

JOINT CITY OF OLYMPIA & CITY OF TUMWATER COUNCIL MEETING
MINUTES OF HYBRID MEETING
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CONVENE: 5:00 p.m.

PRESENT:

TUMWATER CITY COUNCIL: Mayor Pro Tem Michael Althaus and Councilmembers Peter Agabi, Joan Cathey, Leatta Dahlhoff, Angela Jefferson, Charlie Schneider, and Eileen Swarthout.

Excused: Tumwater Mayor Debbie Sullivan.

OLYMPIA CITY COUNCIL: Mayor Cheryl Selby, Mayor Pro Tem Clark Gilman, and Councilmembers Jim Cooper, Yên Huỳnh, Dani Madrone, Lisa Parshley, and Dontae Payne.

TUMWATER & OLYMPIA CITY STAFF: Tumwater City Administrator John Doan, Olympia City Manager Jay Burney, Tumwater Fire Chief Brian Hurley, Olympia Interim Fire Chief Todd Carson, Olympia Fire Union Representative/Firefighter Steven Busz, and Tumwater Fire Local Vice President/Paramedic Lieutenant Rian Winter.

APPROVAL OF AGENDA: **Councilmember Madrone moved, seconded by Councilmember Huỳnh, to approve the agenda as published. A voice vote approved the motion.**

PRESENTATION AND DISCUSSION OF THE REGIONAL FIRE AUTHORITY PROPOSAL: Regional Fire Authority (RFA) Planning Committee Chair Dahlhoff introduced the presentation on a proposal for both cities to form a regional fire authority.

All participants provided self-introduction.

City Administrator Doan reported the presentation will cover the committee's recommendation to form a Regional Fire Authority.

Fire Chief Hurley and Olympia Interim Fire Chief Carson described the reasons for considering the formation of a RFA. After a review of services provided to the community, a study was initiated in 2019 within the communities in conjunction with many other partner agencies in the region to consider different options for the provision of fire and emergency services in the future. One conclusion within the study was a recommendation to form a regional fire authority. The Cities of Olympia and Tumwater elected to pursue a process to consider the formation of a RFA based on limited resources within each city's general fund to provide a high level of response and service to the community.

Fire Chief Hurley reviewed fire department budgets reflecting a 10% increase in 2023 over the 2022 budget for both cities. Fire Chief Carson reported some of the RFA operational enhancements include basic life support transport and the CARES Unit. The CARES Unit is an alternative response unit currently in its infancy stages in the City of Olympia. The combined organization includes two battalion chief positions handling a call volume of

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60 calls a day with a staff of 35 employees. The battalion chiefs serve as supervisors 24/7 to manage both personnel and incidents. Formation of the RFA will result in an increase in efficiencies in many areas of both cities. Opportunities will become available for staff to receive ladder truck training and participate in incidents requiring a ladder truck response. The RFA affords an opportunity for staff to receive necessary training despite the high call volume. As fire service evolves, it is important for staff to participate in training. One example is the increase in electric vehicles requiring a specific skill set to extinguish an electrical vehicle fire. Much of the necessary training for both fire and EMS are perishable skills requiring continual training.

Olympia Firefighter Steven Busz and Tumwater Paramedic Lieutenant Rian Winter, representing labor, said men and women working in both departments are noticing how difficult the job is becoming as it requires social work, responding to a high volume of calls, and remaining on-scene longer than in the past because of the lack of resources and transport units available in the county. All those issues have a detrimental impact on fire personnel. The proposed enhancements within the RFP Plan will provide the region with more service and is why labor supports the Plan. The Plan supports both communities and employees.

Councilmember Schneider asked about the response time anticipated if the RFA is approved by voters. Olympia Fire Chief Carson responded that Olympia's fire standard for response is 6 minutes 90% of the time for structural fire response. The RFA proposal projects a full response within 8 minutes or less. With advanced life support, the response rate would be 10 minutes or less. The issue is difficult as the intent is to reduce response times to meet standards. At this time, response time is at an unacceptable level because of high call volume in the City creating a situation of concurrent calls. Fire Chief Hurley said Tumwater's strategic plan identified 7 minutes at 90% of the time as the goal. Tumwater's actual response time is closer to 9 minutes with a goal to reduce the rate to 7 minutes or less.

Councilmember Cooper added that the cities are exploring preventative measures to prevent further erosion of response times to ensure the new organization can pursue a new strategic planning process for the RFA to achieve industry standards.

Councilmember Parshley noted that a basic life support response represents at least 18 firefighters and two aid vehicles, which represents a significant increase in labor. The RFA will benefit both jurisdictions. Today, response is still acceptable despite the fact that the county is one of the fastest growing counties in the state. The issue is how long the cities can maintain current levels. The future calls for a solution that is beyond the capability of either jurisdiction.

