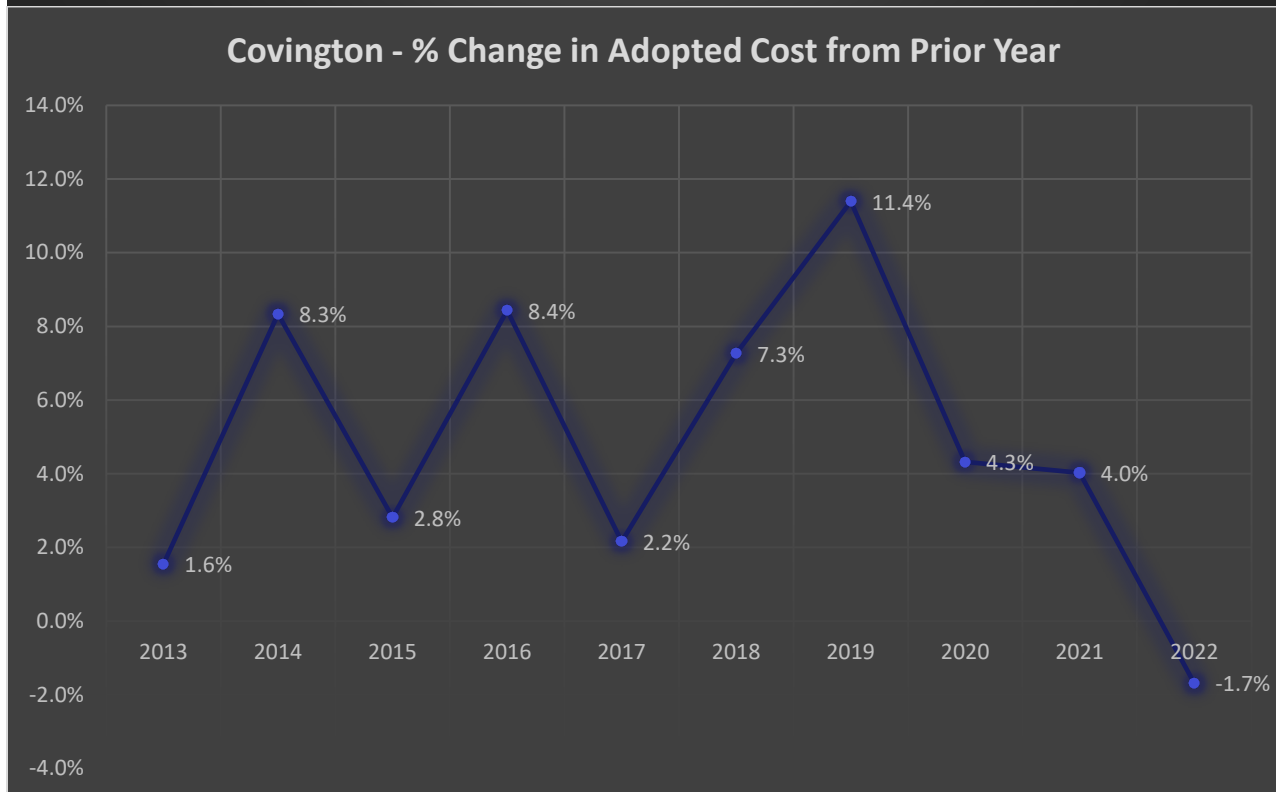
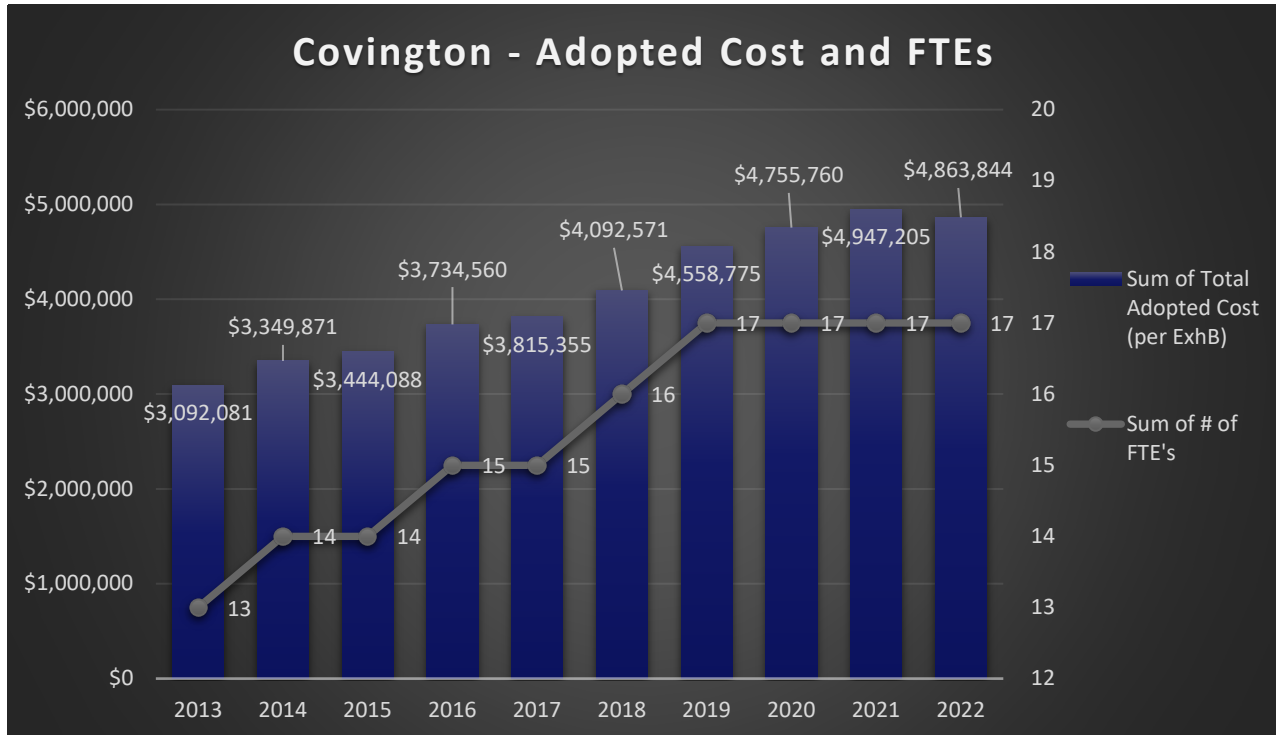
Carnation - Rec. Credits as % of Adopted Cost and Net Charges

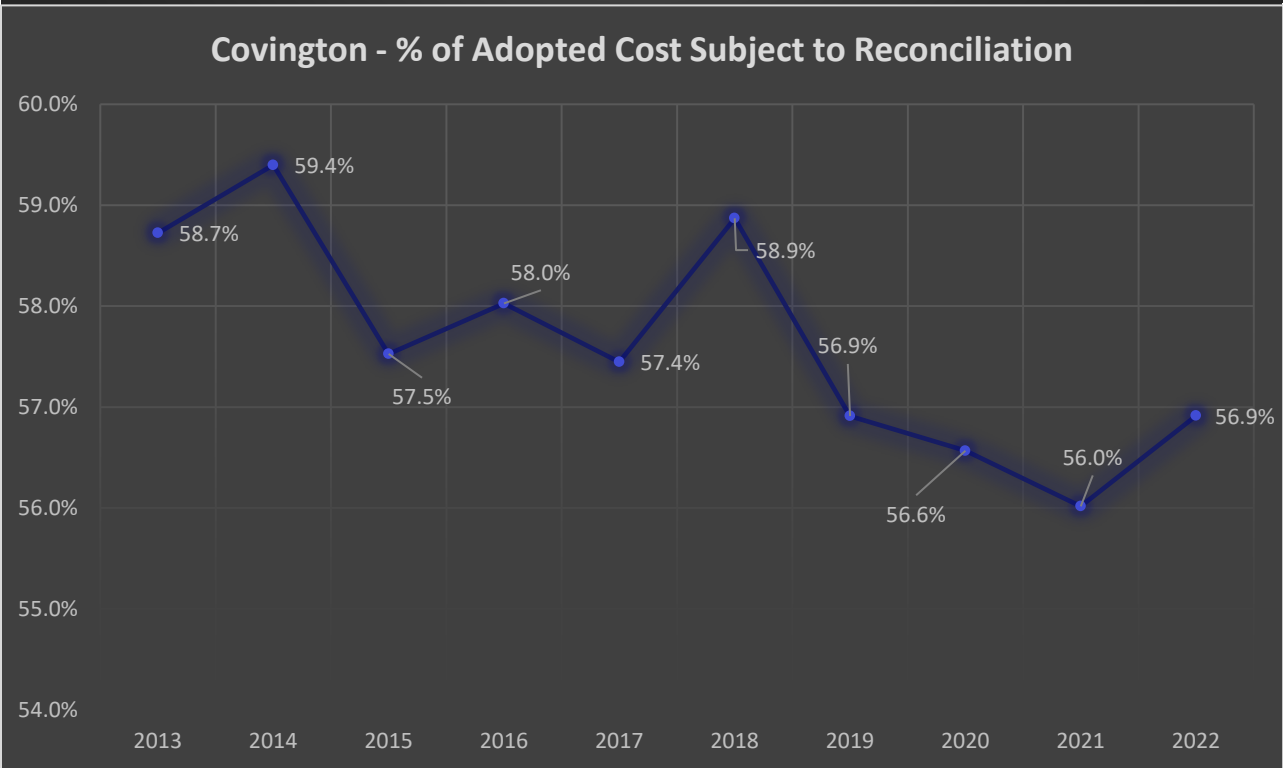
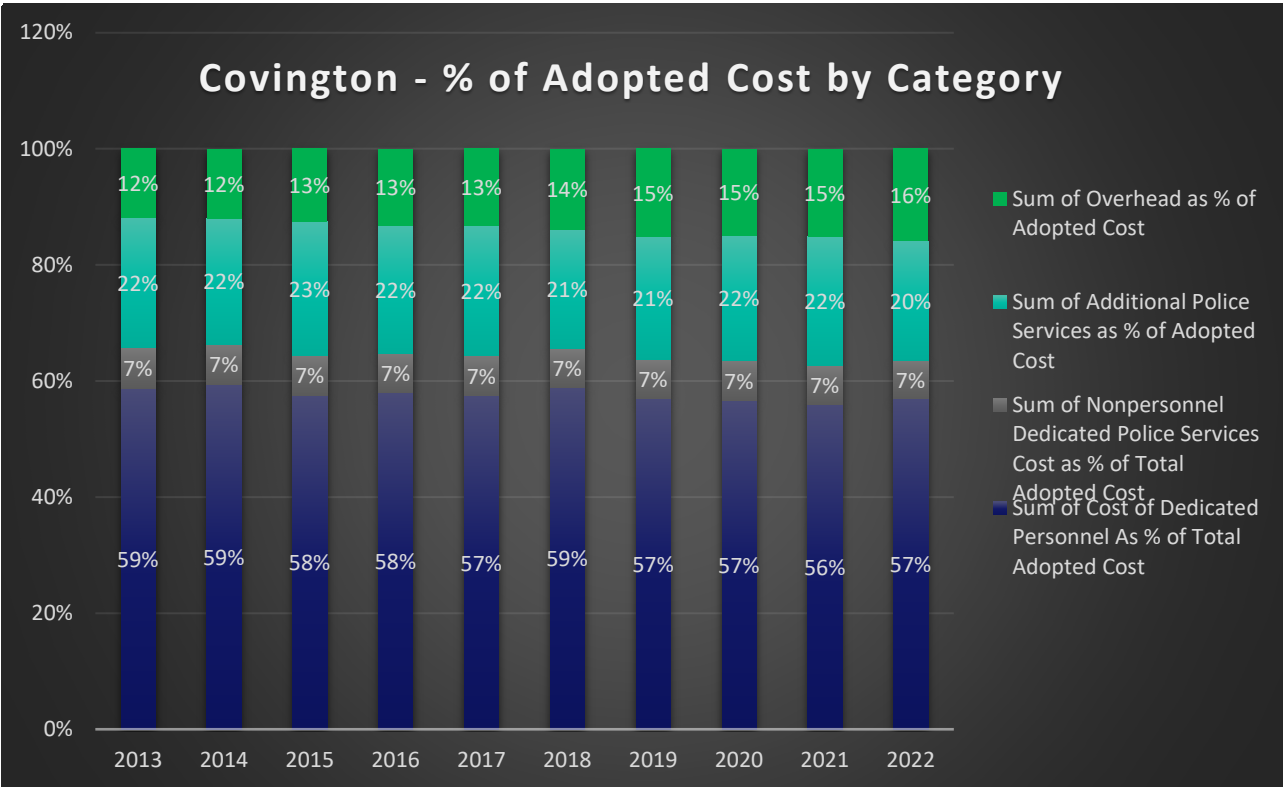


Summary for Carnation:

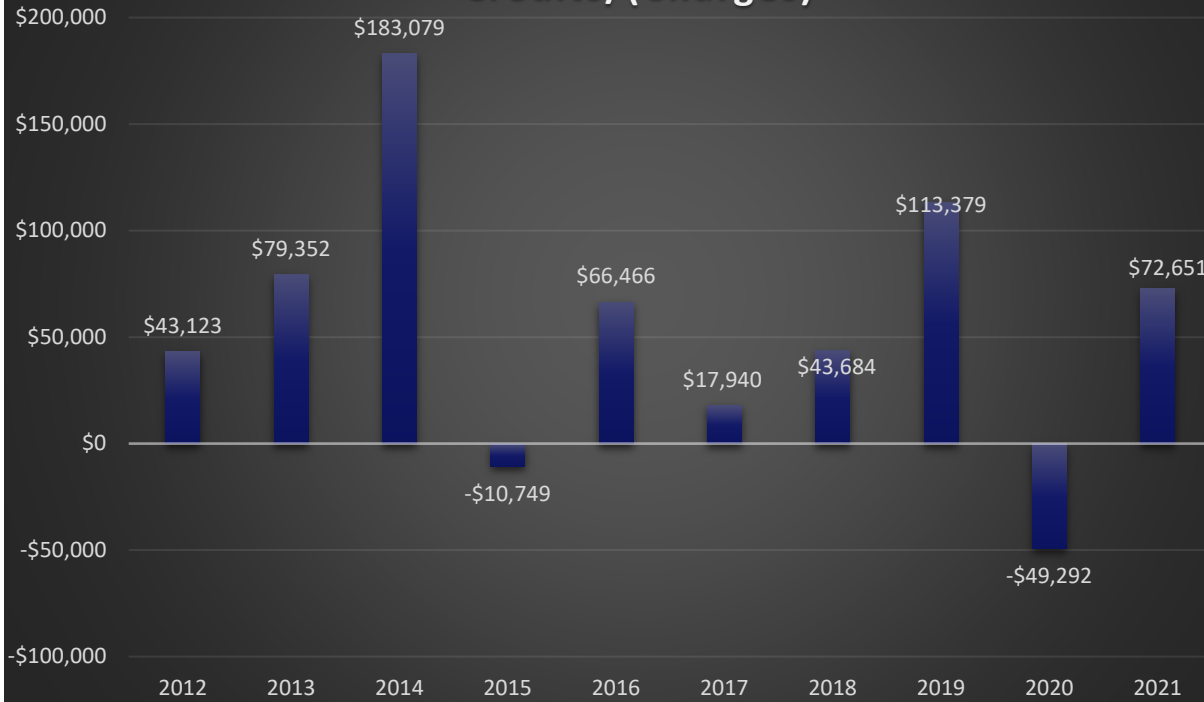
- There was a significant (8.7%) decrease in 2016 because of Patrol Services. The increase in 2017 was because of an increase in Shared Patrol of \$20K.
- Overhead as a percentage of adopted cost increased from 12 percent in 2013 to 15 percent in 2022.
- The cost subject to reconciliation (direct personnel cost) as a percentage of adopted cost increased from 28.0 percent in 2013 to 33.0 percent in 2022. This indicates that a bigger portion of total adopted cost is going towards direct labor cost.
- From 2018 through 2021, the reconciliation credits were between 2.1 and 8.2 percent of the adopted cost.

Covington

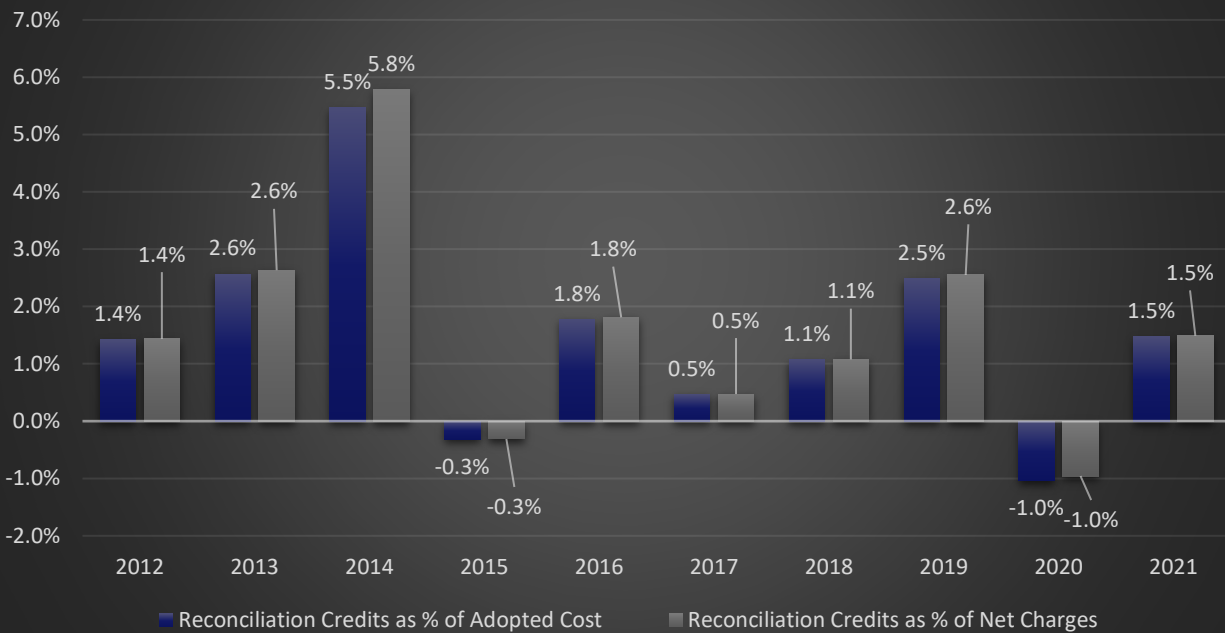




Covington - Total Reconciliation Credits/(Charges)



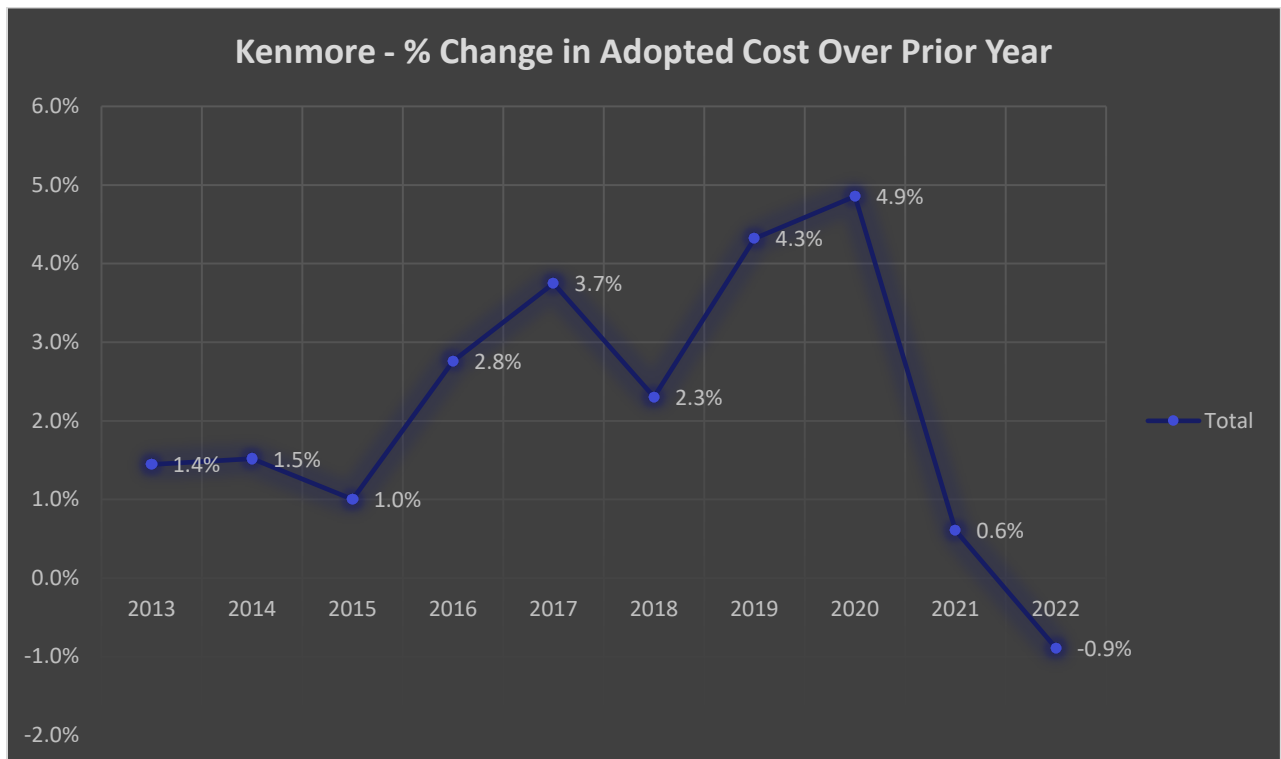
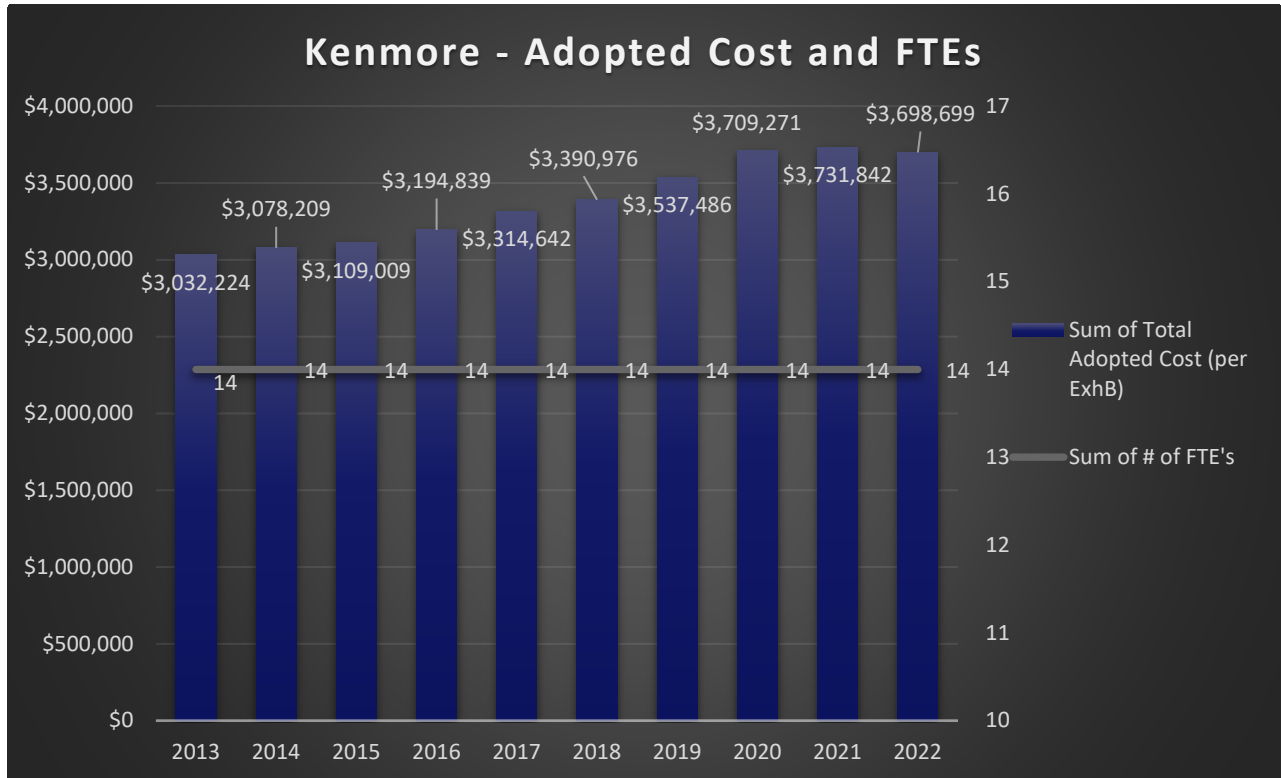
Covington - Rec. Credits as % of Adopted Cost & Net Charges

