



# **Public Hearing**

# **Olympia Tumwater**

# **RFA Planning Committee**

# **Recommendations**

November 14, 2022



Cities of Olympia and Tumwater



# TONIGHT'S GOAL

**Public Hearing  
Committee's DRAFT  
RFA Plan  
Recommendations**

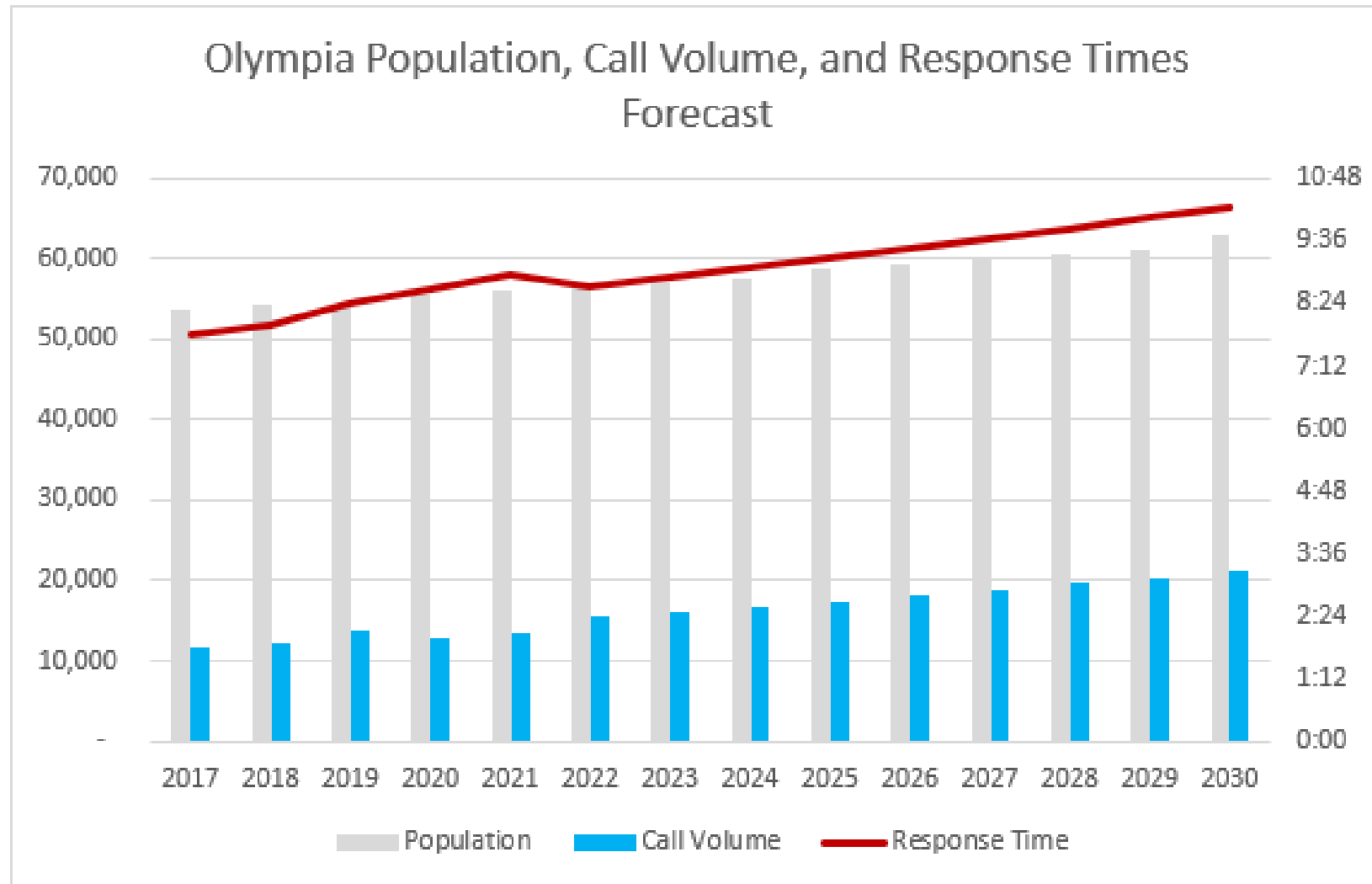


