CITY OF BLACK DIAMOND

November 9, 2023, Special Council Meeting Agenda
Council Chambers, 25510 Lawson Street, Black Diamond, WA 98010

THIS IS OFFERED AS A HYBRID MEETING AND MAY BE ATTENDED IN PERSON AT THE ABOVE NOTED ADDRESS OR BY JOINING VIRTUAL/TELEPHONICALLY. CALL IN AND JOINING INFORMATION FOLLOWS:

Zoom link to join meeting:
https://zoom.us/j/4454477047?pwd=eGxRY3ZEeU14SVM2cGRBcUxCSjdmZz09
(Note: You do not need a web cam to join the meeting, but you will need audio to hear the proceedings.)
Meeting ID: 445 447 7047
Password: Council

Telephone dial in options:
+1 253 215 8782 US (Tacoma)
+1 206 337 9723 US (Seattle)
Meeting ID: 445 447 7047
Password:426953 (phone in only)

7:00 P.M. – CALL TO ORDER, FLAG SALUTE, ROLL CALL

1) Joint Session for Black Diamond Councilmembers and Mountain View Fire & Rescue Commissioners Regarding Annual Meeting Per Contract to Discuss Issues Related to the Contract

ADJOURNMENT

City of Black Diamond

Fire Services Study

Todd Chase, Principal
Martin Chaw, Sr. Project Manager
Luke Slaughterbeck, Sr. Analyst

Presentation to City Council
Thursday December 17, 2020

REVISED 12/18/2020

FCS GROUP
Solutions-Oriented Consulting

Agenda

Part 1

- Share Preliminary Results of Fire Services Study
- Next Steps
- Q&A

Part 2

- Forecasted impact to property taxes (5-Year outlook)
- Revenue options
- Timeline for implementing options

Our Scope of Work

Determine Cost / Benefit of 4 Options

- Continuing to contract with MVFD
- Annex into Mountain View Fire District (MVFD)
- Annex into Puget Sound Regional Fire Authority (PSRFA)
- Form City Owned and Operated Fire Department

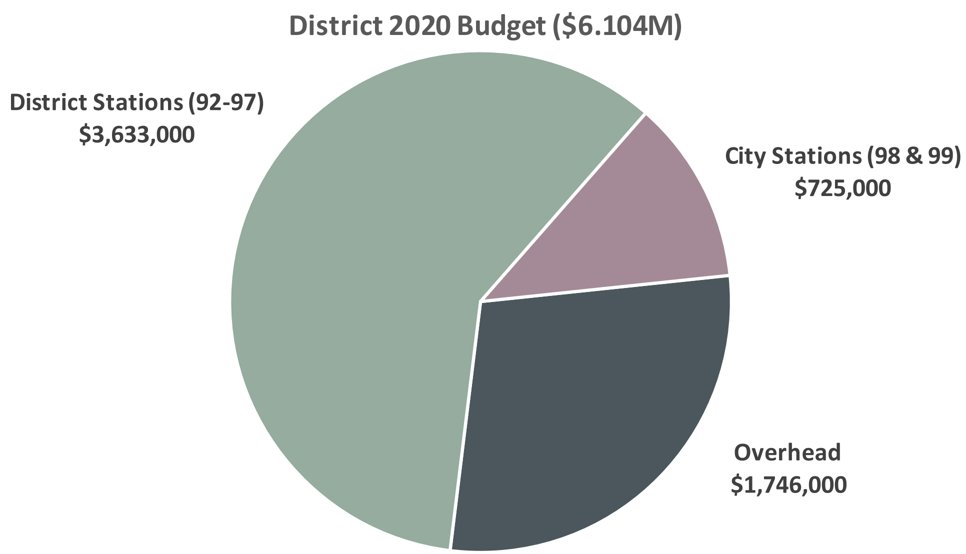
Determine steps involved for each

Study Approach

Continue to Contract with MVFD	Annex into MVFD	Annex into Puget Sound RFA	Form Own Fire Department
Allocate MVFD Budget between District and City	Determine impact to levy rate	Determine impact to levy rate	Determine number of fire stations, staffing for each, timing for each
Determine Cost Allocation Options and Allocated Cost to City	Revise City levy rate and determine impact to property taxes	Revise City levy rate and determine impact to property taxes	Determine cost to operate (staffing and O&M)
Determine impact to General Fund and Financial Options	Determine impact to General Fund and Financial Options	Determine impact to General Fund and Financial Options	Determine impact to General Fund and Financial Options

