



REGIONAL FIRE AUTHORITY PLANNING COMMITTEE July 9, 2015

Present: Jay Covington, Chief Admin Officer
Armondo Pavone (Chair), Renton City Council
Marcie Palmer, Renton City Council
Iwen Wang, FIT Administrator
Linda Sartnurak, KCFD #40
Jon Parkinson, FCFD #20
Chad Michael, Deputy Chief

Erik Wallgren, Deputy Chief
Kerry Abercrombie, KCFD #25
Ray Barilleaux, KCFD #25
Brett Bigger, Local 864
Will Aho, Local 864
Rhonda Heyden, Admin Secretary

1. The committee meeting convened at 1400 hours.
2. **Approval of Previous Minutes:** Commissioner Abercrombie wanted to clarify a statement that he made during the last meeting regarding the names of the three retirees listed under Section D, Debt; Subsection 1. He would like the *names* of the retirees to be removed and reference be made to the addendum. With the exception of this change, the Minutes were approved.

3. **RFA Finance Review/Discussion**

FIT Administrator Wang explained the revisions to Section 6, Funding and Finance:

- Section C, Transfer of Assets; Subsection 1.1, Reserve Fund: A definition was added to answer the question of what is considered capital spending: "The Capital Projects Fund shall be used for capital expenditures having a cost greater than \$5,000.00 and a service life greater than three years."
 - Commissioner Abercrombie asked how much of reserve fund has to be transferred over. Administrator Wang replied that all assets and liabilities would be transferred to the RFA. Operating costs will also be paid through the RFA. She further stated that Brian Snure could come back and have an additional discussion regarding the roles and responsibilities of the District Commissioners after becoming an RFA.
- Section C, Transfer of Assets; Subsection 2.3: "Balance in Fire Health & Wellness Fund (Fund 011) as of transfer date" was added to address how the Health & Wellness Fund would transfer.
- Section D, Debt; Subsection 1: Fire District 25's LEOFF 1 retiree medical obligation will be transferred to the RFA, as well as the Long-Term Care insurance policies for the three retirees.
- Section D, Debt; Subsection 2.2: Information was added regarding the estimated construction cost for the proposed Fire Station 15. It is proposed to adjust the current cost estimate by the Seattle area construction cost index until such time that the project bid is awarded.
 - Deputy Chief Michael explained that \$5.5 million should be adequate to construct the fire station. The building will be approximately 7,500 square feet and include three bays.

- **Questions:** Lieutenant Aho asked about the fire mitigation fund. Is the plan to draw mitigation to zero so there would not be anything to transfer over? Administrator Wang replied that currently the mortgage for Fire Station #13 has a balance of roughly \$5.0 million. Since there are more obligations than assets, the City plans to continue to collect fees and when the obligations have been fulfilled, everything will transfer to the RFA.

4. **Alternative Funding Options**

Administrator Wang explained that the Citizen's Advisory Committee recommended the Planning Committee review all financial options. To that end, there are two questions:

1. What are the general financial resources available for the City, as well as the District?
2. If a Fire Benefit Charge is the chosen option, what different ways can it be levied?

City Funding Options:

Utility Tax (water, sewer, electricity, cell phone, telephone, natural gas). The City currently generates about \$16 million. If taxes were raised by 1%, it would generate up to an additional \$2.5 million/year. However, a simple majority voter approval (50%+) is needed. This tax is not favored as it would impact the lower income family more severely. Additionally, City utilities do not cover the entire current City limits. At this time, the City could not impose this tax on other utility districts that provide service in Renton (such as Soos Creek Water/Sewer and Water District 90) without their concurrence and they have been reluctant to allow this to happen. This creates an unfair tax on part of the City residents.

Property Tax, Lid Lift: The largest general fund revenue source, which generates approximately 1/3 of revenue. A simple majority (50%+) voter approval is needed. The problem is, the amount of revenue generated is dependent on valuation. In the depth of the Great Recession, the valuation dropped 30%. When property taxes levied by all taxing districts are added up, the levy rate exceeded the allowed limits and caused a compression issue for some special districts. Even if voters approve the lid lift, if the property valuations drop, the amount that can be collected is unpredictable.

Property Tax, Excess Levy: Another option, but requires 60% voter approval. The primary use of this taxing source is for capital purposes.

Transportation Benefit District: A license fee up to \$20/vehicle, which could generate \$1.8 million/year to be used for transportation purposes. Perhaps the City can shift other unrestricted resources to allow for other purposes, but voters have rejected this fee many times.

Fire Benefit Charge: The City can impose this charge without being a part of the RFA. It would require a voter approval of 60%, but it could raise up to 60% of the Fire operating budget from this source, which is approximately \$13 million/year. It would require a revote every 6 years and a public hearing to set the Fire Benefit Charge annually, which is also open to an appeal process.

Business License Fee and B&O Tax: Local business taxes. The B&O tax will begin January, 2016 for larger businesses.