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Councilmember Schneider asked about the amount of coverage anticipated for the City of Tumwater. Councilmember Parshley said service coverage by the RFA would be equal across the jurisdictions.

Councilmember Jefferson stressed the importance of conveying the information to the public in terms of both cities reaching response time thresholds that would be difficult to overcome without the benefit of the RFA. Councilmember Huynh agreed as creating the RFA is an investment by both cities and communities. Although most consumers may not experience immediate change, the intent is to be productive and proactive in conveying the importance of why the RFA is a value at this time and potential ramifications if the RFA is not approved.

City Administrator Doan reported the RFA Planning Committee is offering a recommendation to create a RFA, similar to others in other communities both large and small to include West Thurston to fire authorities in the cities of Renton and Kent. The RFA is a locally governed entity providing quality, sufficient, and sustainable fire and emergency services as communities grow and change. The RFA is administered by elected governance, provides a way to check-in with voters, and has a multi-pronged funding approach. The proposed RFA recommendation evolved over time with a fire benefit charge that has changed over time through different modeling exercises based on input from the councils and within the community. The state currently has 13 active RFAs. The RFA Planning Committee is hosting a public hearing in November on the proposed RFA Plan in Tumwater. The goal is to present a final RFA Plan to the councils before the end of the year and if approved, the Plan would be included on the April 2023 ballot.

Mayor Po Tem Gilman asked whether the committee, through its research and contact with other RFAs in the state, learned about maintaining culture of the departments and receiving direction from the jurisdictions. Councilmember Parshley responded that the future RFA Board includes two Councilmembers representing both jurisdictions providing direct interaction with each jurisdiction.

Councilmember Cooper noted that the committee discussed how the two fire departments would encounter a culture shift to create the new organization at both the labor and management level. However, the new entity would be connected to the cities at all levels through public works and water resources to ensure continuity of service.

Councilmember Madrone pointed out that some of the changes in the Olympia Fire Department have been in response to challenges that are aligned with the City, such as the CARES Program and other services.

Fire Chief Hurley commented that in terms of culture and history, each department has a rich culture and tradition with the Olympia Fire Department

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the oldest fire department in the state and the Tumwater Fire Department's ties to the Olympia Brewing Company and its history. Merging both organizations is an exciting prospect in his opinion. The Fire Chiefs and senior staff have met and discussed the proposed future organization with fire personnel to include additional staffing for the CARES Program and transport units, the second battalion, and administrative staffing for the organization.

Fire Chief Hurley presented the proposal organizational chart for the RFA and identified new positions. All existing employees from both departments would transition to the RFA.

City Administrator Doan presented the proposal on governance of the RFA. The proposal is based on statutory requirements. The initial Board is comprised of the RFA Planning Committee of six Councilmembers (3 from each jurisdiction). The initial board structure is phased over time to a seven-member board with one Councilmember from each city and five at-large elected commissioners serving six-year terms with councilmembers serving four-year terms aligned with their respective Council appointment.

Councilmember Madrone commented on the ongoing issue of Council capacity and questioned why the permanent board structure would be phased rather than implemented immediately.

Mayor Pro Tem Althaus explained that when the committee discussed options, some concerns were voiced about the loss of institutional knowledge and the abruptness of a permanent board. Transitioning the boards enables a bridge to carry forward institutional knowledge and it serves as a compromise to ensure continuity of city representation during the transition period as the RFA becomes a separate entity.

Councilmember Madrone responded that each member serves a term and reelection is never guaranteed. It is important to recognize that commitments by Councilmembers are high.

Councilmember Huynh explained that the governance conversation took time by the committee and did not involve an easy decision because there were points of disagreement within the committee. The simplest explanation is that often, government officials can delve into the weeds despite great intentions resulting in over complicating issues and unsuccessful results. When the issue of districting was considered, she considered what would be accomplished and determined during the course of the conversations how districting during the primary with an at-large board determined at the general election did not produce more representation. By initiating an at-large governance structure upfront, it affords more opportunities for people to consider running for a position and more opportunities for community members to vote.

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Councilmember Cooper added that the district option was not viable because the general election requires an at-large board by state statute. When the committee considered better representation, equity for neighborhoods, and less costs for campaigning, those issues were mute because the statute requires the general election to be a board of commissioners representing the entire district. He noted that the first several years will require a significant time investment by each councilmember serving on the RFA board. To ensure the success of the RFA it will be necessary for each council to share and distribute workload in a new environment.

