

**City of Bellingham – Fire District 8 Regional
Fire Authority Planning Committee
Meeting 7**

Date: Monday, November 20th, 2017

Time: 3:00 P.M. – 5:00 P.M.

Location: Bellingham City Hall - Mayor's Boardroom

Proposed Agenda

1. Approval of Minutes October 16, 2017
2. Fire Department Services (40-minutes)
 - a. COB/BFD and Dist. #8 Services Today
 - Revenues
 - Expenditures
 - b. RFA Service Sustainability
 - Revenues
 - Expenditures
3. Emergency Management (15 minutes)
4. Levels of Service
5. Internal Services (15 minutes)
6. Next Steps (15 minutes)
7. Next Agenda/Date (5 minutes)
8. Closing Comments/Adjourn

The Regional Fire Authority Planning Committee meeting was called to order by Bellingham City Councilmember Terry Bornemann at 3:00 P.M. The meeting was held in the Mayor's Boardroom at Bellingham City Hall, 210 Lottie Street, Bellingham.

Present: Bill Hewett, Assistant Fire Chief
Rob Neher, Fire District 8 Commissioner
Monea Kerr, Mayor's Office
Tim Kays, Fire Captain
Terry Bornemann, Bellingham City Council
Michael Lilliquist, Bellingham City Council

Roger Buswell, Fire District 8 Commissioner
Dave Pethick, Fire Captain, IAFF L106 VP
Kristi Clift, FD Admin Services Manager
Todd Lagestee, Citizen
Brian Henshaw, COB Finance Director
Bill Newbold, COB Fire Chief
David Lehmann, Fire District 8 Commissioner
Brian Heinrich, COB Deputy Administrator
Peter Ruffato, COB Attorney
Andy Absjornsen, COB Finance Manager
Ted Carlson, COB Public Works Director

1. Approval of Minutes October 16, 2017

The minutes from October 16, 2017 were unanimously approved.

2. Fire Department Services (40-minutes)

Fire Chief Bill Newbold presented a discussion on the Fire Department services, giving a qualitative approach to sustaining level of services that Bellingham currently receives and suggesting improvements for the foreseeable future if the RFA is formed.

Chief Newbold, referring to the RFA Service Sustainability & Improvements document, said additional services/personnel is addressing the ever increasing call volume. The RFA would look at adding two fully staffed medical aid cars with 9 FTEs per car for 18 FTEs needed. This would give the department the ability to insert additional crew of two people at two of our existing fire stations. Every fire engine is staffed by 3 FTEs, and this would use existing apparatus. Currently, one three person crew staffs an engine and an aid car. A BLS aid car could take an additional two person crew to complement the existing three member crew. Both apparatus would be staffed by an individual crew. The secondary crew could be there for another call when the first crew is on the first call. A cascading downstream effect of crews away from their stations causes an increase in response time if one crew is out of its area when they receive another call. The RFA would look at restoring a previously eliminated training position which would allow the organization to keep up with WAC requirements. A second training position would help with volunteer recruitment and retention. The RFA would also look at one FTE for Public Education programs, as well as an additional inspector/investigator in Life Safety. The RFA would also be looking at additional fire fighter positions for increased capacity for annexations. The RFA would be looking at 30 FTEs for service sustainability and improvement.

In terms of capital/infrastructure needs, it is important to keep in mind the continuing need to properly outfit personnel with the adequate number of bunker gear. Capital/infrastructure needs include facilities repair and replacement, fleet repair and replacement, firefighter personal protective equipment, near future SCBA replacement and near future radio system upgrades and/or replacements. These are all currently underfunded.

- Councilmember Michael Lilliquist asked: What is the time period of annexations?
- Chief Newbold said some of this is the result of past annexations. There are a couple of

ways to go about this. This is anticipating the needs of going east in the District 4 area and out to the west in the District 8 area. Newbold said he has told the mayor that this will likely be a phase in approach in a 4-6 year timeframe.

- Councilmember Terry Bornemann asked: If we are looking at a levy rate going forward, how many of these positions and their costs be in the initial proposal?
- Chief Newbold said that this will be answered on the next sheet.

Chief Newbold presented the Current Municipal Fire Department vs. Regional Fire Authority budgets, both including revenues and expenditures. The Current Municipal Fire Department budget is based on the 2018 City of Bellingham adopted biennial budget while the RFA budget is estimated.

