

Olympia Tumwater RFA Planning Committee

FBC Update

November 14, 2022

With new data, the total FBC collections -- and the FBC for any given parcel-- can change

Total FBC Collections needed in 2024 will change from current estimates depending on:

- Assessed value changes (driving collections from the \$1.00 fire levy)
- Inflation and other factors leading to adjustments in final RFA 2024 budget

FBC for any parcel may change depending on:

- Total FBC collections required
- Total square footage in the calculation (new construction, building expansions)
- Changes to the weight applied to the structures (lower weights will reduce the FBC if square footage on the parcel and other factors like sprinklers or property tax exemptions are unchanged)

New data: significant additional square footage added to calculation

- Independent review of the FBC calculation in the last 2 weeks found that initial FBC estimates did not capture the total square footage on **multi-building sites**, particularly for apartment and commercial classifications.
- Significant additional square footage has been added to the multifamily and commercial classifications.
 - Total square footage increases from 78.6M to 104.3M square feet.
- With additional total square footage, the weighting for nearly all classifications can be reduced and still collect the estimated \$10.5M required in 2024.
- All other things being equal, a lower weight reduces a parcel's FBC.

Revisions to FBC Formula: “Option 5”

- Based on the new data, all weights are reduced as compared to Option 3B, excepting for multi-family (remains at 1.5) and mobile homes (remains at zero)
 - The FBC for a parcel goes down if the weight goes down -- assuming parcel sq. ft. remains same
- Because of the significant increase in total commercial square footage, staff team assessment is that the 6% shift to commercial can be eliminated and still address Committee concerns.
 - Option 5B is a “no shift” model: each classification type pays in total approximately the same % of FBC as its % of total square footage—excepting mobile homes, which are absorbed by other classifications (0.05%).
- The weight remains at 1.50 for multifamily. FBCs in this classification drop for parcels with unchanged sq. footage due to other reductions (lower cost per gallon)

Classification	Option 3B	Option 5
Residential 1	0.45	0.41
Residential 2	0.55	0.52
Residential 3	0.64	0.62
Apartments	1.5	1.5
Mobile Homes	0	0
Commercial 1	0.8	0.6
Commercial 2	1.5	1.2
Commercial 3	2.7	2
Commercial 4	4.1	3
Commercial 5	5.5	4
Commercial 6	6.5	5

Option 5 FBC Classifications and Weights:

Structure Classification	# of Tiers in this Classification	Proposed Weights	Number of Parcels in this Classification	Sq. Feet compared to Option 3B
Residential	3		20,246	Same as
	Residential 1 ($\leq 2,000$ sq. ft.)	0.41	(unchanged)	Option 3B
	Residential 2 (2,001-3,000 sq. ft.)	0.52		
	Residential 3 ($\geq 3,001$ sq. ft.)	0.62		
Mobile Home	1	0	454 (unchanged)	Same
Apartments (5 unit or more)	1	1.5	357 (was 354)	More than double (+104%)
Commercial	6 (See next slide)		2,180 (was 2,142)	Nearly doubles (+97%)

Proposed FBC Classifications & Weights Continued

Tier	Max Sq. Ft in this Tier	Weight	# of parcels in this category in Option 3B	# of parcels in this category in Option 5
Commercial 1	5,000	0.6	1300	814
Commercial 2	20,000	1.2	611	937
Commercial 3	50,000	2	145	245
Commercial 4	100,000	3	53	99
Commercial 5	200,000	4	29	53
Commercial 6	No Max	5	4	32

Additional square footage identified shifts many commercial parcels from smaller to larger categories. (Option 3B data was incomplete)

- Total FBC collections essentially the same as 3B.
- Large increase in apartment and commercial square footage over all earlier FBC models.
- # of parcels increases very slightly.
- “No shift” model: each class (except MH) pays % of total FBC approx. equal to the % of its total square foot share.
- Cost per gallon drops; sprinkler discount remains.