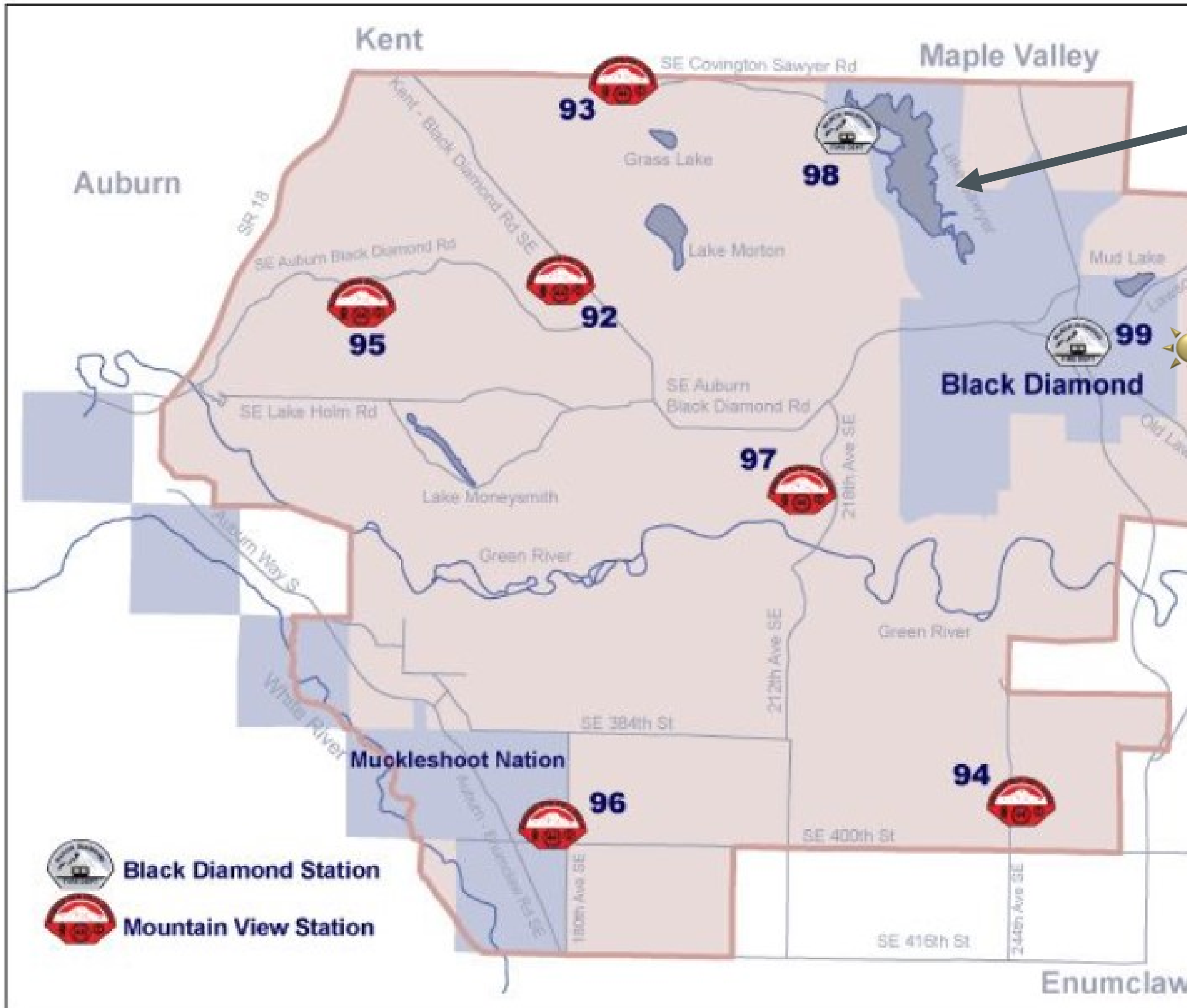
MVFD Cost of Service

- **MVFD Annual Budget: $6.1M (2020)**
- **3 Cost Centers**
  - Overhead
  - District Station Operations
  - City Station Operations
- **Overhead include**
  - Commission
  - Admin and Legal
  - Volunteers
  - Training and Supplies
- **Station Operations include**
  - Wages and Benefits
  - Station utilities (water/power etc.)
  - Vehicle maintenance
  - Station improvements



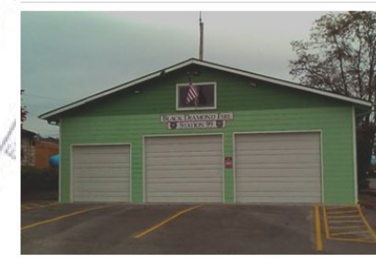
King County Fire District #44 (Mountain View Fire & Rescue

Proudly Serving: Muckleshoot Indian Tribe & City of Black Diamond



Station 98

Station 99



Starburst represents future location of station #99. Sta #98 will remain operational.

