

Olympia Tumwater RFA Planning Committee

Benefit Charge Factor Options

September 29, 2022

For discussion at October 3 Committee Meeting

Benefit Charge

- The statutes refer to a *benefit charge*.
- The formula used to calculate the benefit charge is based on fire flow, which is why many agencies refer to it as a *fire benefit charge*.
- Other agencies use the term *benefit charge*. We can use either term in the RFA Plan.

Formula options reviewed to date

Option 1

FBC is distributed proportionately to the square footage of each building class, *e.g., 66% of total square footage is single-family residential so single-family residential pays about that same % of FBC.* Includes sprinkler data for apartments and commercial.

Option 1-A

Option 1 with *residential sprinkler data added*. Revenue lost to the sprinkler discounts shifted to residential properties resulting in a slight increase in the Residential Building Class Weight, increasing to .582 from the original .58.

Option 2

Residential Sector share reduced by 6%; Commercial share increased by 6%.

Option 3

Divide residential into 3 classes, weights increasing with square footage. Breakpoints at 2000 and 3000 sq.ft. Residential and Commercial shares same as Option 2 (+/- 6% over Option 1-A)

Option 3A

Same as option 3, but use **lower target FBC collection amount**, eliminate fee for mobile homes

Option 4

Major reduction for Small Residential (1500 sq. ft. max) and Small Commercial (1000 sq. ft. max). Total Residential share lowered by 8% and Commercial share increased by 8% as compared to Option 1-A

As a result of the increase in AV, the amount of BC to be collected has dropped an estimated \$3M to a total of approximately \$10.5M.

- The tables below show:
 - **Original Option 1-A** (all sprinkler data, \$13.5M FBC target)
 - **Option 3** (shift away from residential and to commercial by 6%; 3 residential tiers, weight increasing with square footage (breakpoints at 2,000 and 3,000 square feet, \$13.5M FBC target)
 - **Option 3A** (Option 3 with the lower \$10.5M FBC target reflecting increased property assessed values, and zero fee for mobile homes) (Note: on review, the numbers shown on 9/24 were accurate)
 - **Option 3A on a square foot basis. (new)**
 - An allocation of the **\$10.5M FBC target based solely on square footage** (shared 9/24)

Options Summary: Classifications, weights

	Option 1-A	Option 3	Option 3 A
	Bldg. weights approx. proportional to square footage by sector, with all sprinkler data included	Differentiate Residential Weights, 6% shift from residential to Commercial	Same as Option 3, lower FBC target, zero charge for mobile homes
Mobile Home	0.450	0.450	0.0
Res 1	0.582	0.510	0.38
Res 2	0.582	0.550	0.43
Res 3	0.582	0.590	0.48
APT	1.450	1.450	1.0
Com 1	1.000	1.000	0.7
Com 2	1.500	1.700	1.2
Com 3	2.000	2.500	2
Com 4	3.000	3.500	3
Com 5	4.000	4.500	4
Com 6	5.000	5.500	5

Fire Benefit Charge Factors and Totals for 2022

Fire District	OT	Factor	Max Sq Ft	Factor	Max Sq Ft	Commercial Subtotals					
Residential 1		0.38	2,000	Commercial - 1	0.7	1,300	Commercial 1	\$645,337.12	3,197,380		
Residential 2		0.43	3,000	Commercial - 2	1.2	611	Commercial 2	\$999,376.06	5,691,774		
Residential 3		0.48	No Max	Commercial - 3	2	145	Commercial 3	\$705,502.73	4,607,705		
Apartments		1		Commercial - 4	3	53	Commercial 4	\$557,287.28	3,595,337		
Mobile Homes		0		Commercial - 5	4	29	Commercial 5	\$565,352.85	3,743,373		
Balancing Factor		0.01		Commercial - 6	5	4	Commercial 6	\$138,793.85	998,374		
Cost Per Gallon		83.38			No Max						
Sprinkler		0.9									
Olympia Tumwater Both											
Both											
# Parcels		FBC \$		Square Feet		# Parcels		FBC \$		Square Feet	
20,246	Residential	\$6,390,398.93		51,887,243							
2,142	Commercial	\$3,611,649.88		21,833,943							
454	Mobile Home	\$0.00		527,061							
354	Multi Unit	\$500,204.20		4,318,633							
23,196	Total District	\$10,502,253.00		78,566,880							

Commercial Subtotals			
1,300	Commercial 1	\$645,337.12	3,197,380
611	Commercial 2	\$999,376.06	5,691,774
145	Commercial 3	\$705,502.73	4,607,705
53	Commercial 4	\$557,287.28	3,595,337
29	Commercial 5	\$565,352.85	3,743,373
4	Commercial 6	\$138,793.85	998,374
# Parcels		FBC \$	Square Feet
Residential Subtotals			
5,708	Residential 1	\$1,233,095.84	9,034,043
9,292	Residential 2	\$2,885,929.95	22,932,423
5,246	Residential 3	\$2,271,373.14	19,920,777

