

City of Marysville, City of Arlington and Fire District 12

RFA Planning Committee Meeting

Thursday November 16, 2017

5:00 – 7:00 PM

Arlington Council Chambers

Proposed Agenda

1. Welcome and Introductions (*5 min.*) Mayor Nehring and Mayor Tolbert
2. Review of Agenda; and Goals for meeting; approval of agenda (*3 min.*) Mayors
3. Approval of Meeting Summary of October 19 (*3 min.*) Mayors
4. Communications Updates (*5 min.*)
5. Continued discussion: Governance options and issues (30 min.) Karen Reed
6. Remaining Financial Issues Presentation & Discussion (30 min.) Finance staff, Karen
7. Discussion/Direction on Councils Briefing: timing, recommendations (25 min.)
8. Union Comment
9. Closing Roundtable comments
10. Next meeting
11. Adjourn

Marysville / Arlington / FPD 12 Regional Fire Authority Committee Meeting

Marysville City Council Chambers
October 19, 2017
5:00 – 7:00 pm

Marysville Mayor: Jon Nehring
Marysville City Council: Steve Muller, Kamille Norton (alternate), Jeff Seibert
Marysville CAO: Gloria Hirashima
Marysville Finance Director: Sandy Langdon

Arlington Mayor: Barbara Tolbert
Arlington Council: Marilyn Oertle, Chris Raezer, Jessica Stickle¹
Arlington City Administrator: Paul Ellis²
Arlington Finance Director: Kristin Garcia
Arlington Acting Fire Chief: Dave Kraski

Fire District 12 Commissioners: Pat Cook, Tonya Christoffersen, Rick Ross
Marysville Fire Chief: Martin McFalls
Marysville Finance Manager: Chelsie McInnis

Facilitator/Consultant: Karen Reed

Welcome and Introduction

Mayor Nehring welcomed everyone and called the meeting to order at 5:02 pm. With no new introductions, Mayor Nehring turned the meeting over to Consultant Karen Reed.

Review of Agenda and Goals

Ms. Reed asked for corrections and/or a motion to approve the Meeting Summary on page two in the binders.

Motion made by Councilmember Raezer, seconded by Commissioner Christoffersen, to approve the Meeting Summary as presented. **Motion** passed unanimously.

¹ Arrived at 5:34

² Arrived at 5:25

Communications Updates

City of Marysville Communications Officer Connie Menne reported that all three agencies websites have been updated to include the RFA information and the opportunity for public input in our newsletters.

Action: Statement of Values and Principles

Ms. Reed shared a redline version of the Statement of Values and Principles showing the requested changes from the August meeting.

Councilman Muller noted one spelling change in section two. Ms. Reed will make the correction.

Motion made by Commissioner Cook, seconded by Commissioner Ross, to approve the Statement of Values and Principles with said change. **Motion** passed unanimously.

Continuation Discussion: Governance Options and Issues

Ms. Reed reviewed the reproduced issue page, explaining the goals, options and recap of where the discussion ended at the last meeting. Ms. Reed stated the goal for tonight is to see if the group can reach further consensus around one of the two governance options to recommend to the City Councils.

Option #1 – 5 member board; 3 seats to Marysville, 1 seat to Arlington, 1 seat to District 12 with a super majority requirement for decision making.

Option #2 – 6 member board; 3 to Marysville, 2 to Arlington, 1 to District 12. No super majority needed. The proposal includes the idea that upon an annexation meeting the population threshold for one seat, a board seat will also be added for Marysville in order to get a more equitable population threshold.

Councilmember Seibert asked for clarification on elected vs appointed positions if District 12 ever dissolved.

Ms. Reed explained you can have a mixture of appointed and elected members. Any appointed member must be an elected official from the participating jurisdiction. If Fire District 12 has been dissolved, there are no elected officials from there and you would need to find another mechanism to ensure that they are represented. So once the District is dissolved you would need to make a change in your governance structure.

Ms. Reed asked each member to state their preferred governance option and why.

- **Commissioner Cook:** Option 2 - Regardless of majority, all citizens will be served equally.
- **Commissioner Christoffersen:** Either option – Stated she does not want us to lose sight of our goal and who we are.