# I. Why Are We Considering an RFA?

## 2019 Fire & Emergency Services Study

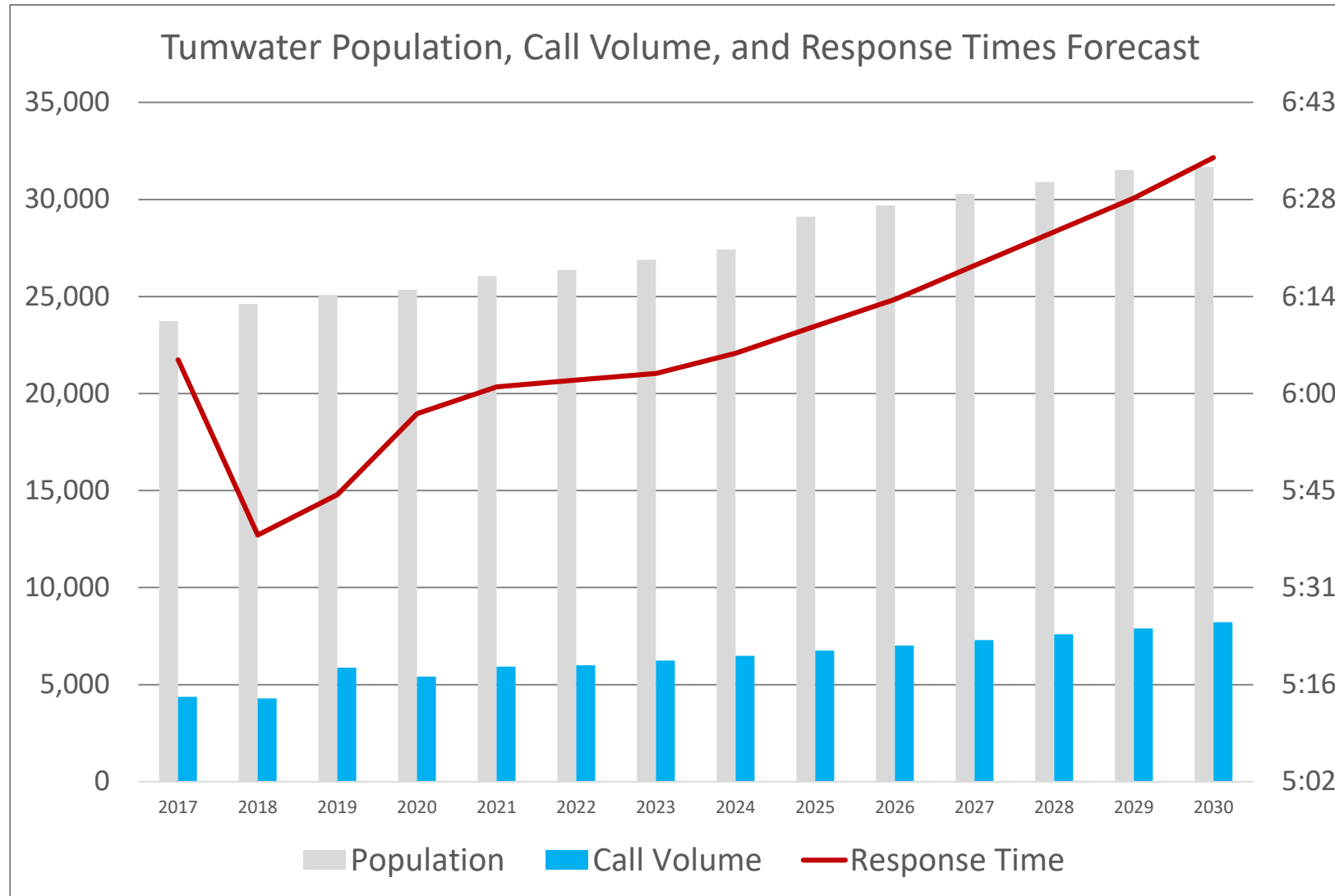
- Limited city resources
- Growing demand on our fire departments
- Average fire/EMS response times declining over time
- Maintain fire/EMS service levels to meet growing community needs