Chief Newbold said the City of Bellingham Fire Department currently receives its revenue from the general fund, which receives revenue from sales tax, property tax, and business and occupation taxes. The Fire Department is one of the two largest organizations that is funded by the general fund. The 2018 budgeted general fund revenue is \$2,097,796. The 2018 budgeted general fund expenditures are \$18,781,687. Expenditures that are fully funded, such as Medic One/ALS and EMS dispatch accounts for \$8,628,163 of the Enterprise Fund Expenditure. The total COB expenditures equals to \$27,409,850. The total District 8 Expenditures equals to \$490,687.

Chief Newbold said the middle column of RFA Service Sustainability & Improvements hits on the question that Councilmember Bornemann was asking previously. Thirty FTEs would cost \$3,445,224 to fund. In terms of capital improvements, fleet repair and maintenance would cost \$488,606 annually, fleet replacement would cost \$1,400,000 annually, PPE-bunker gear for 2019, 2020 and 2021 would cost \$92,867 each year and SCBA replacement would cost \$973,000 in 2022.

The RFA future estimated budget total revenue is \$31,345,761. A \$1 per \$1,000 property tax would generate \$10,528,550. The Fire Benefit Charge would bring in \$11,157,367. BLS transports would bring in \$656,270. Fire/EMS dispatch fees from What-Comm would bring in \$1,749,076. Contracts would bring in \$7,254,498, with transferring the ALS contract included.

Chief Newbold said revenue needed from a Fire Benefit Charge, as outlined above, is \$11 million based on projections. With the Fire Benefit Charge, there is a 60 percent capacity limit. If your revenue plan includes a Fire Benefits Charge, no more than 60 percent of that revenue can come from the Fire Benefit Charge. The estimated capacity going forward is better because this estimated budget projects that the RFA Fire Benefit Charge is way lower than 60 percent of the overall revenue. Our estimated percentage shows that this is a very plausible approach to funding RFA. Capital is not put into the estimated annual budget. If we look at adding 30 personnel, the Fire Department will not be able to get 30 people on board right away. It takes about a year to get personnel to full training and certification. The (estimated) plan would be to train 10 firefighters a year for the first three years. This would give the RFA the opportunity to address capital needs and put money aside for bunker gear, SBCA, fleet maintenance, etc. This all evens out as you are able to gradually increase the staffing.

- Councilmember Lilliquist asked: For the first 3 years, you won't be using the full personnel cost. What about after 3 years?

- Chief Newbold said this is an estimated budget, and already includes some capital expenditures. When we start refining this with District 8 and COB Finance Director Brian Henshaw, we can fine tune the budget. The \$1.4 million is annual fleet replacement that we will need. The \$2.3 million is needed at baseline. What this illustrates is a high level overview of what the fire costs are today and what they will be looking into the future and highlights what the revenue sources will be.
- Councilmember Lilliquist asked: If we come up with a good starting number and budget and send to voters and they approve it, what if the RFA needs to increase revenues further down the line?
- Chief Newbold said we will have an answer to that as we project forward.
- Councilmember Lilliquist said one source of revenue is contracts. One is ALS, what are the rest?
- Chief Hewett said that it's based on contracts Fire District 8 already has with the airport and the Lummi Nation. The revenue side is looking at today's numbers. On the District 8 side, AV (assessed value) is going up 6 percent for next year. The City will see all of that and a little more next year. A little over 6 million will come from the Medic One contract and the rest is based on what they are currently charging the Port for the airport and the Lummi Nation for service. We still need to talk to the planning committee about if they want to charge for fire protection services, which will occur in a policy decision further down the road. Government agencies are exempt from taxes and Fire Benefit Charges. The RCW says they are required to contract with the RFA for services. The Lummi Nation, as a sovereign nation, is not required to contract with the Fire District, although they do.
- Councilmember Bornemann said right now the hospital and the university aren't included, but under the RFA could they be charged the Fire Benefit Charge?
- Chief Hewett said the State of Washington is not subject to those charges. They would be required to contract with us. PeaceHealth would be required to pay the Fire Benefit Charge but not property taxes. The way the Fire Benefit Charge functions as \$1 per \$1000 per assessed value. The fact that PeaceHealth pays the Fire Benefit Charge doesn't make our revenue larger, it makes the load for everyone else smaller.
- Chief Newbold said the Fire District is near \$1.50 in its property tax for fire service. In the City and the District, when we look at \$1 per \$1000, we will reduce the city's property tax to \$1 as well.
- Chief Newbold said the Fire Benefit Charge is based on benefits that you receive for delivering fire and EMS services. This charge is based on square footage and occupancy type. It will be issued on property owner's property tax statement but it is not necessarily a property tax.
- Councilmember Bornemann asked: does this include potential risk of certain industries?
- Chief Hewett said they have been using a simplistic formula. This formula has the ability to become more complicated or remain simple. Kent/Renton has an industrial base and has a formula of how many hazardous materials there are and charge them accordingly. We are focusing on a more simplistic formula.