- **Commissioner Ross:** Option 2 – Our goal is to become a one common unit for the good of all communities.
- **Councilmember Raezer:** Option 2 – Looking to a future standalone Fire Authority.
- **Councilmember Oertle:** Prefers Option 2 – We are creating one new entity.
- **Councilmember Seibert:** Option 1 – Okay with option 2 with the assumption that a seat from the other entity will not be added until certain population equivalency is reached.
- **Councilmember Norton:** Either option – Pros and cons to both. Just want to be sure the Marysville citizens have a voice.
- **Councilmember Muller:** Prefer Option 1 – Okay with either option. Looking at future growth.
- **Councilmember Stickle:** No opinion
- **Mayor Nehring:** Believes both options would work – sees value in a 6-member board.
- **Mayor Tolbert:** Prefers option 2 – Okay with either option. Looking towards a future of voting districts and option 2 seems to make a way for that.

Ms. Reed shared that everyone seems to be open to both models with some having a preference one way or the other. We have the option to move forward both options for recommendation to full Councils.

Ms. Reed reviewed last month’s discussion on long-term governance and the need to map out how governance factors will change over time with population growth and annexations, mitigating the need to go back to the voters for a plan amendment. The Committee generally agrees that the maximum desired number of seats is 7. After the Committee engaged in a lengthy discussion over the future long term governance structure options, Ms. Reed reviewed the resulting tally of the Committee’s preferred choices; thereafter some members shifted their stated preference for an end result as follows:

- All districted – 4 votes
- Mix of districted and at large positions – 3 votes
- Mix of districted and appointed – 2 votes

Presentation: Modelling RFA Cost Scenarios, Next Steps

Before continuing discussion, Ms. Banfield summarized the key financing assumptions that went into the proposed scenarios presented at the last meeting. Chief McFall’s reviewed last month’s presentation on the baseline model which maintains current service levels and baseline plus which adds staffing and a facilities plan to the model. Ms. McInnis continued the discussion with attachment B, explaining the 2019-2025 RFA operational scenarios ending fund balances, minimum fund balances, and levy cycles.

Ms. Reed and the Committee reviewed and discussed the financial scenario takeaways listed on page three of the revised issue paper included in the binder.

Ms. Reed reviewed the other financial considerations to be addressed at the November meeting, which are the Arlington facilities and equipment debt, EMS levies, and reserve contributions.

Union Comments

Local 3219 President Jason Tucker stated he is hearing a lot of good conversation on governance and understands all agencies want to have a say. Tucker asked, when discussing revenue and choosing a beginning fund balance, please consider that the course selected directly affects our service levels. Our quality of service is dependent on it.

Roundtable

Councilmember Oertle: Stated we have had a lot of interesting conversations. She believes we are making progress, but also believes the worst is yet to come.

Councilmember Stickles: Expressed she feels good about a couple of the presented scenarios. It is starting to become very clear.

Councilmember Raezer: Shared he is feeling somewhat optimistic. He can see a path forward on both the finance side and on the governance side. Shared that he appreciated Commissioner Cook's comments, he agrees the end goal is great service for everyone.

Commissioner Ross: Agreed with Councilmember Raezer, he feels optimistic and feels things are speeding up and getting some traction.

Commissioner Christoffersen: Stated she appreciates how far we have come in the last several months and that we allow each other the grace to be candid, open and honest. She appreciates the environment that we are creating here. She feels it will create a really healthy partnership for years to come as we move forward.

Commissioner Cook: Thanked Karen for her expertise, keeping everyone on track and moving forward. He also thanked the finance staff.

Councilmember Muller: Thanked the staff for getting all the information out early enough to read in advance.

Councilmember Norton: Thanked the staff. Stated she feels it is important to be able to honestly express their opinions and it is okay that we have different perspectives. She feels we all have the best interest of the citizens at heart; we may come at that a little differently but she appreciates the opportunity to do so.

Councilmember Seibert: Stated he appreciates all the work everyone has done getting us this far in the process.

Mayor Nehring: Governance has been a large hurdle that seems to have been overcome. He asked the Committee Members that as we head into November it would be fantastic if

everyone could really look through these issues to figure out where their point of flexibility might be. These are very significant issues if we cannot get over them, there is no point in considering moving forward. I would encourage everyone to think through these topics so we can really dig into them over the next couple of months.

Consultant Reed: Encouraged everyone not to get positional and try to keep an open mind on options. There are many different ways to address these issues presented.

Mayor Tolbert: Agreed with Mayor Nehring, we are moving to the next big steps for all of the organizations involved. She asked members to bring forward their creative thoughts on the issues. She reported that she will be she will not attend next month's meeting.

Next Meeting

The next meeting will be in Arlington on November 16, 2017, at 5:00 pm.

Adjourn

With no further business to discuss, the meeting was adjourned at 6:59 pm.