Option 3A
6% shift from
residential to
commercial, zero
fee for mobile
homes,
lower FBC target

Option 1A
(original +
sprinklers)

Fire District	OT	Factor	Max Sq Ft	Factor	Max Sq Ft	Commercial Subtotals					
Residential 1		0.582	1,500	Commercial - 1	1	5,000	1,300	Commercial 1	\$921,910.16	3,197,380	
Residential 2		0.582	3,000	Commercial - 2	1.5	20,000	611	Commercial 2	\$1,249,220.08	5,691,774	
Residential 3		0.582	No Max	Commercial - 3	2	50,000	145	Commercial 3	\$705,502.73	4,607,705	
Apartments		1.45		Commercial - 4	3	100,000	53	Commercial 4	\$557,287.28	3,595,337	
Mobile Homes		0.45		Commercial - 5	4	200,000	29	Commercial 5	\$565,352.85	3,743,373	
Balancing Factor		0.01		Commercial - 6	5	No Max	4	Commercial 6	\$138,793.85	998,374	
Cost Per Gallon		83.38									
Sprinkler		0.9									
Olympia Tumwater Both											
Both											
# Parcels		FBC \$		Square Feet		# Parcels		FBC \$		Square Feet	
20,246	Residential	\$8,548,696.19		51,887,243				Residential Subtotals			
2,142	Commercial	\$4,138,066.94		21,833,943		2,020		Residential 1	\$579,509.00	2,453,571	
454	Mobile Home	\$87,842.02		527,061		12,980		Residential 2	\$5,215,147.26	29,512,895	
354	Multi Unit	\$725,296.09		4,318,633		5,246		Residential 3	\$2,754,039.93	19,920,777	
23,196	Total District	\$13,499,901.24		78,566,880							

Sample FBCs		Option 1 A	Option 3	Option 3A		Square Footage Allocation
Sample	Structure Sq Ft	Baseline with all sprinkler data, \$13.5M total FBC collection	Shift 6% away from Residential to Commercial; divide residential into 3 classes, \$13.5M total	Same as Option 3, lower FBC target, zero charge for mobile homes, \$10.5M total FBC collections	<i>Option 3 A Cost per square foot</i>	Equally allocate \$10.5M FBC by square foot (\$0.1336 per square foot)
Residential						
R3	1,500	\$ 338	\$ 311	\$ 228	\$ 0.15	\$ 200
R4	2,000	\$ 391	\$ 359	\$ 255	\$ 0.13	\$ 267
R6	2,500	\$ 437	\$ 409	\$ 322	\$ 0.13	\$ 334
R8	3,255	\$ 499	\$ 476	\$ 411	\$ 0.13	\$ 435
R10	4,466	\$ 584	\$ 557	\$ 481	\$ 0.11	\$ 597
R11	6,220	\$ 689	\$ 658	\$ 568	\$ 0.09	\$ 831
Apartments						
A3	2,724	\$ 1,022	\$ 1,022	\$ 705	\$ 0.26	\$ 364
A4	5,100	\$ 1,554	\$ 1,554	\$ 1,071	\$ 0.21	\$ 682
A5	10,250	\$ 1,983	\$ 1,983	\$ 1,367	\$ 0.13	\$ 1,370
A6	21,120	\$ 3,163	\$ 3,163	\$ 2,181	\$ 0.10	\$ 2,823
A7	103,401	\$ 6,298	\$ 6,298	\$ 4,343	\$ 0.04	\$13,819

Green shaded rows indicate the **lower FBC** of the 2 options illustrated

Sample FBCs		Option 1 A	Option 3	Option 3A		Square Footage Allocation
Sample	Structure Sq Ft	Baseline with all sprinkler data, \$13.5M total FBC collection	Shift 6% away from Residential to Commercial; divide residential into 3 classes, \$13.5M total	Same as Option 3, lower FBC target, zero charge for mobile homes, \$10.5M total FBC collections	<i>Option 3 A Cost per square foot</i>	Equally allocate \$10.5M FBC by square foot (\$0.1336 per square foot)
Mobile Homes						
M1	576	\$ 41	\$ 41	\$0	--	\$ 77
M2	600	\$ 83	\$ 83	\$0	--	\$ 80
M3	432	\$ 141	\$ 141	\$0	--	\$ 58
M4	440	\$ 142	\$ 142	\$0	--	\$ 59
M5	952	\$ 208	\$ 208	\$0	--	\$ 127
M6	1,572	\$ 268	\$ 268	\$0	--	\$ 210
Sample Commercial 1- (400-5,000SqFt)						
C1.1	450	\$ 318	\$ 318	\$ 222	\$ 0.49	\$ 60
C1.2	1,500	\$ 581	\$ 581	\$ 406	\$ 0.27	\$ 200
C1.3	2,140	\$ 694	\$ 694	\$ 486	\$ 0.23	\$ 286
C1.4	3,000	\$ 822	\$ 822	\$ 575	\$ 0.19	\$ 401