Chief Hewett presented the Fire Benefit Charge Examples for both the City and the District, based on a \$10.5 million Fire Benefits Charge. For the City, the dollar per tax would increase property tax by a \$1 per \$1,000. This is why we didn't show the current tax vs the new tax. The

only change the City will see is the Fire Benefits Charge on their property tax statements.

Chief Hewett said the more units, the less per unit they end up paying, but the formula is based on square footage of any given building. Retail takes a big jump. The idea of the Fire Benefits Charge is the bigger the potential hazard they have and/or potential fire resources needed to put out a fire in that building, the more they would have to pay.

District 8 properties have a \$1.93 per \$1,000 in property taxes for fire services. There is not a lot of retail in District 8. A big increase occurs to industrial properties.

- COB Finance Director Henshaw asked: What are the assumptions on the levy rate of Fire District 8?
- Chief Hewett said we are assuming Fire District 8 would stop taxing altogether. On the fire tax, Fire District 8 has to give up the dollar but would still have 47 cents additional and the M&O, which doesn't have to be extinguished. It is subject to what the planning committee wants. What we are budgeting on now is that the Fire District would extinguish their taxing options and they would choose not to tax.
- Captain Dave Pethick said if we do a Fire Benefits Charge, the maximum we could collect as an RFA is \$1.
- Chief Newbold said District 8 is currently collecting two different taxes per property. They are collecting a four year M&O levy and a separate ongoing fire property tax. The M&O levy is a flat dollar amount each year.
- Brian Henshaw said this is a potential revenue source you don't have listed.
- Fire District 8 commissioner Rob Neher said the M&O expires in 2020.
- Chief Newbold presented charts that show calls for service for both the City of Bellingham and Fire District 8 over the last seven years with incidents by service type. Staff is talking about providing a BLS car (fully staffed aid unit). The increase is in EMS calls as opposed to fire. Staff is looking at focusing on dedicated BLS cars. With regard to Bellingham Fire, over the last 10 years or more, our call volume has increased while daily staffing has decreased. External factors have contributed to these. There was a decrease of (net) two personnel. There was a decrease from four medic units to three. There was an increase of BLS calls.

3. Emergency Management (15 minutes)

Chief Newbold presented the proposed language for the RFA plan emergency management services. Location wise, emergency services are provided out of Whatcom Unified out by the airport. What emergency management functions will be directed by the City? With regard to services in the City, the interest is having the City be responsible for policy management while the RFA is in an inter-local agreement with them. Fire District 8 services would still be provided by the county unless there was an additional arrangement.

Chief Newbold said using Renton's RFA plan as a template, you can see how it has been changed to reflect the City of Bellingham using tracked changes. This is proposed language staff is providing for the planning committee to adopt. This does not identify the number of personnel responsible, but does provide a framework. Details and personnel are discussed in the ILA. The planning committee needs to make a decision on this language. Chief Newbold said he would like to propose action to be taken for next meeting.