City Manager Burney reviewed the proposed RFA funding recommendation comprised of four funding sources of a fire levy (property tax), a fire benefit charge (FBC) based on the fire risk associated with the size and type of structure, EMS levy revenues, and fees for services, such as contracts with the state for fire service. Two funding options the committee considered for funding the RFA included shifting the \$1.50 per \$1,000 assessed value in property tax from the cities to the RFA and retaining the revenues for fees for services. That option requires approval of 50% plus 1 voter approval. The committee discussed and recommends the second option of a fire levy up to \$1.00 per \$1,000 assessed valuation and a FBC. The revenue generated from a \$1.00 fire levy was insufficient to sustain and support the RFA over the long term. The addition of the FBC affords flexibility for future commissioners to fund services required by the community as it expands.

The FBC is not a tax it is a fee and intended to reflect the measure of benefit received by a property. Statewide, RFAs have used FBC formulas based on fire flow derived from a national formula that measures the amount of water required to extinguish fires. Other factors are included in the formula such as type and size of structures. Assessed value of properties is not a factor in determining the FBC nor is land. Structures of less than 400 square feet are not subject to a FBC. Exemptions and discounts of the FBC are available. The FBC is not subject to the annual 1% property tax cap. The formula is complicated and has created many questions for the committee, the councils, and the community. The committee took time and debated using other formulas but agreed to use the formula used by other RFAs in the state because it is legally defensible as it has precedence, which is important. Additionally, the committee challenged staff and the consultant teams to ensure the proposal addressed regressivity and equity.

The FBC formula includes identification of the classification of different types of structures ranging from residential to commercial, square footage, and classification using Thurston County Assessor records. The committee spent substantial time on determining weightings for each structure, which increase with size and complexity of the structure and often require additional resources to extinguish a fire. Discounts are available for sprinklers.

Councilmember Jefferson commented that the FBC will be a major burden

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for some community members facing increased costs in gas, groceries, and rent causing many people to live on the edge. She asked whether the County Assessor is involved in determining the tax rates for seniors or for those living on fixed incomes that cannot pay the fee. City Manager Burney explained that all discounts available through the County Assessor's Office are applicable to the FBC to include disability and low-income discounts. Part of the efforts by the RFA is communication to the community to ensure residents understand who to contact and how to apply for an exemption or discount.

City Administrator Doan noted that the RFA organizational structure includes a communications position to help inform the public about discounts and exemptions and to answer questions.

Councilmember Jefferson emphasized the importance of publicizing information to the community advising them of the contact number or office to contact if encountering issues in paying the FBC.

Discussion ensued on the importance of communicating with the community with recognition that costs for fire, emergency, and police services continue to increase. At this time, the RFA is the best option for fire and emergency services without negatively affecting low income, disabled, and senior residents.

Councilmember Schneider acknowledged that costs are increasing; however, some confusion exists in terms of the FBC with respect to the increase in square footage of the structure. For example a 1,500 square foot home would incur a charge of \$.22 per square foot; however, a 2,500 square foot home would only incur a \$.17 per square foot charge. He questioned why the lower square footage home pays more than a larger home, and whether the RFA with a FBC results in a resident paying more taxes rather than through the current method of paying property tax.

Paramedic Lieutenant Winter explained that fire response resources to a structure would be the same regardless of the size of the structure.

Councilmember Parshley said she learned through the process that the FBC is necessary regardless of whether the structure experiences a fire or never experiences a fire because of the required capacity to respond to a fire at any moment. The FBC funds that capacity. In terms of comparing property tax versus FBC, both jurisdictions would likely need to discuss future funding needs for fire and emergency services regardless of the RFA. There is also the potential of requesting a levy lid lift for the general fund or the fire department as costs for providing services continue to increase regardless of whether the RFA is established.

Councilmember Payne asked whether the exclusion of assessed property

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valuation in the FBC is because the FBC is a fee and not a tax and prohibited by statute. City Manager Burney affirmed the FBC is a fee and is not subject to the 1% property tax cap. Cities are not allowed to impose a FBC as only the regional fire authority structure allows a FBC. The benefit of the FBC is through the value it provides in terms of services to the community.

Firefighter Busz added that fire services are costing more and will continue to increase. The cost of fire engines have exponentially doubled in the last five years, ladder trucks are more expensive, labor costs have increased, fuel costs have increased, and increased call volumes creates more wear and tear on vehicle requiring replacement vehicles. Property taxes are capped. The FBC provides a supplementary source of revenue that is not a tax and supplements revenue required to provide services. The RFA option is proposed by the committee because it is the only vehicle to move forward with services at or above the level currently provided.

Several Councilmembers pointed out that the equity inquiry from Councilmember Schneider was not sufficiently addressed. Councilmember Swarthout explained that the FBC is assessed on a structure regardless of its assessed value. The formula is based on the square footage of the structure.