Fire District

OT

Factor

Max Sq Ft

Residential 1

0.41

2,000

Residential 2

0.52

3,000

Residential 3

0.62

No Max

Apartments

1.5

Mobile Homes

0

Balancing Factor

0.01

Cost Per Gallon

57.12

Sprinkler

0.9

Commercial - 1

0.6

5,000

Commercial - 2

1.2

20,000

Commercial - 3

2

50,000

Commercial - 4

3

100,000

Commercial - 5

4

200,000

Commercial - 6

5

No Max

Commercial Subtotals

814

Commercial 1

\$272,462.36

2,645,082

937

Commercial 2

\$1,102,651.03

9,389,492

245

Commercial 3

\$824,330.45

7,463,602

99

Commercial 4

\$746,922.37

7,139,402

53

Commercial 5

\$718,933.84

7,172,624

32

Commercial 6

\$797,673.61

9,268,526

Parcels

FBC \$

Square Feet

20,246

Residential

\$5,312,108.13

51,887,243

2,180

Commercial

\$4,462,973.66

43,078,728

454

Mobile Home

\$0.00

527,061

357

Multi Unit

\$730,775.71

8,798,494

23,237

Total District

\$10,505,857.49

104,291,526

Parcels

FBC \$

Square Feet

5,708

Residential 1

\$911,430.17

9,034,043

9,292

Residential 2

\$2,390,820.56

22,932,423

5,246

Residential 3

\$2,009,857.39

19,920,777

Residential Subtotals

5,708

Residential 1

\$911,430.17

9,034,043

9,292

Residential 2

\$2,390,820.56

22,932,423

5,246

Residential 3

\$2,009,857.39

19,920,777

Olympia Tumwater Both

Both

Review of sample FBC Estimates for 2024

- Residential
- Apartments

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

Sample	Structure Sq. Ft.	Option 3B Estimated FBC in 2024	Cost of Option 3B per Sq. Ft.	Adjusted Sq. Ft.	Option 5 Est. FBC in 2024	Cost of Option 5 per Sq. Ft.
Residential						
R3	1500	\$202	\$ 0.13		\$ 163	\$ 0.11
R4	2000	\$233	\$ 0.12		\$ 189	\$ 0.09
R6	2500	\$318	\$ 0.13		\$ 267	\$ 0.11
R8	3255	\$423	\$ 0.13		\$ 364	\$ 0.11
R10	4466	\$496	\$ 0.11		\$ 426	\$ 0.10
R11	6220	\$585	\$ 0.09		\$ 503	\$ 0.08
Apartments						
A3	2,724	\$817	\$ 0.30	3,660	\$ 840	\$ 0.23
A4	5,100	\$1,242	\$ 0.24	10,200	\$ 1,557	\$ 0.15
A5	10,250	\$1,585	\$ 0.15	20,500	\$ 1,987	\$ 0.10
A6	21,120	\$2,528	\$ 0.12	42,240	\$ 3,170	\$ 0.08
A7	103,401	\$5,035	\$ 0.05	206,802	\$ 6,312	\$ 0.03

Each row is a sample property.

To compare Options 3B and 5, compare comparable size structures: Option 5 is less expensive.

2024 FBC Estimates

- Mobile Homes
- Commercial 1

Sample	Structure Sq. Ft.	Option 3B Estimated FBC in 2024	Cost of Option 3B per Sq. Ft.	Adjusted Sq. Ft.	Option 5 Est. FBC in 2024	Cost of Option 5 per Sq. Ft.
Mobile Homes						
M1	576	\$0.0			\$0	
M2	600	\$0.0			\$0	
M3	432	\$0.0			\$0	
M4	440	\$0.0			\$0	
M5	952	\$0.0			\$0	
M6	1,572	\$0.0			\$0	
Sample Commercial 1- (400-5,000SqFt)						
C1.1	450	\$196	\$ 0.44	900	\$ 185	\$ 0.21
C1.2	1,500	\$359	\$ 0.24	3,000	\$ 338	\$ 0.11
C1.3	2,140	\$429	\$ 0.20	4,280	\$ 404	\$ 0.09
C1.4	3,000	\$508	Increase in sq. footage moves this property to Commercial 2			