# Olympia Trends

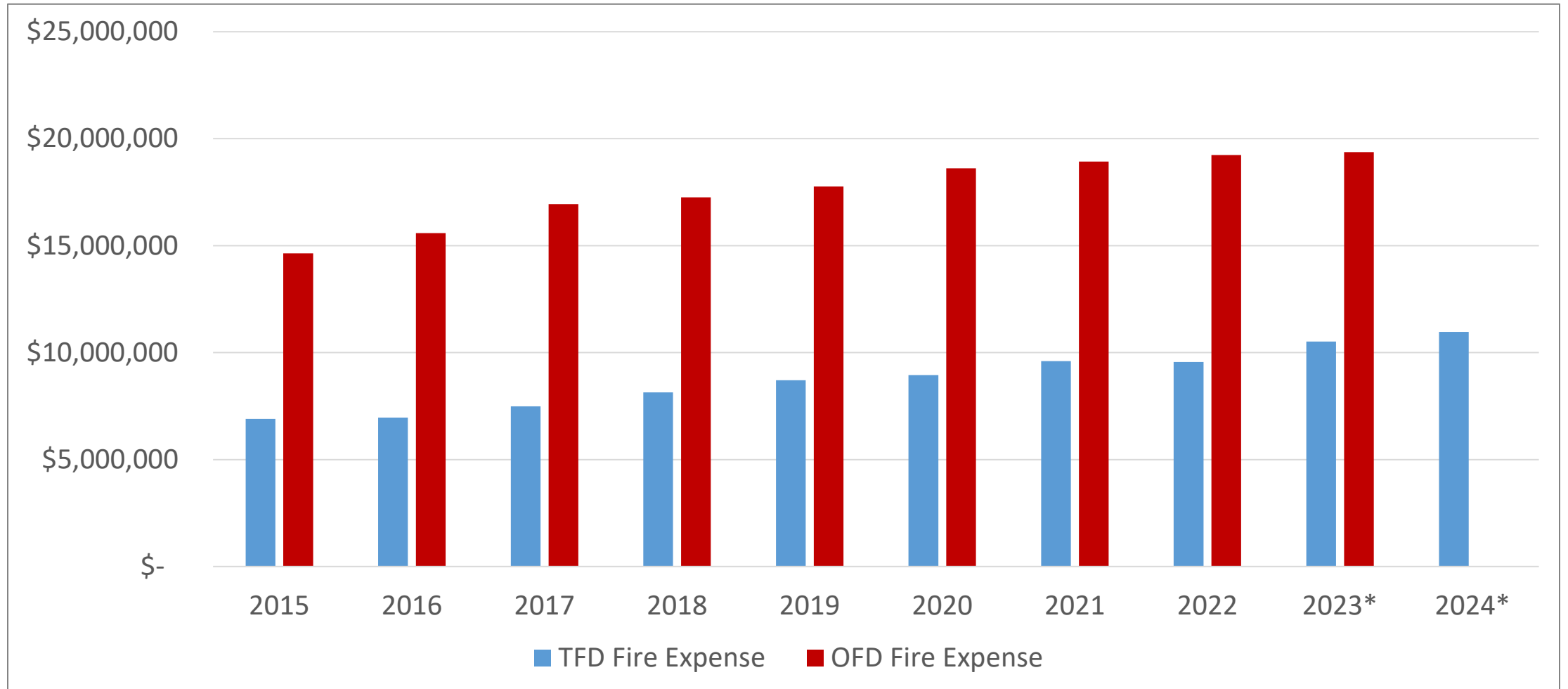




# Tumwater Trends



# 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
<b>Voting Members</b>	
Councilmember Eileen Swarthout	Councilmember Jim Cooper
Councilmember Leatta Dahlhoff	Councilmember Lisa Parshley
Councilmember Michael Althausen	Councilmember Yến Huỳnh
<b>Ex-Officio Non-Voting Members</b>	
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