The weights under the square footage model for Mobile Homes are higher than for any other option examined (except 3A which zeroes out the cost)

Sample FBCs		Option 1 A	Option 3	Option 3A		Square Footage Allocation
Sample	Structure Sq Ft	Baseline with all sprinkler data, \$13.5M total FBC collection	Shift 6% away from Residential to Commercial; divide residential into 3 classes, \$13.5M total	Same as Option 3, lower FBC target, zero charge for mobile homes, \$10.5M total FBC collections	<i>Option 3 A Cost per square foot</i>	Equally allocate \$10.5M FBC by square foot (\$0.1336 per square foot)
Sample Commercial 2 (5,001-20,000SqFt)						
C2.1	5,000	\$ 1,061	\$ 1,061	\$ 742	\$ 0.15	\$ 668
C2.2	9,000	\$ 1,993	\$ 2,258	\$ 1,514	\$ 0.17	\$1,203
C2.3	15,000	\$ 2,481	\$ 2,813	\$ 1,985	\$ 0.13	\$ 2,005
C2.4	19,540	\$ 2,832	\$ 3,210	\$ 2,265	\$ 0.12	\$ 2,611
Sample Commercial 3 (20,001-50,000SqFt)						
C3.1	20,035	\$ 3,824	\$ 4,780	\$ 3,823	\$ 0.19	\$2,678
C3.2	36,000	\$ 5,126	\$ 6,407	\$ 5,215	\$ 0.14	\$4,811
C3.3	44,200	\$ 5,680	\$ 7,100	\$ 5,670	\$ 0.13	\$ 5,907
C3.4	49,056	\$ 5,983	\$ 7,479	\$ 5,983	\$ 0.12	\$ 6,556

Sample FBCs		Option 1 A	Option 3	Option 3A		Square Footage Allocation
Sample	Structure Sq Ft	Baseline with all sprinkler data, \$13.5M total FBC collection	Shift 6% away from Residential to Commercial; divide residential into 3 classes, \$13.5M total	Same as Option 3, lower FBC target, zero charge for mobile homes, \$10.5M total FBC collections	<i>Option 3 A Cost per square foot</i>	Equally allocate \$10.5M FBC by square foot (\$0.1336 per square foot)
Sample Commercial 4 (50,001-100,000SqFt)						
C4.1	50,333	\$ 9,091	\$ 10,606	\$ 9,091	\$ 0.18	\$ 6,727
C4.2	65,834	\$ 10,397	\$ 12,130	\$ 10,347	\$ 0.16	\$ 8,798
C4.3	77,369	\$ 11,271	\$ 13,150	\$ 11,271	\$ 0.15	\$ 10,340
C4.4	90,804	\$ 12,211	\$ 14,246	\$ 12,210	\$ 0.13	\$ 12,135
Sample Commercial 5 (100,001-200,000SqFt)						
C5.1	100,778	\$ 17,152	\$ 19,296	\$ 17,152	\$ 0.17	\$ 13,468
C5.2	121,671	\$ 18,846	\$ 21,203	\$ 18,846	\$ 0.15	\$ 16,261
C5.3	130,094	\$ 19,488	\$ 21,924	\$ 19,487	\$ 0.15	\$ 17,386
C5.4	147,156	\$ 20,726	\$ 23,317	\$ 20,726	\$ 0.14	\$ 19,667
Sample Commercial 6 (200,001+SqFt)						
C6.1	214,476	\$ 31,278	\$ 34,405	\$ 31,277	\$ 0.15	\$ 28,663
C6.2	247,656	\$ 33,610	\$ 36,971	\$ 33,610	\$ 0.14	\$ 33,098

Under the square footage allocation, a 500,000 square foot warehouse would pay **\$66,822**

Additional items

- Staff recommend mixed use buildings be classified as commercial. This is consistent with what other RFAs have done.

Discussion & Direction to Staff

- Preferred FBC Formula?
- Per statute a public hearing on the FBC must be held by the RFA Committee; the hearing cannot be held more than 6 months or less than 10 days before the election date.
 - The April 2023 special election date is April 25.
 - This means the public hearing cannot be held before October 25 and could be held as late as April 14.