

OLYMPIA TUMWATER REGIONAL FIRE AUTHORITY PLANNING COMMITTEE
MINUTES OF VIRTUAL MEETING
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CONVENE: 5:30 p.m.

PRESENT: Chair/City of Tumwater Councilmember Leatta Dahlhoff, Vice Chair/Olympia Councilmember Y  n Hu  nh, Tumwater Councilmember Michael Althaus, Olympia Councilmembers Jim Cooper, Tumwater Councilmember Eileen Swarthout, Olympia Councilmember Lisa Parshley, Tumwater Fire Union Representative/Paramedic Lieutenant James Osberg, Olympia Interim Fire Chief Todd Carson, and Tumwater Fire Union Representative/Firefighter Steven Busz.

Excused: Tumwater Fire Chief Brian Hurley Olympia and Olympia City Manager Jay Burney.

Staff: Tumwater City Administrator John Doan, Olympia City Attorney Mark Barber, and Tumwater Fire Department Administrative Assistant Erika Stone.

Others: Karen Reed, RFA Consultant and Bill Cushman, Fiscal Analyst.

**WELCOME,
AGENDA &**

Chair Dahlhoff welcomed everyone to the meeting.

SCHEDULE RECAP:

Karen Reed reviewed the agenda. The schedule includes three committee meetings (July 25, August 8, & August 22) and a public meeting on August 15, 2022 focusing on finance. The consultant team and staff will work on drafting the RFA Plan with the committee scheduled to begin reviewing the draft plan in September.

**FIRE BENEFIT
CHARGE:
RECOMMENDED
FORMULA &
EXAMPLES:**

Ms. Reed recapped RFA major revenue sources of a Fire Levy, Fire Benefit Charge (FBC), and EMS Levy allocation. If EMS allocation and Fire Levy of \$1.50/\$1,000 of assessed valuation (AV) are not sufficient, the FBC can increase revenue collections. In exchange for the FBC, the maximum fire levy drops one-third to \$1.00/\$1,000 AV. FBC collections in any year cannot exceed 60% of operating budget and unlike property tax; the FBC is not subject to the 1% collections cap. If the FBC is requested when the RFA is formed, the vote threshold to establish the RFA and authorize the FBC (one ballot) is 60% approval.

The FBC is not a tax and is not based on the value of property, it is a fee based on fire-response needs of a structure. Key factors are types of properties (residential/commercial/other) and size (square footage). Land is not subject to a benefit charge. Generally, properties exempt from property tax are exempt from the FBC. Discounts typically added are for sprinklers and alarms, if data are available. The benefit charge formula and collection amount is set annually by the board of commissioners. An annual appeals process is included. The FBC bill is a component of property tax bill by the assessor/treasurer and paid like property tax.

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The FBC basic formula is based on structure categories and the weights for each category, and any discounts/surcharges. Typical categories include mobile home, single-family residential, multifamily, small commercial, medium commercial, and large commercial. Square footage and type of each structure in each jurisdiction is identified and placed in the appropriate category based on Thurston County Assessor records. Weights increase with the size and complexity of the structure and its use. It is not a straight line as some small commercial establishments may have a FBC similar to a single-family residence. Weighting reflects the additional resources needed to put out a fire for different types of structures. Weighting for each category is based on Board policy action. The County Assessor's records provide information on discounts or exemptions applicable to the property, e.g. sprinklers, senior citizen, and disabled.

The FBC proposal uses an approach substantially similar to other RFA FBCs. A benefit charge imposed must be reasonably proportioned to the measurable benefits the property receives from services provided by the RFA.

Ms. Reed summarized the proposal on Classifications and Weights:

Classifications:

- Mobile homes (1 class)
- Residential (3 classes)
- Apartments (1)
- Commercial (6)

Weight of "1" for small commercial (up to 5,000 square feet) – everything else is weighted above or below that.

Proposed formula is based on a single fixed weight for each classification except commercial; weights for commercial structures increase as size of structures increase.

Ms. Reed addressed a question on how duplexes are classified. Residential is classified as units totaling up to four units (changed from previous information of 5 units).

Ms. Reed reviewed a chart on Proposed Weight Ranges by Classification with columns for Structure Classification, # of Tiers in Classification, Proposed Weights, and # of Parcels in the categories of Mobile Home, Residential, Apartments, and Commercial. Another chart depicted commercial tiers and weights for six commercial tiers, maximum square footage of each tier, assigned weight, and # of parcels in each tier. No hazard surcharges are proposed and discounts are afforded given limited data with a proposal to include a 10% discount for properties with sprinklers.