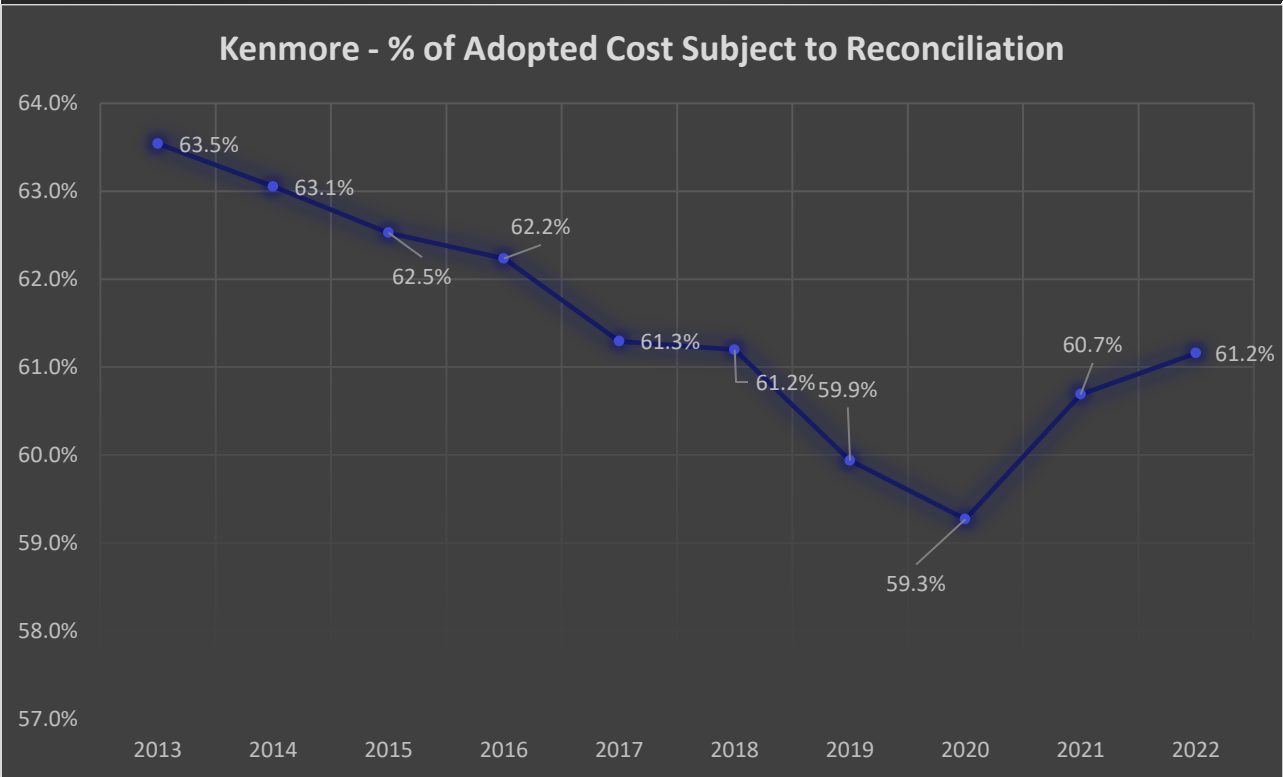
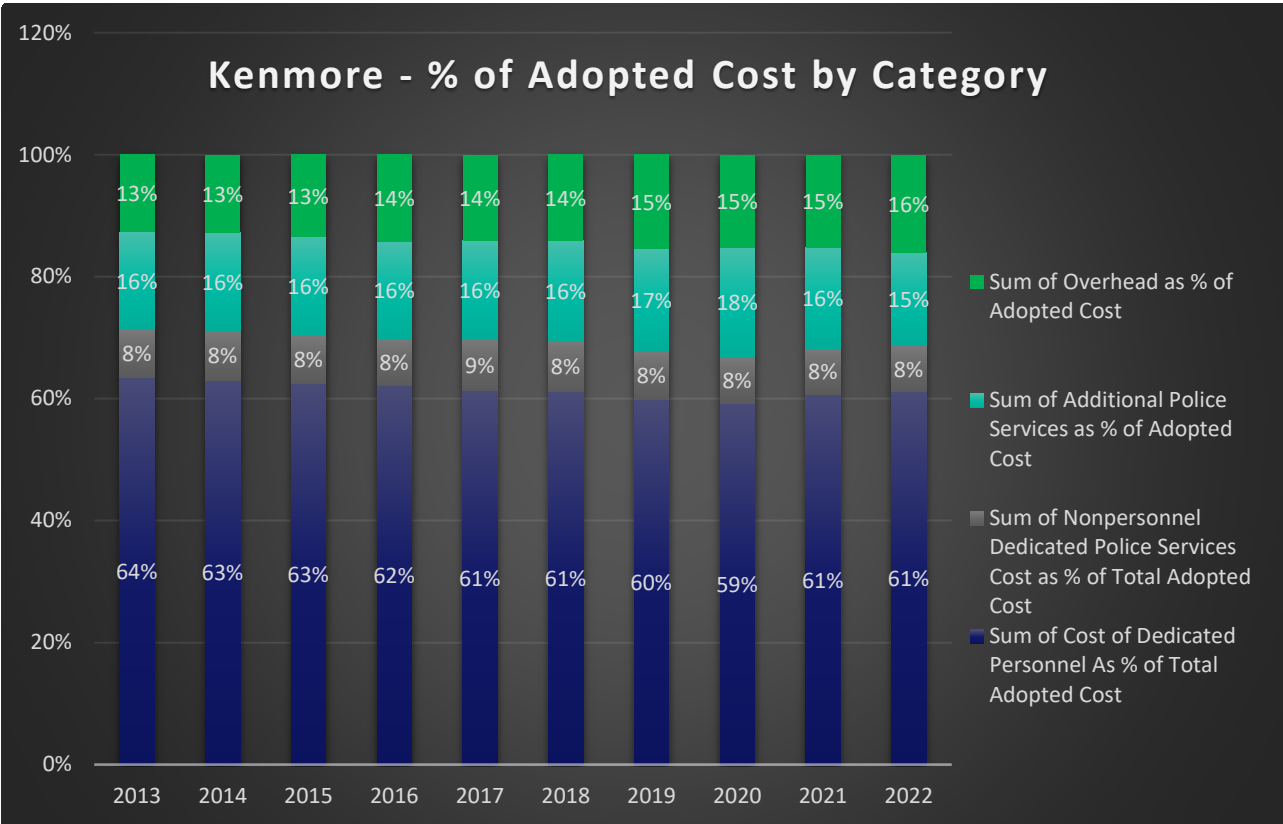


Summary for Covington:

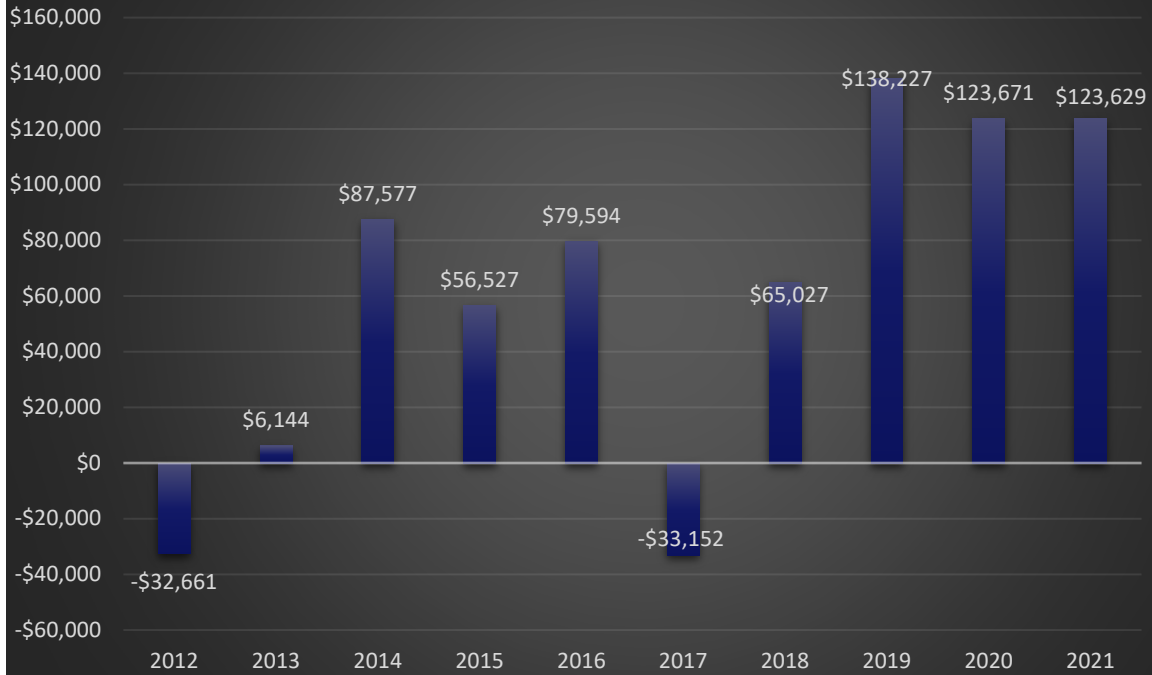
- The city adopted cost significantly increased in 2014, 2016, and 2019. The significant increases took place in years in which the city increased its number of dedicated FTEs.
- Overhead as a percentage of adopted cost increased from 12 percent in 2013 to 16 percent in 2022.
- The cost subject to reconciliation (direct personnel cost) as a percentage of adopted cost has remained constant around 56 percent since 2019.
- From 2018 through 2021, the reconciliation credits were between 2.5 and -1.0 percent of the adopted cost. In 2021, the reconciliation credit was approximately 1.5 percent of the adopted cost.

Kenmore

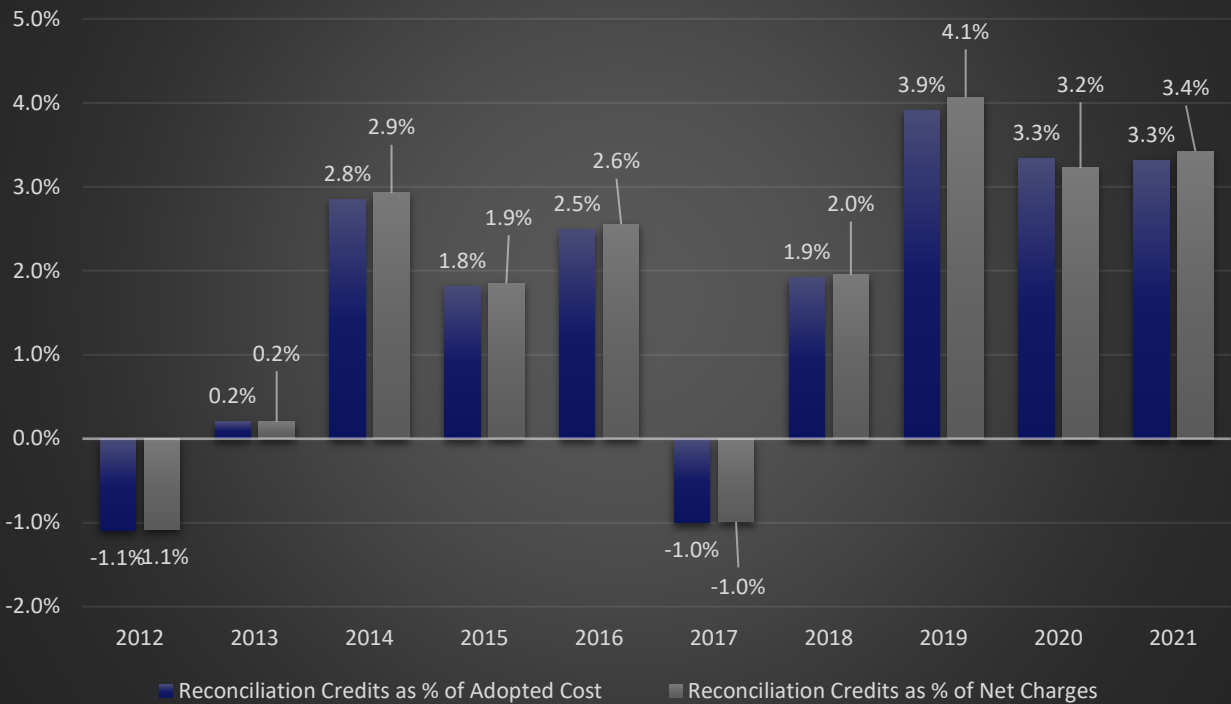




Kenmore - Total Reconciliation Credits/(Charges)



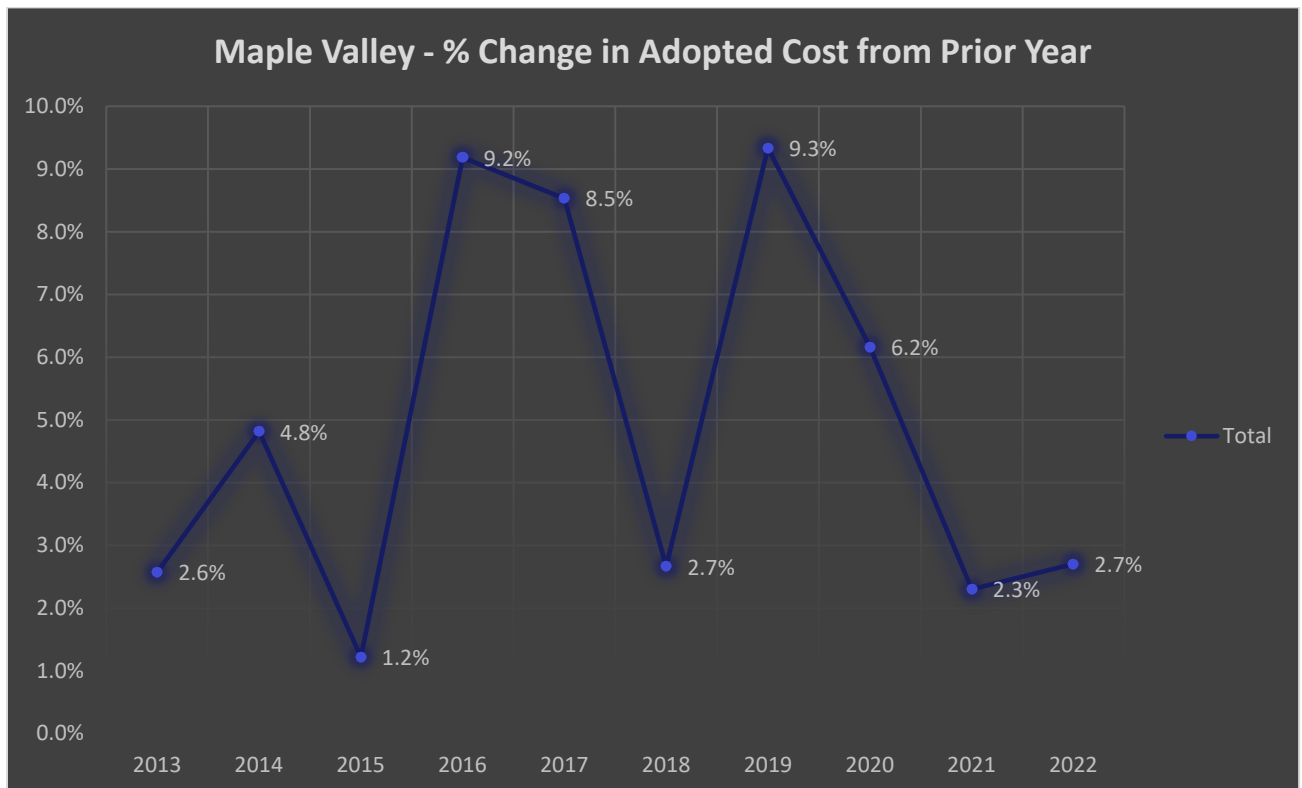
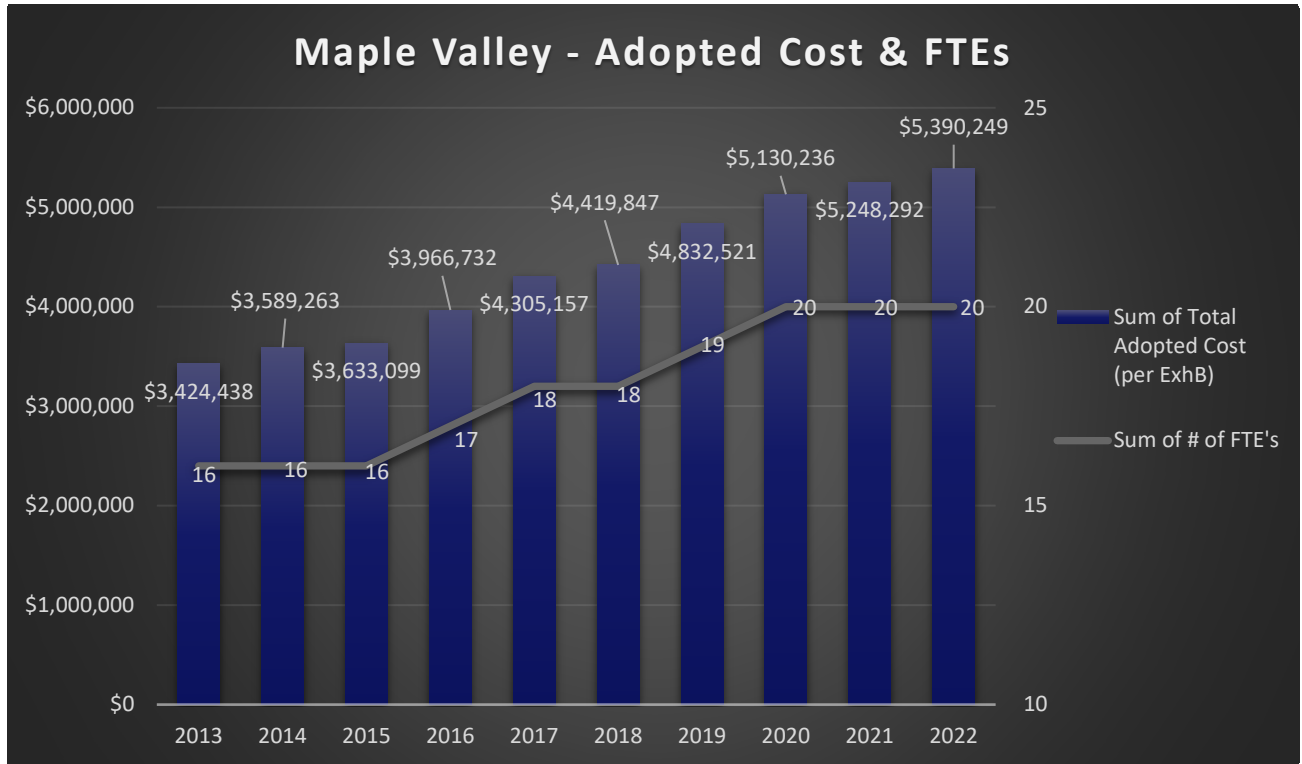
Kenmore - Rec. Credits as % of Adopted Cost & Net Charges

