

Item C

Public Hearing Olympia/Tumwater Regional Fire Authority

December 6, 2022

John Doan, City Administrator
Brian Hurley, Fire Chief



Cities of Olympia and Tumwater

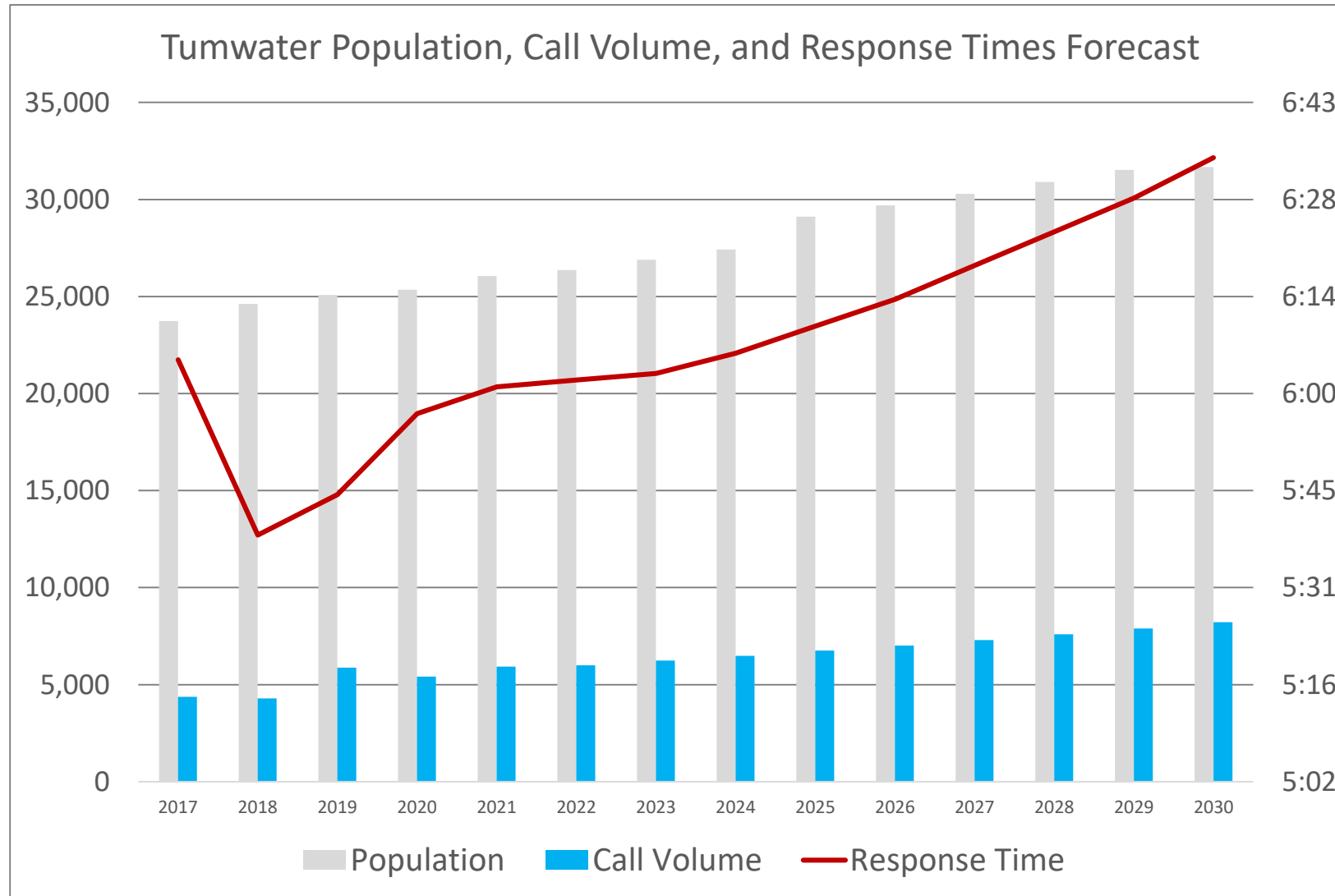


I. Why Are We Considering an RFA?

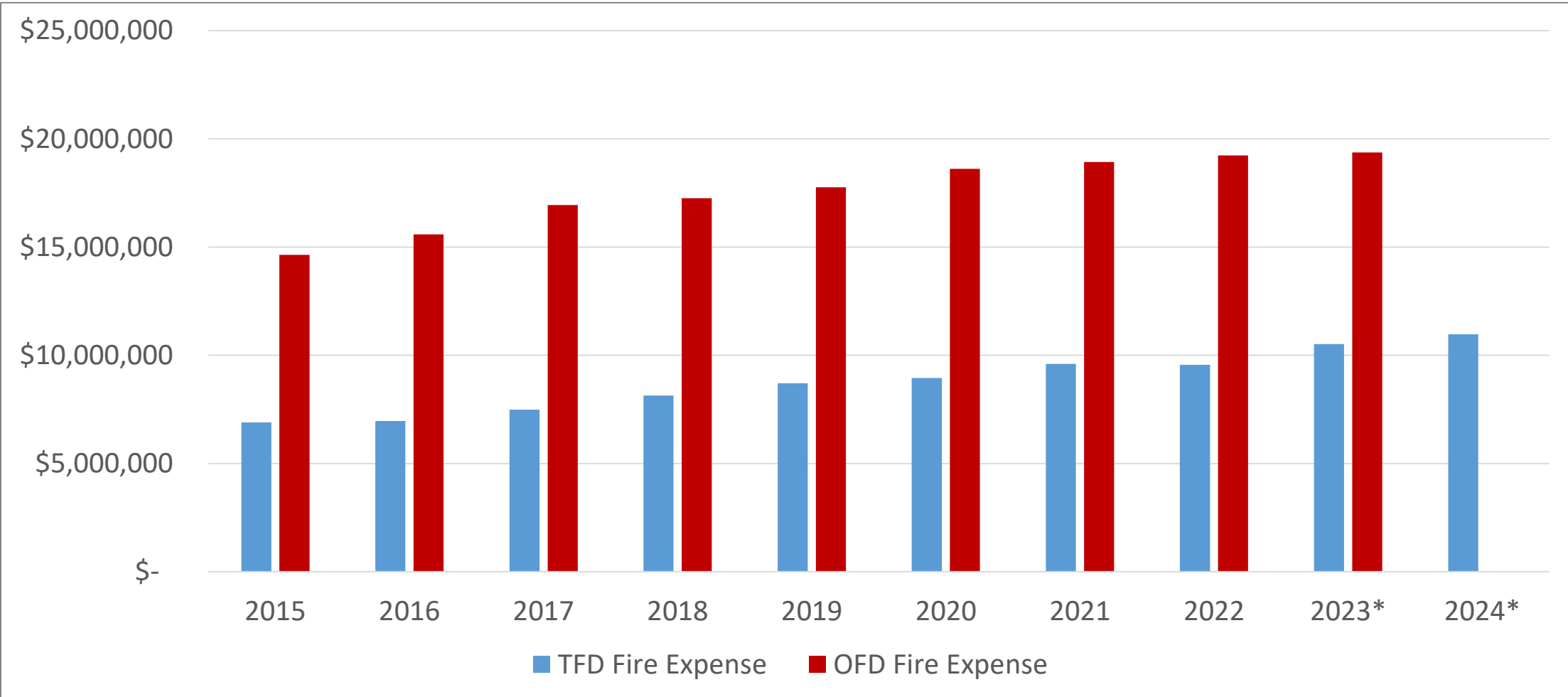
2019 Fire & Emergency Services Study

- Limited city resources
- Growing demand on our fire departments
- Average fire/EMS response times declining over time
- Maintain fire/EMS service levels to meet growing community needs

Tumwater Trends



Fire Department Budgets



RFA Operational Enhancements

- Basic Life Support Transport / CARES
- 2 Battalion Chief Model
- Dropping Borders (Olympia High School, South Puget Sound CC)
- Ladder Truck stationed in Tumwater
- Fire/EMS training
- Community Risk Reduction
- Reserve Apparatus