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Discussion ensued on whether marijuana grow operations are considered hazardous because of the amount of heat generated from lights and equipment. Interim Fire Chief Carson said the City of Olympia has no experience with marijuana grow operations but agreed there is an above average risk for occupants. Councilmember Cooper recommended considering other operations, such as bottling and cardboard box manufacturers that might have inherent hazards. Fire Lieutenant Osberg pointed out that any suspected hazardous operations would need to be independently evaluated by the fire departments. Ms. Reed advised that the FBC hazards can be added to reflect these changes.

The parcel database has been reviewed to eliminate properties known to be exempt from the FBC (state owned, nonprofit low-income housing, etc.). It is likely some parcels in the database are still exempt. Sprinkler data are not included in the database yet but each fire department has the information.

Ms. Reed reviewed a financial sheet of information forming the basis of the FBC if the RFA was created in 2022. The data reflects how much each category would pay, number of parcels, and total square footage for a total collection of approximately \$13.5 million in year 2024 based on 2022 statistics.

Councilmember Althaus asked whether the suggestion he offered to separate motels/hotels from general commercial was considered as a viable option. Ms. Reed advised that the team discussed options and that it would necessitate creation of several categories such as Hotel 1 for non-residential (commercial) and adding a new classification for a residential hotel (similar to apartment). She cautioned that any changes would affect all FBCs in the pool to some extent. Councilmember Cooper mentioned nightclubs and theaters as they can present different fire emergency challenges when those buildings are fully occupied.

Interim Fire Chief Carson noted that the FBC formula accounts for fire flow and square footage and does not account for occupancy.

Discussion ensued on options for establishing a more complicated FBC formula accounting for different types of uses and capacities versus the streamlined FBC based on square footage and fire flow. Ms. Reed recommended referring questions on capacity and residential hotels to the Fire Chiefs for additional review because it would be important to establish a FBC that is not challenged. The FBC should be modeled on what other RFAs have established over the years.

Ms. Reed reviewed data on estimated 2022 average assessed home value

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and size. For purposes of creating a blended average, the proposal established average assessed value of residential structures at \$385,000 and average residential structure size of 2,575 square feet (actual results will differ as it based on actual structure size). Before the RFA, Olympia homeowners paid \$1,973 in property tax in 2022 to the City. If the RFA were in place this year, assuming the City levy is decreased by \$1.00, the proposed difference between current City property tax payment and the City plus RFA property taxes plus FBC payment represents an increase of \$442. Actual amounts would change each year. The net increase is the same for an average home of the same value/size in Tumwater. For the average single-family residence in Olympia, the RFA would add about 5.5% to the total combined property tax/FBC bill if it were in place in 2022. Because of the assumption that both cities would reduce their property tax by the amount of the RFA fire levy, the net difference in the example is the amount of the FBC, regardless of the underlying City property tax rate or assessed property value.

Ms. Reed reviewed FBC calculations for mobile homes, apartments, commercial, and larger commercial.

The committee discussed some of the differences in the RFA increase in some of the modeled scenarios.

Ms. Reed acknowledged suggestions to review the option of creating a classification for residential motel/hotel and including median values rather than basing the information on the average size and assessed value of structures.

In response to questions on whether the FBC is applicable to a variety of different uses, such as tiny homes located on church property or commercial properties inhabited by sanctioned RV camps or tiny home villages, Olympia City Attorney Mark Barber cited different RCWs governing some of the issues. The RCW recognizes religious organizations. Under state law, the FBC would not apply to a tiny home village operated by a religious denomination.

The committee discussed how a RFA/FBC could convey an improvement in fire service to the community. It was noted that the RFA/FBC creates the capacity to increase services at some point in the future, which would not be possible for each jurisdiction unless voters approved another levy to create additional station capacity and staffing for each jurisdiction.

Discussion ensued on the basis of the calculations for different classifications, how future annexations affect the financial model and operating capacity, the importance of messaging the benefits of the RFA to

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the public, how the financial model is based on operating assumptions for number of stations, staffing, services, and reserve accounts, and whether the RFA can assess impact fees for fire facilities on new construction.

Chair Dahlhoff recommended including regular updates on the status of public communications received through the website or by each jurisdiction in response to comments on public feedback and messaging. Ms. Reed advised that based on follow up with the staff team, the website has received no public requests for information or feedback. She acknowledged the importance of messaging and how each city plans to pursue messaging and outreach efforts.

City Administrator Doan noted a gap in the information as the RFA budget is based on 2024 numbers while the FBC is based on 2022 information along with an enormous amount of new construction occurring in each community. It is possible that by 2024, there could be additional capacity for more revenue or there could be capacity to reduce the FBC because of new construction.

PROPOSED RFA ORGANIZATIONAL CHART:

Interim Fire Chief Carson briefed members on the latest draft iteration of an RFA organizational chart. The organizational chart incorporates a north and south battalion to reflect a two-battalion chief model. New positions are highlighted in green and include new BLS Transport and CARES personnel. Information on administration is reflective of what both cities currently provide. Positions in purple are reconfigured positions of some existing positions.