Red notations indicate comparable sq. footage FBCs across the 2 options

2024 FBC Estimates

- Commercial 2 & 3

Sample	Structure Sq. Ft.	Option 3B Estimated FBC in 2024	Cost of Option 3B per Sq. Ft.	Adjusted Sq. Ft.	Option 5 Est. FBC in 2024	Cost of Option 5 per Sq. Ft.
Sample Commercial 2 (5,001-20,000SqFt)						
C1.4	3,000		\$ 0.17	6,000	\$ 956	\$ 0.16
C2.1	5,000	\$656	\$ 0.13	10,000	\$ 1,234	\$ 0.12
C2.2	9,000	\$1,540	\$ 0.17	18,000	\$ 1,544	\$ 0.09
C2.3	15,000	\$1,917	Increased sq. ft. moves this parcel to C3			
C2.4	19,540	\$2,188	Increased sq. ft. moves this parcel to C3			
Sample Commercial 3 (20,001-50,000SqFt)						
C2.3	15,000	\$1,917	\$ 0.13	30,000	\$ 3,205	\$ 0.11
C2.4	19,540	\$2,188	\$ 0.11	39,808	\$ 3,659	\$ 0.09
C3.1	20,035	\$3,989	\$ 0.20	40,070	\$ 3,705	\$ 0.09
C3.2	36,000	\$5,347	Increased sq. ft. moves these parcels to C4			
C3.3	44,200	\$5,925				
C3.4	49,056	\$6,292				

2024 FBC Estimates

- Commercial 4,5,6

Sample	Structure Sq. Ft.	Option 3B Estimated FBC in 2024	Cost of Option 3 per Sq. Ft.	Adjusted sq. ft.	Option 5 Est. FBC in 2024	Cost of Option 5 per Sq. Ft.
Sample Commercial 4 (50,001-100,000SqFt)		These samples formerly in C3 shift to C4 due to adjusted square footage.				
C3.2	36,000	\$5,347	\$ 0.15	72,000	\$ 7,449	\$ 0.10
C3.3	44,200	\$5,925	\$ 0.13	88,400	\$ 8,254	\$ 0.09
C3.4	49,056	\$6,292	\$ 0.13	98,112	\$ 8,695	\$ 0.09
Sample Commercial 5 (100,001-200,000SqFt)		All samples formerly in C4 shift to C5 due to adjusted square footage.				
C4.1	50,333	\$9,602	\$ 0.19	100,666	\$ 11,744	\$ 0.12
C4.2	65,834	\$10,981	\$ 0.17	131,668	\$ 13,431	\$ 0.10
C4.3	77,369	\$11,905	\$ 0.15	154,738	\$ 14,560	\$ 0.09
C4.4	90,804	\$12,897	\$ 0.14	181,608	\$ 15,774	\$ 0.09
Sample Commercial 6 (200,001+SqFt)		All samples formerly in C5 shift to C6 due to adjusted square footage.				
C5.1	100,778	\$18,227	\$ 0.18	201,554	\$ 20,772	\$ 0.10
C5.2	121,671	\$20,027	\$ 0.16	243,342	\$ 22,823	\$ 0.09
C5.3	130,094	\$20,709	\$ 0.16	260,188	\$ 23,600	\$ 0.09
C5.4	147,156	\$22,025	\$ 0.15	294,312	\$ 25,100	\$ 0.09
C6.1	214,476	\$31,424	\$ 0.15	428,952	\$ 30,302	\$ 0.07
C6.2	247,656	\$33,768	\$ 0.14	495,312	\$ 32,562	\$ 0.07

Questions/ Comments?