

OLYMPIA TUMWATER REGIONAL FIRE AUTHORITY PLANNING COMMITTEE
MINUTES OF VIRTUAL MEETING
January 9, 2023 Page 1

CONVENE: 6:00 p.m.

PRESENT: Chair/City of Tumwater Councilmember Leatta Dahlhoff, Olympia Mayor Cheryl Selby, Tumwater Councilmember Michael Althaus, Olympia Councilmember Jim Cooper, Tumwater Councilmember Eileen Swarthout, Olympia Councilmember Lisa Parshley, Tumwater Fire Chief Brian Hurley, 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, and Olympia Strategic Communications Director Kellie Braseth.

REMARKS FROM CHAIR: Chair Dahlhoff convened the public hearing at 6 p.m. on the imposition of a Fire Benefit Charge (FBC) as required by the Revised Code of Washington (RCW) 52.26.230 in the Olympia City Council Chambers.

Chair Dahlhoff welcomed new committee member, Cheryl Selby, Mayor of the City of Olympia.

Chair Dahlhoff reported on May 19, 2021, the cities of Olympia and Tumwater entered into an interlocal agreement to study whether to form a regional fire authority (RTA) to provide the highest level of fire protection and emergency medical services to residents in both cities. Pursuant to state law, the Regional Fire Authority Planning Committee was tasked to study whether to create a regional fire authority and a plan for service delivery and financing for fire protection and emergency medical services within the boundaries of both cities. Members of the Planning Committee include three elected City of Olympia Councilmembers and three elected City of Tumwater Councilmembers. Ex-officio and non-voting members include Olympia Interim Fire Chief Todd Carson, Tumwater Fire Chief Brian Hurley, and union representatives of the International Association of Firefighters (IAFF) Local 468, Steven Busz and Local 2409, James Osberg.

The committee began meeting on August 16, 2021 and has continued to meet regularly for over a year. The committee has extensively studied the needs of each community and the best way to provide stable funding for the ever-increasing costs of fire protection and emergency medical services by consolidating those critical services for the growing population.

On December 6, 2022, the Tumwater City Council and the Olympia City Council, acting separately, adopted a joint resolution to send a ballot proposition to the voters of Tumwater and Olympia to consider the formation of a regional fire authority and the plan for its operation, governance, and financing including imposition of a benefit charge.

OLYMPIA TUMWATER REGIONAL FIRE AUTHORITY PLANNING COMMITTEE
MINUTES OF VIRTUAL MEETING
January 9, 2023 Page 2

Prior to voting on the joint resolution, the Tumwater City Council and the Olympia City Council moved to amend the plan deleting by interlineation language relating to apartments and the calculation of the benefit charge. The change is noted on page 25 of Appendix B of the RTA Plan. The amendment to the RTA Plan was approved by both City Councils prior to action adopting the joint resolution. As the plan proposes imposition of a benefit charges for the support of the regional fire authority's legally authorized activities, as part of the initial formation of the authority, the Planning Committee is required by RCW 52.26.230 to conduct a public hearing specifically setting forth the proposal to impose benefit charges for the support of the authority's legally authorized activities that will maintain or improve the services afforded in the authority.

STAFF
PRESENTATION:

Chair Dahlhoff invited Olympia City Manager Jay Burney to provide an overview of the fire benefit charge.

City Manager Burney reported the fire benefit charge is one of several funding sources for a regional fire authority. In addition to the fire benefit charge, other funding sources include a fire levy, EMS levy revenues, and fees for services including revenue from permits and service contracts with state government.

The fire benefit charge is a formula based on fire flow. It is a fee and not a tax and is assessed on the risk of fighting a fire and the personnel required, as well as square footage and a weighted risk. Both the formula and collection amount are established annually by a regional fire authority board of commissioners and cannot exceed 60% of the total regional fire authority's operating budget. The bill for the fire benefit charge is included in property tax bills sent by Thurston County annually and paid similar to property tax. The fire benefit charge also includes an appeals process. The fire benefit charge must be reauthorized by voters after six years and can be reauthorized up to six to ten years with 50%+1 voter approval or a permanent authorization by voters with 60% approval.