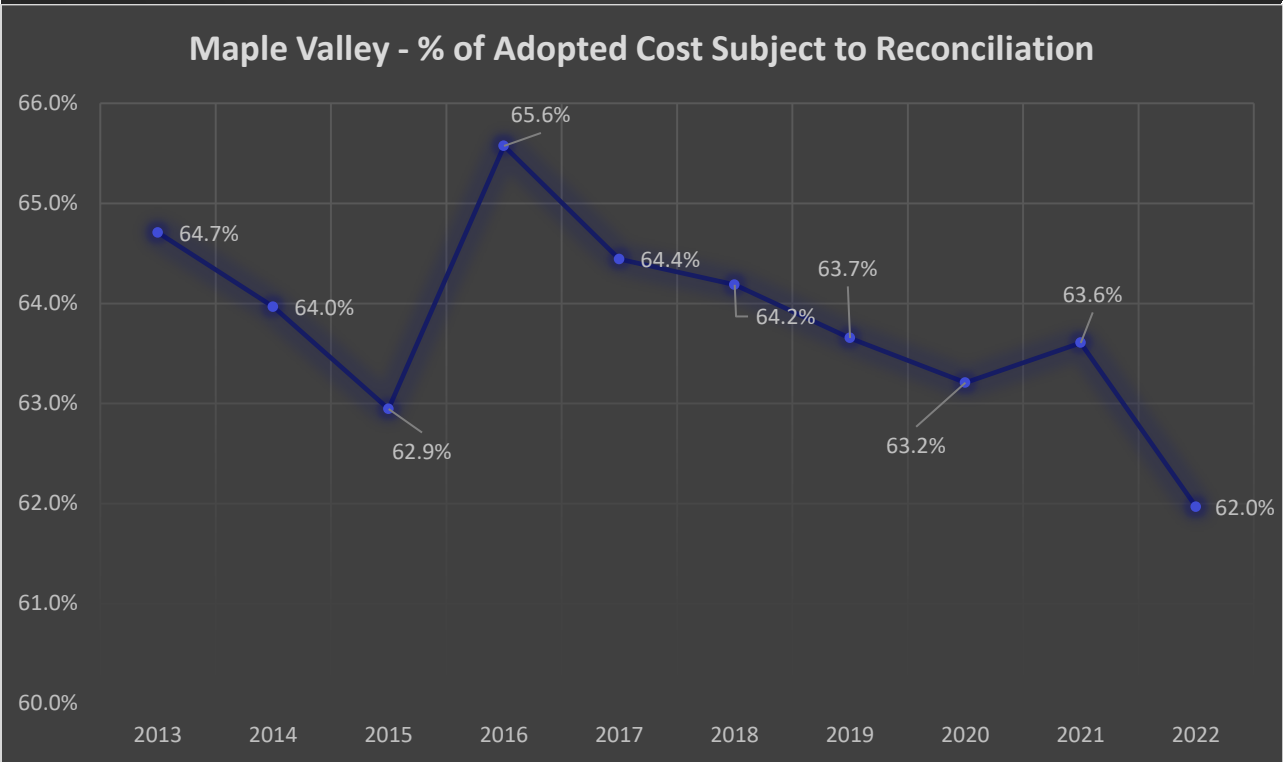
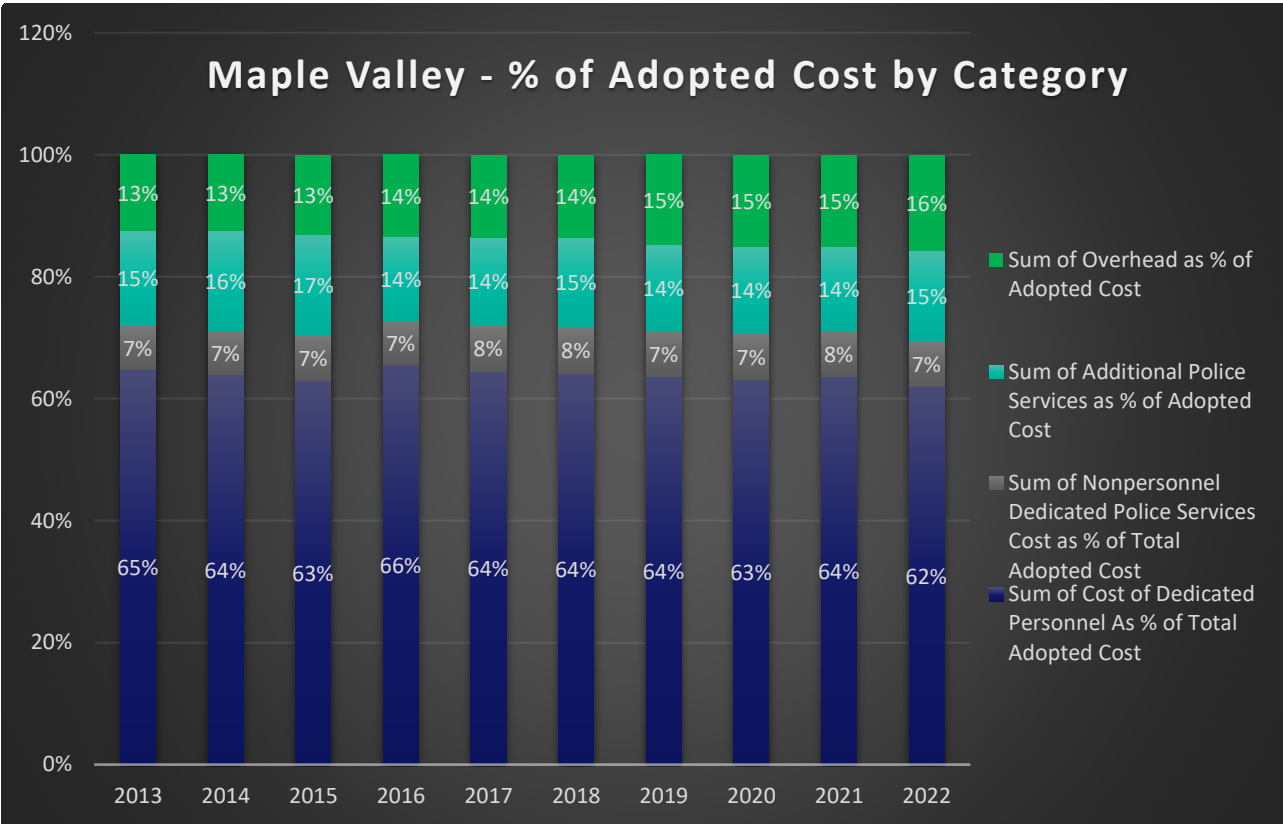


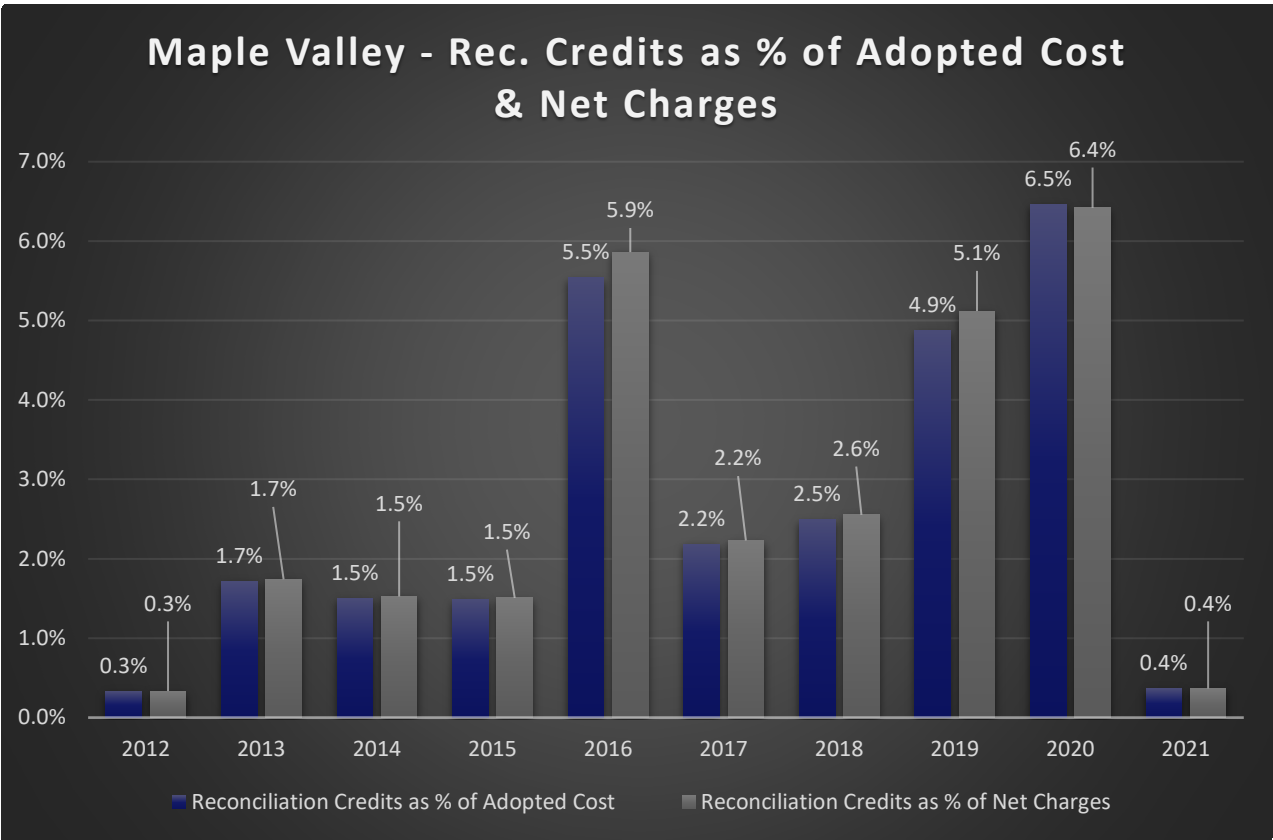
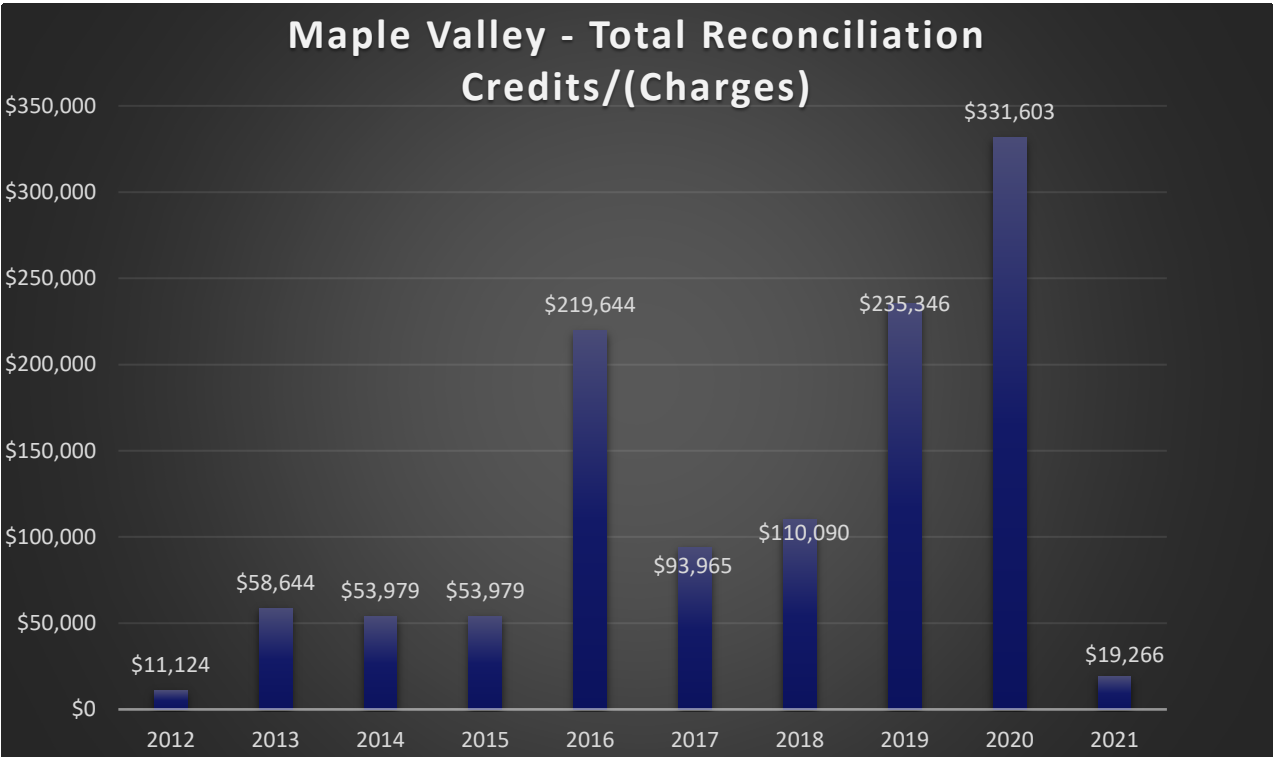
Summary for Kenmore:

- The city dedicated FTEs remained constant at 14 from 2013 through 2022 and its adopted cost did not have a significant increase of over 5.0 percent during the same time period.
- Overhead as a percentage of adopted cost increased from 13 percent in 2013 to 16 percent in 2022.
- The cost subject to reconciliation (direct personnel cost) as a percentage of adopted cost has fluctuated between 59.3 and 61.2 percent since 2020.
- From 2018 through 2021, the reconciliation credits were between 3.3 and -3.9 percent of the adopted cost.

Maple Valley



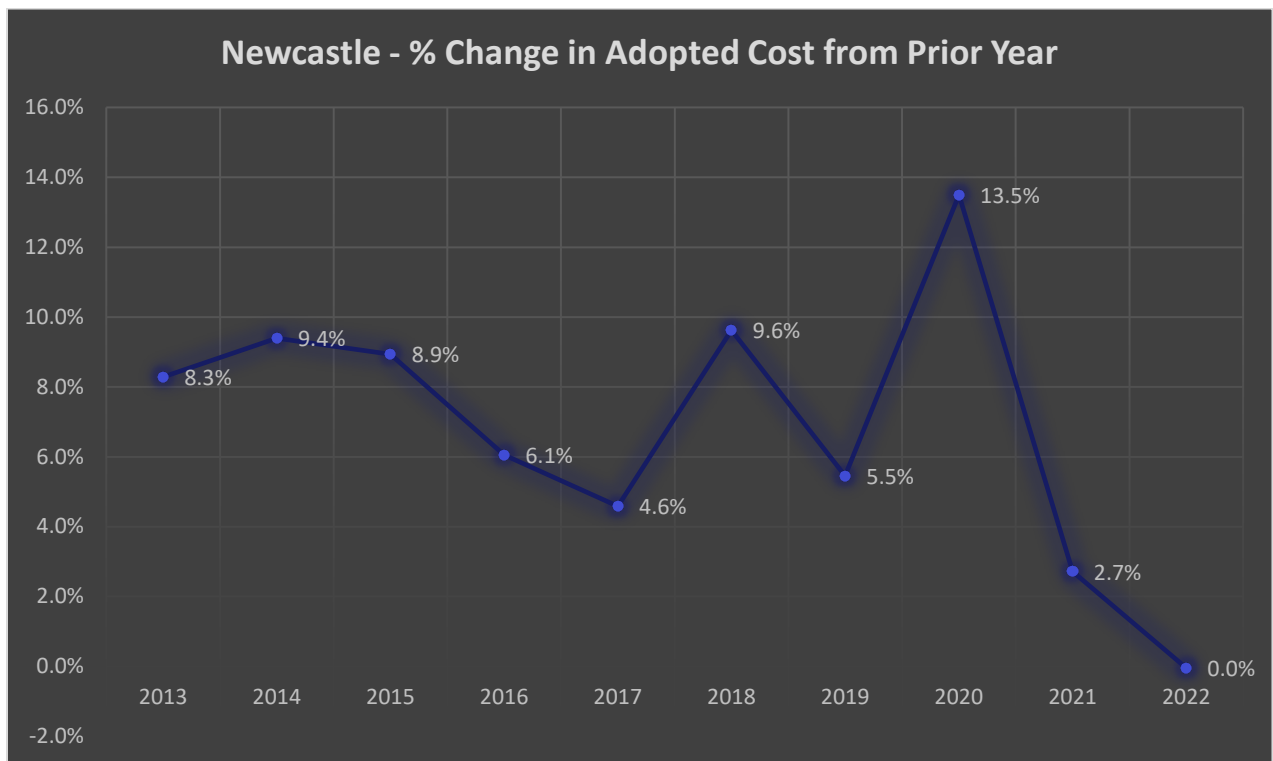
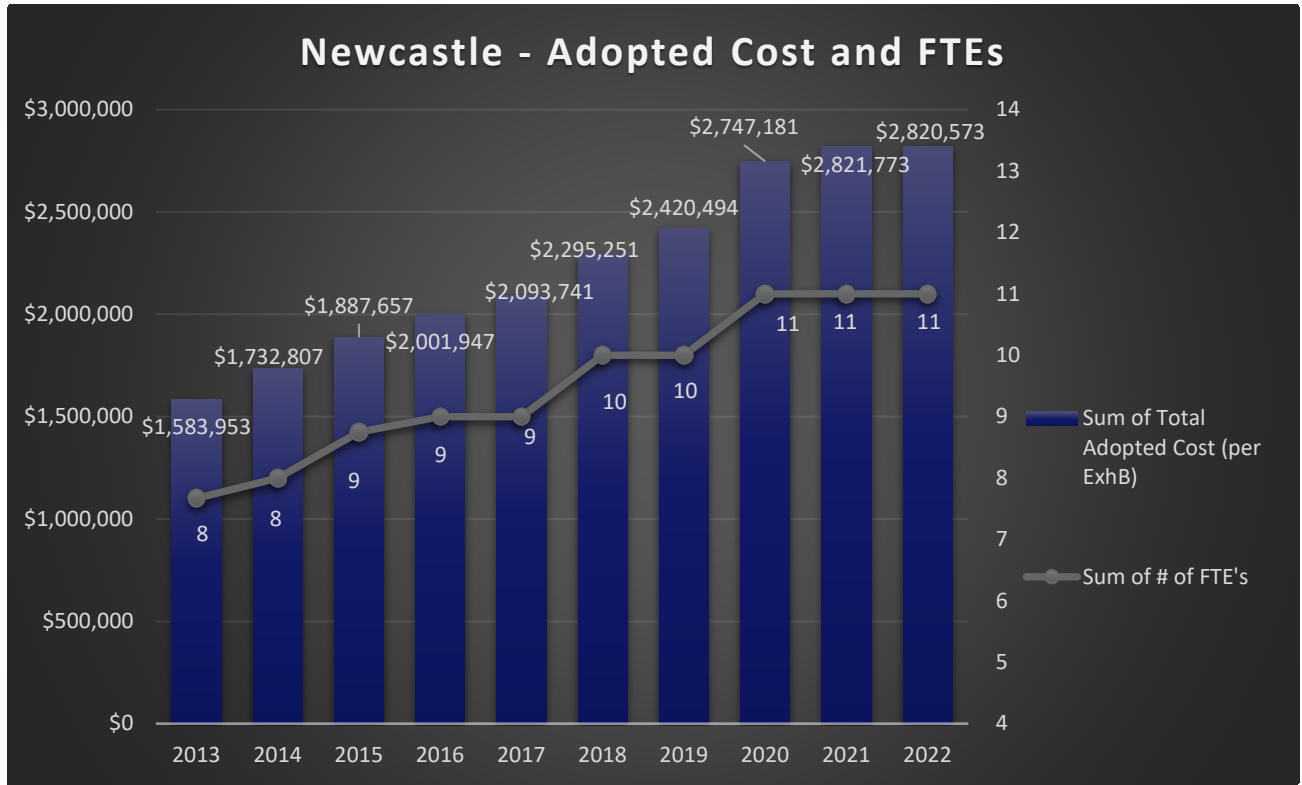


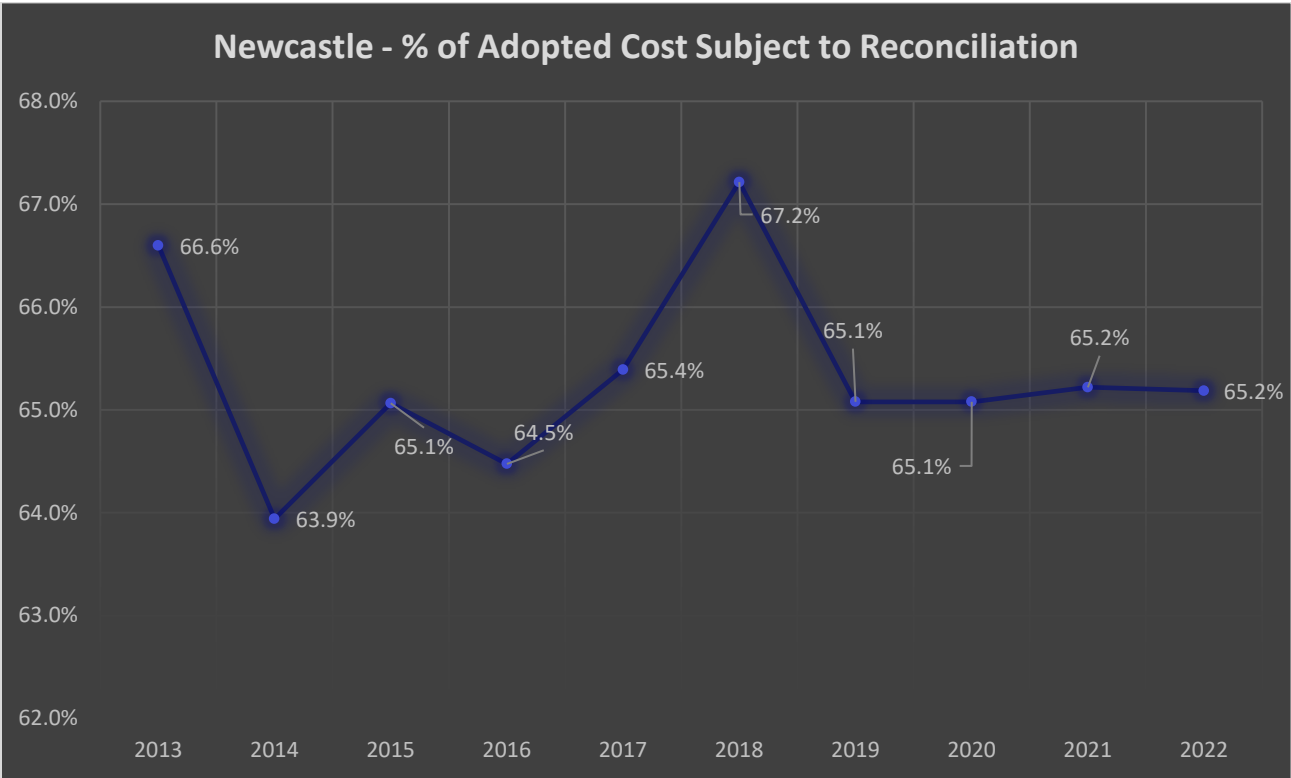
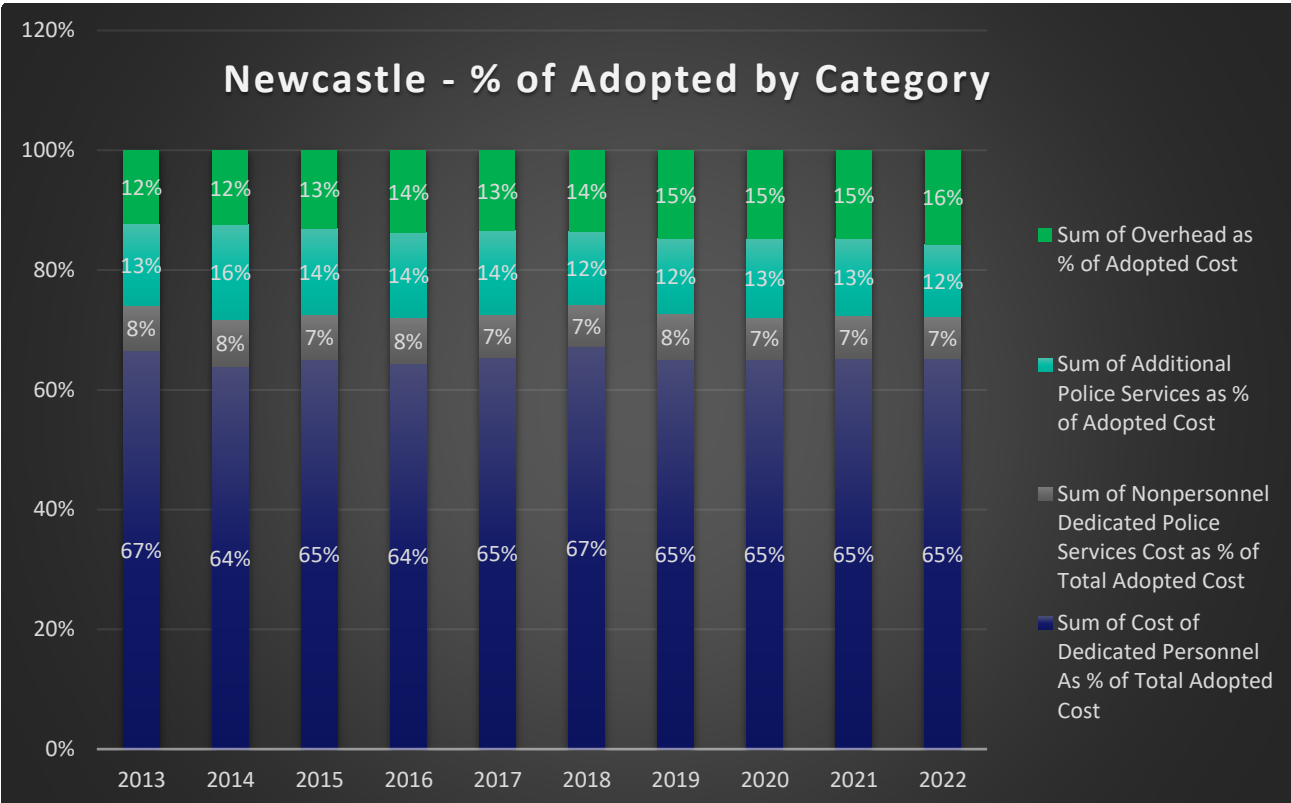