City Manager Burney said the FBC cannot exceed 60% of the RFA operating budget each year. Each year, the RFA Board determines expenditures and revenue needs with the ability to change the FBC based on the needs and growth in the community. If the FBC is passed by voters in April 2023, the FBC must be reauthorized by voters after six years either by presenting a ballot measure for another period of six to ten years with approval by 50% +1 of voters or a permanent reauthorization which requires 60% approval by voters. The RFA would receive a \$1.00 per \$1,000 assessed valuation in property tax capacity with each city losing \$1.00 per \$1,000 assessed valuation in property tax capacity. Property taxes in the communities will not increase because of the RFA. The only increase is through the FBC. Cities will be required to transfer property tax capacity to the RFA.

City Manager Burney and City Administrator Doan reviewed tax implications to the cities caused by the forfeiture of 1% property tax to the RFA. For the City of Olympia, the RFA over the next four years would be cost neutral. For the City of Tumwater, the RFA would affect the City by creating a negative impact by 2024. By 2024, the City of Tumwater would need to make some adjustments in the structure of the general fund.

City Manager Burney reviewed the RFA finance plan. All fire equipment, apparatus, and fire stations would be transferred to the RFA at no cost. If a station is no longer used by the RFA in the future, the donating city would have first right of refusal to regain ownership. Both cities retain LEOFF 1 liabilities for retired firefighters. Remaining Tumwater fire levy lid lift revenue would be transferred to the RFA to purchase apparatus to honor

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commitments to voters. Some planned capital acquisitions would be deferred to reduce budgetary impacts to the RFA in the initial two years of operation. City obligations for fire department accrued sick leave, retirement payout, and vacation leave would transfer to the RFA.

If voters pass the RFA, working capital will be required from August to December 2023. The RFA would operate with revenue remaining from the 2023 city fire department budgets. The RFA will begin with no revenue balance in 2024 unless the cities provide working capital. The proposal calls for the City of Olympia to provide an \$8 million loan to the RFA for working capital, to be repaid over 5.5 years. An additional \$2 million is from Tumwater levy funds.

City Manager Burney reviewed the 7-Year RFA Finance Plan proposed by the committee. The plan includes a reserve account to fund replacement of equipment and fire engines. The proposal includes service enhancements of two transport units, a CARES unit, and a 2-battalion model. The labor unions have agreed to defer pay increases in the first several years to assist in the financial transition. The financial model includes a levy lid lift for the RFA in 2027 to recoup lost property tax capacity.

Councilmember Cooper emphasized that two-thirds of the revenue from fire levy collections and the FBC is from the least regressive source with one-third from commercial. The intent of the committee was to reduce the amount of extra funding paid by residents.

City Manager Burney advised that the committee has focused efforts over the last four months following the receipt of comments from initial briefings with the councils. The committee focused on ways to avoid regressivity of the FBC formula by creating new tiers. The formula includes three residential tiers with smaller residential units under 2,000 square feet assigned a smaller weight than larger residential units. Another adjustment is shifting the impact from small residential and residential to commercial. Another decision was to assign no weights to mobile homes resulting in no FBC charge. Apartments are weighted at 1.5 with commercial structures increasing to address regressivity issues.

Councilmember Parshley said the committee has requested the future RFA board reassess the formula and the potential of using square footage only and not the entire calculation. The formula also reduced rates for small and mini commercial businesses.

Councilmember Schneider remarked that he believes the RFA is the best option at this time; however, his concern is how to convince the public the RFA is the best option. More clarity is required because voters need to know what the cost will be to them personally. The information is too complicated to present to the public.

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RFA Chair Dahlhoff said the issue has been a sticky point of the committee beginning with the report from 2019 through years of discussion to present a recommendation to the councils to vote on whether to proceed to present the proposal to the community. The committee strived during the last year to address and balance equality, equity, and other factors to develop the best possible solution. The next step is direction by the councils on whether to move forward.

City Manager Burney said the most difficult task of government is asking the community to pay more for services they currently receive. However, local government has a responsibility to consider future service and funding challenges. It is important to ensure the community is safe and first responders are safe. The funding pitfalls both jurisdictions are facing, puts those responsibilities at risk. The responsibility is to look to the RFA as a tool, which may not be perfect but is the best tool to address funding shortage and sustainability of future funding facing both fire departments today.

City Manager Burney reviewed a revised FBC forecast based on the substantial increase in 2023 property valuations. The increase in valuation resulted in the decrease of FBC collections from \$13.5 million to \$10.5 million. He shared examples of the calculations based on changes in assessed value and in weightings. For a 2,500 square foot home, the annual FBC is approximately \$318. The change in weights for small homes has decreased the FBC significantly.

Councilmember Cathey acknowledged and thanked the committee for its thoughtful and thorough work.

City Administrator Doan encouraged the councils to review the presentation materials and contact committee members and staff with any questions.

ADJOURNMENT: **With there being no further business, RFA Chair Dahlhoff adjourned the meeting at 6:42 p.m.**