The Planning Committee has spent a considerable amount of time on the fire benefit charge, proposed classifications, and weights. The fire benefit charge consists of several classifications for residential, mobile homes, apartments, and various levels of commercial uses. The Planning Committee spent time ensuring the fire benefit charge was at a level lower for small residential and smaller commercial by shifting the burden to larger structures that have more risk and require more personnel.

The Planning Committee developed a FBC calculator located at www.ci.tunwater.wa.us/fbc. Visitors to the site can enter their respective parcel number in the calculator to receive an estimate of the fire benefit charge.

OLYMPIA TUMWATER REGIONAL FIRE AUTHORITY PLANNING COMMITTEE
MINUTES OF VIRTUAL MEETING
January 9, 2023 Page 3

PUBLIC HEARING ON RFA BENEFIT CHARGE: Chair Dahlhoff explained the public hearing format. Written comments submitted by 4 p.m. earlier in the day were provided to committee members

Chair Dahlhoff opened the public hearing at 6:08 p.m.

PUBLIC TESTIMONY: **Larry Dzieza** commented on Olympia's excellent and well-funded fire services department. He wants to ensure the department stays great. He conducted much research hoping to become convinced that the RFA is needed; however, he was not convinced. Despite vague claims of greater efficiency and better service, no evidence has been provided that reflects that to be true. He cautioned everyone not to be misled by the advocates telling them EMS response times would be improved by the RFA. Improvements are already in progress as the City of Olympia has moved to take over basic life support ambulance services from the private sector. In the first year of the RFA, the budget is \$10.5 million of new tax, which is inferred as a fee; however, if it walks like a tax, quacks like a tax, and shows up as a property tax bill, it is a tax. This new kind of tax allows the RFA to raise it each year without the vote of the people. Benefits of the new taxes for a new fire station, more firefighters, or more fire trucks would not be provided, rather, the community would assume unnecessary overhead costs, hire a new public information officer, HR, accounting staff, and IT personnel to perform the work the cities are providing today. The community also would pay for the upkeep of newly elected commissioners and their staff. Instead of receiving better service, the community receives another level of government costing \$2.2 million more each year, which is the cost of purchasing a brand new fire truck and three ambulances each year. It only gets worse as firefighters would cost more. Tumwater firefighters would receive an increase to match Olympia's pay level and all firefighters would receive higher salaries to match larger fire department salaries. Using the RFA's budget number, the community will pay at least \$10 million more over seven years for the same firefighters. The tax is regressive and not based on fire science that the advocates misuse to befuddle and silence their questioners. In fact, they have unwittingly revealed that in their PowerPoint presentations and discussions. By ignoring the science, a mobile home on fire costs nothing to respond to or a 50,000 square-foot eight-story condominium requires no more firefighting resources than a 5,000 square-foot single story building. What needs to happen is what Jim Cooper said during a RFA meeting, "I think that the scenario that we didn't run the numbers for from the beginning was that both cities could go to the voters with a simple majority for a levy lid lift to operate their fire departments at the rate of revenue they need to do the job and we could administratively merge the departments through interlocal agreements between the two cities and do it without a fire benefit charge. I have been saying that from the beginning." However no one wanted to listen to his idea. For these reasons and for so many more, now is the time

OLYMPIA TUMWATER REGIONAL FIRE AUTHORITY PLANNING COMMITTEE
MINUTES OF VIRTUAL MEETING
January 9, 2023 Page 4

for voters to take it up - take it up in the name of efficiency, safety, and good government and vote against the RFA and its regressive taxation. Thank you very much.