Summary for Maple Valley:

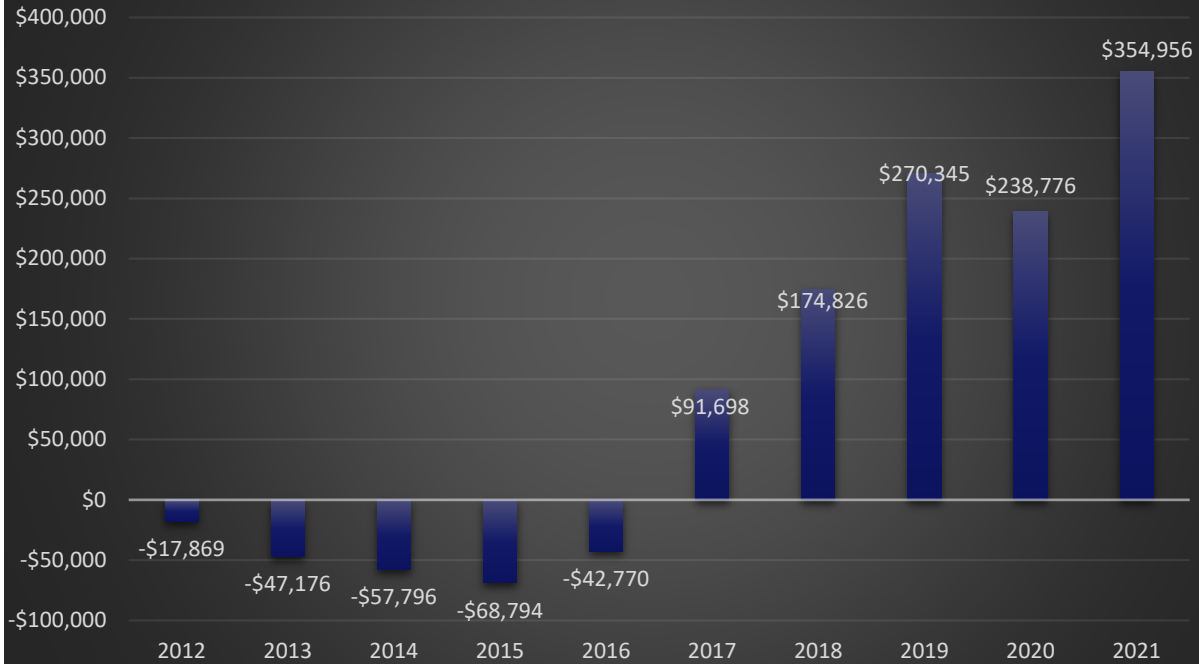
- The city adopted cost increased significantly in 2016, 2017, 2019, and 2020. The significant increases occurred in years in which the city added a dedicated FTE.
- Overhead as a percentage of adopted cost increased from 13 percent in 2013 to 16 percent in 2022.
- The cost subject to reconciliation (direct personnel cost) as a percentage of adopted cost has fluctuated between 63.6 and 62.0 percent since 2020.
- From 2018 through 2021, the reconciliation credits as a percentage of adopted cost fluctuated significantly from 2.5 percent in 2018, 4.9 percent in 2019, 6.5 percent in 2020, and 0.4 percent in 2021. Analysis disclosed that the changes were caused by the reconciliation associated with salaries and special pay. For example, the credit associated with salaries and special pay in 2020 was over \$213K compared to approximately \$51K in 2021.

Newcastle

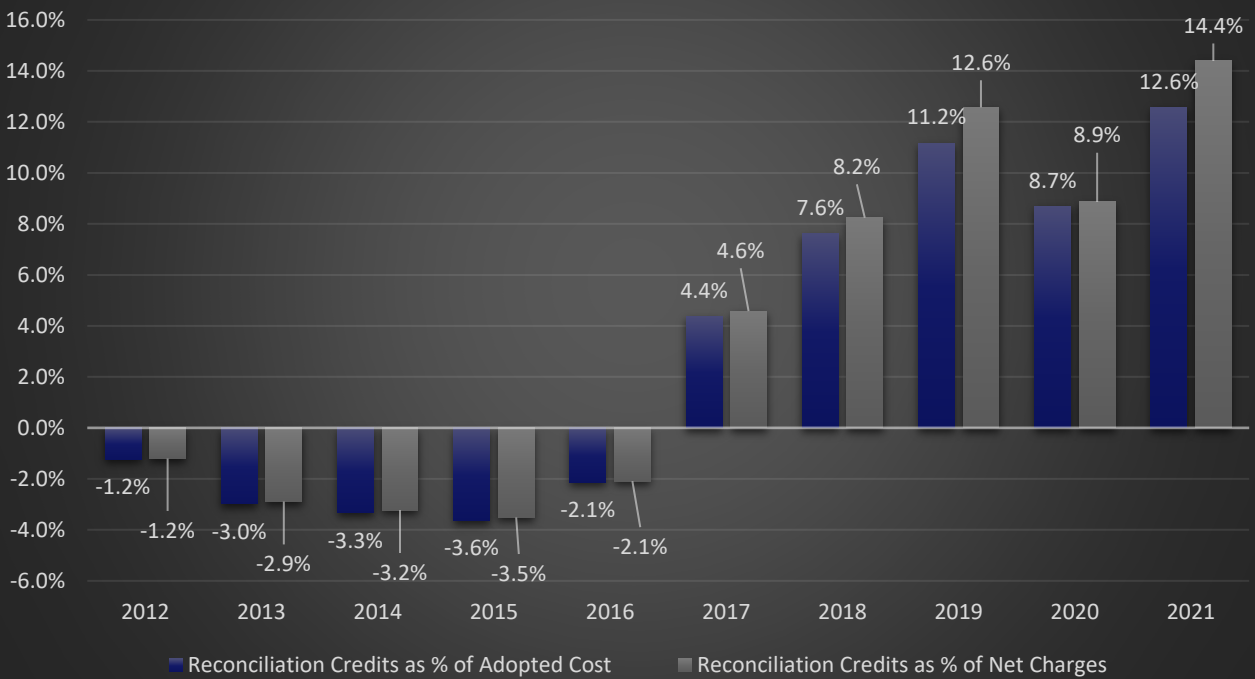




Newcastle - Reconciliation Credits/(Charges)



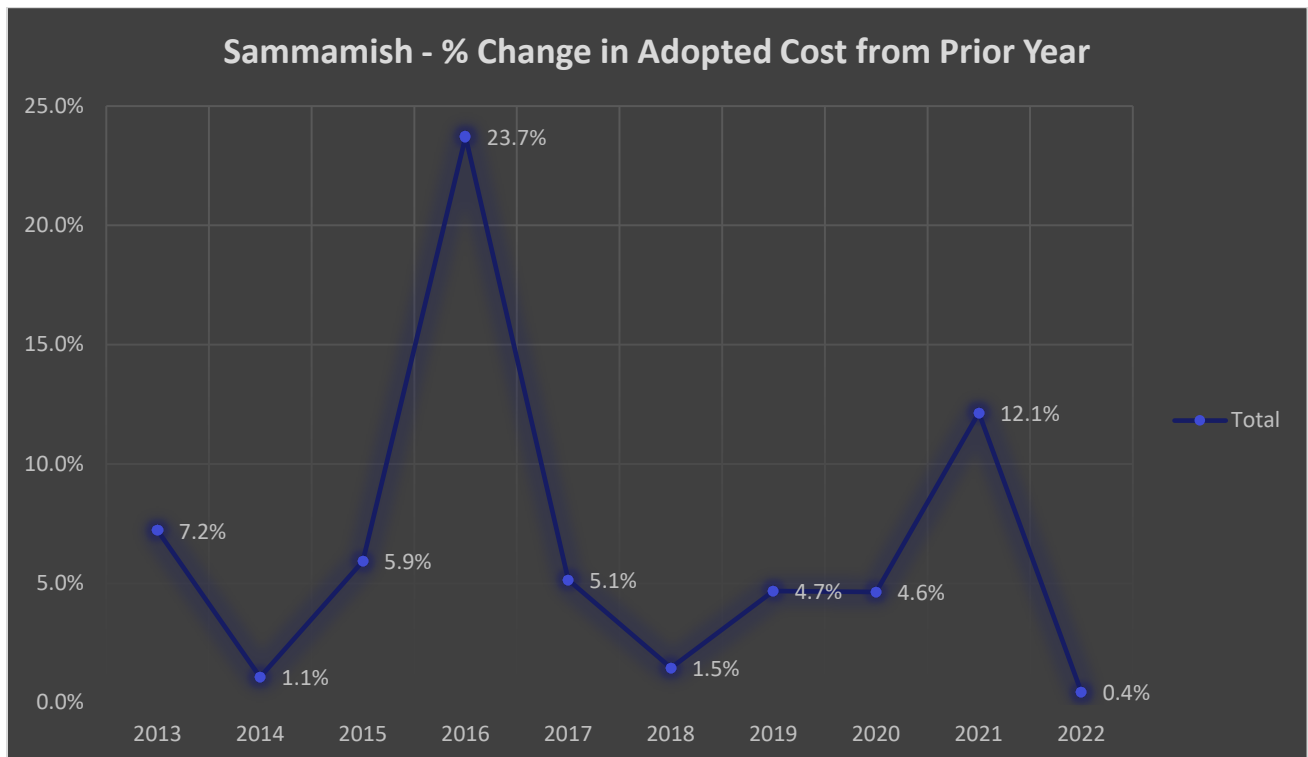
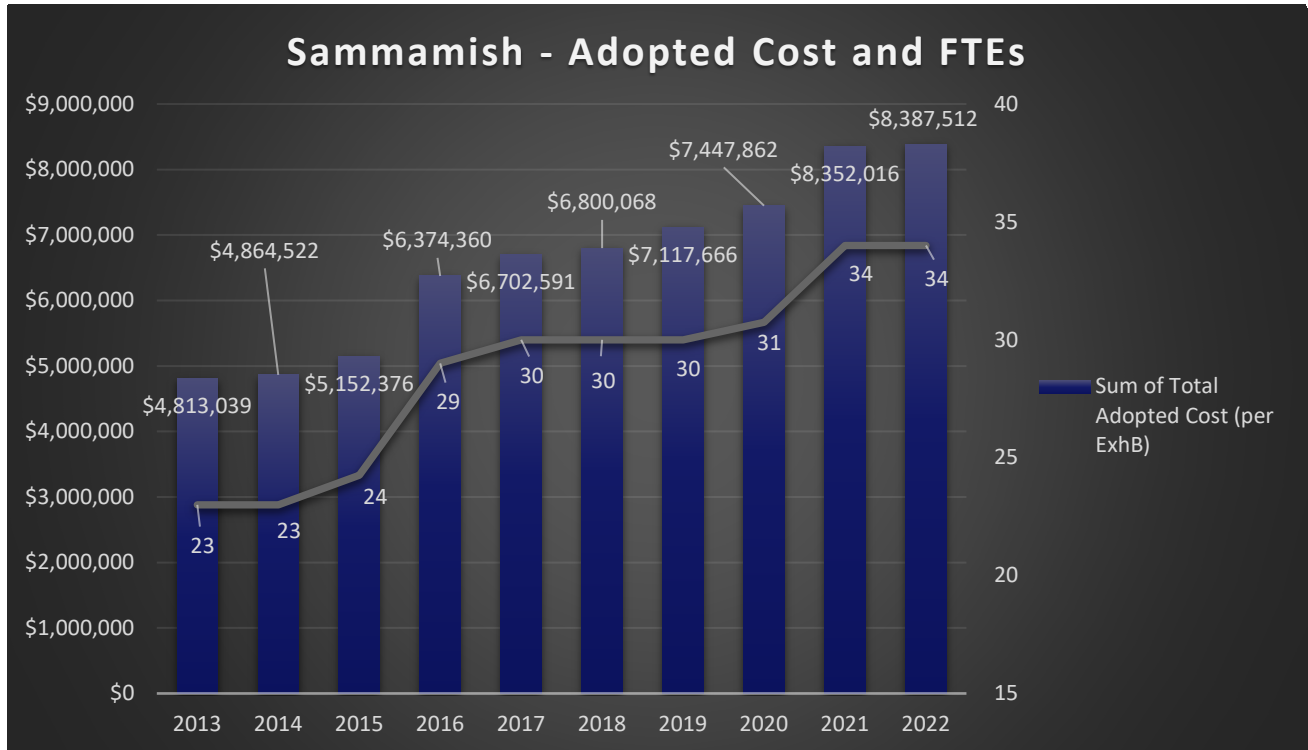
Newcastle - Rec. Credits as % of Adopted Cost & Net Charges

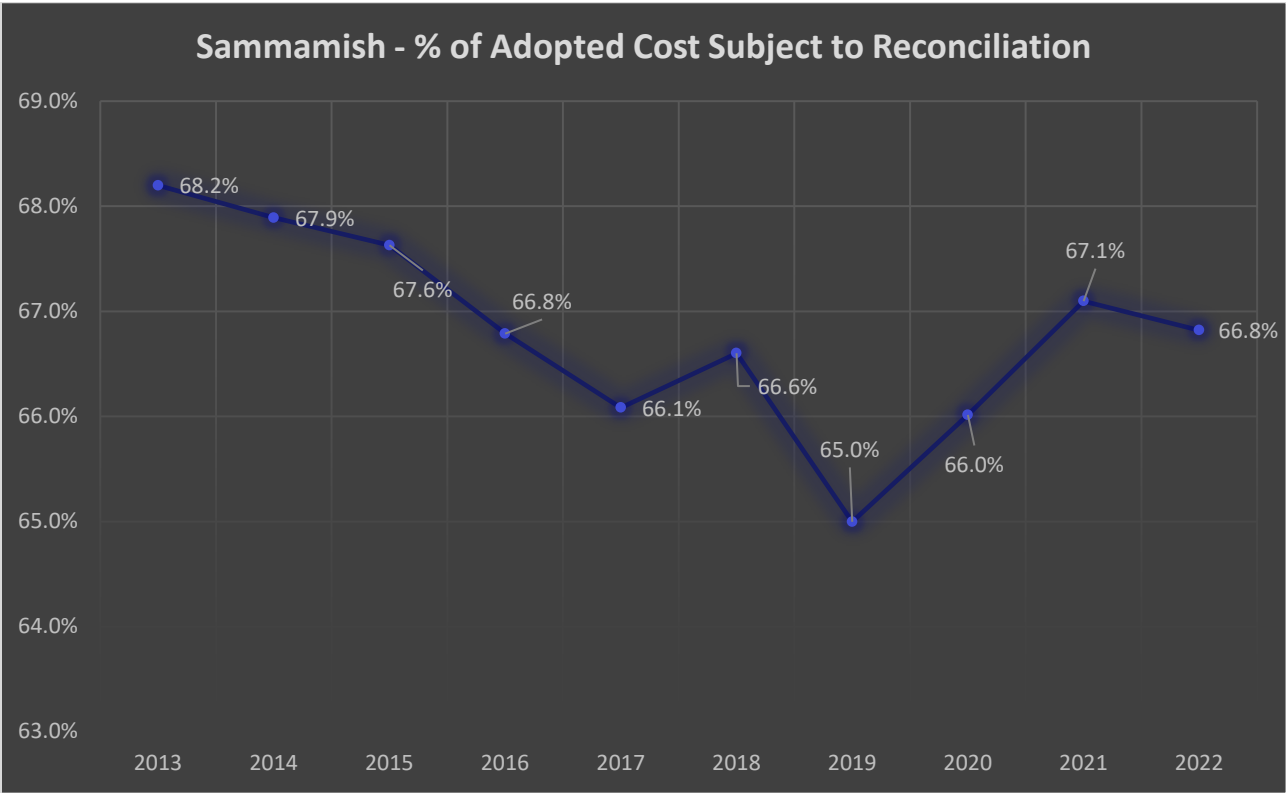
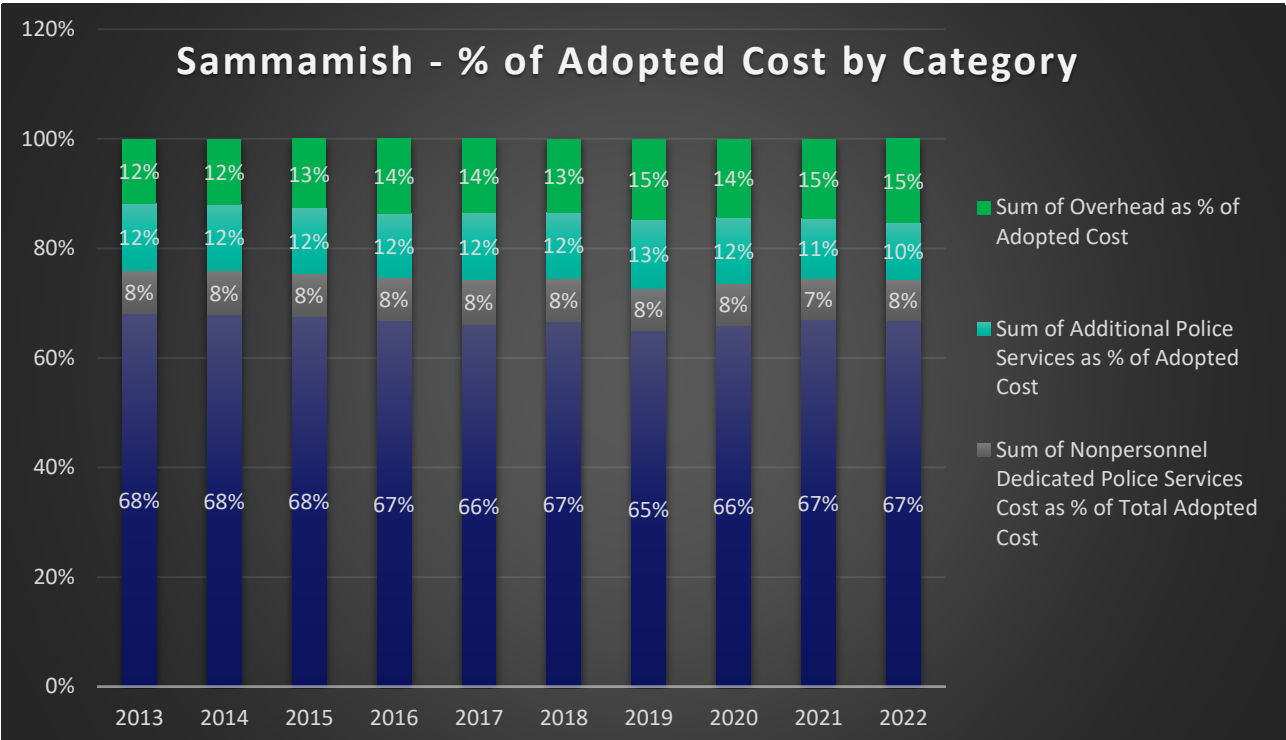