Option 1: Continue to Contract with MVFD

Description: Determine estimated cost to serve City of Black Diamond

Approach: Allocate District operating costs between City and District

Guiding principle: Cost allocation methodology must be

- Defensible
- Reasonable
- Clear nexus to fire services received

City's 2020 annual payment to MVFD is ~$615K ($550K + $65K of additional fire and EMS costs

Cost Allocation Options

CALLS FOR SERVICE:

- Allocate district wide costs by # of Calls for Service between City and District based upon 2019 calls or 2017-2019 calls

POPULATION:

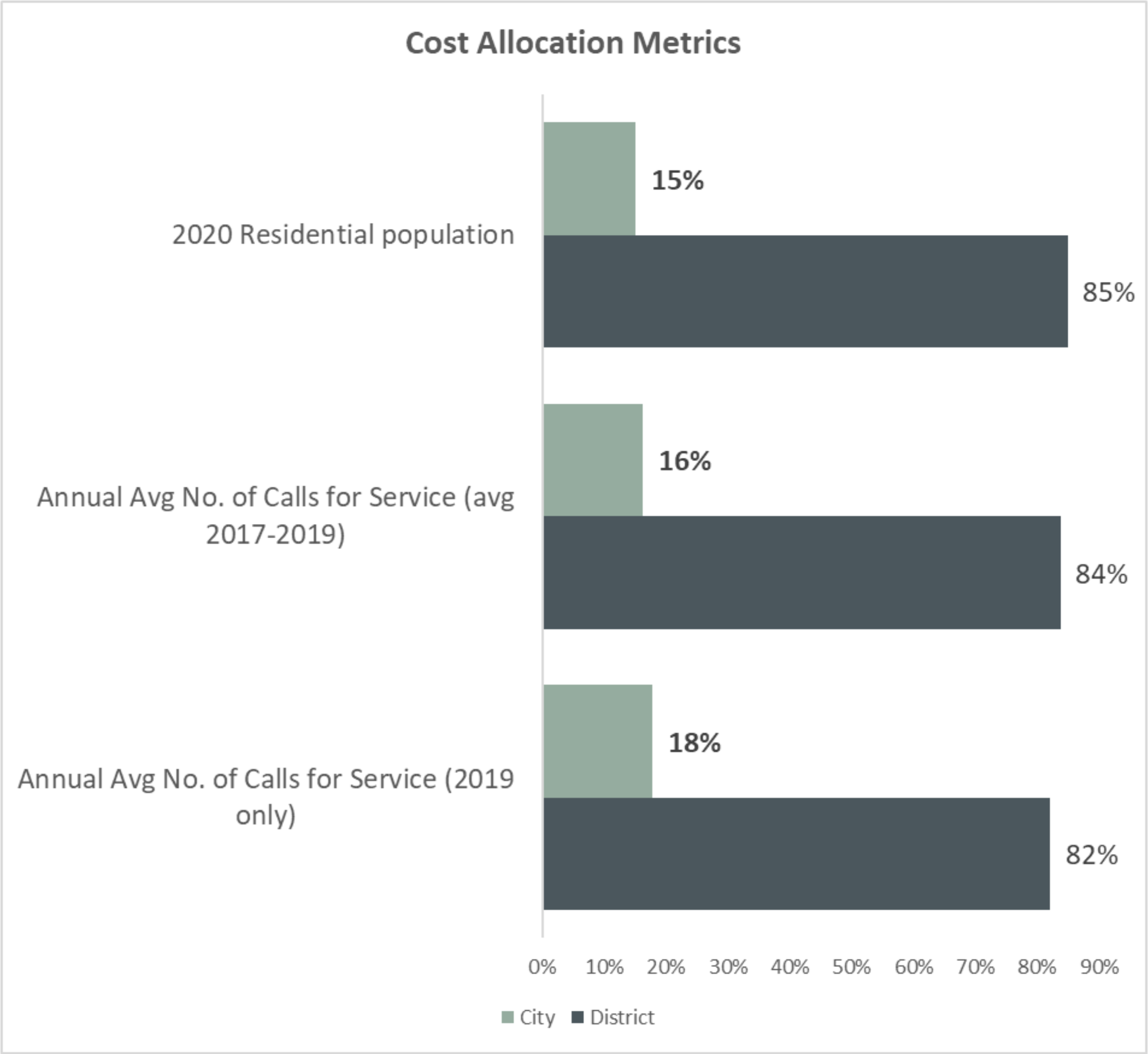
- Allocate district wide costs based on costs per capita