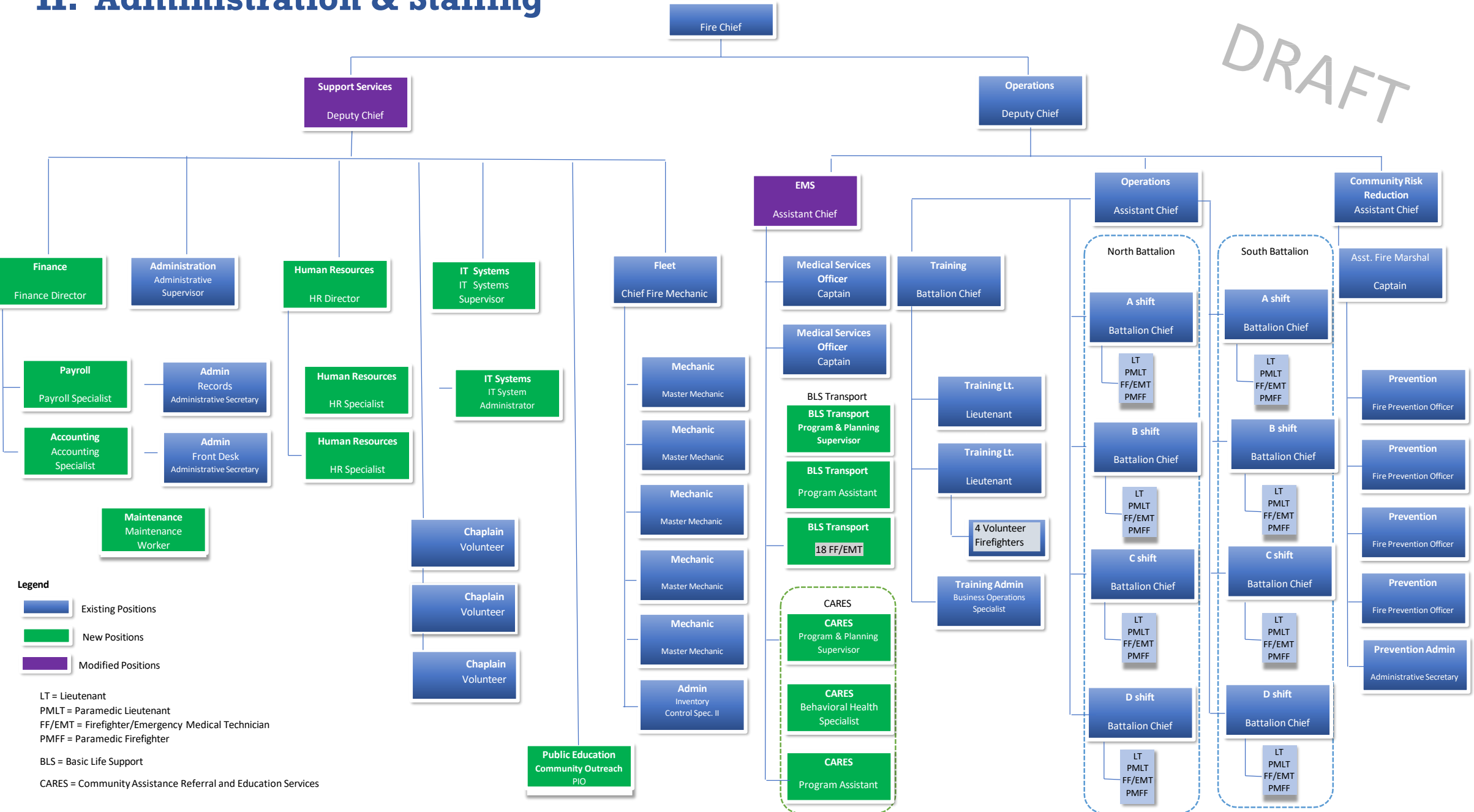
- Committee Charter and Workplan
- Values & Principles statement
- Committee Website
- 2 Council briefings
- 4 Community meetings
- Fire Department Employee Briefings
- Governance Options
- Operations Plan & Org. Chart
- Finance Plan
- DRAFT RFA Plan Developed
- Union Votes of Support
- Joint Meeting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

## Work Ahead

- November 14: RFA Committee Public Hearing (Tonight)
- Finalize RFA Plan
- November/December: Deliver to Councils
- 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
<b>Initial Board:</b> 3 Olympia Councilmembers 3 Tumwater Councilmembers	<b>Phase-in to Option 4:</b> 2 Olympia Councilmembers 2 Tumwater Councilmembers 3 At-Large RFA Commissioners	<b>Option 4 fully implemented:</b> 1 Olympia Councilmember 1 Tumwater Councilmember 5 At-Large RFA Commissioners

# IV. RFA Funding Recommendation

## Four Funding Sources:

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



# 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

# How does the FBC work?

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

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



# 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)*

# 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

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



# Fire Benefit Charge (FBC): Option 5

- Significant expansion of estimated total square footage in apartment and commercial sectors leads to reduced individual estimated FBCs as compared to other options.
- “No shift” model: each class (except Mobile Homes) pays % of total FBC approximately equal to the % of its total square foot share.