RFA Planning Committee Members

Tumwater	Olympia
Voting Members	
Councilmember Eileen Swarthout	Councilmember Jim Cooper
Councilmember Leatta Dahlhoff	Councilmember Lisa Parshley
Councilmember Michael Althausen	Councilmember Yến Huỳnh
Ex-Officio Non-Voting Members	
Tumwater Fire Chief Brian Hurley	Olympia Fire Chief Todd Carson
IAFF Local 2409 James Osberg	IAFF Local 468 Steven Busz

Work Accomplished & Work Ahead

Accomplished

- ✓ Committee Charter and Workplan
- ✓ Values & Principles statement
- ✓ Committee Website
- ✓ 2 Council briefings
- ✓ 4 Community meetings
- ✓ Fire Department Employee Briefings
- ✓ Governance Options
- ✓ Operations Plan & Org. Chart
- ✓ Finance Plan
- ✓ DRAFT RFA Plan Developed
- ✓ Union Votes of Support
- ✓ Joint Meeting – Olympia/Tumwater – Draft RFA Plan

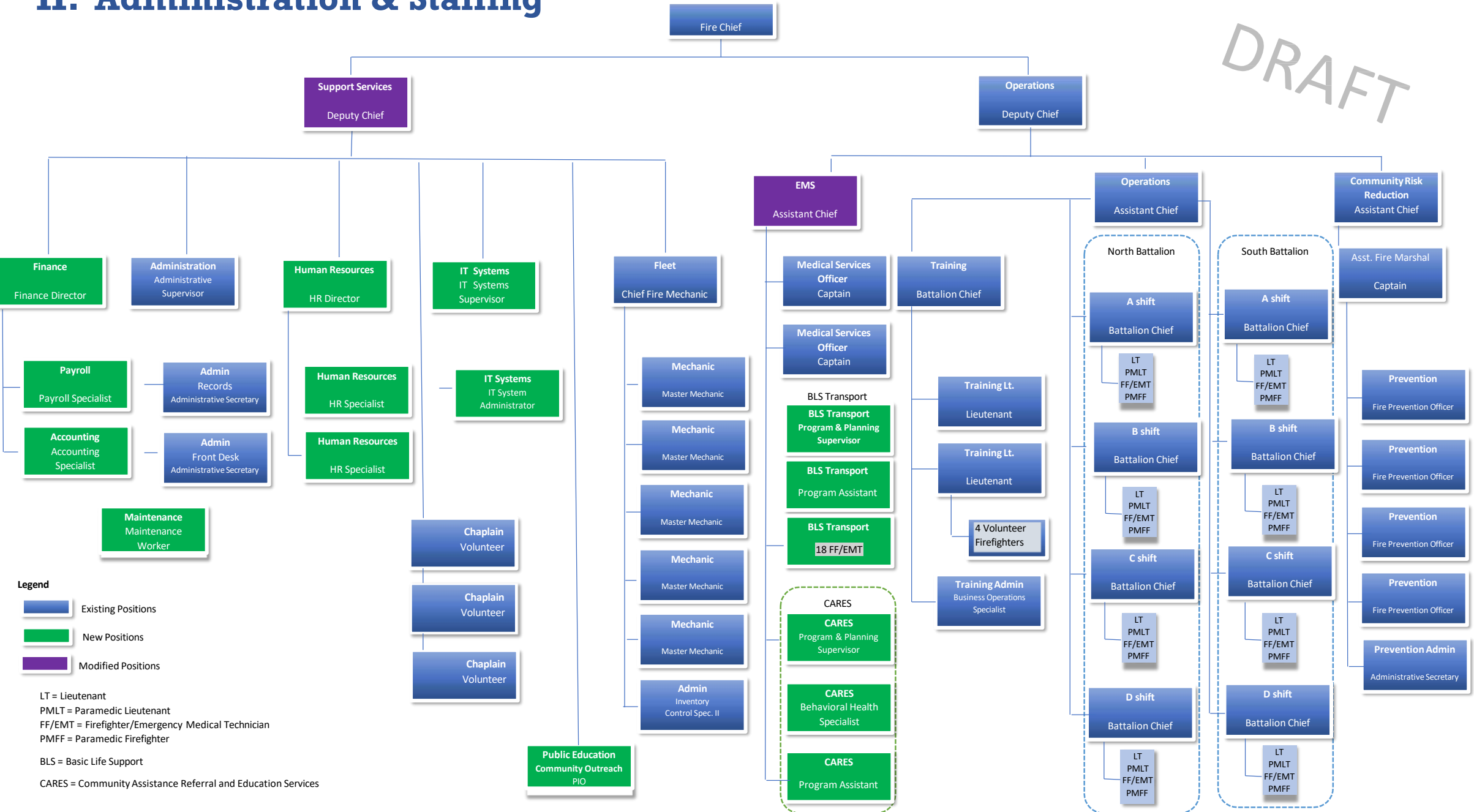
- ✓ November 14: RFA Committee Public Hearing
- ✓ Finalize RFA Plan