- Rob Neher asked: Is there any RCW or WAC that says the County shall be responsible through the RFA or can we say a couple years down the road when we have our feet under us, now we are going to take over the RFA?
- Chief Newbold said the County is responsible for providing this service. Should something change through contract, which will be at the discretion of the County.
- Councilmember Bornemann said the City would set policy for the City portion of it while the County sets the policy for Fire District 8.
- Councilmember Bornemann asked Deputy Administrator Heinrich: Does the mayor have any concerns since she's not here?
- Deputy Administrator Heinrich said the mayor was briefed by Chief Newbold last week.
- Chief Newbold said they agreed that the language of "assist" should be changed.
- Deputy Administrator Heinrich said the mayor wants each entity to have representation on the governing board to outline the interests of each entity.
- Councilmember Lilliquist said I don't have a problem with this. It sets a framework and details would come later. That was the mayor's concern.
- Chief Newbold said as the planning committee considers these remember that all of this will be used to assemble the plan. Before the plan is fully voted on by the planning committee, these details could be changed.
- The Fire District 8 commissioners said they feel okay with this.
- Rob Neher asked: will the process continue having particular parts we accept, keep as a placeholder, and carry on? I am worried about too many placeholders.
- Chief Newbold said we accept this draft language and the planning committee has the opportunity to change it later.
- Councilmember Bornemann said there are six people who agree with this. Should we vote to move this along and add notation that when the mayor returns, if she does have a problem with it we can change it later? This one can be done for now if we so vote it.

This language of emergency management services passed unanimously.

4. Level of Service

- Chief Newbold presented a paper that outlined level of service that we are operating as in the City and the District. The recommendation from the staff is to continue the existing level of service we have today in the city and Fire District 8. Even after the RFA is formed, the governing staff would always look at these.
- Councilmember Lilliquist would like a chance to meet with Fire Department staff to see if there even is a middle level service demographic.

Motion to accept current levels of service passed 4-0 with one abstention.

5. Internal Services (15 minutes)

Chief Newbold presented Issue Paper 4, which details internal support services, prepared by Brian Heinrich and Dave Pethick. It includes duration of contracts, which is short term (less than 1 year), medium term (1-3 years), and long term (3+ years). The original information that Deputy Administrator Heinrich presented at the time has been translated to the template plan.

- Deputy Administrator Heinrich the criteria used was ease of transition, impact to existing staff and continuity of service.
- Chief Newbold said this is a high-level overview and details will be fleshed out later on. This establishes a framework. Details will be modified and identified as appropriate as the RFA budget is ironed out.
- Finance Director Henshaw said to take all the numbers with heart because it will change when we are forecasting in 2019. We need to keep as much flexibility in the framework so that the City can continue the service and/or opt out of the service. We need to build as much flexibility as we can because as we go through each, we keep coming up with new things such as security to the fiber network.
- Deputy Administrator Heinrich said the complexity of this transition is unknown so a maximum amount of flexibility is needed.
- Finance Director Henshaw said we have spoken to other jurisdictions who have done this and built this up, but from the vote to the start date, a ton of work has to happen in a short period. There is a lot to undo and start up at the same time. Most of them are saying it has to be determined, but it says 180 days notice. Instead of one off, maybe we should have this at the start “either entity can opt in or out at 180 days notice.” Some were moved up and postponed and some are beyond the three years. Either entity can notify so they can make appropriate plans.
- Chief Newbold said I think that language change is appropriate. Possibly under 2.8 say “The city or the RFA shall...”
- Chief Hewett suggested that in number 2, include generic language that the city or the district can extend or terminate early.
- Councilmember Lilliquist asked: Is 180 a long or a short warning time?
- Councilmember Bornemann said I would rely on the two Brians and the chief to know if that is a long or short time. We need guidance from staff.
- Chief Hewett said it would be 180 plus or minus what that other number is. If we get 6 months in and find out that we aren’t going to make it in a year, then that’s okay. We are going to have 2.5 years to figure out in 3 years if it was an appropriate time. It only gives us 6 months to wind up or down. If we decided fleet maintenance was a 3 year transition, at 2.5 years we will recognize if we want to decide to continue or terminate.
- Councilmember Lilliquist said I would argue against putting the generic language at the beginning and have a little bit different parameters for each item.
- Chief Newbold said I propose that fire staff in consultation with the Brians, will modify it with specifics and bring back to next meeting on the 27th.
- Councilmember Bornemann asked: Do the changes sound good with the committee? Is there anything else they should look at?
- Finance Director Henshaw asked: What is the Volunteer Pension and Release Board?
- Chief Hewett said it is a statutory requirement for the oversight of the Volunteer Pension and Relief program through the Washington State Board of Volunteer Firefighters. Each agency with volunteers is required to have a local board that includes two commissioners,

the Fire Chief, the Board Secretary and a volunteer representative. Instead of two Fire District 8 commissioners, it would become two RFA commissioners.

