

**Regional Fire Authority
Planning Committee Meeting
City of Marysville and Fire District #12
Meeting #5 – June 24, 2015**

CALL TO ORDER

Co-Chair Muller called the meeting to order at 5:05 P.M. and attendance was taken.

The following were in attendance:

Regional Fire Authority Planning Committee:

Steve Muller	Dave DeMarco
Jeff Seibert	Gary Bontrager
Jeff Vaughan	Marilyn Sheldon

Staff Members:

Gloria Hirashima, Chief Administrative Officer	Martin McFalls, Interim Fire Chief
Sandy Langdon, Finance Director	Chelsie Reece, Finance Manager
	Paula DeSanctis, Board Secretary

APPROVAL OF MINUTES

Consider for approval the June 16, 2015, Regional Fire Authority Meeting Minutes.

Motion: To approve the June 16, 2015 RFA Meeting Minutes
Made By: Co-Chair DeMarco
Seconded By: Council Member Vaughan
Action: PASSED unanimously

OLD BUSINESS

Interim Chief McFalls shared the following information in regards to the surrounding RFA's:

Kent Regional Fire Authority

Areas Include: Kent, Fire District 37, Covington, SeaTac (service contract)

Population Served: 140,000

Square Miles Served: 59

Stations and Locations: 11 Stations, 7 in Kent, 3 in SeaTac, 1 in Covington

Annual Call Volume and Staff: 22,006, 253 FTE's

Board of Director Make-up: 3 Kent City Council Members, 3 Fire District 37 Commissioners, 1 non-voting Advisory Board Member from the City of Covington (Mayor), 1 non-voting Advisory Board Member from the City of SeaTac

Valley Regional Fire Authority

Areas Include: Auburn, Algona and Pacific

Population Served: 80,000

Square Miles Served: 37

Stations and Locations: 6 Stations, 5 in Auburn and 1 in Pacific

Annual Call Volume and Staff: 10,500, 120 FTE's

Board of Director Make-up: Mayor and 2 Council Members from each participating city

North County Regional Fire Authority

Areas Include: Fire District 14, Fire District 18, and City of Stanwood (via contract for services)

Population Served: 15,000

Square Miles Served: 104

Stations and Locations: 5 Stations, 2 in Arlington, 3 in Stanwood

Annual Call Volume and Staff: 3828, 25 Career, 35 Part-Time, 6 Volunteers

Board of Director Make-up: 3 Fire District 14 Commissioners, 3 Fire District 18 Commissioners

Governance:

There was much discussion surrounding the topic of governance with the following option presented:

5 city council appointed, 2 unincorporated elected, 1 at large

4 city council appointed, 1 unincorporated elected

4 city council appointed, 2 unincorporated elected

3 city council appointed, 2 city resident elected, 1 unincorporated elected

3 city council appointed, 3 city resident elected, 1 unincorporated elected

3 city council appointed, 3 city resident elected, City Mayor with the tie breaking vote

No consensus was reached. It was agreed to revisit the discussion of governance at the next RFA meeting.

New Station/Admin Facility Financing:

MFD Finance Manager Reece explained the current debt capacity limitations of MFD and FD 12 in regards to the necessary financing of a new Station 61. MFD is unable to secure financing under the current entity structure because it is not a municipal corporation with its own taxable boundary. FD 12's current non-voted debt capacity is approximately \$5.9M, or 0.375% of its current assessed value. In order to construct a new station, FD 12 would need to secure approximately \$10M in debt. Initially, a new station was estimated to cost approximately \$10M; however, further estimates secured by DC Neuhoff quote a mid-level facility cost of approximately \$14.5M.

The only non-voted financing option under the current MFD configuration would be for FD 12 to secure debt up to its capacity and the City to secure the remainder of the debt (which would in-turn be applied against the City's own debt capacity). An amendment to the ILA would be necessary to outline the joint venture construction of a new station and the funding formula amended accordingly.

The recommendation given by Finance Manager Reece would be to form the RFA, wait one year from formation to facilitate the necessary credit review, and then secure \$10M in non-voted debt under the higher debt capacity level available.

Fire Benefit Charge:

MFD Finance Manager Reece shared what she learned after speaking with Kent Regional Fire Authority and Valley Regional Fire Authority in regards to their experience with the Fire Benefit Charge (FBC) system. This is a majority voter approved funding mechanism that charges a fee to users based upon the risk and need of their service. The FBC is a great way to maintain funding even in a down economy.

Factors to consider when utilizing an FBC are as follows:

1. The regular levy cap is reduced from \$1.50/\$1,000 to \$1.00/\$1,000.
2. The FBC is limited to 60% of the operating budget of the agency.
3. The FBC must be renewed by the voters every six years (60% majority needed to pass).
4. The agency must evaluate the property characteristics within their boundaries to ensure that the average residential customer is not carrying the majority of the fee burden that is created by non-payers of the FBC such as unimproved land parcels, exemption qualifiers, tribal lands, etc... The best case scenario for an agency to utilize an FBC is when they are approximately 50% residential and 50% commercial/multi-family with little to no vacant land parcels and few qualifying exemptions.
5. The County's ability to provide thorough and accurate square footage data of both primary and accessory structures is critical to the success of an FBC. It is then the responsibility of the agency to go out and review the individual properties to ensure the integrity of the data provided. Snohomish County has never administered an FBC, but initial review of the property characteristic data available on their website shows a good start for the data needed.
6. Formula development is a critical component of the FBC process and is unique to each agency. All FBC formulas start with a standard equation of the *Square Root of square feet X 18 (ISO Coefficient)*. The formula is then customized to produce a fair distribution of the services required by the different property types. An example of the Kent Regional Fire Authority is as follows: Square root of square feet x 18 x category factor x risk factor x fire flow benefit = FBC.
7. Public communication and proper messaging is critical to the ongoing success of an FBC. Agencies should not move forward with an FBC until this component is thoroughly prepared and understood by all members of the agency.
8. The administration/calculation of the FBC lies with the agency. This function is often hired out to consultants specializing in this function. All property data is extracted from the County and then ran through the agency FBC formula. This data is prepared and given back to the County for inclusion on the property tax statements. The County charges a 1% administration fee of the total FBC for the collection services provided.
9. Annual hearings must be held to review appeals and/or adjustment to charges on individual properties which choose to appeal their FBC.
10. An FBC takes a considerable amount of time to properly implement. Kent RFA started their study in 2005 and implemented in 2011.

Issues that other agencies have had with the FBC include the following:

1. Improper messaging leading to citizen confusion.
2. The inability for some Counties to produce the FBC on the same statement as the property taxes.
3. Residential customers who have their property taxes paid as part of their mortgage statement receiving a separate bill for just the FBC.
4. Improper property characteristics to support adequate funding distribution.
5. Poor availability of property data to calculate the charge.

Election Timelines:

All members agree that it would be extremely difficult to make the August 4, 2015, resolution deadline for November election; therefore they would like to see the RFA brought forward for the February 2016 special election.

NEXT MEETING AGENDA

The next RFA Committee Meeting is scheduled for Wednesday, July 8, 2015, 5:00 pm at Marysville City Hall.

ADJOURNMENT

Motion: To adjourn the RFA Committee Meeting at 6:21 pm.
Made By: Council Member Siebert
Seconded By: Co – Chair DeMarco
Action: PASSED unanimously