Work Ahead

- Tumwater City Council Public Hearing – RFA Approval (Tonight)
- Tumwater City Council Public Hearing – Fire Benefit Charge
- April: Election

II. Administration & Staffing

DRAFT



III. RFA Governance

- An initial 6-member board will serve from the RFA Effective Date (October 1, 2023) through December 2025, comprised of 3 elected officials from Olympia and 3 elected officials from Tumwater
- Thereafter, the Board will transition as shown below:
 - 7-member Board of Commissioners beginning in 2026, mix of appointed and directly elected At-Large Commissioners
 - Term lengths vary during transition (2026-2027) – 2, 4 or 6 years – to ensure a permanent board in which turnover can be minimized at elections (every 2 years)
 - From 2028 and beyond, Council reps. serve 4-year terms, elected Commissioners 6-yr)

2023-2025	2026-2027 (2 years)	2028 and beyond
Initial Board: 3 Olympia Councilmembers 3 Tumwater Councilmembers	Phase-in to Option 4: 2 Olympia Councilmembers 2 Tumwater Councilmembers 3 At-Large RFA Commissioners	Option 4 fully implemented: 1 Olympia Councilmember 1 Tumwater Councilmember 5 At-Large RFA Commissioners

IV. RFA Funding Recommendation

Four Funding Sources:

- **Fire Levy:** a property tax
- **EMS Levy Revenues**
- **Fees for Service:** including revenue from permits and service contracts with other governments
- **Fire Benefit Charge (FBC):** Fee based on the fire risk associated with the size and type of structures.



RFA Funding: 2 Options

Option 1: Fire Levy up to \$1.50 *

- Share of County Emergency Medical Services (EMS) Levy Revenue
- Fees for service

50% + 1 voter approval needed

Option 2: Fire Levy of up to \$1.00 *

- Fire Benefit Charge (FBC)
- Share of County EMS Levy Revenue
- Fees for Service

60% voter approval needed

Option 2 can generate more revenue than Option 1.

Option 2 - Planning Committee Recommendation

*Fire Levy is a property tax

Property Tax Implications With RFA Creation

- The RFA will gain \$1.00/\$1,000 AV of property tax capacity
- The cities will each lose \$1.00/\$1,000 AV of property tax capacity (shifted to RFA)
- The cities must reduce their actual property tax levy by \$1.00/\$1,000 AV calculated from the highest levy that each city could impose at the time.
- Revenue Neutral in Terms of Property Tax Impacts on Cities

How does the FBC work?

Everyone uses the **same basic formula**; what changes are the **structure categories** and the **weights for each category**. Some RFAs add additional factors to consider staffing requirements relative to fires at different structures.

FORMULA

FBC = Fire Flow* x Building Category Factor x Cost per Gallon Factor x Balancing Factor x Sprinkler Discount x Exemption Factors

*Fire Flow = $\sqrt{\text{Total Square Feet}} \times 18$

1. Identify classifications of structures	2. Identify square footage and classification of each structure	3. Determine the weighting for each structure classification	4. Identify any discounts/ exemptions or surcharges	5. Do the math
Mobile Home Single Family Residential Multifamily Small commercial Med. Commercial Large Commercial Etc.	County assessor records provide this information.	Weights increase with the size and complexity of the structure. The weighting reflects the additional resources needed to put out a fire at these different types of structures.	Some discounts/ exemptions are required by law-e.g. low-income senior citizen/disabled discounts. Other discounts are policy decisions., e.g., sprinkler sprinklers	Determine the bill for each parcel / structure

How does the FBC relate to the RFA budget?