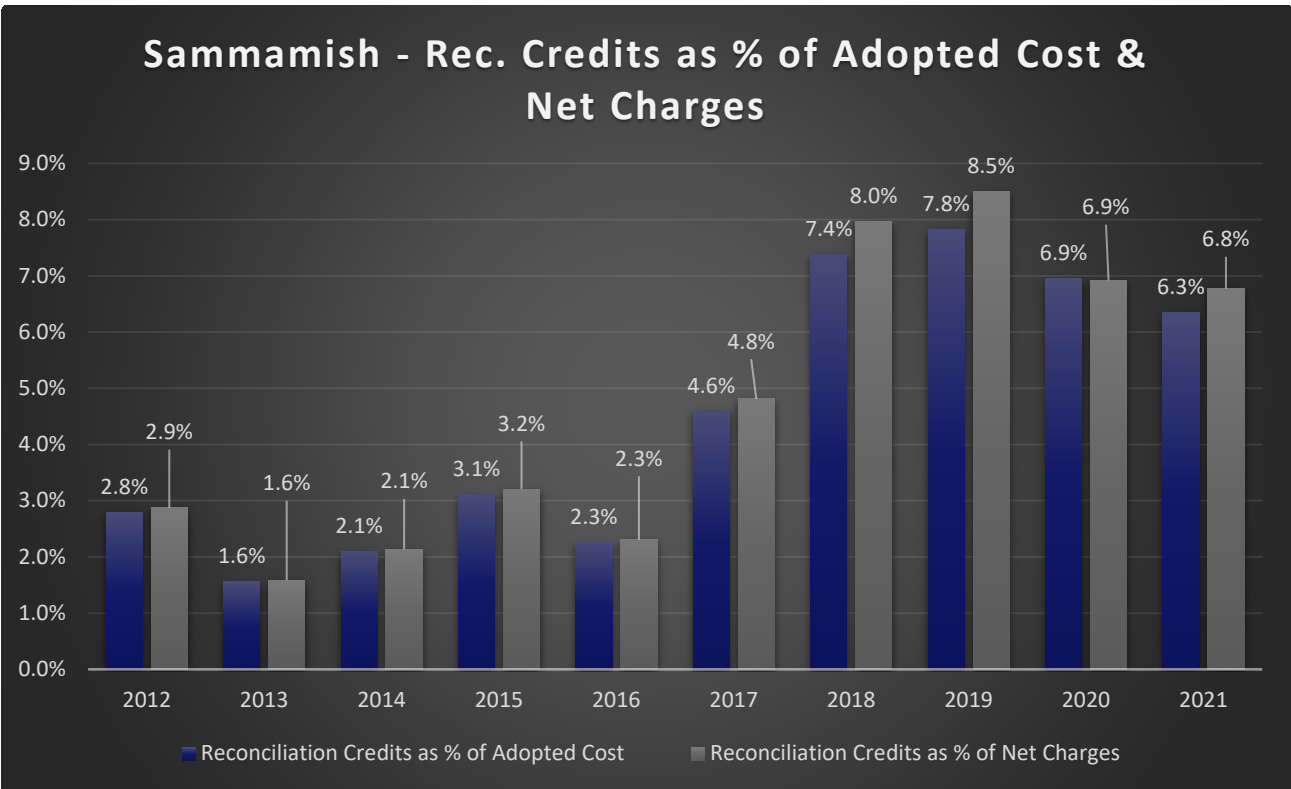
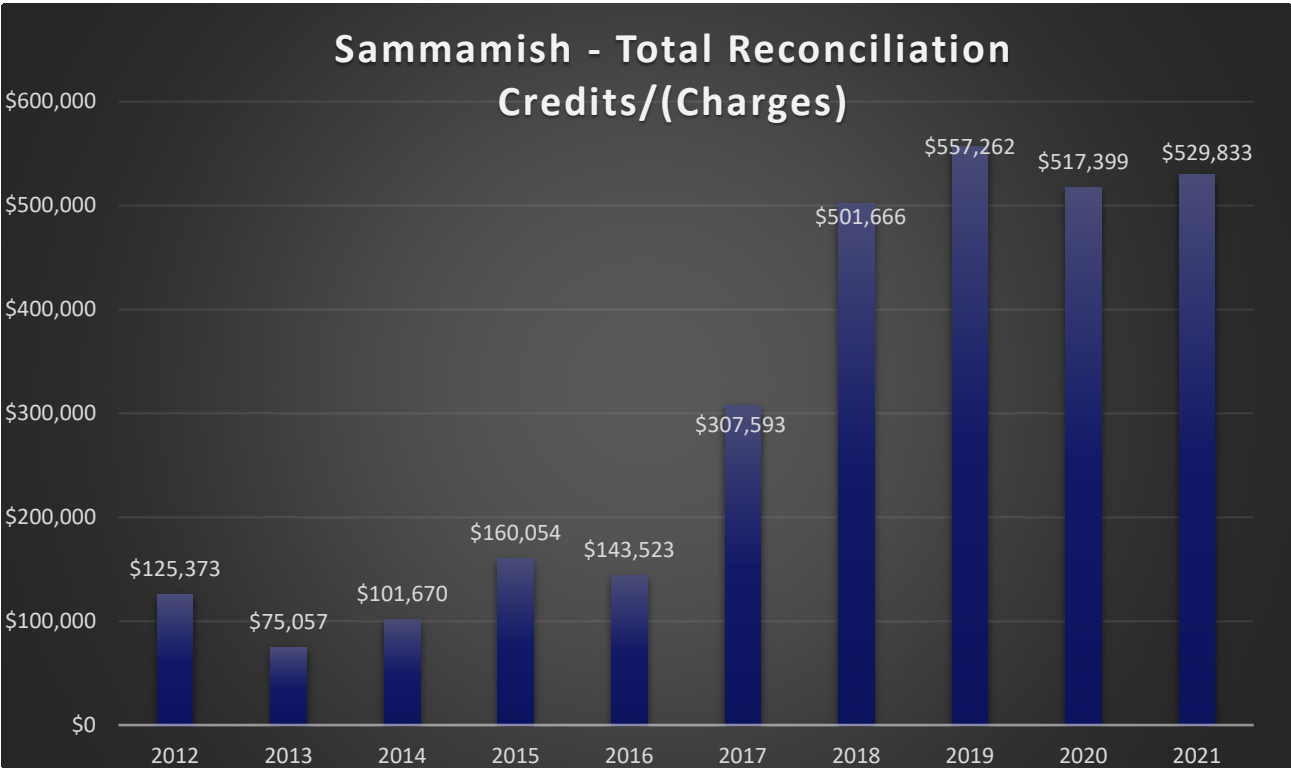
Summary for Newcastle:

- The city adopted cost increased significantly in 2014, 2015, 2016, 2018, 2019, and 2020. MGT's analysis of the city's charges disclosed the following:
 - ♦ 2014 - Added .3 FTE. Significant increases in Communications, Patrol Supervision, and overhead charges.
 - ♦ 2015 - Added .75 FTE. Significant increase in overhead charges.
 - ♦ 2016 - Added .2 FTE. Significant increases in vehicles and overhead charges.
 - ♦ 2018 – Added an FTE
 - ♦ 2019 – Significant increases in vehicles, communications, and overhead.
 - ♦ 2020 - Added an FTE. Significant increase in communications and overhead.
- Overhead as a percentage of adopted cost increased from 12 percent in 2013 to 16 percent in 2022.
- The cost subject to reconciliation (direct personnel cost) as a percentage of adopted cost remained constant around 65 percent since 2019.
- From 2018 through 2021, the reconciliation credits as a percentage of adopted cost fluctuated significantly from 7.6 percent in 2018, 11.2 percent in 2019, 8.7 percent in 2020, and 12.6 percent in 2021. Analysis disclosed that the changes were caused by the reconciliation associated with salaries and special pay. For example, the credit associated with salaries and special pay in 2020 was over \$113K compared to approximately \$176K in 2021. This fluctuation is caused by vacancies as the differences between budgeted for and actual salaries and special pays increases with each vacancy and the longer it takes to fill the position.

Sammamish



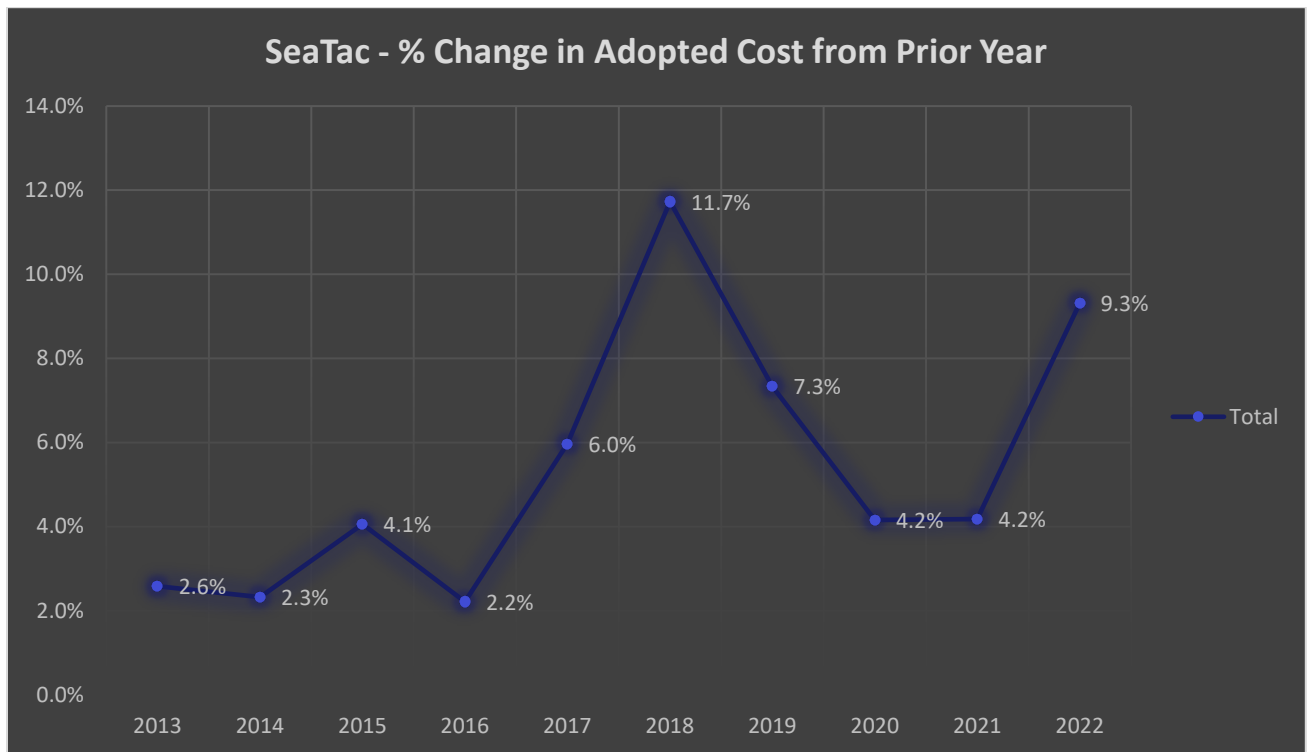
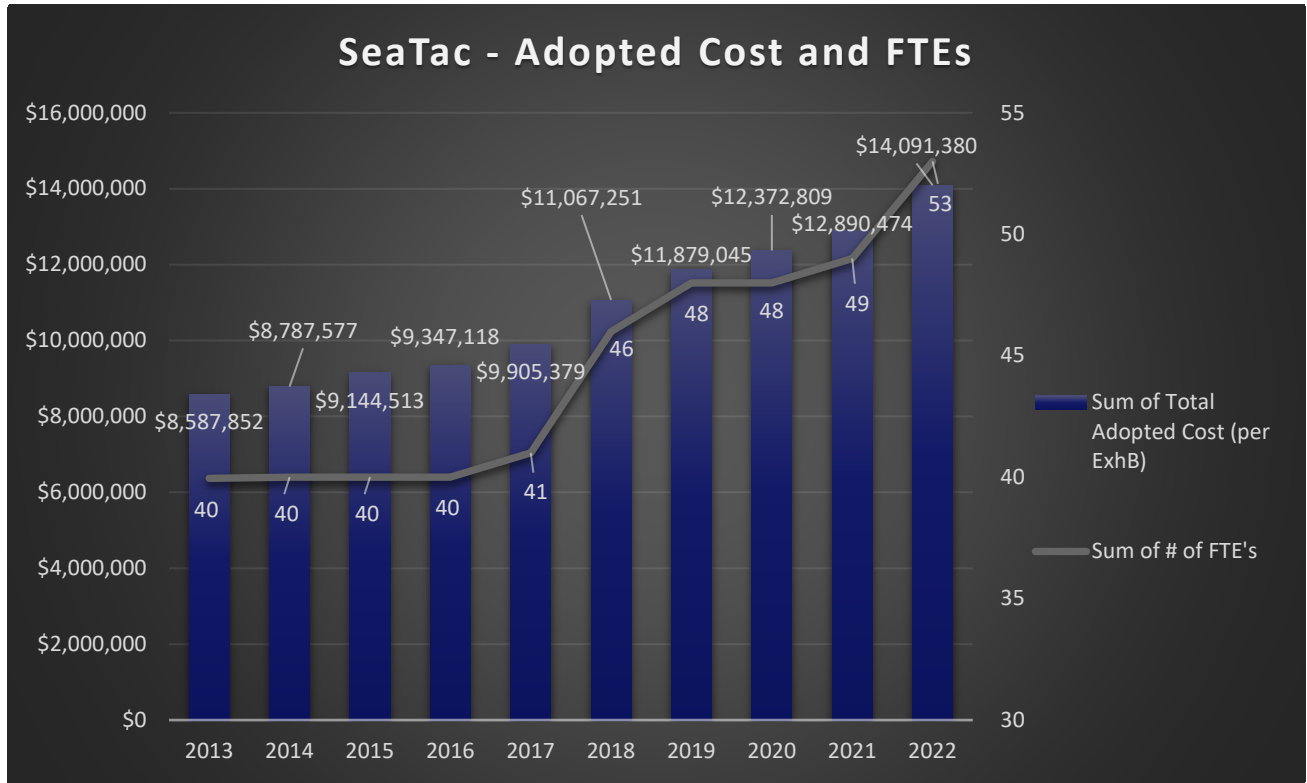


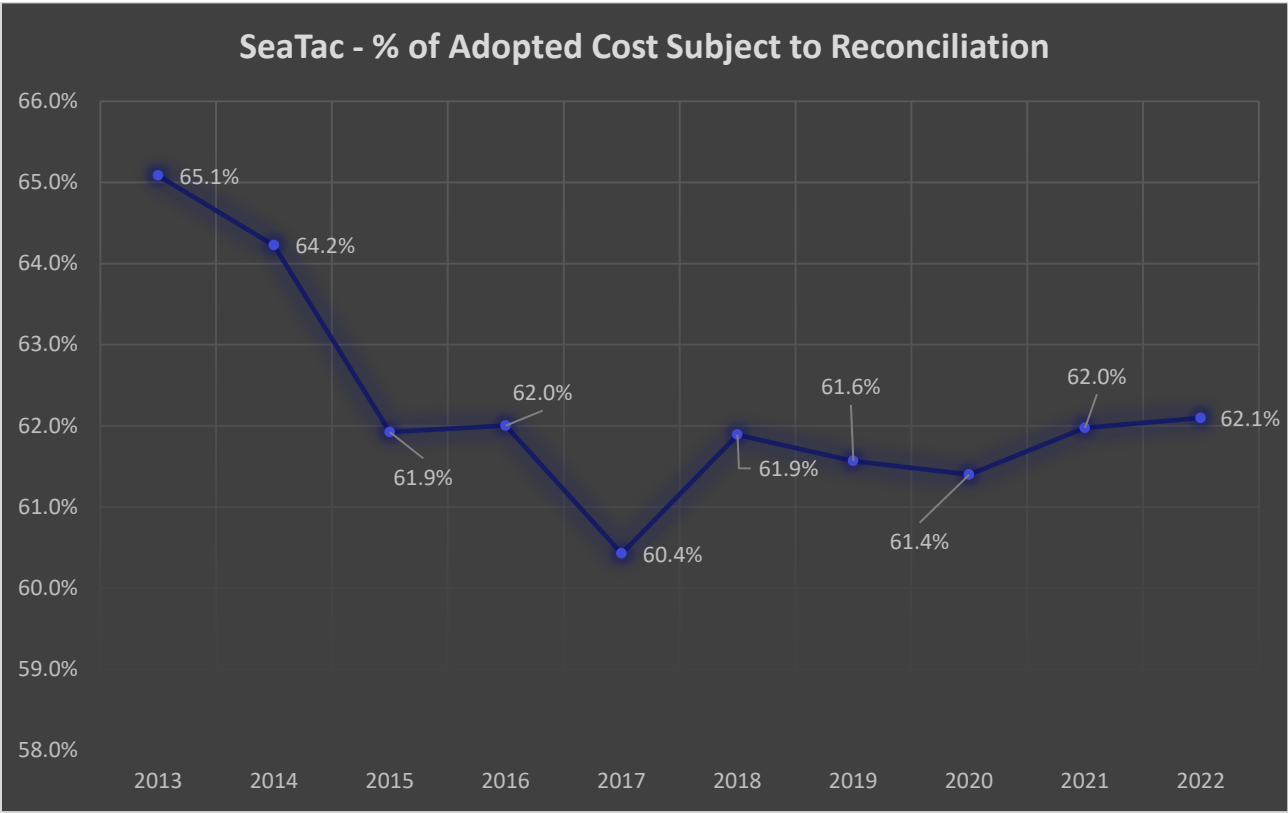
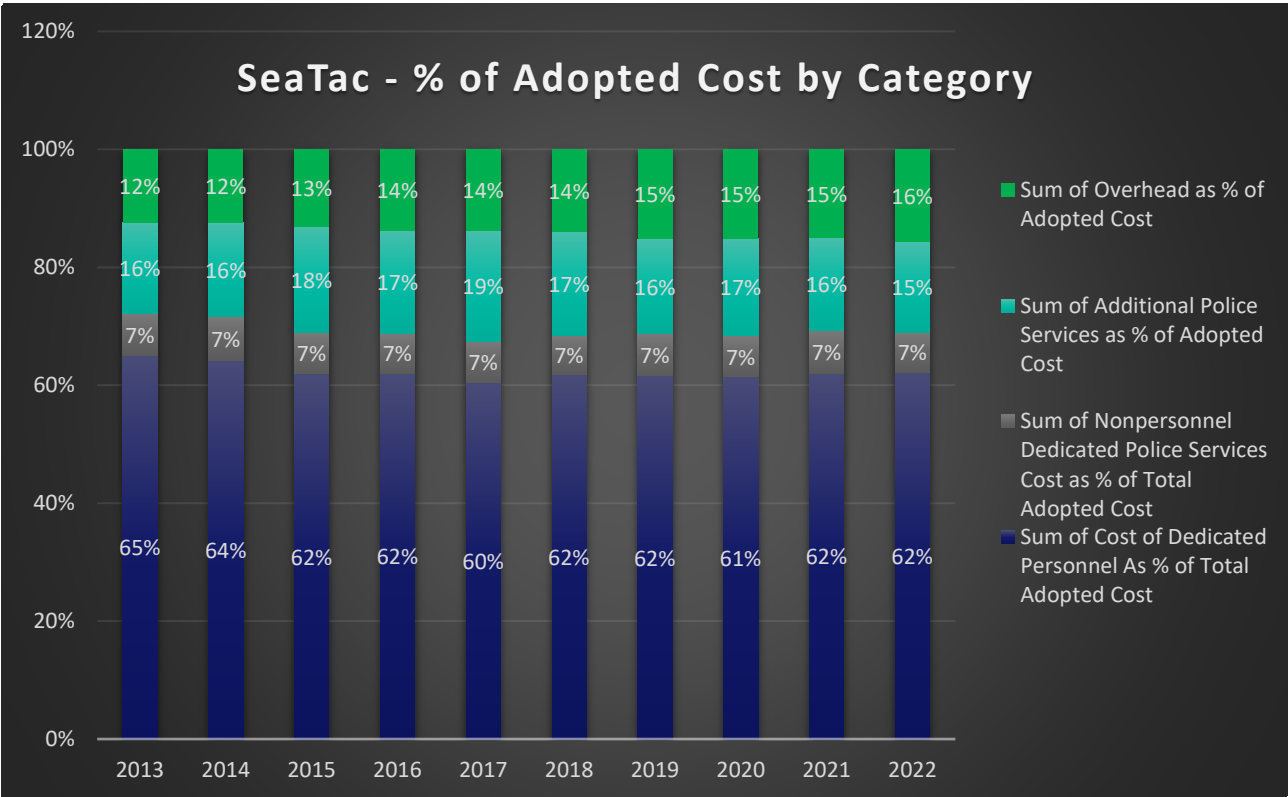


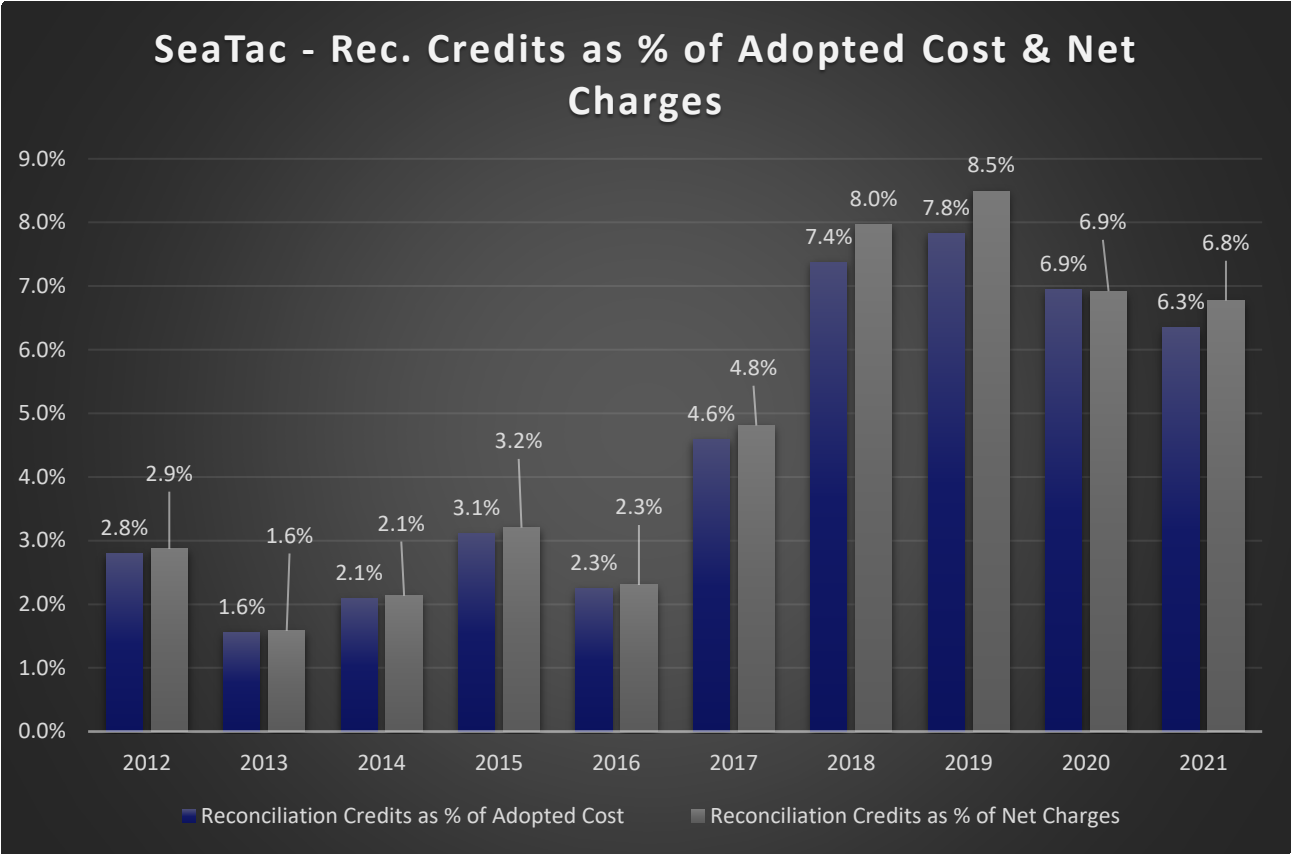
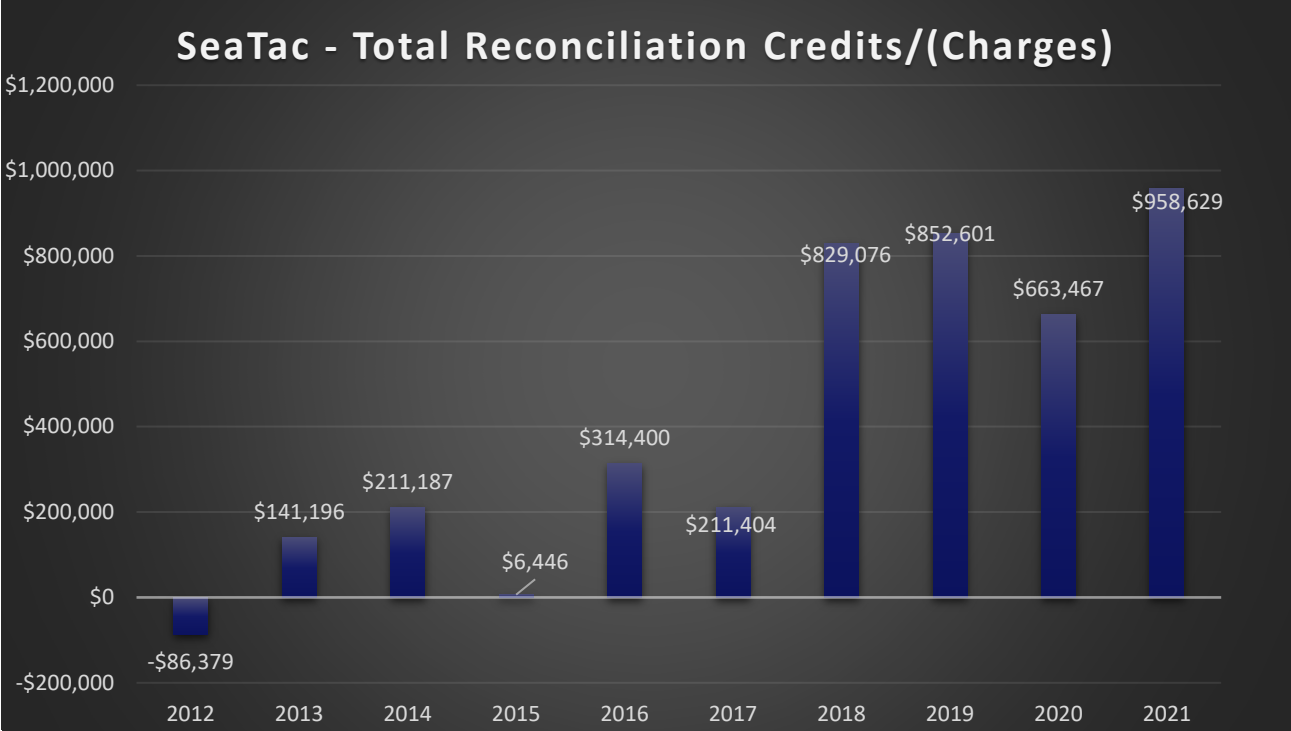
Summary for Sammamish:

- The city adopted cost increased significantly in 2015, 2016, 2017, and 2021. The significant increases occurred in years in which the city added dedicated FTEs.
- Overhead as a percentage of adopted cost increased from 12 percent in 2013 to 15 percent in 2022.
- The cost subject to reconciliation (direct personnel cost) as a percentage of adopted cost fluctuated between 67.1 percent and 65.0 through the four years of 2019 through 2022.
- From 2018 through 2021, the reconciliation credits were between 6.3 and 7.4 percent of the adopted cost.

