



## MEMORANDUM

Date: July 12, 2022

To: Mayor Debbie Sullivan  
Tumwater City Council

From: John Doan, City Administrator

Subject: Remnant Property Tax Investment Resulting from the Regional Fire Authority (RFA) Formation

The Regional Fire Authority Planning Committee is developing a proposal for the potential formation of a Regional Fire Authority (RFA) to provide fire and emergency medical services in Tumwater and Olympia. The current proposal is to fund the RFA with three primary revenue sources: a \$1.00/\$1,000 property tax, a Fire Benefit Charge, and the Medic One services contract. The operating assumption is that the City would lower its property tax by the corresponding \$1.00/\$1,000. With this change, the City's property tax rate for General Government would be approximately \$1.26/\$1,000 in 2022.

Although that \$1.00 would be reduced, the City currently spends approximately \$1.13 in general property tax revenue on the Fire Department. This excludes the revenue from Medic One. The result is that there is an approximate \$0.13/\$1,000 "savings" to the City from the transfer of fire and emergency medical responsibilities to the RFA. The decision of how to invest these remnant funds is a decision of the City Council, not the RFA. There are some options:

1. Reduce the property tax by the 13 cents. This enhances the fiscal appearance of the RFA to the public, but puts a burden on the City's General Fund to provide services, including some remnant fire-related services.
2. Bank some or all of the property tax. This would require the City to take an action to bank the 13 cents of taxing capacity and the City could go back and pursue it at a future time. The City could do this in part or in total.
3. Immediately utilize the 13 cents for any General Fund purpose.
4. Immediately utilize the 13 cents but limit the uses to public safety purposes. See the detail below.

**Public Safety Funding Proposal (12 years starting 2024)**

Revenue: \$660,000/year

**Expenditures: (showing 12-year total)**

LEOFF 1 – Fire Obligations	\$3,185,000
Police Radio Replacement	\$1,526,000
Sustainable Police Vehicle Upgrades	\$785,000
Emergency Management Staffing w/Olympia	\$412,000
Emergency Management Supplies/Training	\$177,000
Fire Engine #2 Payments	\$408,000
Police Officer and Equipment	\$3,365,000
Additional Police Personnel (after 2031)	\$1,313,000

Staff's recommendation is Option #4 because it provides for the remnant fire costs that the City is obligated to pay (LEOFF, Emergency Management, and the Fire Engine). It also invests additional funding in improvements to public safety through the Police Department.

Later in this timeframe, the City will need to determine how to invest the LEOFF costs which eventually go to zero. The City will also have to determine how to best use the additional police personnel funds. Those could be used in the future to pay for body cameras or other major expenditures.

However the Council decides to proceed with these funds, the Council would be asked to adopt a resolution indicating the intent of how to address the City property tax following adoption of the RFA. Should the RFA be approved by voters, there would be a budget amendment to implement this additional revenue.