HYBRID:

- Allocate Sta 92-97 costs to District
- Sta 98 to City*
- Distribute Overhead by a cost allocation factor

*Station #99 is not active and used for storage only; station #98 will be relocated to a new station once it is constructed.

Cost Allocation Metrics



Cost Allocation Metrics

	Historical Calls for Service		
	District	BD City Only	Total
2015	1,775	170	1,945
2016	1,806	150	1,956
2017	1,673	250	1,923
2018	1,711	369	2,080
2019	1,778	387	2,165
3-Year Avg (2017-19)	1,721	335	2,056
2020 Resid. Pop.*	29,242	5,205	34,447

*Source: WA State OFM. District includes MIT. City includes Ten Trails

3-year rolling avg: 335 (16.3% of total calls in 3-year period)

City's share of calls for service has increased faster than District

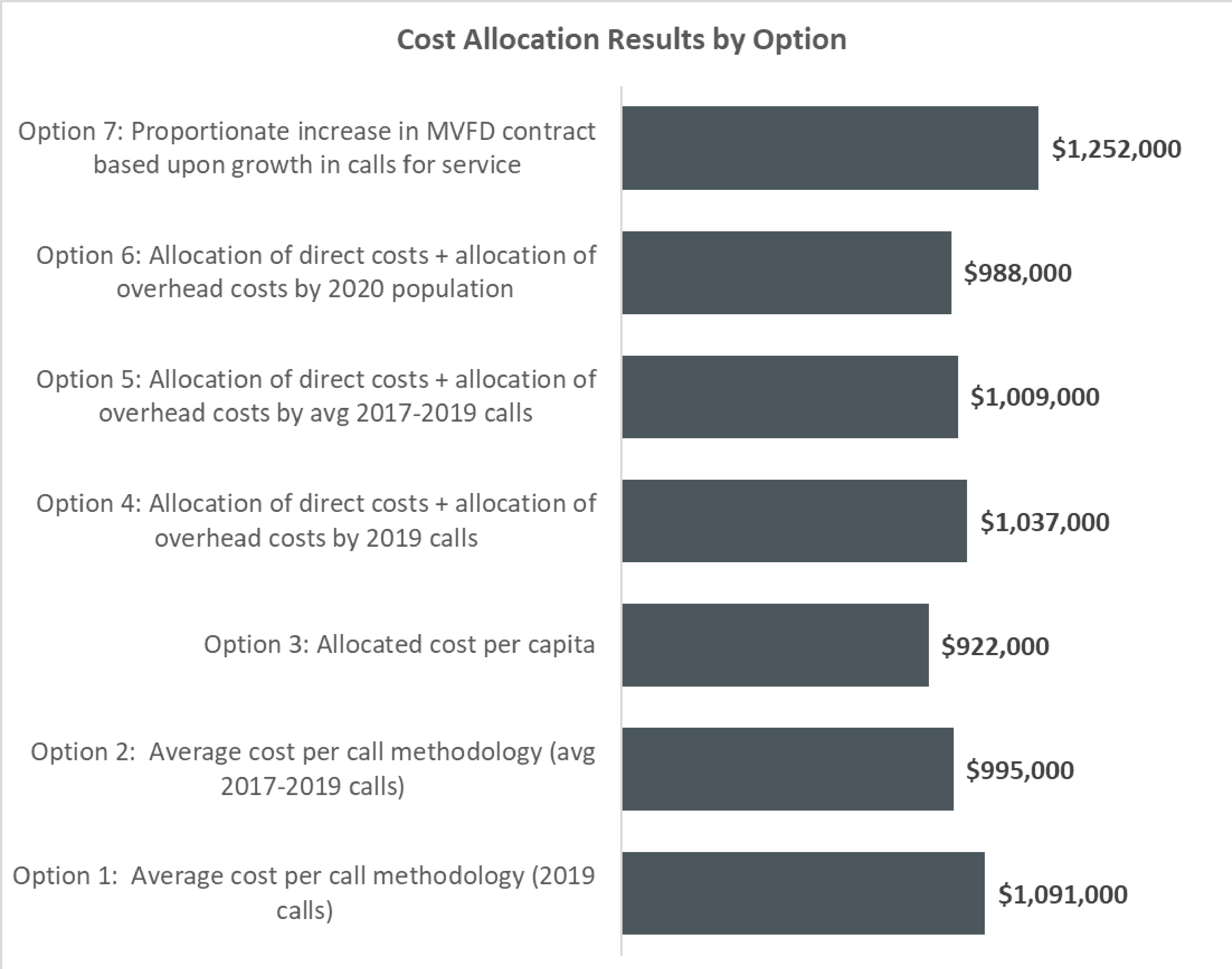
Cost Allocation Approaches

	Approach	How City Share of Cost Determined
1	Average cost per call (using 2019 calls for service)	❑ 2019 calls for service into the City as a proportion of District-wide calls
2	Average cost per call (using average of 2017-2019 calls for service)	❑ Average 2017-2019 calls for service into the City as a proportion of District-wide calls during same period
3	Average cost per call per capita	❑ Average cost/capita District wide
4	Allocate St 98-99* to City + Overhead by 2019 calls for service	❑ Cost to operate Sta 98 and 99*, with Overhead costs allocated based on 2019 City calls for service as proportion to District wide calls
5	Allocate St 98-99* to City + Overhead by average of 2017-2019 calls for service	❑ Cost to operate Sta 98 and 99*, with Overhead costs allocated based on average 2017-2019 City calls for service vs District wide calls
6	Allocate St 98-99* to City + Overhead by 2020 residential population	❑ 2020 City residential population vs District wide residential population
