

OLYMPIA TUMWATER REGIONAL FIRE AUTHORITY PLANNING COMMITTEE
MINUTES OF VIRTUAL MEETING
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CONVENE: 5:31 p.m.

PRESENT: Chair/City of Tumwater Councilmember Leatta Dahlhoff, Vice Chair/Olympia Councilmember Yén Huỳnh, Tumwater Councilmember Michael Althaus, Olympia Councilmembers Jim Cooper, Tumwater Councilmember Eileen Swarthout, Olympia Councilmember Lisa Parshley, Tumwater Fire Chief Brian Hurley, Tumwater Fire Union Representative/Paramedic Lieutenant Rian Winter, Olympia Interim Fire Chief Todd Carson, and Olympia Fire Union Representative/Firefighter Steven Busz.

Staff: Tumwater City Administrator John Doan, Olympia City Manager Jay Burney, Olympia City Attorney Mark Barber, Tumwater Finance Director Troy Niemeyer, and Tumwater Fire Department Administrative Assistant Erika Stone.

Others: Karen Meyer, The Athena Group; Karen Reed, RFA Consultant; Bill Cushman, Fiscal Analyst; and Neil Blindheim, FBC Consultant.

WELCOME, Chair Dahlhoff welcomed everyone to the meeting.

AGENDA &
SCHEDULE RECAP: Karen Meyer recommended reordering items on the agenda to accommodate Ms. Reed's late arrival to the meeting. Members concurred with the request.

COMMUNICATION
FOLLOW UP: City Administrator Doan reported on the status of meeting with Tumwater Fire Department employees to share information and answer questions regarding the status of the RFA planning process. Tentatively, October 20, 2022 has been scheduled for another public town hall meeting at the Tumwater Fire Station.

City Manager Burney said Olympia staff is meeting with fire department employees over the next three days to provide an update on the status of RFA planning and to answer questions.

FIRE BENEFIT
CHARGE (FBC)
FOLLOW UP: Mr. Blindheim reported the team reviewed figures in question during the previous review and verified the accuracy of the information, as well as updating the chart to reflect additional information requested by members.

In response to questions about the square footage numbers included in the FBC options, Mr. Blindheim explained that only one of the examples would apply dependent upon the FBC option selected. Based on the square foot allocation for Option 3A, total FBC revenue would be comprised of 64% residential and 34% commercial reflecting a decrease from Option 3. Councilmember Cooper commented that based on the new information using square footage, it appears there is equity for both residential and commercial based on the total cost.

Councilmember Huỳnh asked whether the recalculation of the options

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incorporating square footage as part of the formula resulted in any change in the recommendation by the team. Mr. Blindheim explained that the calculation resulted in a reduction in rates between Option 3 and Option 3A of approximately 26% to 30% for all use categories. Mr. Cushman pointed out that the total FBC also reduced to \$10.5 million from \$13.5 million, which significantly contributed to the change in FBC rates.

It was noted that Option 3A no longer includes charges for mobile homes despite other slides depicting mobile homes FBC rates using the square footage formula.

Firefighter Busz commented that the new graphic reflecting square footage allocation eliminates the regressivity of the FBC and would be easier to explain to the public. He asked about the possibility of any problems of using square footage based on other adopted formulas for FBCs in the state. Mr. Blindheim responded that if the FBC rate is based solely on square footage, it would be problematic as the formula lacks fire flow as part of the computation. However, he acknowledged that fire flow computation is by nature regressive.

City Manager Burney noted that including square footage would be the first FBC in the state with square footage included within the formula, which would establish a precedent and increase possibilities of a challenge.

City Attorney Barber cautioned the committee about the risk of using a new formula based on square footage that has not been previously used in the state. He cited the potential level of risk and impacts caused by a successful challenge. The greatest risk is the RFA could be underfunded because the method for establishing the FBC could be struck down by the courts.

Discussion ensued on risks with one member commenting that the actual risk is non-passage of the RFA rather than the FBC formula because the less regressive formula would be easier to explain to voters.