SeaTac



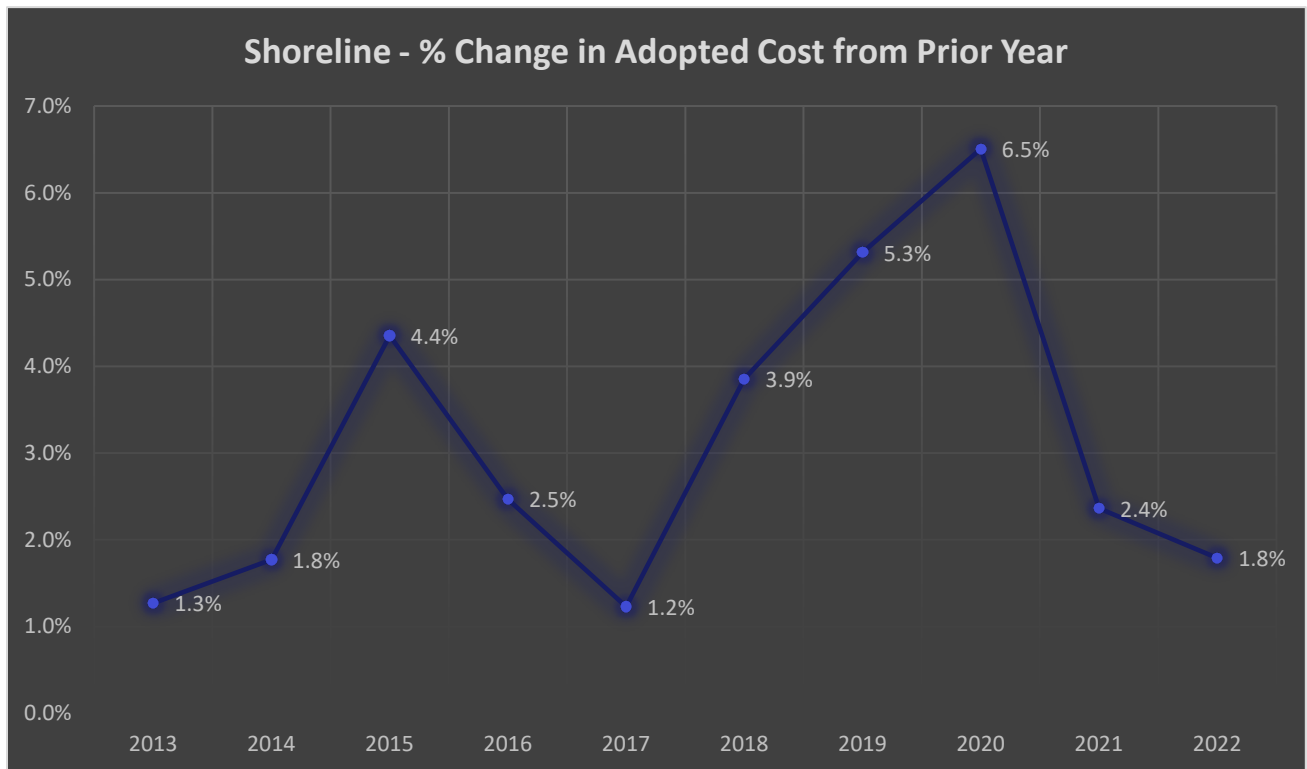
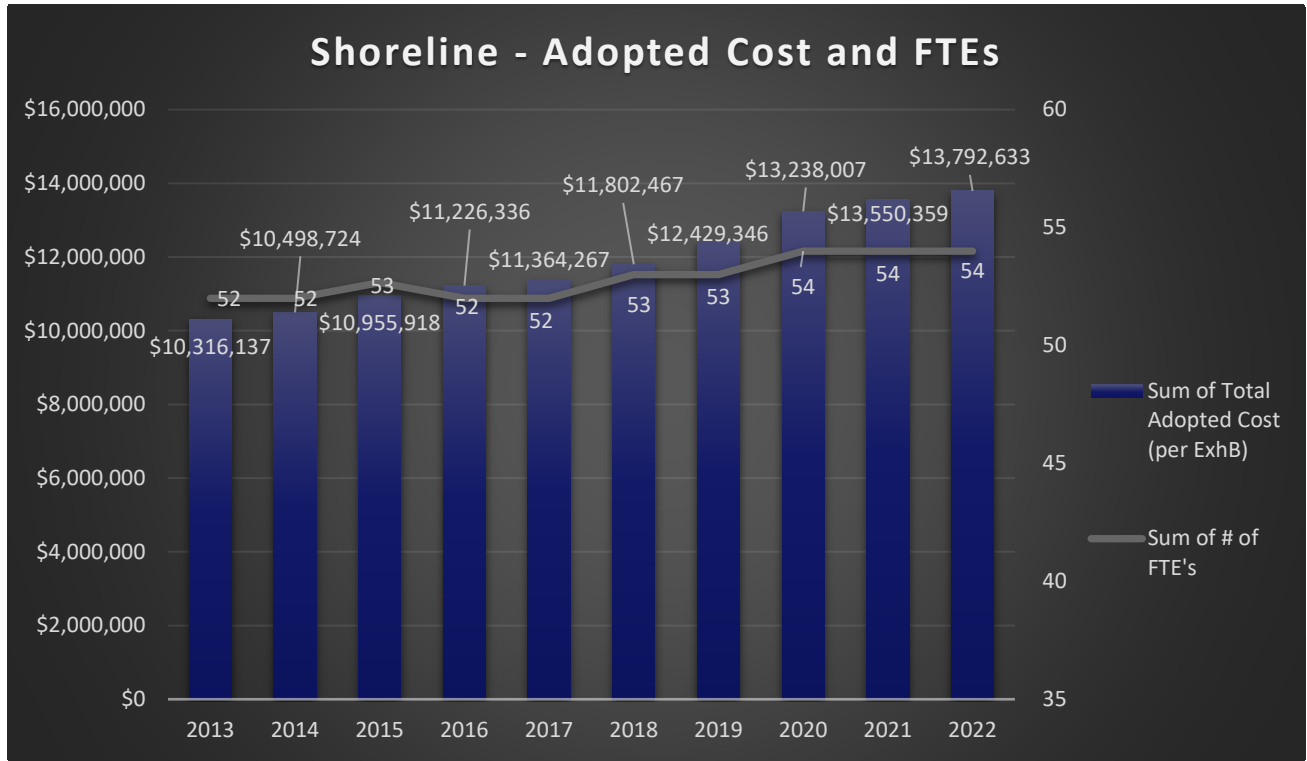


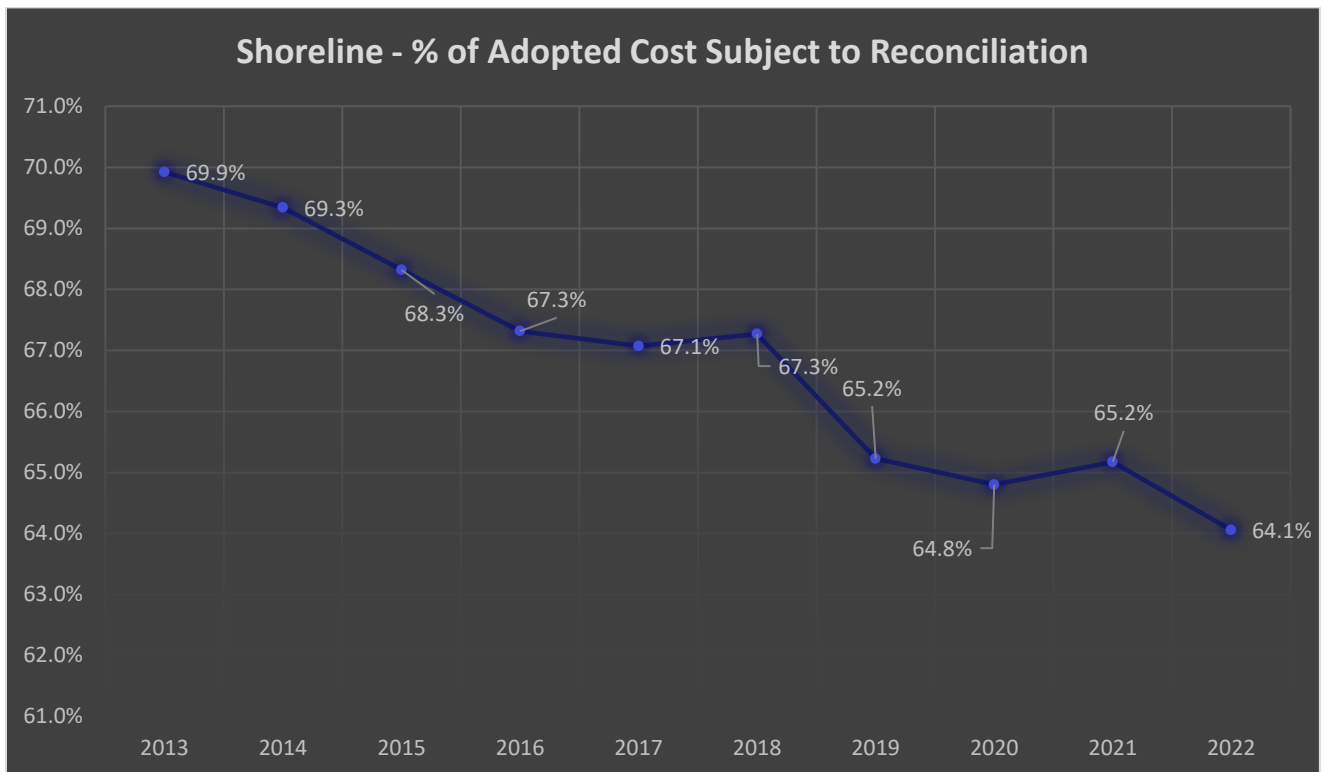
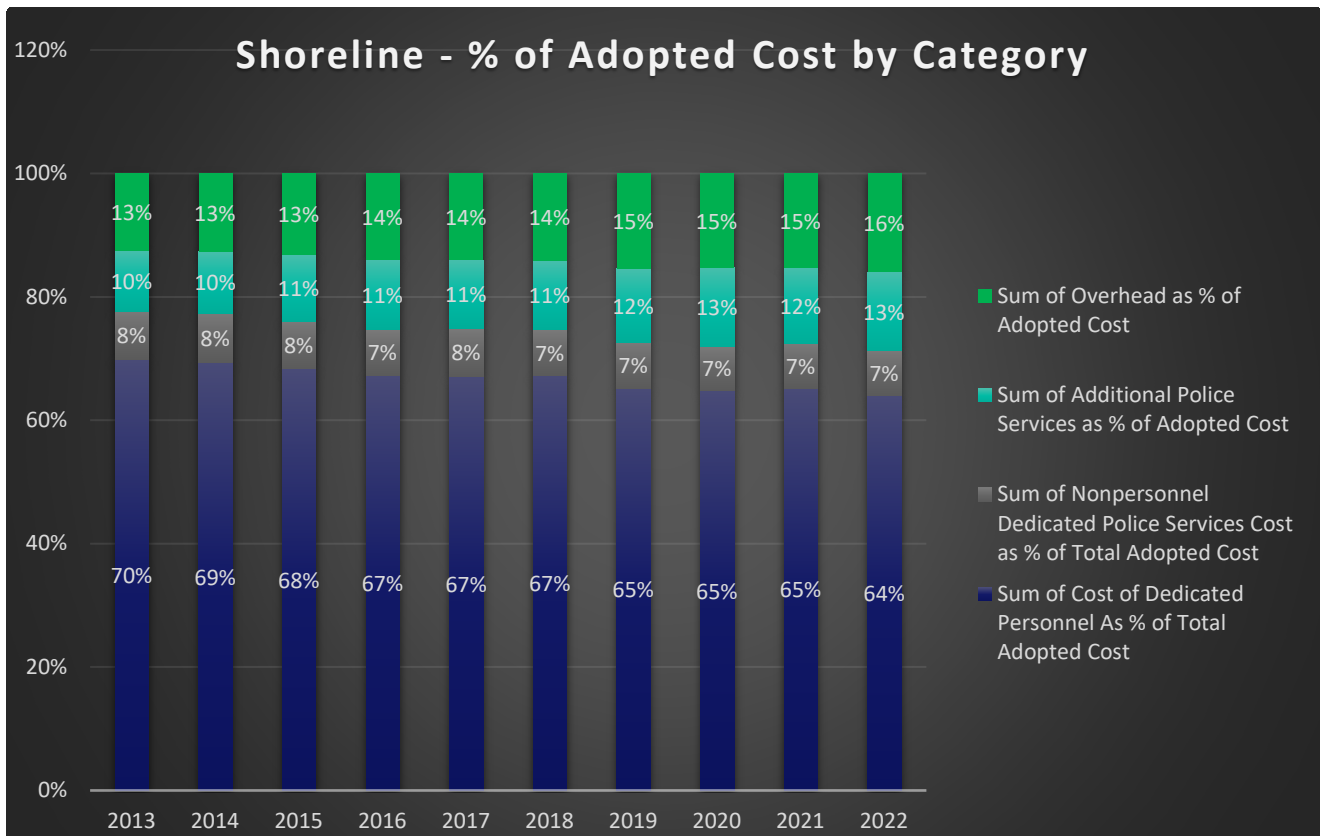


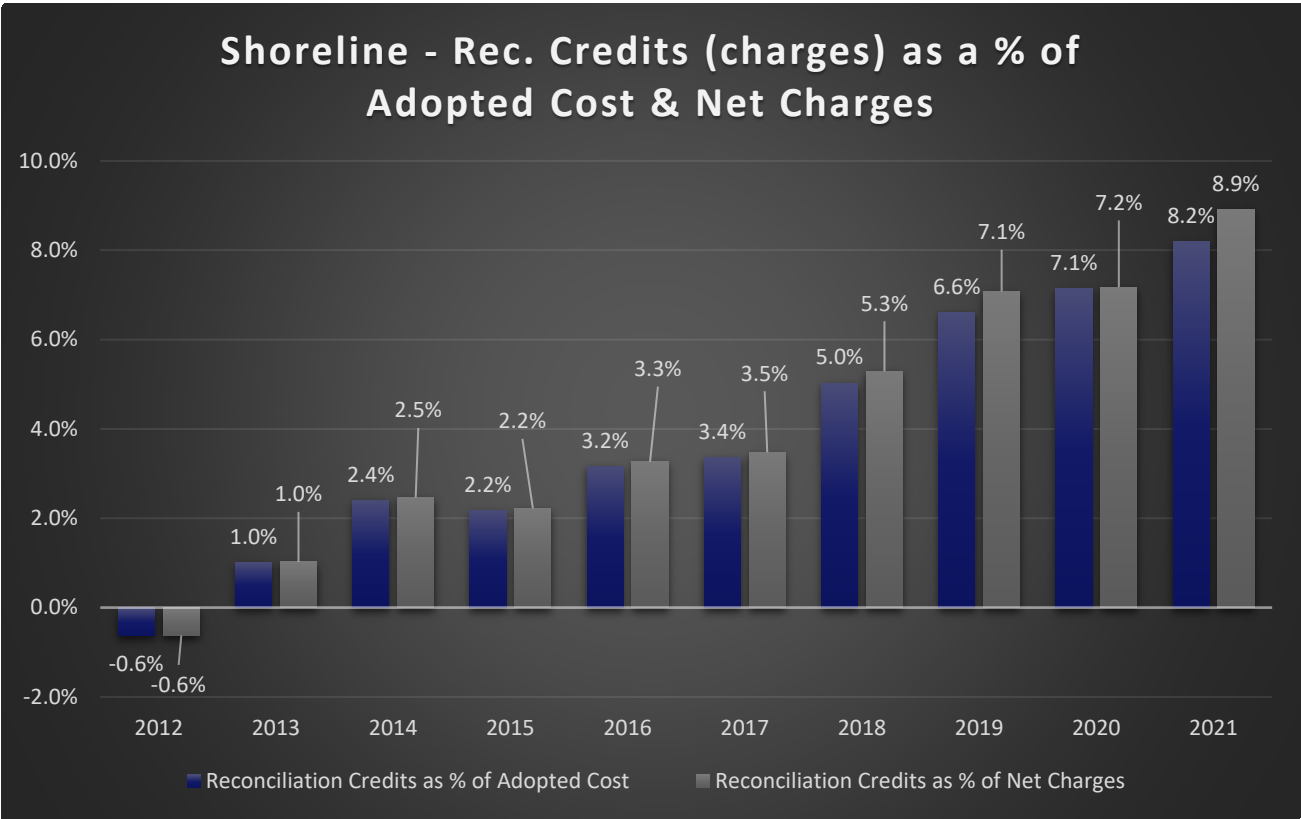
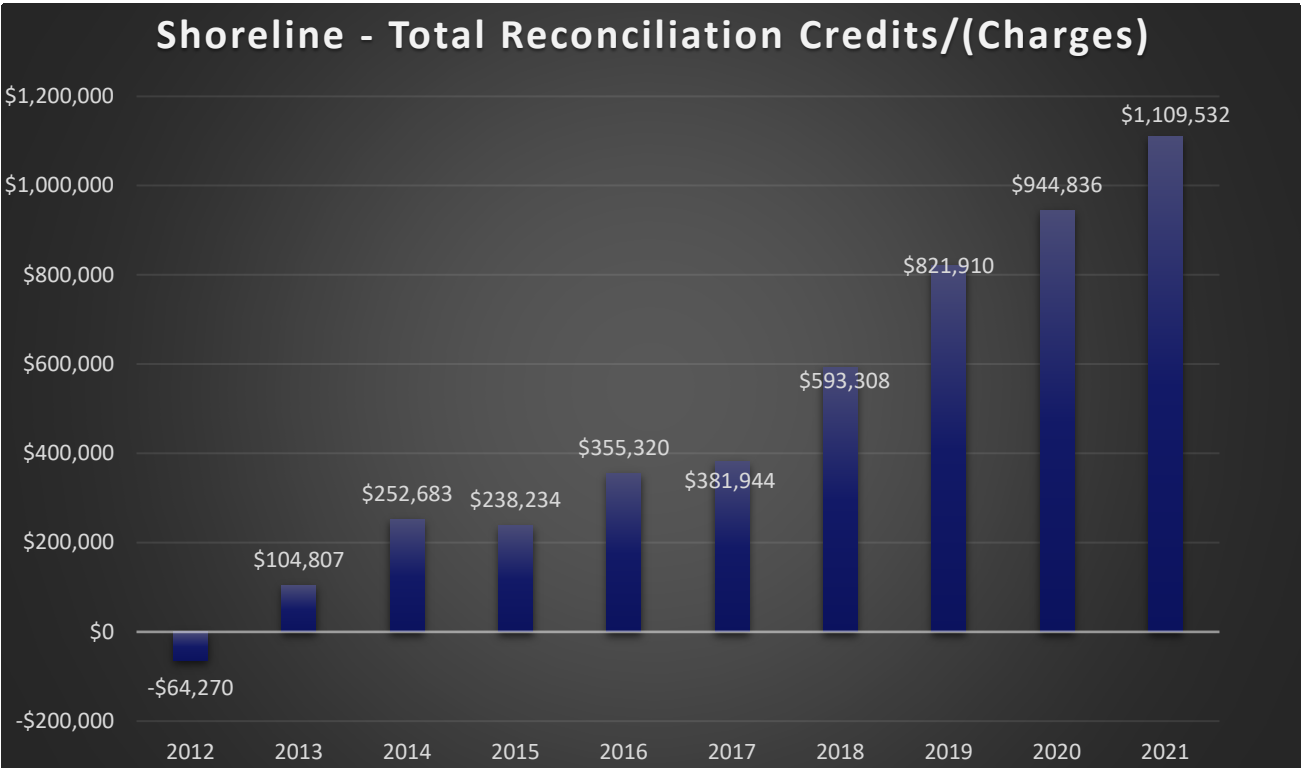
Summary for SeaTac:

- The city adopted cost increased significantly in 2017, 2018, 2019, and 2022. The significant increases occurred in years in which the city added dedicated FTEs.
- Overhead as a percentage of adopted cost increased from 12 percent in 2013 to 16 percent in 2022.
- The cost subject to reconciliation (direct personnel cost) as a percentage of adopted cost fluctuated between 61.4 percent and 62.1 through the four years of 2019 through 2022.
- From 2018 through 2021, the reconciliation credits were between 6.3 and 7.8 percent of the adopted cost.