7	Adjust current MVFD contract amount by the change in City calls for service between 2017 and 2019	❑ Increase in City calls for service between 2017 and 2019

*Station #99 is not active and used for storage only; station #98 will be relocated to a new station once it is constructed.

Cost Allocation Approaches

<table>
<tr><th></th><th>Approach</th><th>Pros</th><th>Cons</th></tr>
<tr><td>1</td><td>Average cost per call (using 2019 calls for service)</td><td>❑ Calls for service is an easily understood metric</td><td rowspan="2">❑ Does not weight the severity or length of call</td></tr>
<tr><td>2</td><td>Average cost per call (using avg 2017-2019 calls for service)</td><td>❑ Calls for service is an easily understood metric
❑ 3-year average smooths out variations</td></tr>
<tr><td>3</td><td>Average cost per call per capita</td><td>❑ Easily understood metric</td><td>❑ Per capita calls for service may not be an accurate metric (e.g. older vs younger population)
❑ Greater fluctuation if only use one-year calls for service</td></tr>
<tr><td>4</td><td>Allocate St 98-99 to City + Overhead (using 2019 calls for service)</td><td rowspan="3">❑ See above
❑ District St 91-97 responses to City vs St 98-99 responses to District are nearly same
❑ 3-year average smooths out variations</td><td rowspan="3">❑ See above
❑ Greater fluctuation if only use one-year calls for service</td></tr>
<tr><td>5</td><td>Allocate St 98-99 to City + Overhead (using avg 2017-2019 calls for service)</td></tr>
<tr><td>6</td><td>Allocate St 98-99 to City + Overhead (using 2020 residential population)</td></tr>
<tr><td>7</td><td>Increase in City calls for service between 2015 and 2019</td><td>❑ Calls for service is an easily understood metric</td><td>❑ Does not weight the severity or length of call</td></tr>
</table>



Costs do not include the cost of future station #99.