Ms. Reed suggested the committee should recommend the formula adopted by other RFAs in the state and consider a test case of a new formula using square footage after the first year of the RFA operations.

The committee discussed potential actions by the RFA Board, such as voting to change the FBC formula, whether the Board could consider such action, or whether the proposal would require voter approval. Mr. Barber said the actions would be dependent on provisions in the Plan because the Board annually reviews revenue requirements and establishing the FBC annual rate. The issue surrounds what voters initially approved. Should the courts deem the method invalid for whatever reason, the issue becomes much more difficult as it speaks to the question of whether the Board has the authority to

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change the formula without voter approval.

Members shared reasons for their respective preference for a FBC formula. Their comments addressed risk, concerns surrounding potential litigation, importance of a less regressive FBC, importance of conveying an understandable FBC, revised Option 3A, current laws not prohibiting square footage in the formula, and the success of RFAs in the state using the standard FBC formula.

A majority of the committee supported the selection of FBC Option 3A. Based on feedback for a preference to reduce residential and small commercial rates, Ms. Reed offered to provide another option building off Option 3A.

Staff and members discussed adjusting the meeting schedule to accommodate additional work necessary to create an additional FBC option. Members representing fire unions affirmed that sufficient information is available to present the proposal to union membership for an informed decision. Members supported reviewing an additional FBC option at the October 10, 2022 meeting.

**GOVERNANCE:
TERM LENGTH &
STAGGERING:**

Ms. Reed referred to information on two scenarios for terms and staggering to minimize the amount of turnover of the Board every two years.

Scenario A affords four-year terms for councilmembers with elected commissioners serving six-year terms (maximum under state law). This scenario reduces the rate of turnover. Initially, one elected at large commissioner would have a four-year term to maximize staggering of terms.

Scenario C is a four-year term for all members (councilmembers and commissioners).

Ms. Reed recommended approving Scenario A.

Members discussed councilmember term of office and the possibility of different council assignments. Members supported pursuing Scenario A.

**REVIEW DRAFT RFA
PLAN:**

Ms. Reed reported the proposed RFA Plan format closely follows other adopted RFA Plans in the state.

Ms. Reed addressed questions about the process the City of Tumwater is undertaking to identify medical transport needs. Under the RFA Plan transport would be provided to the entire RFA service area with private ambulances serving as backup. The draft Plan will be revised to clarify transport services within the service area. The Plan should include authority to the RFA Board to make decisions as to the provision of transport service.

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Ms. Reed clarified that RFAs can provide transport service and charge fees; however, RFAs cannot establish an “ambulance utility service” where all patients are charged regardless of whether they were transported. Cities have this authority under state law, but RFAs do not.

Councilmember Cooper inquired as to the possibility of the RFA partnering with the cities to create utilities and serve as the provider. City Attorney Barber explained that although cities have the authority to create an ambulance service utility if needed, the option of collaborating with the RFA to serve as the provider has not been explored. Councilmember Cooper recommended the final Plan should not prohibit the option.

Councilmember Cooper expressed some reservations of identifying the Fire Chief prior to activation of the RFA and recommended including a provision that should voters approve the RFA, the Planning Committee shall meet and select the individual to serve as the interim fire chief. Ms. Reed responded that the issue is a legal question as all RFAs in the state have identified either an interim or permanent fire chief at the onset.

City Attorney Barber offered to research the issue and follow-up with the committee.

City Administrator Doan added that in terms of identifying the fire chief, the plan was to appoint an interim position as the RFA transitions to an operational stand-alone agency. Staff believes it was important for the RFA Board to have the responsibility of naming the fire chief and negotiating an employment contract.

No members objected to the format of the RFA Plan as presented.

Chair Dahlhoff referred to comments from the Tumwater Fire Department to afford additional time to discuss the allocation of assets.