- FBC collections in any year cannot exceed 60% of RFA operating budget
- Each Year the RFA Board will determine expenditure and revenue needs

FBC Process

- Formula and collection amount set annually by RFA Board of Commissioners
- All fire agencies with an FBC use a very similar formula
- Annual appeals process required
- Bill is sent with property tax bill by the County assessor/treasurer and paid like property tax
- FBC must be reauthorized by voters after 6 years or it will lapse
- FBC reauthorization can be for another 6 or 10 years (50%+1 approval required), or a permanent authorization can be requested from voters (60% approval)

A benefit charge imposed must be reasonably proportioned to the measurable benefits to property resulting from the services afforded by the authority. RCW 52.26.180(5)

V. 7-YEAR RFA FINANCE PLAN

- A 7-year financial plan has been approved by the Planning Committee to support the RFA:
 - Operations
 - Fire suppression, EMS services
 - Maintenance
 - Administration
 - Utilities, etc.
 - Capital, facilities and equipment needs
 - Staffing for service enhancements
 - 2 transport units
 - CARES unit
 - 2-Battalion model
 - Reserves
 - Cash flow



Key Finance Assumptions

- Both Cities retain their **LEOFF 1 Liabilities** (for retired firefighters)
- Remaining Tumwater **fire levy lid lift** revenues transferred to RFA for apparatus purchase so commitment to voters is kept (\$2M)
- Some planned capital acquisitions (equipment, apparatus) will be deferred by a year or two in the interest of smoothing the RFA budget from year to year – no operational impact anticipated
- City obligations for fire department employee accrued sick leave, vacation leave, retirement pay-out are transferred to the RFA

7-Year RFA Financial Plan Summary

(October 2022 update)

	2023	2024	2025	2026	2027	2028	2029	2030
Total Expenditures		39,905,137	41,666,295	44,849,117	47,070,794	48,839,162	50,541,315	52,303,547
% Change Year-to-Year			4.4%	7.6%	5.0%	3.8%	3.5%	3.5%
Transfer to Reserves		1,260,000	1,324,000	1,947,218	2,021,989	1,988,973	2,070,781	2,156,538
Beginning Cash Balance		10,000,000	9,713,543	11,476,973	11,348,791	11,861,202	12,038,737	11,990,537
Fire Levy Collections		19,320,881	19,803,903	20,299,001	23,338,651	23,922,118	24,520,170	25,133,175
Fire Levy Rate		\$ 1.00	\$ 0.96	\$ 0.93	\$ 1.00	\$ 0.96	\$ 0.93	\$ 0.89
Other Revenues		9,797,799	13,758,322	14,174,072	14,603,016	15,045,588	15,502,238	15,973,431
FBC Collections		10,500,000	10,867,500	11,247,863	11,641,538	12,048,992	12,470,706	n 12,907,181
Fire Levy and FBC Collections combined as a property tax rate equivalent in the two city area		\$ 1.54	\$ 1.49	\$ 1.44	\$ 1.50	\$ 1.45	\$ 1.40	\$ 1.35

Proposed FBC Classifications and Weights

Structure Classification	# of Tiers in this Classification	Proposed Weights	Number of Parcels in this Classification
Residential	3		20,246
	Residential 1 ($\leq 2,000$ sq. ft)	0.45	
	Residential 2 (2,001-3,000 sq. ft.)	0.55	
	Residential 3 ($\geq 3,001$ sq. ft.)	0.64	
Mobile Home	1	0	454
Apartments (5 unit or more)	1	1.5	354
Commercial	6 (See next slide)		2,142

The FBC increases as the weight and square footage increases.

Proposed FBC Classifications & Weights Commercial

Tier	Max Sq. Ft in this Tier	Weight	# of parcels in this category
Commercial 1	5,000	0.8	1300
Commercial 2	20,000	1.5	611
Commercial 3	50,000	2.7	145
Commercial 4	100,000	4.1	53
Commercial 5	200,000	5.5	29
Commercial 6	No Max	6.5	4

Summary of the FBC proposed structure & cost shares by sector—if the RFA were created in 2022