# 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 Earlier options
<b>Residential</b>	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		
<b>Mobile Home</b>	1	0	454 (unchanged)	Same
<b>Apartments (5 unit or more)</b>	1	1.5	357 (was 354)	More than double (+104%)
<b>Commercial</b>	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 Earlier Options	# 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

- 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 over earlier models.
- “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.

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# Review of sample Option 5 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	Adjusted Sq. Ft.	Option 5 Est. FBC in 2024	Cost of Option 5 per Sq. Ft.
<b>Residential</b>			
R3	1500	\$ 163	\$ 0.11
R4	2000	\$ 189	\$ 0.09
R6	2500	\$ 267	\$ 0.11
R8	3255	\$ 364	\$ 0.11
R10	4466	\$ 426	\$ 0.10
R11	6220	\$ 503	\$ 0.08
<b>Apartments</b>			
A3	3,660	\$ 840	\$ 0.23
A4	10,200	\$ 1,557	\$ 0.15
A5	20,500	\$ 1,987	\$ 0.10
A6	42,240	\$ 3,170	\$ 0.08
A7	206,802	\$ 6,312	\$ 0.03

Each row is a sample property.

2024 FBC Estimates

- Mobile Homes
- Commercial 1

Sample	Adjusted Sq. Ft.	Option 5 Est. FBC in 2024	Cost of Option 5 per Sq. Ft.
Mobile Homes			
M1	576	\$0	-
M2	600	\$0	-
M3	432	\$0	-
M4	440	\$0	-
M5	952	\$0	-
M6	1572	\$0	-
Commercial 1- (400-5,000SqFt)			
C1.1	900	\$ 185	\$ 0.21
C1.2	3,000	\$ 338	\$ 0.11
C1.3	4,280	\$ 404	\$ 0.09



# 2024 FBC Estimates

- Commercial 2 & 3

Red sample identifiers indicate parcels that moved to a higher classification when square footage data was updated.

Sample	Adjusted Sq. Ft.	Option 5 Est. FBC in 2024	Cost of Option 5 per Sq. Ft.
Commercial 2 (5,001-20,000SqFt)			
C1.4	6,000	\$ 956	\$ 0.16
C2.1	10,000	\$ 1,234	\$ 0.12
C2.2	18,000	\$ 1,544	\$ 0.09
Commercial 3 (20,001-50,000SqFt)			
C2.3	30,000	\$ 3,205	\$ 0.11
C2.4	39,808	\$ 3,659	\$ 0.09
C3.1	40,070	\$ 3,705	\$ 0.09

## 2024 FBC Estimates

- Commercial 4,5,6

Sample	Adjusted sq. ft.	Option 5 Est. FBC in 2024	Cost of Option 5 per Sq. Ft.
<b>Commercial 4 (50,001-100,000SqFt)</b>			
C3.2	72,000	\$ 7,449	\$ 0.10
C3.3	88,400	\$ 8,254	\$ 0.09
C3.4	98,112	\$ 8,695	\$ 0.09
<b>Commercial 5 (100,001-200,000SqFt)</b>			
C4.1	100,666	\$ 11,744	\$ 0.12
C4.2	131,668	\$ 13,431	\$ 0.10
C4.3	154,738	\$ 14,560	\$ 0.09
C4.4	181,608	\$ 15,774	\$ 0.09
<b>Commercial 6 (200,001+SqFt)</b>			
C5.1	201,554	\$ 20,772	\$ 0.10
C5.2	243,342	\$ 22,823	\$ 0.09
C5.3	260,188	\$ 23,600	\$ 0.09
C5.4	294,312	\$ 25,100	\$ 0.09
C6.1	428,952	\$ 30,302	\$ 0.07
C6.2	495,312	\$ 32,562	\$ 0.07

# 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.

# VI. Next Steps - Timeline

*Per Councils' concurrence from April 2022, the schedule calls for an April 2023 election and establishing the RFA by October 1, 2023.*

Recommended Timeline	
RFA Planning Committee submits RFA Plan to City Councils	October 2022
City Councils deliberate	October 2022- November 2022
Councils act to approve RFA Plan and Place RFA measure before voters	December 6, 2022
Election	April 2023
RFA Effective Date	By October 1, 2023
RFA taxes, charges imposed	January 2024