Interim Fire Chief Carson responded to questions on mental health positions incorporated within the CARES Program. It is likely there will be some integration between the crisis response unit and CARES. Several members requested additional clarification as to what resources are represented within the CARES Program. He offered to meet and discuss the program with members.

ASSET TRANSFERS:

Ms. Reed referred to the memo on asset transfers. The RFA Plan will include an outline on the status of major assets of both fire departments for equipment, apparatus, and fire stations. The principles focus on ensuring full operational status from the first day and that taxpayers should only pay once.

City Administrator Doan reported the proposal includes the transfer of all apparatus, equipment, and all facilities to the RFA in their current condition. A right of reversion is recommended for inclusion in the RFA Plan if at some point the RFA no longer requires an asset, the asset would revert to the applicable city. Tumwater's Headquarters Fire Station is included on the same parcel as Tumwater City Hall, which requires a

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process to separate the parcels.

City Administrator Doan responded to questions on the assumption of existing debt service by each department. Both jurisdictions have ongoing debt with Tumwater's debt for fire engines and Olympia's debt for a fire engine and fire stations. The City of Tumwater would continue paying the debt until paid in full. In terms of a future Olympia fire station and the Tumwater's future fire engine that would be considered additional debt and additional capacity has been factored to pay for the debt. He believes Olympia's ladder truck is paid through general obligation debt.

Councilmember Althaus mentioned the use by the City of Tumwater of the fire station conference room for meetings and asked whether the interlocal agreement includes any provisions for public use of fire facilities. Ms. Reed said other RFAs have included such provisions in their station transfer agreements.

CONSENSUS: **The committee supported moving forward with the draft RFA Asset Transfer approach as presented.**

RFA NAMING: Ms. Reed reviewed the suggestion of both fire chiefs and union representatives to reach out to fire personnel for name suggestions for the RFA with suggestions presented to the committee at its August 8, 2022 meeting. The committee retains the option of selecting a name for a recommendation to the city councils.

Councilmember Huynh cited some recent feedback from firefighters and suggested including a question for feedback on any special logo characteristics and/or new branding options that are important to fire personnel.

City Attorney Barber referred to a previous question pertaining to fire impact fees and shared that Thurston County entered into agreement with fire districts to collect the county's fire impact fees. Unless there is some distinction between a fire district and a regional fire authority, it should be possible to enter into a contractual agreement. Based on the information, action would be required by the RFA board to enter into an interlocal agreement with the municipalities to collect impact fees for the cities.

Councilmember Huynh supported soliciting feedback from fire personnel on branding by offering a set of guiding questions to receive feedback.

Chair Dahlhoff said although she does not disagree with the recommendations, it is important to provide autonomy to fire personnel who will be working in the new organization. She supports receiving input from personnel as another option. She suggested trusting fire personnel

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with the process without the committee directing the process.

Ms. Reed noted that if councils support the RFA Plan, many interagency meetings will be convened to merge the cultures of the both agencies to develop new vision, mission, and values. Those actions are a major component for creating a new agency. However, the first step of the process requires a name for the new entity for both the ballot and for the Plan, a budget for the new organization, identification of funding sources, and an organizational chart. Although branding and logos are important there will be a future time and place to delve further into different ideas.

Councilmember Cooper noted the organizational chart includes no dedicated communications asset or public information officer (PIO). Ms. Reed said the issue was addressed during a staff team meeting with the plan to delegate those activities to an assistant or deputy chief.

Fire Lieutenant Osberg assured the committee that feedback from fire personnel would include high value options with depth and some prevalence of the historical past of each jurisdiction.

Discussion ensued on whether to include a communications position within the financial model. Including a position would add approximately \$1 million over the seven-year modeling period for one FTE with benefits.

City Administrator Doan recommended having staff revisit the topic, as there would be some challenges with the responsibilities assigned to an assistant chief because of the realm of PIO responsibilities and strategic communications. There may be some capacity within the positions of administrative assistants. Fire Lieutenant Osberg referred to a neighboring fire district with a strong communications focus that has successfully achieved substantial equity with its tax base and the communities it serves. That communications model is executed by talented professionals within the organization.

**ACTION &
QUESTION LOG:**

Chair Dahlhoff encouraged members to review the action and question log to ensure all suggestions are included.

Ms. Reed recapped the status of each issue:

- Nearing completion of the draft finance plan
- Nearing completion of the organizational chart
- Tentative FBC structure with some adjustments
- Tentative governance with additional discussion on transitioning from a six-member council to a seven-member board
- Discuss finance presentation for council presentations

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ADJOURNMENT: **With there being no further business, Chair Dahlhoff adjourned the meeting at 7:23 p.m.**

Prepared by Valerie L. Gow, Recording Secretary/President
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