Average: $1,042,000

Considerations for Revised MVFD Contract

Base payment on direct and indirect costs

Direct costs to include Sta 98 and 99 operating costs (already a part of the District's budget and account codes)

Indirect (volunteer and overhead) costs allocated based on the number of calls to the City of Black Diamond; Base number of calls on a 3-year moving average

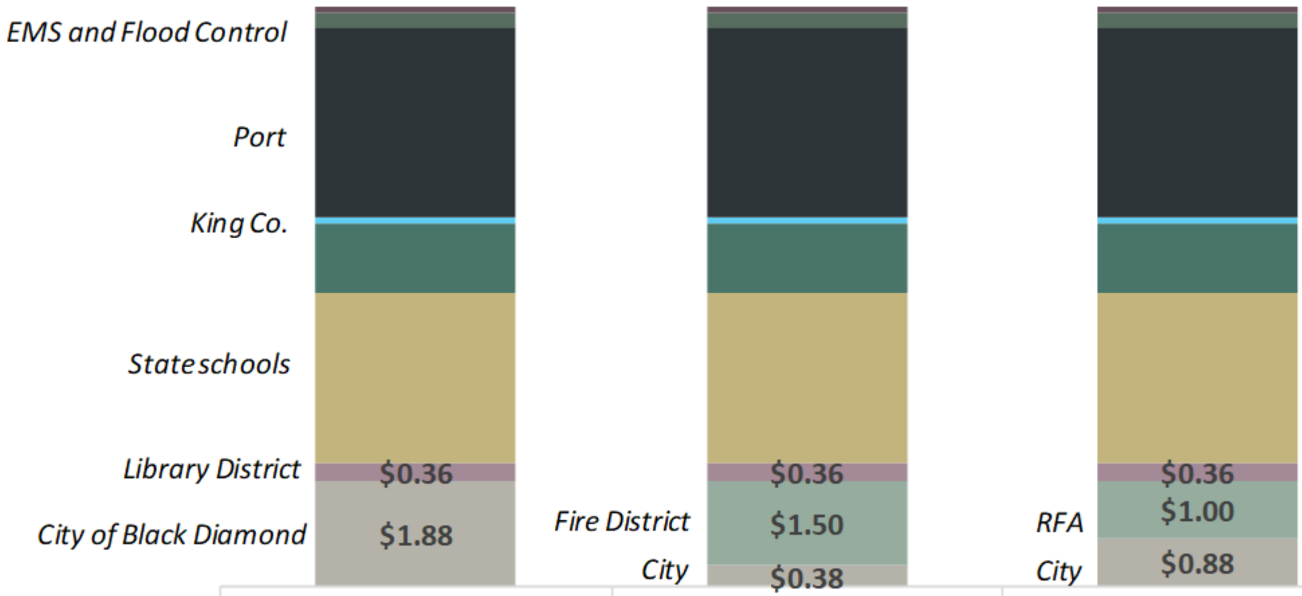
Use the revised MVFD contract as a bridge to allow additional time for City financial and transition planning

MVFD Financial Analysis

QUESTIONS?

DISCUSSION?

Options 2 and 3: Annex Into District or RFA (w/o any lid lift)



	City - Current City Levy	City - Under MVFD Annexation Scenario (w FD @ $1.50)	City - Under RFA Annexation Scenario (w RFA @ $1.00)
Flood Control	$0.09	$0.09	$0.09
EMS	$0.27	$0.27	$0.27
Tahoma School District	$3.39	$3.39	$3.39
Port	$0.12	$0.12	$0.12
King County	$1.24	$1.24	$1.24
State Schools	$3.03	$3.03	$3.03
Library	$0.36	$0.36	$0.36
Fire District		$1.50	$1.00
City	$1.88	$0.38	$0.88
TOTAL	$10.38	$10.38	$10.38

City Property Tax Revenue	$1.89M	$380K	$880K
Fire District (w/o Annexation)	$600K	$1.5M	$1.0M

Impacts – District Annexation

Under annexation to MVFD, District will levy $1.50

- Current property tax revenue: $1.9M (2020 budget)
- Will reduce the City's levy from current $1.88 to **$0.38, reduction of 80% (or a reduction of $1.5M)**
- **$1.5M reduction = about 23%** of 2020 budgeted GF operating expenditures

Impacts – RFA Annexation

Under annexation to PS RFA, the RFA will levy $1.00

- Current property tax revenue: $1.9M (2020 budget)
- Will reduce the City's levy from current $1.88 to **$0.88, reduction of 53% (or a reduction of $1.0M)**
- **$1.0M reduction = about 15%** of 2020 budgeted GF operating expenditures

Puget Sound RFA

TO REPORT AN EMERGENCY **CALL 911** FIRE BAN: OFF

Search

PUGET SOUND REGIONAL FIRE AUTHORITY

HOME | HOW ARE WE DOING? | ABOUT US | TRAINING & EDUCATION | BENEFIT CHARGE | DEPARTMENTS | RESOURCES

Puget Sound Fire uses a voter-approved two-part funding method authorized under RCW 52.26.180. The two-part system includes property tax and a fire benefit charge.