City Manager Burney offered that the provision for first rights of refusal to reacquire fire stations was included in the Plan because if a situation arises where the RFA determines an asset is no longer needed after the cities have provided the asset at no cost to the RFA, the cities should not have to repurchase an asset that was previously paid by taxpayers. In terms of reserves, the City of Olympia is providing \$8 million in reserves and there is no scenario where the RFA would not be required to repay the debt incurred. The funds are from the City’s reserves and without repayment it leaves the City vulnerable and at risk in the event of a catastrophic event. In terms of facilities, the cities should have the first right of refusal.

City Administrator Doan added that the premise of transferring fire stations and fire assets to the RFA was to avoid having the public pay twice as the

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assets are owned by the public within the public domain. However, his perspective concerning Tumwater Fire Station T1 is somewhat different as it is located on the Tumwater City Hall campus. It is unlikely the RFA would abandon a station and that City of Tumwater should not have to purchase the station should the RFA deem the station as no longer needed. The stations are within the public domain and belong to the public. In terms of the City of Tumwater providing more funds to the RFA upfront, the dynamics have changed with the advent of the substantial increase in property valuation. Consequently, the overall tax rate for the cities has decreased with the City of Tumwater's rate reducing by a minimum of 50 cents per \$1,000 of assessed value. The City of Tumwater's commitment to the RFA remains at \$1.00 per \$1,000 of assessed valuation. To the extent of the reduction in the tax rate, the City is covering that deficit. There is a distinct possibility following the formation of the RFA that the City would likely lose funds rather than saving funds. It could result in conversations about the potential of pursuing a levy lid lift to fill the funding gap.

Chair Dahlhoff noted the comment was in the context of the RFA requiring a new fire station at some point in the future and using the existing asset as equity to build a new station. City Administrator Doan replied that although the RFA might require additional funds in the future, the same argument could be applied to the City's need for funds today by selling fire stations rather than transferring them to the RFA.

City Manager Burney offered that in the event of initiating first right of refusal by a jurisdiction, the intent is to have a conversation to determine whether the need by the jurisdiction for the asset is greater than the RFA's need to sell the asset.

Chair Dahlhoff shared that another question pertained to the timing of the debt payoff to the City of Olympia prior to pay parity adjustments in salaries. Ms. Reed responded that the fire unions agreed to defer pay parity until 2028.

Mr. Cushman clarified that the process includes an annual parity increase in addition to the COLA. Subsequently, it is a gradual approach for full parity and not a delayed approach. The loan to the City of Olympia is not paid in full until 2030. The RFA budget has factored the debt at an assumed interest rate of 2% over a five and half year term.

Ms. Reed referred to a pending set of issues and questions, reviewed the status at this time, and invited comments:

- **The RFA needs a name.** Status: pending additional comments (see below).
- **Governance model text may change dependent upon committee**

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recommendations for term length and staging. Status: resolved per the committee's discussion and decision to select Scenario A.

- **Exhibit B in the Plan assumes FBC formula Option 3A.** Status: to be addressed at October 10, 2022 meeting.
- **Confirm whether mixed use is charged as commercial.** Status: need committee to confirm mixed use will be treated as commercial based on other RFAs.
- **Identify Interim Fire Chief and interim Deputy Chiefs for Ops and Support Services.** Status: ensure a decision is rendered on identification of acting chief with the understanding that the appointments would be interim and that the RFA Board would have the discretion to select permanent Fire Chief.
- **Confirm approach to start-up administration including cost basis for sharing start up staff/consultant salaries, and responsibilities for recruitment.** Status: committee to confirm the approach as depicted in the draft Plan. One pending decision pertains to start-up costs for recruiting and engaging interim positions to set up systems and processes to implement the RFA on October 1, 2023.

The committee agreed unanimously to name the RFA as *Olympia Tumwater Fire Authority*.

ADJOURNMENT: **With there being no further business, Chair Dahlhoff adjourned the meeting at 7:33 p.m.**

Prepared by Valerie L. Gow, Recording Secretary/President
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