

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 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 James Osberg, 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,
AGENDA &
SCHEDULE RECAP:**

Chair Dahlhoff welcomed everyone to the meeting and advised of the possibility of members voting on the fire benefit charge (FBC).

Karen Reed referred members to the published agenda.

**DEBRIEF ON
SEPTEMBER 22, 2022
TOWN HALL:**

City Administrator Doan and City Manager Burney briefed members on the results of the Town Hall meeting on September 22, 2022. Approximately five members from the community attended in addition to a contingent of Olympia Fire Department firefighters. Although community members and the Fire Chiefs engaged in question and answers, the majority of the meeting was a Q&A with firefighters from the Olympia Fire Department, which speaks to the need to increase internal communications with fire department personnel. Some of the questions from the community will be incorporated within the frequently asked questions document.

**PROJECTED 2023
INCREASE IN
ASSESSED VALUE:**

Ms. Reed reported the projected increase in 2023 assessed values of 32% makes it hypothetically possible for a \$1.50 fire levy model to generate enough revenue to support the RFA. She displayed a graphic depicting the difference of the \$1.00 fire levy model with the FBC (less than projected) and a \$1.50 fire levy without the FBC.

City Manager Burney commented on the fiscal impact to the City of Olympia if the RFA does not assess a FBC. In sum, the statutory requirement to reduce \$1.50 from the City levy to match the RFA levy exceeds the current fire department costs and would be problematic for future City budgets.

Finance Director Niemeyer presented a graph of the *City of Olympia*

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RFA/Fire District Property Tax Impact Comparison with columns depicting status quo (current), with RFA @ \$1.00 levy, and with RFA @ \$1.50 levy. A similar graphic for the City of Tumwater revealed similar budget impacts.

Comments by members included:

- Concerns about Olympia's budget deficit
- The annual 1% cap on property tax increase would not increase revenue over time because cities continue to fall behind in terms of property tax revenue as a percentage of the overall budget
- A suggestion of a levy scenario that would administratively merge the departments resulting in less expense by taxpayers by offering a ballot measure with a simple majority vote for a levy lift lid to operate each fire department at the revenue required to provide service with both departments subsequently merging through an interlocal agreement without the need to assess a fire benefit charge

**FBC FORMULA
OPTIONS:**

Ms. Reed reviewed a new formula option "3A" as requested by the committee incorporating a 6% shift away from the residential sector to the commercial sector, with three classifications of residential with weights increasing based on house size, a zero factor for mobile homes, and a new lower FBC target due to higher assessed values. The new FBC target is \$10.5 million as compared to \$13.5 million.

Ms. Reed presented a one-page chart of the FBC formula and other slides on revised formulas based on the new "3A" option and the projected increase in assessed valuation.

Neil Blindheim addressed questions about the classification of mixed use. At this time, the numbers reflect mixed use as commercial; however, some RFAs have considered mixed use on a case-by-case basis while others have categorized all mixed use as commercial which is what Mr. Blindheim recommends.

Feedback from the committee on how the options impact estimated FBCs for residential properties included a recommendation to include the price per square foot included in each column for a compatible comparison and a suggestion to identify areas of the cities and remove building and land values if the cost is based on square footage.

Ms. Reed reviewed information on how the options impact estimated FBCs for apartments and small, medium, and large commercial structures. The updated information reflects no assessment for mobile homes. She pointed out the difference in the FBC for new option "3A" and noted that the figures appear to be inaccurate and information will be updated and forwarded to the committee with land and building values removed and square footage included. She acknowledged that the lack of information will stall the

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committee's direction on the FBC model to include in the RFA Plan

A discussion of committee members on the FBC modelling and incorporating it within the RFA Plan included:

- It is important to support both residential and commercial uses. The reduced rates reflected for option 3A are beneficial in addressing concerns by the community
- Firefighter Busz updated members on the status of the name of the RFA preferred by members of the fire union. At this time, lacking updated information on the figures, he recommended affording additional time for all local members to be updated to ensure an informed response on the name of the RFA.
- Paramedic Lieutenant James Osberg commented that members of the Tumwater union would be willing to look beyond the changes inherent in merging to ensure the greater good of fire service for the community. A recent polling of Tumwater fire personnel reflected two-thirds support for the name of Olympia Fire Authority if considered by the committee as well as support of the two other names previously submitted. He supports including the FBC based on new option 3A. It is also important to be fiscally responsible in establishing the FBC and whether there is a possibility of both cities contributing rather than loaning funds to the RFA. He encouraged members to consider other options or shared options that lessen the debt and creates less of an impact on the RFA. He advocated for the need to improve messaging on the RFA by providing a side-by-side projected five-year comparison of each fire department with the RFA scenario.