Part 1: Property Tax Levy

With only a fire tax, the amount available for critical fire and emergency services can fluctuate significantly based on the economy. As property values fall so does available revenue for fire & emergency services. Additionally, taxes are limited to only 1% of the previous years collections which is usually less than cost of inflation.

Traditional property taxes do not consider the hazards and risk associated with a property. For example, a business using hazardous or flammable chemicals pays the same as an office building as long as the two are valued the same. The tax system gives no consideration to the extraordinary risk of a building.

Part 2: Benefit Charge

The Benefit Charge is assessed differently. It applies to all structures on a parcel over 400 square feet or larger, including each level of a building, basements (finished and unfinished), mezzanines, and garages. Factors used to set the charge are based upon the size, type, use and risk of the building.

For a typical 2500 sq ft residence, 2020 fire benefit charge is approx. $220. This charge is collected by the County and remitted to the RFA.

Option 4: City Operated Fire Department

Station #98

- **7.0FTEs**
  - 1.0 Chief
  - 2.0 Lieutenants
  - 2.0 Firefighters
  - 1.0 Secretary
  - 1.0 Public Info Officer
- **Assumes current levels of service**
  - 2 FTEs 6a-6p
  - 2 Volunteers 6p-6a
- **Effective Dec 31, 2022**

Station #99

- **Remain as a volunteer fire station over 10-year study period**

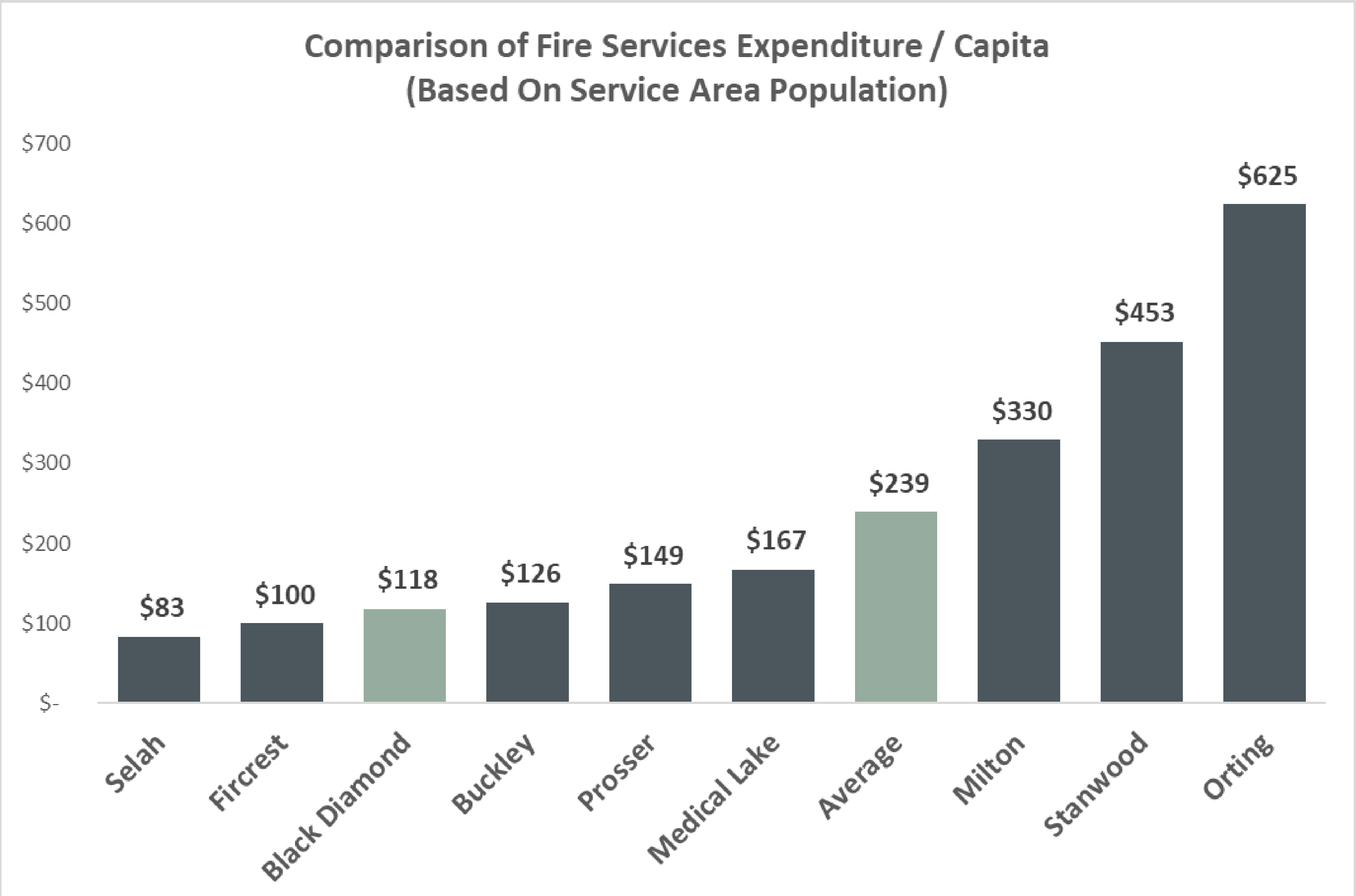
Estimated operating costs: $1.2M/yr (staffing, supplies, training, dispatch)