6. Next Steps (15 minutes)

Chief Newbold said staff will take a look at the Renton plan, both with items to be reviewed and look to make some decisions on other items moving forward. If we back up and look at what the planning committee's interest was, if it remains today it would go to voters in August 2018. Staff is looking at having a draft of an RFA plan by the end of this year at which time they would start sharing with the public in the first quarter of 2018. If this is still the desire, today and moving forward we are still in a position to do that. That does not minimize details and fine work of staff. The planning committee stays at the RFA plan level and then staff are the ones rolling up sleeves at the ILA level. The plan identifies sources of revenues at this stage: property tax, contracts, fire benefits charge, etc. The ILA will detail how all of the components of the plan will work out. FTEs, etc. will feed back into the RFA plan. A question for the planning committee: how do you feel with where you are and how staff is presenting the information?

- Councilmember Lilliquist said the fire chiefs have done a lot of work and come far. They have addressed feasibility concerns, but is an RFA advisable? At some point, I will have to think about the advisability issue. I haven't decided if I am for it or not. I am separating the feasibility, applauding staff, and wondering about advisability.
- Chief Newbold said staff puts together a plan, it is accepted by planning committee, approved by full board of commissioners for the District and City Council prior to going to a ballot measure. How we move that forward to the public depends on: Is it feasible? Is it necessary? Is it desired? Once those ideas are discussed, how do we move that forward to the public?
- Councilmember Bornemann said we are looking at high level things but these are rough estimates and we won't know what we are looking at asking the voters to do until that hard work is done by staff. How do we make that decision as staff?
- Chief Newbold said those definitive numbers will be a part of the plan. We will be winging it until the end of 1st quarter 2018.
- Finance Director Henshaw said those decisions are the hard part. Those need to be resolved so we can develop a budget.
- Councilmember Bornemann asked: Are you proposing that we in the next few meetings say this is the high-level plan and we have enough to start taking it out to the public just to get their input?
- Chief Hewett said we really only have two hurdles left to identify in this process: one remaining service (life safety division) and the governing body piece. We have two meetings left this year and if we could wrap those two pieces up, we would have a draft plan and staff can start working on ILA language. The other step in here is the committee will want to do some public hearing once it gets to City Council and the District 8 Commission. If we can wrap up the draft plan in the next two meetings, during that break of holidays and January, the staff can work on the framework and ILA. We can look at doing public hearing for the planning committee in late January. We are looking at

having resolutions to each governing body by the end of first quarter (March). This would be something that the City Council and District 8 Commission could take forward to their governing bodies. By late February and early March, we could have a refined version of the plan and final details of ILA ironed out so that they had both documents hand in hand.

- Finance Director Henshaw asked: What is the last day of putting something on the ballot?
- Captain Pethick said May 11th, 2018.
- Deputy Administrator Heinrich said at some point the planning committee is going to send it to City Council or the District 8 Commission.
- Chief Hewett said the advisability piece might not come until later. Based on if it is advisable for the City of Bellingham and the public.
- Councilmember Lilliquist asked: Will we do our work and not decide if it's advisable?
- Chief Hewett said advisability is different for both agencies. We will bring forth a viable plan, with feasible elements. As to whether or not the City would feel it is advisable, some of that discussion will come at the City Council level.
- Councilmember Lilliquist said if it comes with no recommendation on desirability, we need to make it clear that it is not.
- Councilmember Bornemann said we will have that discussion as a committee when we get to that point. We can say it's feasible but that we are not sure about the other, we can vote on both and bring that forth to our existing bodies. It will be the full City Council and District 8 Commission who will decide if it's advisable for each entity. In terms of next steps, staff is going to bring back changes to the language on internal services, as well as finish up the Life Safety and governance conversations.

7. Next Agenda/Date (5 minutes)

The next RFA planning committee meeting will be held Monday, November 27th from 3:00 P.M. to 5:00 P.M. in the Mayor's Boardroom at Bellingham City Hall, 210 Lottie Street, Bellingham.

8. Closing Comments/Adjourn

The RFA Planning Committee adjourned at 4:44 P.M.

Recorded by Monea Kerr.