Shoreline



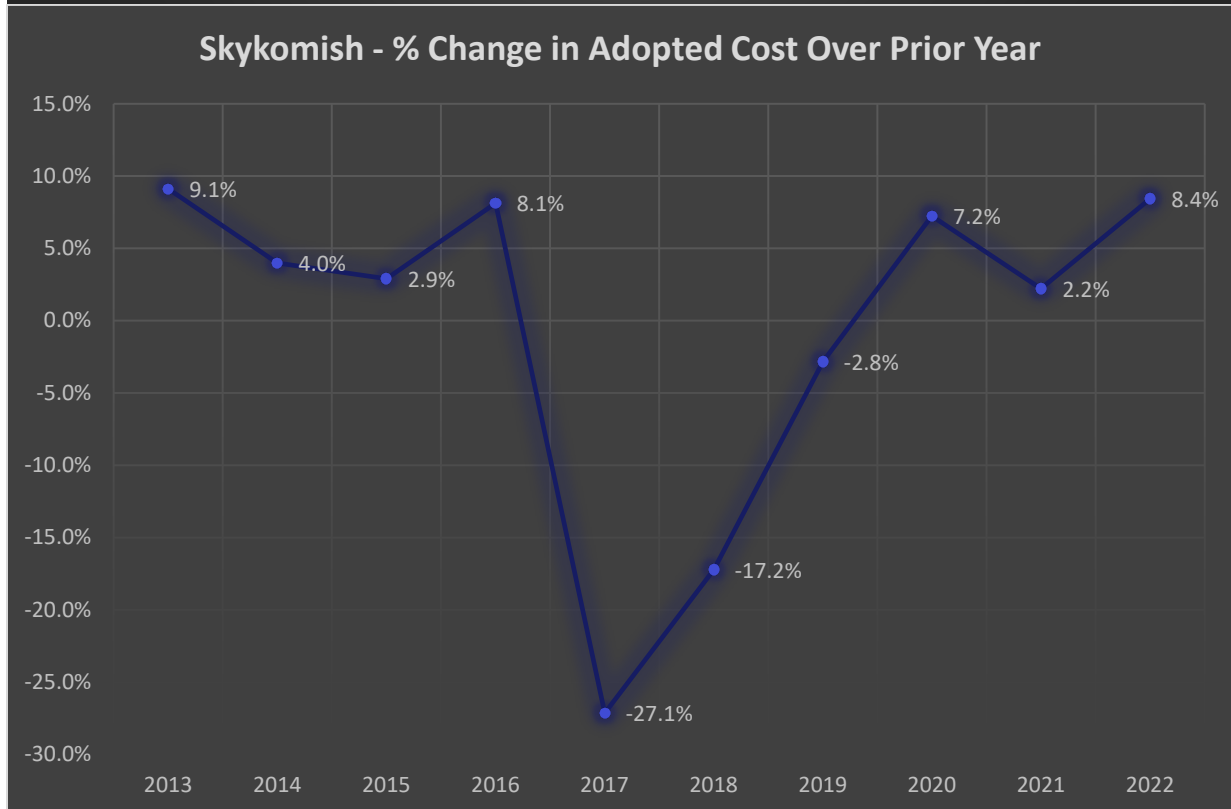
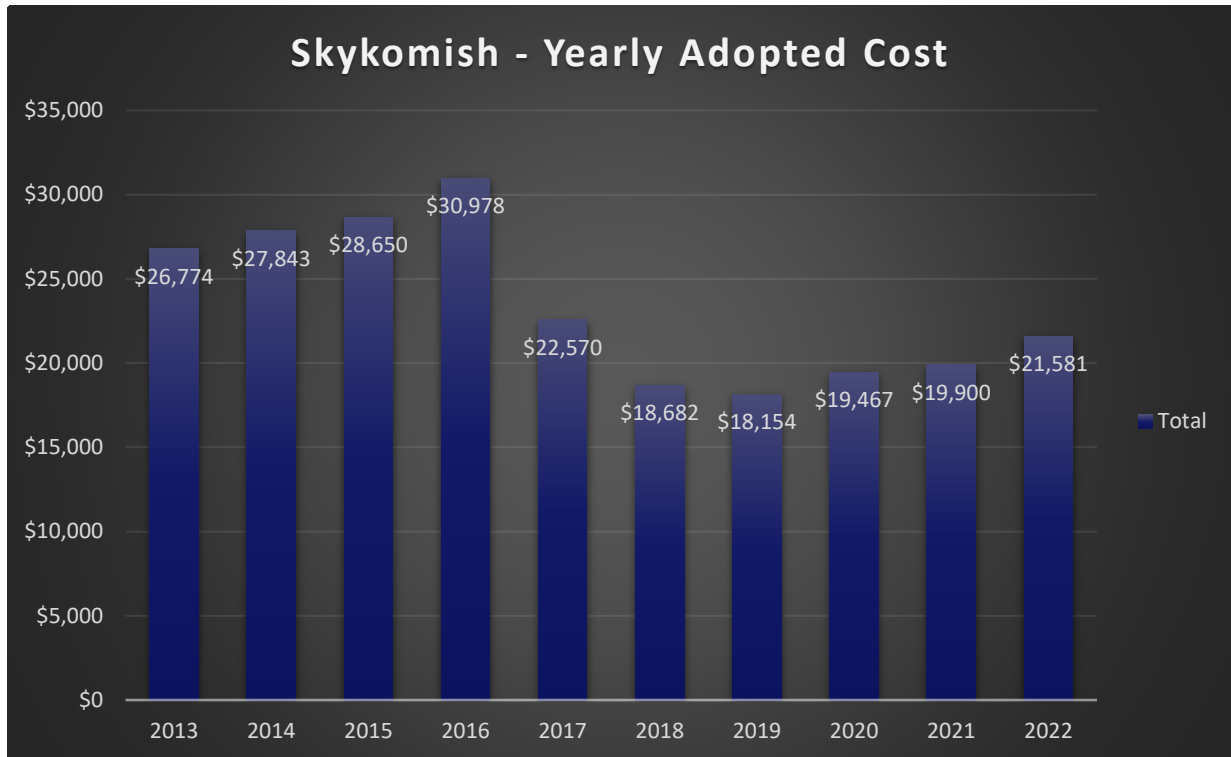


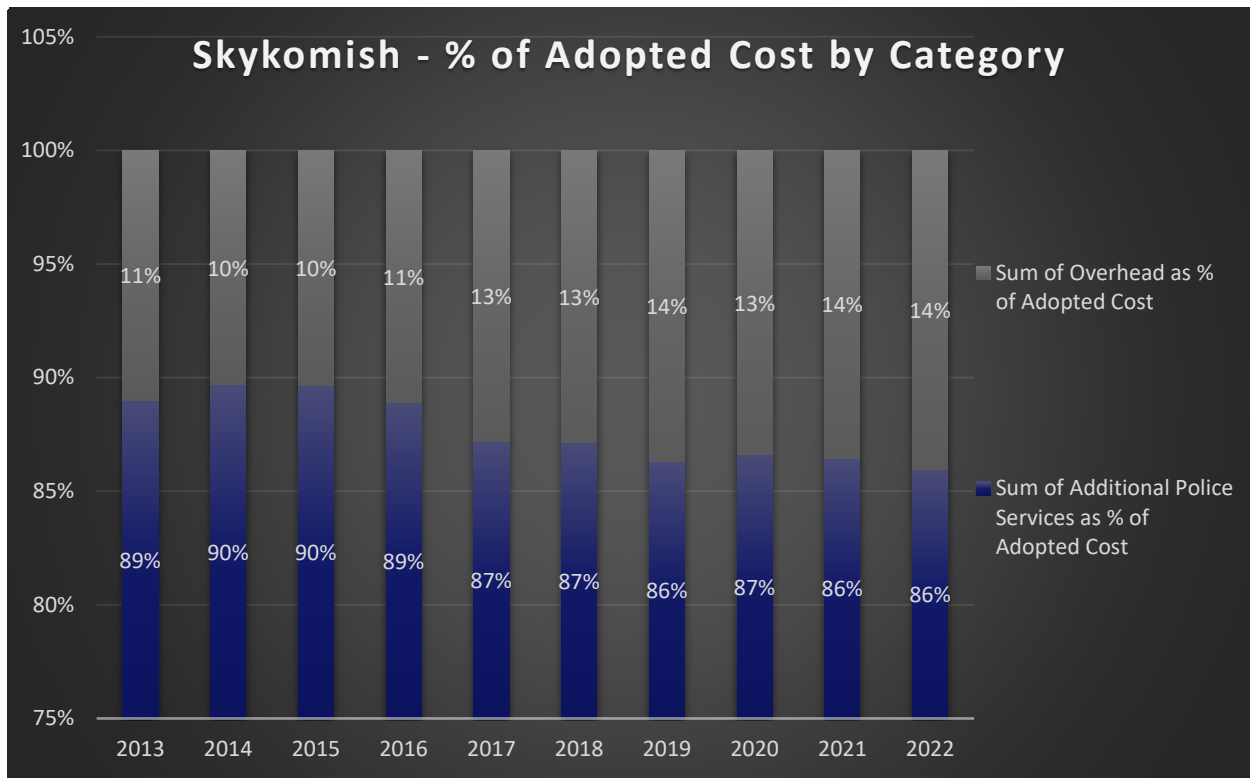


Summary for Shoreline:

- The city adopted cost increased significantly in 2019 and 2020. In 2019, there was a significant increase in communications and overhead costs. In 2020, the city added an FTE.
- Overhead as a percentage of adopted cost increased from 13 percent in 2013 to 16 percent in 2022.
- The cost subject to reconciliation (direct personnel cost) as a percentage of adopted cost fluctuated between 65.2 percent and 64.1 through the four years of 2019 through 2022.
- From 2018 through 2021, the reconciliation credits were between 5.0 and 8.2 percent of the adopted cost.

Skykomish

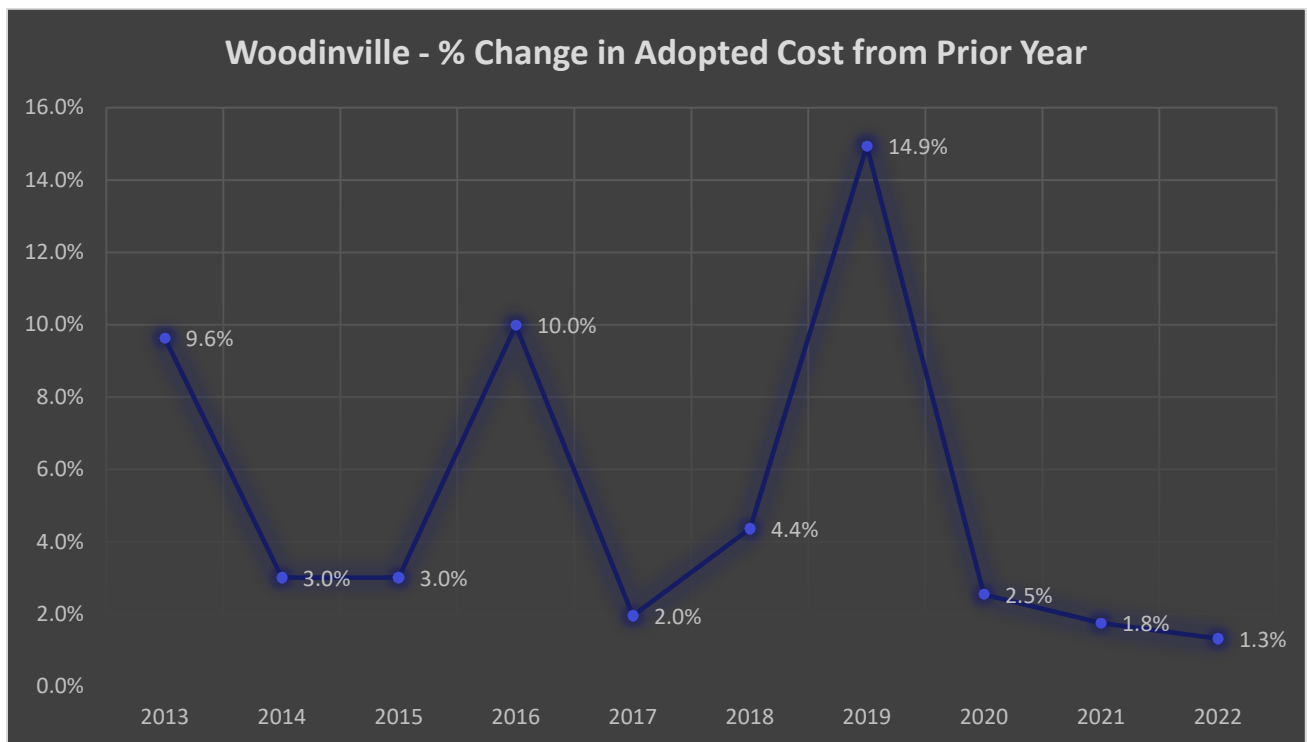
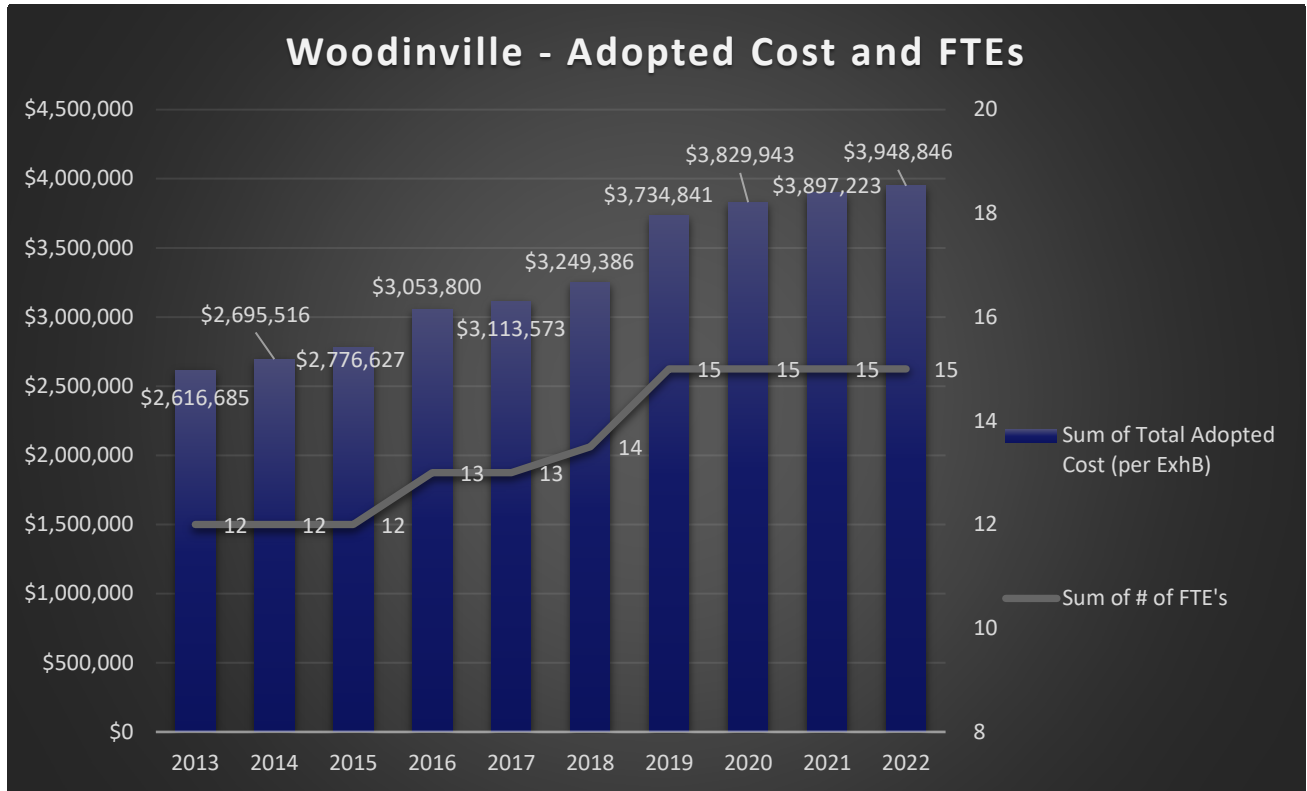


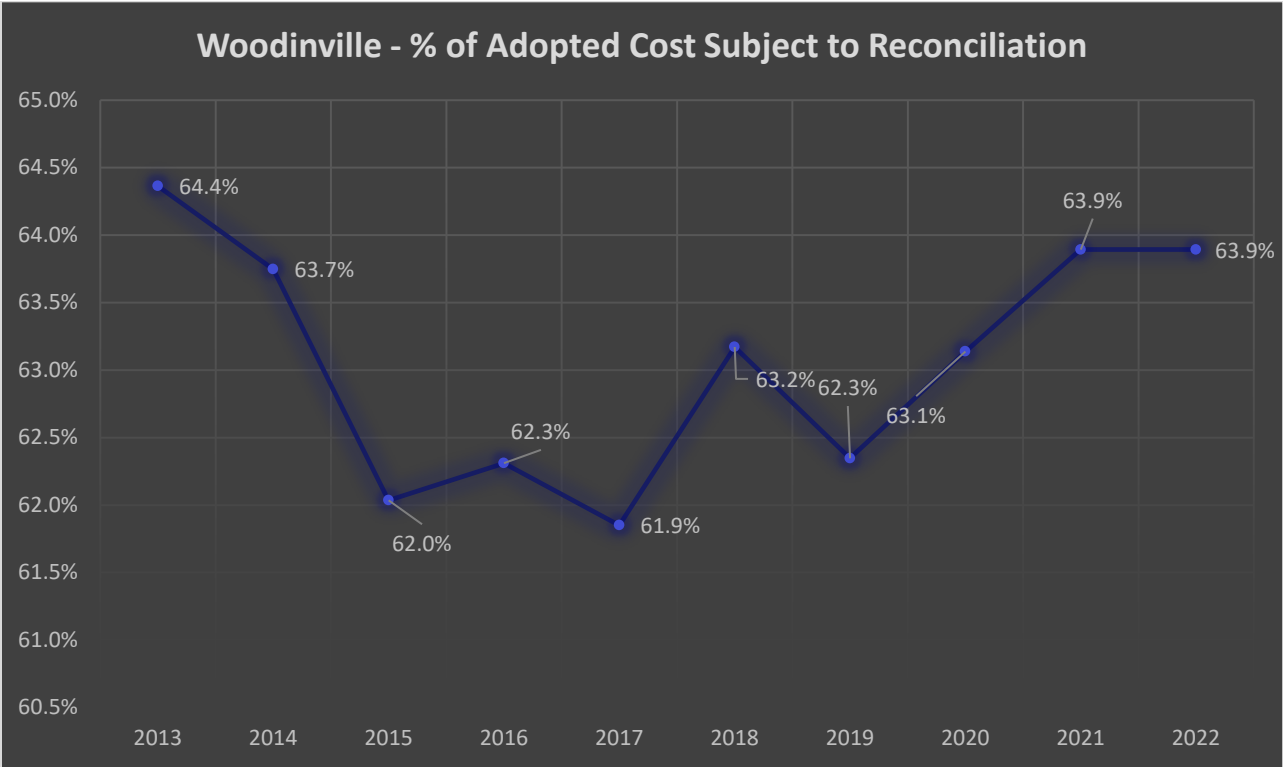
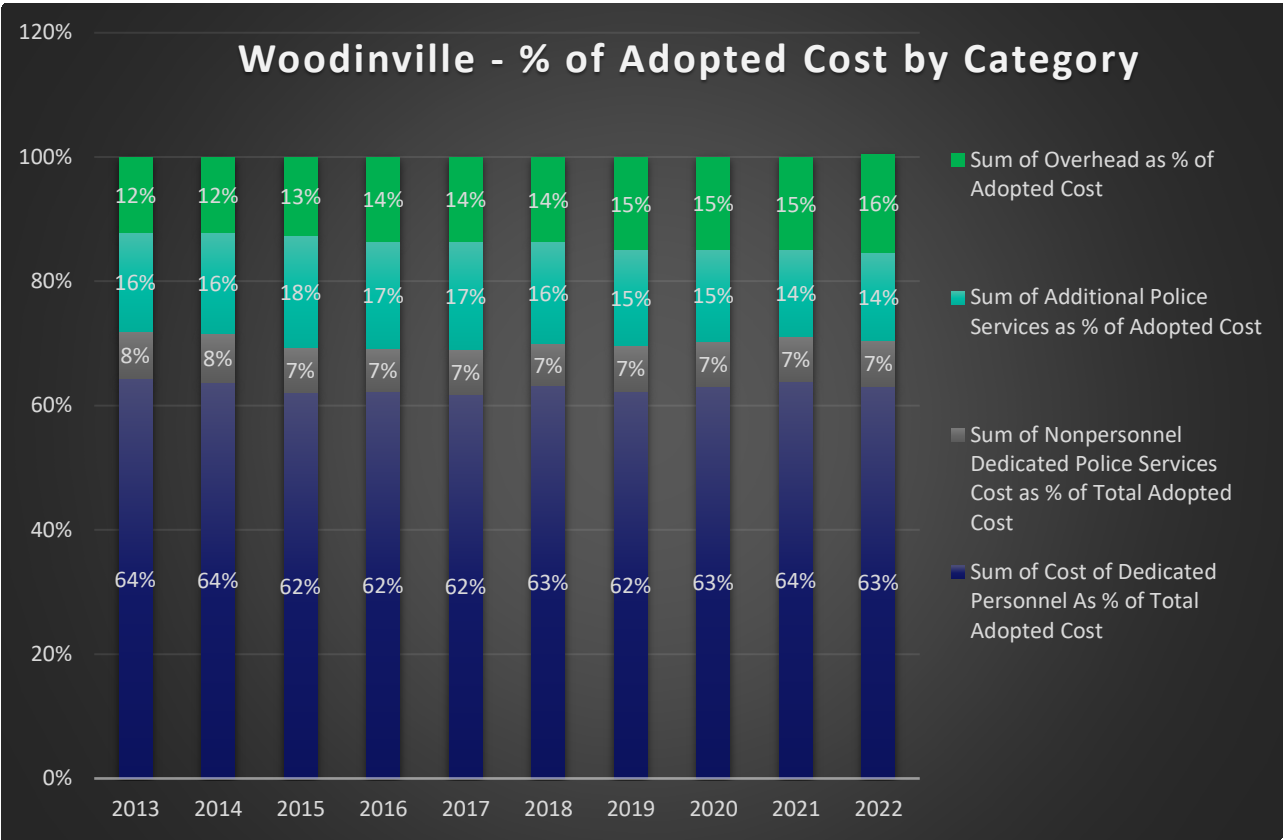


