

# 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 Yến Huỳnh, Tumwater Councilmember Michael Althaus, Olympia Councilmember Jim Cooper, Olympia Councilmember Lisa Parshley, Tumwater Councilmember Eileen Swarthout, Fire Union Representative/Firefighter Erin Johnson (for Steven Busz), Tumwater Fire Union Representative/Paramedic Lieutenant James Osberg, Tumwater Fire Chief Brian Hurley, and Olympia Fire Chief Mark John.

Staff: Tumwater City Administrator John Doan, Olympia City Manager Jay Burney, and Tumwater Fire Department Administrative Assistant Erika Stone.

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

### **WELCOME & AGENDA & TALKING POINTS:**

Chair Dahlhoff welcomed everyone to the meeting.

Karen Meyer reviewed the agenda.

### **COMMUNICATIONS UPDATE:**

City Administrator Doan provided an update on communications with the public. No public feedback has been submitted through the RFA website. City Administrator Doan and City Manager Burney met with leadership from Thurston County Chamber of Commerce. Questions surrounded the timing and the purpose of the RFA, along with how the RFA taxing authority affects Port of Olympia tenants.

Ms. Reed advised that Port tenants do not pay a fire benefit charge (FBC) if the property is publicly owned.

City Administrator Doan reported on a future presentation to the Thurston County Business Roundtable.

Discussion ensued on how fire service costs are assessed to ports located in other RFAs in the state.

The first public town hall (virtual meeting) is scheduled on May 19, 2022 at 6 p.m. The agenda includes welcome and introductions, opening remarks by Vice Chair Huỳnh, introduction of Ms. Reed to provide a review of the RFA, and introduction of panelists (Fire Chiefs and Union Representatives). City administrators will review the timeline and the path to an election. The meeting will end with an update on next steps. Questions submitted by meeting participants will be addressed by the panelists.

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### GOVERNANCE OPTIONS:

Ms. Reed reported the goal of the discussion is developing a set of governance options beyond the initial Board comprised of elected officials from both jurisdictions.

Ms. Reed reviewed a discussion outline with input included from the committee's April 25, 2022 governance discussion. At that time, the committee's recommendation for the starting board was three members representing each jurisdiction (similar to the composition of the planning committee).

The committee's discussion focused on the pros and cons of transitioning the Board, their preferred preferences, and disadvantages and advantages of including councilmembers on the board. Many members supported transitioning the initial all elected board to elected fire commissioners rather than councilmembers because of the inherent difficulty of councilmembers having adequate time to devote to the RFA. Members discussed the importance of ensuring equal representation from each city and including some local elected officials on the board.

Ms. Reed reviewed governance structures of other RFAs in the state.

Districting the RFA was discussed. Ms. Reed advised that each district must be of the same approximate size but not necessarily tracking the boundaries of each city. Other considerations include the seven-year financial plan versus a two-year governance plan.

*Vice Chair/Olympia Councilmember Yến Huỳnh joined the meeting at 6:06 p.m.*

Highlights of the committee's discussion included:

- The importance of maintaining the connection between the cities and each fire department
- There may be overlap and collaboration between the RFA and the cities because of significant policy issues where the cities and the RFA would need to mutually agree on issues such as permit reviews, zoning, and how to provide medical response within the community
- The importance of recommending a long-term governance plan to enable the initial board to move forward as an organization
- Acknowledgement of the importance of conveying a thoughtful and successful plan to the voters
- For potential board, consider two elected officials from each city and three at-large members to avoid a quorum of any one jurisdiction
- An observation that there is some nervousness and confusion by

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- voters centered on the identities of each city and fire department
- Ensure development of a successful RFA Plan to reassure voters
  - Governance plan should match seven-year financial plan. Should the board desire modification during the first seven years, the action should be approved by both city councils.
  - The RCW governs salaries of fire commissioners with no ability for commissioners to have an influence on their compensation, such as establishing a salary fire commission or ensuring commissioners are compensated adequately for their time
  - The structure of the RFA should not matter if the board is represented to some degree by elected officials
  - An effective governance model in the community is the Thurston County 911 Administration Board with a majority of fire commissioners and appointed elected officials
  - The board should have the ability to approach the councils about potential issues and that the RFA board could either be expanded or reduced
  - Districting structure of the RFA depends on the RFA board model
  - A larger board provides more ability to assign subcommittees
  - Consider whether residents can claim harm based on equity in elections for forced districting and whether it applies to fire authorities
  - Members agreed more discussion is warranted on districting to understand any unintended consequences
  - A request to provide more information on the benefits and drawbacks of districts versus at-large district
  - Several members supported the five or seven member board model with two councilmembers with the remainder elected officials for the first seven years

Ms. Reed populated a governance template with the preferences shared by members for board membership and the RFA structure (districts or at-large).

### FINANCIAL ISSUES:

Ms. Reed outlined the discussion focusing on the seven-year financial plan, key inputs, next steps, review of fire benefit charge, update/review of data collection, and next steps. The goal is to present an initial financial model at the May 23, 2022 meeting.

The purpose of the financial plan is to model the expenses for the RFA in its first seven years to:

- To maintain services (Baseline)
- To consider/build in service enhancements
- Consider different ways of providing services (contract?)