Fire/ES User Fee: One potential revenue source is BLS transport costs where the City would bill the insurance company for the cost of the aid unit to transport the patient to the hospital. Another revenue source is the Motor Vehicle Collision (MVC) fee. However, both of these only generate a small amount of revenue and would not sustain the department's operation. There are currently Fire Impact Fees and Inspection/Permit fees and the City plans to continue these.

Fire District Funding Options:

Property Tax Lid Lift: The current FD 25 levy is at \$1.50 and there is not a capacity for a lid lift.

Excess Property Tax Levy for M&O: The excess levy could be used for M&O purposes as well as capital purposes. The M&O levy requires voter approval every 4 years.

Excess Property Tax for Capital: Depends on the duration of retiring the capital bonds.

Fire Benefit Charge: The District can implement a FBC independently up to 60% of the operating budget and generate up to \$900K, but requires 60% voter approval initially. Renewals are only a simple majority vote.

Fire/ES User Fee: Due to the size of the district, this will not be a major source of revenue.

Options to Access Fire Benefit Charge:

Administrator Wang stated that if the goal is to provide a stable funding source for Fire Services, the Fire Benefit Charge offers a reasonable revenue option. She reviewed the handout listing the various options the City may levy FBC and their respective pros and cons.

- Option 1: FD 25 and the City can implement their own Fire Benefit Charges. Each could stay separate and go to the voters, get separate approvals, and implement their own Fire Benefit Charges.
- Option 2: Join together and combine. The City and FD 25 would each have separate resolutions, but there would be one vote.
- Option 3: Have a bigger RFA (FD 20, FD 40 would consider joining).
- Option 4: The City and FD 25 could decide to annex to an existing RFA (like Kent Fire Authority).

Questions:

Councilmember Palmer inquired about how the wording would appear on the ballot. Would it state 1) "yes" or "no" to form the RFA and 2) Fire Benefit Charge?

Administrator Wang answered that there would only be one ballot measure which would include a combined statement indicating the forming of an RFA based upon an adopted plan and the financing involves the Fire Benefit Charge.

Linda Sartnurak inquired as to what percentage of Fire Benefit Charge would be needed for first few years. Administrator Wang replied that the initial percentage is 40%.

2016 Special Election Calendar: Administrator Wang reiterated some important calendar dates:

- February 16, 2016: FD25 adopts the ballot resolution
- February 22, 2016: Renton adopts the ballot resolution
- March 11, 2016: the last day to file a resolution for the April election
- May 10, 2016: the final results would be certified

5. Voter Results for Past Public Safety Ballot Measures

In reviewing four county-wide elections over the past two years, the EMS levy was supported by the Renton voters with an approval of 80.36% and FD25 with an approval of 78.16%; while the PSERN had a Renton approval of 62.07% and a FD25 approval of 54.74%. Administrator Wang indicated that the RFA would need to strive for an approval of 62% or higher within Renton boundary to be successful.

6. RFA Name

Deputy Chief Michael indicated that the RFA Citizen's Advisory Committee wanted to see "Renton" in the name and preferred a shortened name. Firefighter Bigger indicated that he thought it should be more inclusive and generic and recommended "South Lake Washington" or "Central King County" be in the name.

Councilmembers Pavone and Palmer stated that the vote would be difficult to pass if the name didn't include "Renton". Deputy Chief Michael stated that the name could include "Renton" in the beginning, but then change to a different name in the future, which would not require voter approval. Jay Covington reiterated that the Governing Board could have the authority to change the name if it is written as such in the Charter.

Councilmembers Pavone and Palmer thought "South Lake Washington" would be too confusing. Linda Sarturnak stated that having the name "Renton" in the title would not be beneficial, and recommended a generic name. She also recommended looking at how the RFA would be marketed. Would the voters think of the RFA as being just the City of Renton, or expanded to include other areas? Deputy Chief Wallgren recommended focusing on Fire Department services, and the benefits of the services, when marketing to the voters.

Commissioner Barilleaux stated that having "Renton" in the name acts as an identifier, otherwise voters will think the RFA includes other cities such as Kent and Auburn.

The name was not decided, but all thought the name should go along with how the RFA is marketed.

Jay Covington indicated that a communication strategy is being developed which might include bringing in an outside firm to help augment the existing resources. In September, a Council briefing will occur regarding the RFA.

Will Aho indicated that April, 2016 works really well for the coordination of marketing, since Kent is marketing their renewal, Tukwila will be marketing their annexation and Renton will be marketing the RFA. The Locals are talking to see if there can be similar signage, so that there is a common message amongst the signs with Kent, Tukwila, and Renton.

7. RFA Citizen's Advisory Committee Meeting Minutes

Deputy Chief Michael explained that the minutes from the 4/23/15 Citizen's Advisory Committee meeting were being provided to allow the opportunity to the Planning Committee to read the comments and feedback received from the members of the Citizen's Advisory Committee.

Meeting adjourned at 3:35 p.m. The next RFA Planning meeting will be August 13 at 2:00 p.m. in the 7th Floor Conferencing Center.

Recorded by:
Rhonda Heyden, Administrative Secretary I