Fire District

OT

Factor

Max Sq Ft

Residential 1

0.45

2,000

Residential 2

0.55

3,000

Residential 3

0.64

No Max

Apartments

1.5

Mobile Homes

0

Balancing Factor

0.01

Cost Per Gallon

64.44

Sprinkler

0.9

Commercial - 1

0.8

5,000

Commercial - 2

1.5

20,000

Commercial - 3

2.7

50,000

Commercial - 4

4.1

100,000

Commercial - 5

5.5

200,000

Commercial - 6

6.5

No Max

Commercial Subtotals

1,300

Commercial 1

\$569,996.56

3,197,380

611

Commercial 2

\$965,456.25

5,691,774

145

Commercial 3

\$736,081.84

4,607,705

53

Commercial 4

\$588,620.48

3,595,337

29

Commercial 5

\$600,780.63

3,743,373

4

Commercial 6

\$139,446.37

998,374

Parcels

FBC \$

Square Feet

20,246

Residential

\$6,321,927.51

51,887,243

2,142

Commercial

\$3,600,382.14

21,833,943

454

Mobile Home

\$0.00

527,061

354

Multi Unit

\$579,872.12

4,318,633

23,196

Total District

\$10,502,181.77

78,566,880

Parcels

FBC \$

Square Feet

Residential Subtotals

5,708

Residential 1

\$1,128,546.32

9,034,043

9,292

Residential 2

\$2,852,815.34

22,932,423

5,246

Residential 3

\$2,340,565.85

19,920,777

Olympia Tumwater Both

Both

Each row is
a sample property.

Sample FBCs		
Sample	Structure Sq Ft	Estimated FBC in 2024
Residential		
R3	1500	\$202
R4	2000	\$233
R6	2500	\$318
R8	3255	\$423
R10	4466	\$496
R11	6220	\$585
Apartments		
A3	2,724	\$817
A4	5,100	\$1,242
A5	10,250	\$1,585
A6	21,120	\$2,528
A7	103,401	\$5,035

The FBC Estimates are just that – estimates. Actual FBC charges will change depending on the RFA adopted 2024 budget and the final property assessed values for 2023

Sample FBCs		
Sample	Structure Sq Ft	Estimated FBC in 2024
Mobile Homes		
M1	576	\$0.0
M2	600	\$0.0
M3	432	\$0.0
M4	440	\$0.0
M5	952	\$0.0
M6	1572	\$0.0
Sample Commercial 1- (400-5,000SqFt)		
C1.1	450	\$196
C1.2	1500	\$359
C1.3	2140	\$429
C1.4	3000	\$508

Sample FBCs		
Sample	Structure Sq Ft	Estimated FBC in 2024
Sample Commercial 2 (5,001-20,000SqFt)		
C2.1	5000	\$656
C2.2	9000	\$1,540
C2.3	15000	\$1,917
C2.4	19540	\$2,188
Sample Commercial 3 (20,001-50,000SqFt)		
C3.1	20035	\$3,989
C3.2	36000	\$5,347
C3.3	44200	\$5,925
C3.4	49056	\$6,292

Sample FBCs		
Sample	Structure Sq Ft	Estimated FBC in 2024
Sample Commercial 4 (50,001-100,000SqFt)		
C4.1	50333	\$9,602
C4.2	65834	\$10,981
C4.3	77369	\$11,905
C4.4	90804	\$12,897
Sample Commercial 5 (100,001-200,000SqFt)		
C5.1	100778	\$18,227
C5.2	121671	\$20,027
C5.3	130094	\$20,709
C5.4	147156	\$22,025
Sample Commercial 6 (200,001+SqFt)		
C6.1	214476	\$31,424
C6.2	247656	\$33,768

RFA – Why Now?

- Fire and emergency medical are among the most critical services we provide.
- Increases in demand have and are increasing call volume and response times to unacceptable levels.
- The time for action is now, not after the system is broken.
- Built on a 2019 study that articulated the problem, the Regional Fire Authority is the best-fit solution.
- Fellow elected officials, staff, and consultants have worked on a best possible plan to address the issues within the constraints of the law.
- It supports fire and emergency medical without competing with other City services.
- It calls on the electorate to authorize the RFA, to select the governance, and to authorize taxes and the fire benefit charges.
- It provides dedicated, adequate, diverse, and sustainable funding to ensure the provision of quality fire and emergency medical services into the future.

Questions?