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Examples of revenues sources needed to support the level of service desired:

- Fire levy
- Fire benefit charge
- Fees generated (fire permits, fire inspections, etc.)
- Grants and other revenues

Four major components of expenses include Administration, Cash Flow, Reserves, and Operations. Emergency reserve is for unanticipated needs. Other reserves are sized to address known expenditures during the planning period.

Cash flow is needed each year to pay expenses between payments of tax revenue to the RFA. Under the target timeline, the RFA starts operation August 1, 2023. The first RFA tax revenues would be received in April-May of 2024. Most 2023 funding would be from the balance of city fire department operating budgets. Cash flow is needed to fund operations between the time tax revenues are received each spring and fall. This would likely be a loan from the cities to the RFA, to be repaid over a few years as reserves of cash are slowly built up.

Administrative services can be provided by adding staff or a combination of staff and contract services. Four different examples of administrative staffing were previously shared. Staff is working to explore both how to provide services initially, which will likely be by contract and over the initial planning period of seven years.

Combining both department's costs results in a shared tax reliant cost of \$1.33/\$1,000 assessed valuation (AV) in 2022 across the combined area.

RFA revenue options include FBC of \$1.50, fire levy of \$1.00/\$1,000 of AV, and fire levy EMS. A combination of FBC and a \$1.00/\$1,000 AV fire levy can generate more revenue than the alternative, which is \$1.50/\$1,000 AV. In exchange for having the ability to impose a 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. Unlike property taxes, the FBC is not subject to the 1% collections cap. If a 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 a fee, not a tax and is based on the fire risk associated with the size and use of physical structures. If structure requires more fire resources to put out a fire, the FBC is higher. If structure is small and needs fewer fire resources, the FBC is less. The FBC can be adjusted annually by the RFA Governing Board in terms of both (1) the total amount collected, and (2) the formula for allocating the total amount between different properties.

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The FBC allocates the cost to each parcel based on the formula to ensure the full gap amount is collected. The amount collected can change every year and allocation is based on statutory requirements confirmed by RFA Commissioners and is not subject to the 1% collections cap.

The FBC is determined by factoring square root of the square footage x fire flow x cost per gallon x structure category weight factor x discount or additional risk charge.

Mr. Cushman updated members on the status of the financial model. The model enables maneuvering assumptions in various combinations to reflect how in 2028 the RFA would be able pay off the initial intergovernmental loan and accumulate reserves and sufficient working capital to eliminate the possibility of not fulfilling operating expenses.

Fire Lieutenant Osberg explained how each department's comparables were calculated. The comparables identify jurisdictions operating within a similar range of the proposed RFA using similar assessed valuation, population, and sales tax revenue. While some comparisons can be of a department of similar size in terms of employees, the base is comprised of AV, population, and sales tax. Anything falling within .05 to 1.5 of the proposed RFA was not considered. Many 160-employee departments were not assessed because AV or sales tax were too high.

Ms. Reed displayed a graphic of data collected for all physical structures within the two jurisdictions, to include square footage (structure only) and the classification of the structures (residential, apartments, mobile homes, and commercial). The committee will be working on the design of the recommended FBC. The statute identifies uses that are exempt from a FBC.

Discussion ensued on state-owned properties and privately owned properties with state tenants and whether those properties would be assessed a FBC. City Manager Burney explained that the City of Olympia has contracted with the state for fire service for all state-owned buildings, which is included in the financial model. State offices located within privately owned buildings would be assessed a FBC as part of the RFA. For the financial model, it will require identifying private ownership for state leases.

Fire Lieutenant Osberg cited a possible rule or statute where the value of state owned buildings in Tumwater could potentially dilute the overall value of publicly owned buildings and the state would not be required to negotiate with the RFA. Ms. Reed advised that applicable statutes would be reviewed as work continues on the financial model.

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Mr. Blindheim presented and reviewed a hypothetical FBC collection amount based on the weighted average of square footage of the four building classifications. The model can be updated. The calculation accounts for fire flow and square footage, as well as other minor weights/factors. The accuracy of data is important when establishing the FBC rate. Sprinkler discounts (10%) are included in the model for all building classifications.

The model enables searches by a variety of data queries, such as taxpayer name, site address, or taxpayer address, etc. The model differentiates details of the square footage between residential and commercial. Detached structures can be either residential or commercial. The database is used to calculate the FBC. The committee will be discussing details on factors to include or exclude and the size of areas to include.

City Manager Burney acknowledged the work completed by Mr. Blindheim, as the amount of work was substantial.

Ms. Reed reviewed next steps. Staff will develop several recommendations for framing the FBC formula for consideration by the committee. The committee will consider:

- What classifications and why? (4 or more?)
- What weights for the classifications and why?
- What exemptions/credits/surcharges should be added, if any?

Chair Dahlhoff recommended that in moving forward the equity lens should be clearly defined with respect to the formula.

**ACTION AND  
QUESTION LOG:**

Ms. Meyer referred members to the April 25, 2022 meeting actions, decisions, and questions log and updated talking points.

Chair Dahlhoff asked for the inclusion of the governance matrix in each meeting packet moving forward.

**ADJOURNMENT:**

**With there being no further business, Chair Dahlhoff adjourned the meeting at 7:31 p.m.**