Mayor Jon Nehring
Chair

Mayor Barbara Tolbert
Chair

Recording Secretary

October 19 RFA Planning Committee Meeting: Governance and Financial Scenarios Discussion Re-cap

Preferred Initial governance model:

District: Either option feasible; one vote preferring Option 2 (6 member board)

Marysville: Either option feasible; two votes preferring Option 1 (5 member board)

Arlington: Either option feasible; two votes preferring Option 2 (6 member board)

Preferred future governance options:

Maximum 7 seats --consensus

All districted – 4 votes

Mix of districted and at large positions-- 3 votes

Mix of districted and appointed--2 votes

Financial Future:

Consensus—the scenarios show the RFA is workable.

Comments: 2 members offered a preference for Baseline Plus scenarios with a higher levy as being more feasible.

7 Member Long-term governance structure

- What should it look like?
- When should a transition from the initial board begin? (triggering event)

Option #	# of Districts	# of At-Large	# of Appointed (and by whom)	Comments
A	7	-0-	-0-	
B	6	-0-	1 (Marysville)	
C	5	2	-0-	
D	5	1	1 Marysville)	
E	4	3	-0-	
F	4	2	1 (Marysville)	
G	4	3	-0-	
H	4	1	2 (Marysville, Arlington)	

Notes:

Can add non-voting members (must be elected officials)

Options for Address Remaining Key Financial Issues

Some options are set forth below that fall somewhere *in between the bookends* of “make no adjustments on any of these issues” and “require dollar-for-dollar equivalency from all parties on day 1.” Options can be re-sorted (i.e. the solution could be something from column A, column B and column D). There are additional options beyond those presented.

	A	B	C	D
Arlington Debt	RFA assumes the Arlington debt with the facilities/equipment in exchange for some other compromise on one or both of the other financial issues.	Arlington retains the debt obligation and leases the facilities/equip. to RFA for nominal lease payment; RFA assumes M&O costs	RFA assumes the Fire Station debt (\$2.75M) but Arlington retains the Apparatus debt (\$1.4M)	RFA assumes the Apparatus debt, but not the FS debt.
EMS Levy	Arlington funds EMS at \$0.50 rate beginning in Year 1, and forward at 1% + inflation (not the full \$0.50 with inflator)	Arlington brings its EMS levy contribution up to equivalent of MFD levy rate through 2023 (\$0.50 plus inflation) in exchange for some other financial compromise	Arlington commits to run a lid lift by 2020, but if it fails, there is no commitment to fund the differential.	The parties agree to run an RFA EMS levy sooner than 2023—to reduce Arlington’s contribution obligation and provide better timing for the first required fire levy lid lift (rather than have them back-to-back)
Contribution to Reserves	Arlington contributes \$X over Y years towards the RFA reserves. Marysville and FD 12 have a portion of their excess reserve contributions refunded as Arlington contributes over time.	No additional Arlington contribution to reserves. Refund portion of reserves to Marysville and FD 12 in advance of RFA formation.	Arlington contributes a pro-rata share of the minimum starting reserve requirement in Year 1, in exchange for some other financial compromise.	FD 12 contributes its share of excess reserves in lieu of an Arlington contribution. Marysville is remitted its share of excess reserves upon RFA start-up.

Sample Options sorted by Jurisdiction

	Existing Debt	EMS Levy	Contribution of Reserves
Marysville	N/A	Maintain current \$0.50 EMS Levy until RFA EMS Levy is implemented (10% inflation factor protects against rate erosion through 2023)	<ul style="list-style-type: none"> (1) Transfer 100% of City portion ownership interest of 2018 ending MFD fund balance dedicated for the current operation of Marysville Fire District. (2) Transfer a portion of above noted 2018 ending ownership interest.
Arlington	<ul style="list-style-type: none"> (1) Arlington retains 100% of debt, leases back facility/apparatus to RFA. (2) Arlington retains a portion of the debt, RFA assumes a portion of the debt; facility/apparatus lease/ownership terms defined accordingly (3) RFA assumes 100% of both facility/apparatus debt and ownership of facilities/equipment 	<ul style="list-style-type: none"> (1) Contribute to RFA current City EMS levy revenues through 2023 (or such earlier date as an RFA EMS levy is approved) (2) Supplement EMS levy revenues with general funds through 2023 to match \$0.50 rate equivalent (3) Run a City ballot measure for a \$0.50 EMS Levy lid lift sometime prior to 2023 	<ul style="list-style-type: none"> (1) Contribute 2018 ending balance of currently dedicated fire/EMS reserves. (2) Contribute a higher amount (based on pro rata or other calculation)
FD12	N/A	Match Marysville \$0.50 EMS Levy with use of existing banked capacity (until replaced by RFA EMS Levy)	<ul style="list-style-type: none"> (1) Transfer to RFA 100% of 2018 ending fund balance for both FD12 Funds and FD12 portion of MFD Ownership Interest dedicated towards the current operations of MFD. (2) Transfer a portion of above noted 2018 ending fund balances and ownership interest.
RFA	<ul style="list-style-type: none"> (1) RFA assumes some, all or none of the AFD debt and associated lease expenses (2) Future year capacity to fund capital improvements will be dependent on available fund balance and RFA levy rate. 	<ul style="list-style-type: none"> (1) Run RFA levy in 2023 or sooner (Marysville RFA levy loses its inflation factor in 2024). (2) Consider running the EMS levy sooner to reduce the number of years of rate disparity 	N/A