Fire Service Delivery for Comparable Communities

Community	City Population	Total Dept. Cost	Dept. per Capita Cost for Area Served	City Property Tax Levy Rate	Fire Dept FTEs / Volunteers	Fire Services Model
City of Black Diamond	**5,205**	**$615K/yr**	**$118**	**$1.88**	**N/A**	**Contract with MVFD**
City of Buckley	5,080	$640K/yr	$126	$1.92	4.4FTEs 80 volunteers	Buckley Fire Department
City of Fircrest	6,790	$676K/yr	$100	$1.80	N/A, services provided by District or RFA	Contracted with City of Tacoma
City of Medical Lake	5,040	$2.8M/yr	$167	$1.80		Spokane Co. FD #3
City of Milton	8,400	$32.0M/yr	$330	$1.34		East Pierce Fire District
City of Orting	8,635	$4.3M/yr	$625	$1.54		Pierce Co. FD #18
City of Prosser	6,220	$1.1M/yr	$149	$2.30		West Benton Fire and Rescue
City of Selah	8,035	$1.0M/yr	$83	$2.61		Yakima County FD #2
City of Stanwood	7,125	$7.7M/yr	$453	$1.66		North County RFA
Average	*6726*	*n/a*	*$239*	*n/a*		

Dept. per capita costs based upon service area population.

Fire Service Delivery for Comparable Communities



Conclusions

	Net $ change
CURRENT MVFD CONTRACT • City's current payment of $614K to MVFD does not fully cover direct and indirect costs	*Not applicable*
RENEW CONTRACT or OWN FIRE DEPT • Cost of fire services will increase to about $1.0M - $1.2M annually	*Avg: +$500K/yr*
ANNEXATION • Annexing into the MVFD or PS RFA will result in significant reduction in annual property tax revenue of between $1.0M to $1.5M (or 53%-80% in property tax revenue) • Does not include Levy Lid Lift	*Range in loss of property taxes $1.0M to $1.5M/yr*
NEW REVENUE WILL BE REQUIRED • Regardless of scenario, a new revenue source (property tax levy lid lift) will be required to pay for either renewed contract with MVFD, operate own FD, or to address loss of property tax revenue due from annexation	*To be determined*

Recap

Continue to Contract with MVFD

- City share of calls for service have increased
- Increase in contract: from $600/yr to $995 - $1.3M/yr
- Consider renewing contract as bridge for longer-term financial strategy

Annex into MVFD

- 80% loss of property tax revenue ($1.5M); equal to about 23% of GF
- Will require a levy lid lift to maintain city services

Annex into Puget Sound RFA

- 53% loss of property tax revenue ($1.0M); equal to about 15% of GF
- Will require a levy lid lift to maintain city services

Form Own Fire Department

- Maintain City property taxes
- New department and 7.0FTE staff ($1.2M/yr)
- Majority of comparable cities contract for fire services

Next Steps

City Council decision on how fire services should be provided

- Continue contract with MVFD
- Annex into MVFD
- Annex into PS RFA
- City owned and operated fire department

Session #2

- Forecasted impact to property taxes (5-Year outlook)
- Revenue options
- Timeline for implementing options

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