Jim Lazar, Olympia resident, said he is opposed to the fire benefit charge as proposed and urged the committee not to move forward. The FBC is a regressive proposal and is most regressive with respect to apartments based on the information that was presented at the committee's last meeting a month ago. A small 6,000 square-foot apartment building with 10 units owned by a local investor would pay 23 cents a square foot while a large corporate-owned apartment complex of 600,000 square feet would pay 3 cents a square foot. That is a subsidy of large corporations with complex properties that are difficult for emergency response and over charges local investors who have simpler properties. It would be one of the biggest tax increases in history. Although the committee calls it a fee, it would be better if it were a tax in several ways. The most important is that a fee is not deductible from federal income tax while a tax is deductible. Instead of assessing a fire benefit charge, each city could pursue a levy lid lift to generate the same amount of money. Net costs to citizens of both communities would be substantially lower because taxes are deductible and fees are not. He agreed with Mr. Dzieza. If the cities need more revenue for city operations including fire, a levy lid lift is a much better choice. It is progressive as more expensive and larger properties pay more, it is deductible, and it is equitable. A levy lift lid would also generate money for other municipal needs, such as police, parks, roads, sidewalks, and bike lanes. As currently configured, this measure will not pass; it will not pass in Olympia or in Tumwater. People will organize who strongly oppose it in this form. Most fire measures that require a 60% vote do not pass. He suggested the committee needs to scratch the idea and move ahead with a levy lid lift to fund all city services if the city needs more money. Thank you.

Walt Jorgensen said one of the factors of the fee calculation formula of the square root used as a function is beyond absurd as he is not aware of anyone who has attempted to explain how it relates to or makes a fee equitable. Although he knows what affect it has mathematically, it seems counterintuitive. More important is the element that is missing from the formula. It is missing because the formula for determining the rate is entirely dependent on a structure fire or a fire-related incident. That seems to fly in the face of common knowledge that the percentage of calls fire departments respond to are not fire incidents but are other – largely medical. Most of the calls are for medically related calls which are extremely important. That should be a big part of determining the fee because it relates to other factors, such as the kinds of vehicles emergency responders use. Thank you.

OLYMPIA TUMWATER REGIONAL FIRE AUTHORITY PLANNING COMMITTEE
MINUTES OF VIRTUAL MEETING
January 9, 2023 Page 5

Pete Kmet said he is the former Mayor of Tumwater and supports the fire benefit charge. Both communities are facing a critical time in the history of the fire departments. Response times have increased and firefighters are working long hours and need new equipment. Creating a regional fire authority funded in part by the fire benefit charge and merging Olympia and Tumwater Fire Departments will address needs and provide for the addition of a CARES unit for calls that are not life threatening and new transport units to take less critical patients to the hospital. It will reduce fire and medical response costs and time by freeing up the engines for other types of response. The benefit charge in combination with the other sources of revenue would provide a diverse and stable source of funding for the regional fire authority. There are many ways to calculate the benefit charge. The proposed method is simplified based on how insurance companies calculate fire risk. It is a common formula used by many fire departments in Washington. It is not regressive as smaller houses pay less and larger houses pay more. There are no assurances that the fee would not be passed on to residents of apartments, as apartment rent is determined by the market and not by fire benefit charges. Property taxes cannot be increased by more 1% each year under state law and they do not keep pace with inflation. Relying solely on property tax, the measure must be crafted to frontload the tax to raise more money upfront to ensure sufficient revenue to pay for expenses later. It is unfair to the public in terms of the process. Even with the fire benefit charge, it will be necessary to periodically review property tax. The fire benefit charge eliminates the need to frontload revenues because each year under state law, the board must adjust the budget based on the revenue need for each year. Dedicating those revenues to fire and medical services would be more transparent and accountable to the voters rather than buried in city budgets. Creating a regional fire authority means fire and medical services would not have to compete for funding with other city services such as parks, police, and public works. While there are many pieces of the formula that could be picked apart and criticized, it is important to consider that the basic formula is based on a method that is insurance-based and used by others. He urged the committee to retain that basic approach. Thank you.

Brad Ridgeway, Tumwater Firefighter, spoke to reasons for the proposed FBC and why it is important. Fire leadership and city leadership have recognized that both departments have future needs. One of the reasons it has been difficult for the public is because of the lack of that type of information. The public is not aware response times are not achieved or that fire personnel are overburdened to the extent that it causes ineffectiveness. Both fire departments are becoming overburdened. The effort reflects responsibility in forecasting a change that solves problems that have been projected. He understands the difficulty in comprehending the need if a person has not utilized fire or emergency services or is just unaware. All the options were thoughtfully discussed by the committee to