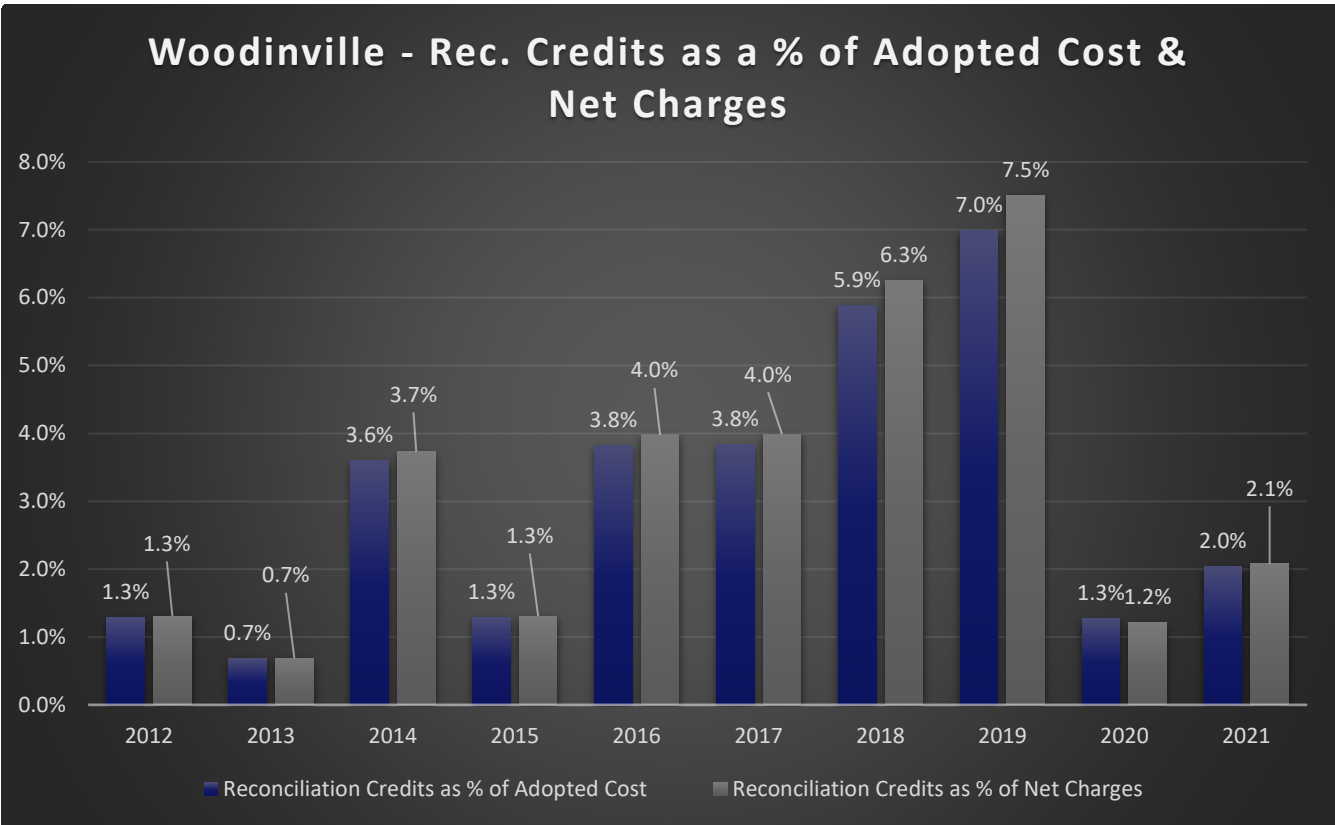
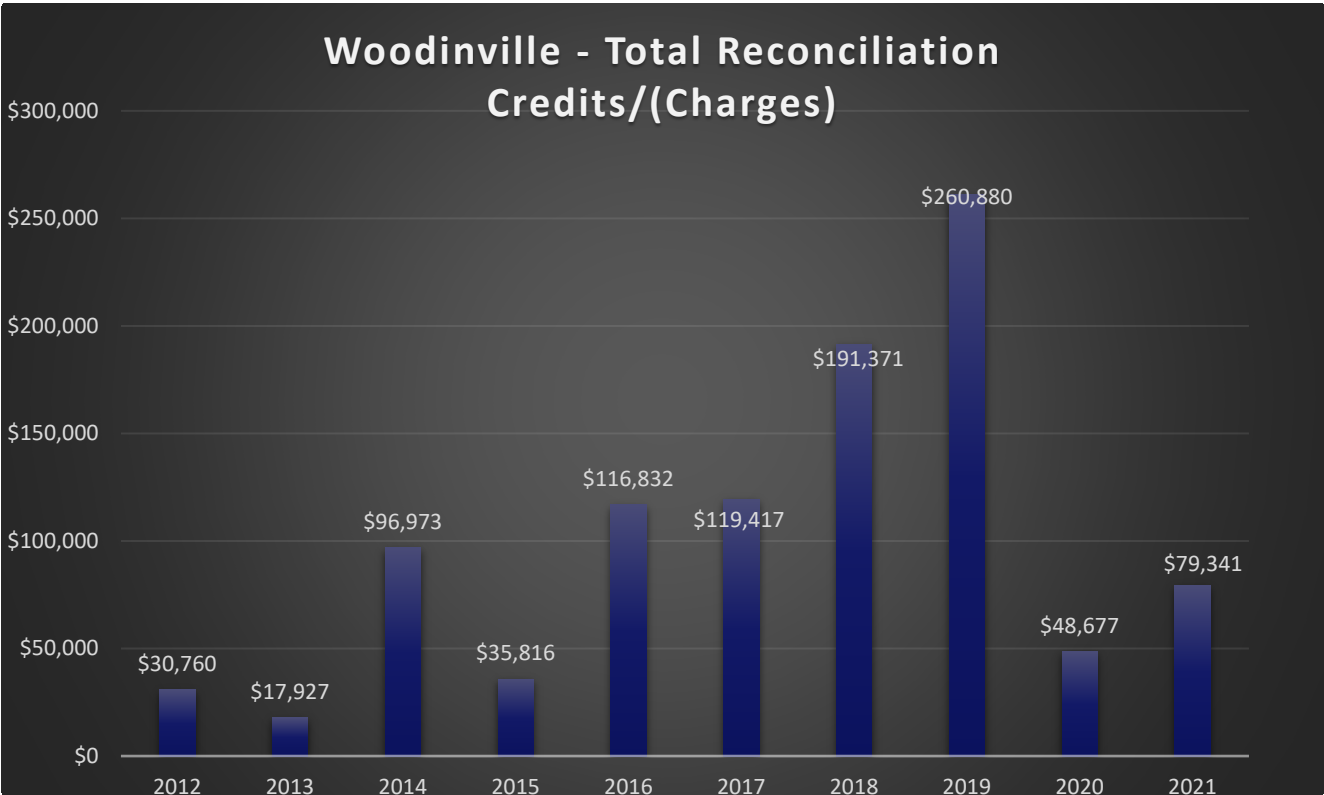
Summary for Skykomish:

- Although some of the increases in adopted cost appear to be significant when taking into consideration the percentage change from the previous year, the dollar value of the increases was minimal. The dollar value of the year-over-year increases ranged from \$-8,407.89 (a reduction in cost) to \$2,327.73.
- Overhead as a percentage of adopted cost increased from 11 percent in 2013 to 14 percent in 2022.
- The city does not have dedicated FTEs. Thus, the city does not incur any direct labor cost charges and is not subject to reconciliation.

Woodinville







Summary for Woodinville:

- The city adopted cost increased significantly in 2016 and 2019. Both of these years the city dedicated FTEs increased by one.
- Overhead as a percentage of adopted cost increased from 12 percent in 2013 to 16 percent in 2022.
- The cost subject to reconciliation (direct personnel cost) as a percentage of adopted cost remained constant around 63 percent from 2018 through 2022.
- From 2018 through 2021, the reconciliation credits as a percentage of adopted cost significantly decreased over the last two years from 7.0 percent in 2019 to 1.3 percent in 2020 and 2.0 percent in 2021.

Attachment D – White Paper: Peer County Survey

Peer Survey for Cost Model Review: Contract Cities

KING COUNTY, WASHINGTON

February 17, 2023



Contents



Methodology

Peer Overview

Review of Contract Terms and
Services

Selected Items of Cost



Methodology



Methodology



- MGT selected five peer Sheriff's Offices and sent surveys to each of the Offices. The peers were selected based on county population, the number of contract cities, and the population in the contract cities.
- The peer Sheriff's Offices selected were:
 - Broward County, Florida
 - Maricopa County, Arizona
 - Riverside County, California
 - San Diego County, California
 - Waukesha County, Wisconsin
- Waukesha County declined to participate in the survey and no response was received from Broward County after repeated attempts to obtain a response.
- MGT summarized the responses from each of the Sheriff's Offices and reviewed the standard agreements provided by each Sheriff's Office to identify commonalities and differences in the manners in which the Offices provide services, identify and accumulate costs, and invoice the contract cities.





Peer Overview



Respondent Peers

MGT surveyed the five Sheriff's Offices listed below that also provided services to cities on a contractual basis.

County	Population	Number of Contract Cities	Population of Contract Cities	Position Responding to Survey
King, WA	2,317,700	12	301,361	
Broward, FL	1,930,983	13	514,122	No response received.
Maricopa, AZ	4,496,588	7	53,519	Chief Financial Officer
Riverside, CA	2,458,395	17	933,027	Administrative Manager
San Diego, CA	3,286,069	9	434,958	Contracts Manager
Waukesha, WI	408,756	7	136,148	Declined to respond.

Source: U.S. Census Bureau 2021 Population Estimates



County Population: 2,317,700

12 Contract Cities

The King County Sheriff's Office (KCSO) provides police services to contract partners including 12 contract cities, Muckleshoot Indian Tribe, 2 transit agencies, and an international airport. The 12 contract cities are:

Contract City	April 1, 2022 Population	Area Square Miles
Town of Beaux Arts Village	315	<1.0
City of Burien	52,490	13.2
City of Carnation	2,158	1.2
City of Covington	21,200	6.0
City of Kenmore	24,090	7.2
City of Maple Valley	28,920	5.9
City of Newcastle	13,560	4.5
City of Sammamish	67,455	24.0
City of SeaTac	31,910	10.2
City of Shoreline	60,320	11.7
Town of Skykomish	165	<1.0
City of Woodinville	13,069	5.63
Total for 12 Communities	315,562	89.53
King County Total	2,317,700	2,307

Maricopa County, AZ

County Population: 4,541,258

Contract Cities: 7

- Carefree (Population of 3,690)
- Cave Creek (Population of 4,892)
- Fountain Hills (Population of 23,820)
- Gila Bend (Population of 1,892)
- Guadalupe (Population of 5,322)
- Litchfield Park (Population of 6,847)
- Youngtown (Population of 7,056)



Riverside County, CA

County Population: 2,458,395

Contract Cities: 17 (+1 County Hospital, +1 Tribal Community)



- Calimesa (Population of 10,026)
- Canyon Lake (Population of 11,082)
- Coachella (Population of 41,941)
- Eastvale (Population of 4,757)
- Indian Wells (Population of 4,757)
- Jurupa Valley (Population of 105,053)
- La Quinta (Population of 37,558)
- Lake Elsinore (Population of 70,265)
- Moreno Valley (Population of 208,634)
- Norco (Population of 26,316)
- Palm Desert (Population of 51,163)
- Perris (Population of 78,700)
- Rancho Mirage (Population of 16,999)
- San Jacinto (Population of 53,898)
- Temecula (Population of 110,003)
- Wildomar (Population of 36,875)

San Diego County, CA

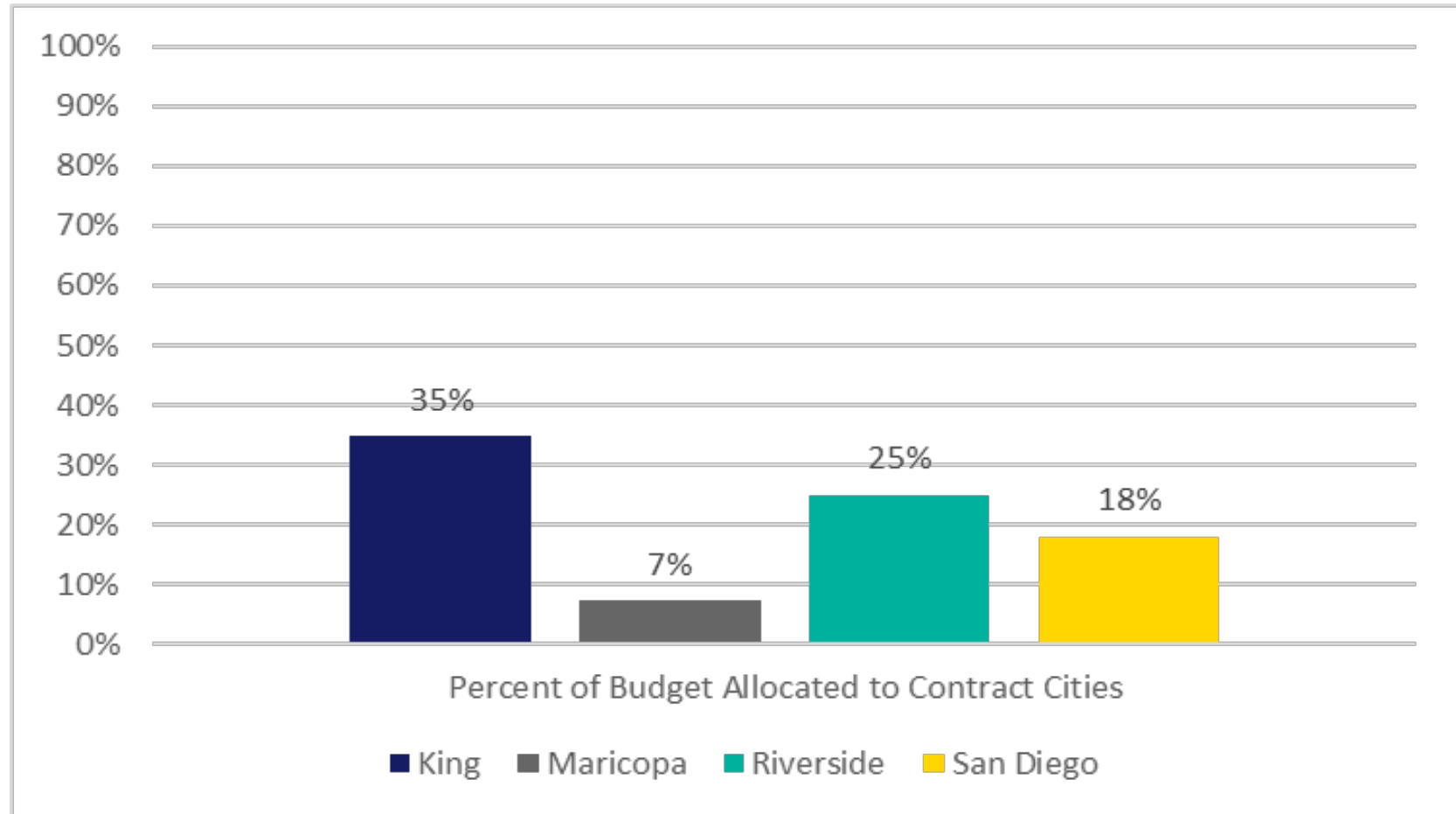
County Population: 3,286,069

Contract Cities: 9

- Del Mar (Population of 3,954)
- Encinitas (Population of 62,007)
- Imperial Beach (Population of 26,137)
- Lemon Grove (Population of 27,627)
- Poway (Population of 48,841)
- San Marcos (Population of 94,833)
- Santee (Population of 60,037)
- Solana Beach (Population of 12,867)
- Vista (Population of 98,655)



Contract City Expenditures as a Percentage of the Annual Budget





Review of Contract Terms and Services



Summary of Services Provided

King County provides a wide range of services to its contract cities. One of the key items to note from this table is the mix in charging for Sheriff and County Administration (overhead). As noted in the table, 2 of the 3 respondent counties do not charge for Sheriff Administration and the remaining county does not charge for County Administration.

Service	King County	Maricopa County	Riverside County	San Diego County
Patrol	Yes	Yes	Yes	Yes
Incident Response	Yes	No	Yes	No
Investigations	Yes	Yes	Yes	Yes
Court Appearances	Yes	No	Yes	Yes
Recruitment	Yes	No	Yes	Yes
Training	Yes	No	Yes	Yes
Lab Work	Yes	No	No	No
Communications (911)	Yes	Yes	Yes	Yes
Equipment	Yes	Yes	Yes	Yes
Vehicles	Yes	Yes	Yes	Yes
Sheriff Administration	Yes	Yes	No	No
County Administration	Yes	No	Yes	Yes
Marine Patrols	Yes	No	No	No
Jail Costs	No	Yes	No	No

Review of Contract Terms



Last
Updated
in 2000



Reviewed
Every 3-6
Years



Reviewed
Annually



Reviewed
Twice
Each Year

While King County Sheriff's Office provides annual exhibits that outline the costs and services to be provided, the standard interlocal agreement has not been updated since 2000, unlike the peer counties who update their agreements on a regular, and more frequent, basis.

Periodic Review of Services

Maricopa County

Costs of service are reviewed annually.

Riverside County

Contract Partners can amend their contract at any time throughout the term of the contract to adjust their level of service.

San Diego County

Services are reviewed twice each year

Upon request by a contract city, King County Sheriff's Office will amend services throughout the year. While King County does not have a process for periodically reviewing services, because of the contract cities' ability to adjust services throughout the contract year, the process appears to provide the contract cities with adequate methods to identify and adjust services.



How are Costs Determined?

Maricopa County

- The County does not bill for actual costs. Instead, the MCSO estimates actual costs based on “beats of service” requested by the contracted town.

Riverside County

- Rates are calculated based off current year salary and benefit costs and prior year services and supplies cost. Only filled positions are billed.
- Estimates are created for budgeting purposes, but billing is based on actuals.

San Diego County

- The County bills based on an average cost for basic services and adds actual costs for any additional services.

Similar to Maricopa and San Diego counties, King County uses estimates to budget its costs and bill the contract cities. At the end of the year, King County reconciles direct labor costs invoiced during the year to actual costs and bills or credits the cities for the difference. The only other county that performs a reconciliation is San Diego; however, the differences noted in the reconciliation are absorbed by the County rather than billed to the cities.

Cost Recovery

- Fully Recovers Costs
 - Riverside County
- Does Not Fully Recover Costs
 - King County
 - Maricopa County
 - San Diego County

King County

Does not recover actual salaries for special response units or all administrative costs, such as supplies.

Maricopa County

Special response services are not charged to the contract cities. Only recover 3% of the 10%+ audited overhead rate.

San Diego County

Recovers about 95% of total costs.

Budget Timeline

County	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	
King County		Begin Budget Preparation for Next Fiscal Year		Proposed Budget to Contract Cities			Start of Fiscal Year				Finalize Budget for Current Fiscal Year	Begin Invoicing Contract Cities	
Maricopa County	Finalize Budget for Next Fiscal Year											Begin Budget Preparation for Next Fiscal Year	
Riverside County				Budget Submitted to County Executive								Begin Budget Preparation for Next Fiscal Year	
San Diego County	Begin Budget Preparation for Next Fiscal Year		Finalize Budget for Next Fiscal Year										





Selected Items of Cost



Summary

- Overhead Costs:
 - All agencies charge some kind of overhead to the contract cities, but the nature and type of costs vary
 - Common costs include information technology and the costs of administrative departments such as human resources and accounting
- Retirement and Worker's Compensation: King County accounts for retirement, overtime, and worker's compensation costs in a similar manner to the peer counties.
- Vacancy Adjustments: While King County's reconciliation process at year-end will account for actual salaries, benefits, and overtime paid and net out vacancies, 2 of the peer counties make adjustments after positions remain vacant at 2 and 3 months, rather than subsequent to fiscal year-end.

Overhead Costs

- **King County**

- County Overhead – Personnel, Financial Management, Building Occupancy, Officer Liability Insurance, Central IT, Fleet/Vehicle Charges
- Sheriff's Department Overhead – Budget & Accounting, Contracts, Internal Investigations, Information Technology, Legal, Personnel, Photo Lab, Polygraph Unit, Property Management Unit & Evidence Storage, Public Disclosure, Records,
- Sheriff's Department Sworn Overhead - Data Unit, Firing Range, Officer Training
- Division Overhead – Costs related to administrative positions within KCSO operating divisions along with tenant charges.

- **Maricopa County**

- County Overhead – Information Technology Costs
- Sheriff's Department Overhead – 3 percent fee

- **Riverside County**

- County Overhead – Supplies, Facility Costs, Insurance, IT, Supporting Division Personnel (Including Accounting, Recruiting, Training)
- Sheriff's Department Overhead – No

- **San Diego County**

- County Overhead - Budget & Revenue Management, Financial Services, Data Services, Contracts Management, Wireless Services, Personnel, Payroll, Cost Allocation Plan
- Sheriff's Department Overhead - Multiple Units, including Domestic Violence, Elder Abuse, Homicide, Communications, Video Analysis, Law Enforcement Command, Sheriff Fleet Allocation, IT Outsourcing Allocation (Said no overhead on survey)



Retirement Costs

Retirement Costs – Do you use annual cash contributions or the actuarially required contribution in the rate calculation?

- **King County:** Incorporates the statutorily required contribution rate provided by the County in the salaries and benefits amount charged to the contract cities.
- **Maricopa County:** Uses the rate provided from County Benefits for funding contributions.
- **Riverside County:** Retirement percentage contribution.
- **San Diego County:** Annual cash contributions

Overtime

How is overtime accounted for?

- **King County:** Overtime for dedicated officers assigned to a contract is charged based on actual costs (via the reconciliation process). Overtime for overhead units is based on budget.
- **Maricopa County:** Overtime charged to each Town's unit code in the prior fiscal year is used to develop an average cost per FTE, which is then applied to following year's cost model.
- **Riverside County:** Overtime hours are converted into Full Time Equivalent positions and increase the model's productive hours. Overtime costs for support positions are included in the rate.
- **San Diego County:** At the end of the fiscal year, the average amount of overtime used by a deputy is calculated and then added to the cost of the deputy.

Vacancies

How do you account or adjust for vacancies?

- **King County:**
 - Direct salaries and benefits and overtime are reconciled to actual at year-end.
 - A Fair Use Credit is provided in the reconciliation to reduce the city's allocated overhead costs associated with the vacancies.
 - If a dedicated officer for a contract city is on administrative or medical leave greater than 90 days or military leave greater than 15 days, a city may request that these officers be transferred out of the contract, so that the position can potentially be filled with an available officer.



Vacancies

How do you account or adjust for vacancies?

- **Maricopa County:** If a contract town is large enough to be able to track specific vacancies in that area, then a vacancy adjustment can be adopted and applied against future billings. In one town, MCSO made quarterly adjustments, and in another MCSO made annual adjustments. Short-term vacancies happen constantly as deputies take sick time or are put on administrative leave. Only longer-term vacancies that last 3 months or more in length are considered for a vacancy cost adjustment.
- **Riverside County:** The county's model calculates costs based on filled positions.
- **San Diego County:** Per the vacancy/absence clause of the agreement, San Diego County is only required to provide credit to the cities on the 61st day of the vacancy/absence until the position is filled.

Worker's Compensation

How are worker's compensation premiums and/or claims incorporated into the rate?

- **King County:** A cost based on the worker's compensation percentage is added to the Salaries and Benefits for each position.
- **Maricopa County:** Maricopa County Sheriff Office allocates a per-FTE cost to the annual cost model.
- **Riverside County:** Worker's compensation percentage is added to the Salaries and Benefits for each position to recover worker's compensation premium costs.
- **San Diego County:** The cost is included in the salary and benefit rate of the deputy.



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