Members responded to input offered from both union members.

- Messaging continues to be deficit despite efforts by the staff and consultant team.
- Appreciative of the suggestion for offering a side-by-side comparison while also concerned that Olympia firefighters may not be supportive of the RFA fully as a viable option for the community. Many in the community continue to refer to the FBC as a tax, which speaks to the importance of proper messaging to the community.
- Agreed community messaging is important, as a 61% majority vote by the community will be necessary. Today, community support is lacking despite the fact that the RFA is the best potential to provide services expected by both communities. Although disappointed in the communication, the committee has time to improve messaging especially in lieu of the new information presented earlier in the meeting. The increase in assessed valuation has reduced the amount of the FBC.

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- The problem statement should reflect future conditions, in terms of each City's ability to meet needs to keep both communities safe. Today, both cities lack both the capacity and the resources to provide today's level of service in the future. The RFA process is crafting an option for voters to choose a different future in terms of safety and service for people who live in both communities. The committee's deliberations are intended to create the best option for an alternate path forward. It will be up to the voters to decide if they want to impose a charge on themselves or institute some kind of tax to achieve that future vision.
- Acknowledgement that the committee has formed the concepts for the messaging; however, the messaging needs further refinement. The current loan scenario from both cities to support the RFA would be less costly for the RFA if another option was considered by the RFA, as cash flow is required to pay for personnel during the first months of RFA operations. Support option 3A but stressed the need to review the updated information and inclusion of price per square footage. Continue to be nervous about the seven-year FBC as reauthorization of the FBC could fail, which speaks to the importance of establishing the correct FBC level at the onset. Use of "regional" in the name is redundant. Suggest removing "regional" and describe the entity as "fire authority." The next step is ensuring the committee's process enables a vote by the fire unions prior to presentation to the councils. Proposal of the Plan to the councils should include both city administration and fire union recommendations.
- Want to present a recommendation to the voters and let them decide.

Chair Dahlhoff affirmed the committee's consensus to move forward. Based on comments from Paramedic Lieutenant Osberg on reducing the RFAs debt service, she asked about the possibility of staff from both cities exploring another option.

Paramedic Lieutenant Osberg said the intent of his comment was to increase transparency of the process. City Manager Burney said the \$8 million loan from the City of Olympia is from the City's reserves, which leaves the City exposed to some extent to economic uncertainty and increasing inflation. To lower the upfront financial impact to the RFA, city staff explored ways to minimize the impact by extending the term of debt service longer than preferred but for the benefit of the RFA. Reducing the payback by \$500,000 or \$1 million would not significantly affect the overall payback rate.

City Administrator Doan added that the new valuation has added \$2.8 million enabling a reduction in the FBC as presented. Adding another \$1 million at the onset is a one-time revenue source and is less than a third of the increase in valuation. He agreed with City Manager Burney acknowledging that the

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City of Tumwater's situation is different in terms of how the fire contribution was structured. For the most part, the City is using funds from other accounts to provide some initial start-up revenue for the RFA.

Discussion ensued with Paramedic Lieutenant Osberg acknowledging that the conversation was helpful. City Manager Burney acknowledged the intent of providing a similar briefing to Olympia fire personnel with the likelihood that the Tumwater Fire Department would schedule a similar discussion. City Administrator Doan acknowledged the City would work with both union representatives to schedule meetings with fire department personnel.

Councilmember Huynh supported preparing a side-by-side comparison of each fire department to the RFA for the benefit of voters.

Members discussed next steps with Ms. Reed agreeing any preliminary recommendations could be deferred on the FBC, name, and the policy on governance until the next meeting scheduled on October 10, 2022.

Following an extended conversation on polling union members on the proposed Plan and affording time for additional briefings to fire personnel, a majority of members supported scheduling a meeting on Monday, October 3, 2022 to address any outstanding issues surrounding the Plan prior to finalizing a recommendation on the Plan on October 10, 2022 prior to presenting the Plan to the fire unions on October 12, 2022.

Chair Dahlhoff affirmed consensus to schedule a meeting on Monday, October 3, 2022 and to seek a union vote (both unions) on whether to move forward with the Plan or end the RFA process. The committee will consider three name options of the RFA.

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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