OLYMPIA TUMWATER REGIONAL FIRE AUTHORITY PLANNING COMMITTEE
MINUTES OF VIRTUAL MEETING
January 9, 2023 Page 6

include assessment of only a property tax or a tax and fire benefit charge. There are many implications for both options. One of the implications is withdrawing financially from both cities when the departments merge. Assessing \$1.50 per \$1,000 of assessed value was not an option. As previously discussed, there are residents in both cities who are uncomfortable with the aspect of the fee. The fee is not a tax, but it may feel like a tax and there is this belief that the authority would be able to reassess the fee. However, under the RFA model, the authority is directly accountable to citizens through a board of commissioners with open public meetings. The authority will need to account for actions, budget, collections, and response. If the authority is not meeting the community's needs, the authority would be in peril. The fire benefit charge is reassessed each year to meet budgetary needs. Theoretically, the fee could decrease especially in a year with a levy reassessment. He assumes that the commissioners would be listening to their constituents. That layer of accountability and split revenue streams of tax collection and FBC is the most responsible and the fairest to the community. If the proposal is not approved, some suggested options included a levy lid lift by the cities, which would help fund all city departments. Another complaint is the replication of HR, finance, and other administrative positions. However, what the community has not seen is that the human resources departments in both cities are overtaxed.

Steven Busz said he is the former president of Local 468 and a member at-large. He supports the fire benefit charge as a partial funding mechanism for the proposed Olympia Tumwater Regional Fire Authority. Property taxes alone do not consider the risk and resources needed for a specific property in terms of public safety. A fire benefit charge is calculated based on the size, risk, and hazards of all structures on a property to determine the fee. This provides consistent source of funding that does not fluctuate with housing markets and ensures both growing communities maintain a high quality of fire and life safety services. Currently, there are 12 fire departments in the Puget Sound region successfully utilizing a fire benefit charge for their annual operating budgets. In 2023, the average fire levy rate a homeowner in unincorporated Thurston County pays for a professional fire department is \$1.72 per \$1,000 of assessed value. The combined FBC and property levy proposed for the regional fire authority is projected to be \$1.54 per \$1,000 assessed value or 18 cents less per \$1,000 than what property owners are paying in unincorporated Thurston County. By the end of the sixth year, the FBC could potentially be reduced to \$1.40 per \$1,000. This identified source of funding for the proposed RFA will provide increased resources and personnel. The FBC would provide a fair and consistent funding mechanism well into the future and the RFA would improve the services the fire departments provide to its communities and citizens. He urged the committee to vote in favor of the fire benefit charge as proposed. He thanked members for their time and consideration.

OLYMPIA TUMWATER REGIONAL FIRE AUTHORITY PLANNING COMMITTEE
MINUTES OF VIRTUAL MEETING
January 9, 2023 Page 7

Jim Rio said he is a property owner in the City of Olympia and owns one rental property. He noted a reference that speaks to messaging as being critically important. He complimented the committee for publishing the FBC calculator, which worked well. However, it could be clearer by providing examples of the offset in the reduction of property tax. Messaging to date has been somewhat mismatched as it is been conveyed that the RFA is needed for purposes of efficiency while that are some significant costs as reported. He attempts to keep his property rent as low as possible but would have to pass the costs to the tenant.

With there being no further public testimony, Chair Dahlhoff closed the public hearing at 6:32 p.m.

Chair Dahlhoff reported RCW 52.26.230 requires the Planning Committee to hold a public hearing on the plan's proposal to impose benefit charges for the support of the authority's legally authorized activities that will maintain or improve fire protection and emergency medical services afforded in the authority. A copy of the Regional Fire Authority Plan including imposition of benefit charges as amended on December 6, 2022 is available from the City of Tumwater and the City of Olympia and online at the City of Tumwater's Regional Fire Authority website. Additionally, the Tumwater Regional Fire Authority website includes the FBC calculator where the public can enter their property parcel number and receive an estimate of the FBC.

ADJOURNMENT: **With there being no further business, Chair Dahlhoff adjourned the meeting at 6:33 p.m.**

Prepared by Valerie L. Gow, Recording Secretary/President
Puget Sound Meeting Services, psmsoly@earthlink.net