RFA Planning Committee—December Council Briefing

Proposed Recommendation:

The RFA Planning Committee recommends that it continue working into 2018 with the goal of delivering a recommended RFA Plan to the City Councils and District Boards of Commissioner in April 2018. While there are significant issues yet to be resolved, based on work over the last XX months, the Committee members believe that an RFA encompassing all three jurisdictions can provide improved service levels to our communities at a reasonable cost. We further believe that a final agreement on governance for the RFA is very achievable by next April.

Nature of briefing: Study Session, 30 minutes, December

Outline of briefing:

1. Mission of Committee

2. Recommendation to Councils

3. Re-cap of work to date / findings. The Committee has agreed upon a set of shared values and principles to guide its work in developing an RFA plan (attached).

a. Current funding and service levels:

- i. In 2017, Marysville and FD 12 support the fire operation at a total property tax levy rate *equivalent* of \$1.86 per \$1,000 of assessed value; Arlington supports its fire department and fire-related debt service (station, apparatus) at a total property tax levy rate *equivalent* of \$1.88 per \$1,000 of assessed value.
- ii. Marysville Fire 2017 operating budget is approximately \$18.4M; Arlington's is about \$5.7 M (excluding debt service), a ratio of about 3:1; in comparison, the population ratio between Marysville Fire (City and FD 12) and Arlington is over 4:1.
- iii. Call volume is rising much faster than population in recent years for both the Marysville Fire District and Arlington.

- iv. Call response times in the City of Marysville and Arlington are both around 6 minutes; response time in the more rural FD 12 area was somewhat slower:

2016 Call Response times		
City of Marysville	City of Arlington	FD 12
5:54	6:06	8:00

- v. Both agencies currently spend a significant amount of time responding to mutual aid calls in the other’s territory – 6% of Marysville Fire District total calls and 13% of AFD’s total calls are mutual aid calls to the other agency.
- b. Service and Costs if an RFA is created, Year 1, without adding staff, apparatus:
- i. Immediately upon consolidation of the two operations, efficiencies in staff utilization would enable deployment of an additional aid car and dedicated ladder truck staffing at no additional cost.
 - ii. Training resources available to both departments would be improved.
 - iii. Mutual aid calls between agencies would be eliminated and greatly reduce number of times units are dispatched to calls that are later cancelled.
 - iv. Call response times could be expected to slightly improve.
- c. The Committee believes the RFA Plan should set an initial service level at a level equal or greater than current service levels. Service levels over time under an RFA will depend upon the decisions made by the RFA governing board
- d. Funding for an RFA:
- i. The Committee has explored a variety of financial scenarios for an RFA, all with at least the same service levels as today.
 - ii. The Committee has not yet made a recommendation on funding. Preliminarily, it seems most likely that the RFA would initially rely upon a fire levy in the range of \$1.40 - \$1.50 /\$1,000 A.V. property tax, and revenues from local EMS levies, and that local EMS levies should be replaced by a single RFA EMS levy (upon voter approval) within the first 5-years of the RFA. In the future, it would also be possible to seek voter

approval for a fire benefit charge, in exchange for reducing the RFA Fire levy to \$1.00/\$1,000 of Assessed Value.

- iii. As with any local government depending upon property taxes, over time voter approved property tax lid-lifts (50% +1 required to approve) would be required periodically to maintain adequate revenues to support the RFA. Seven-year modelling of projected RFA expenses and revenues suggests that there are a variety of scenarios that could be pursued, with varying initial levy rates, service levels, and varying frequency of lid-lifts. All scenarios looked at suggest the need for 1 EMS lid lift within the initial 5-years of an RFA; a fire levy lid lift may or may not be required in that time frame, depending on the starting levy rate, and the assumed capital and operating / capital expenditures.
- iv. The most significant unresolved issues at this time are how to address the resources/on-going support for an RFA contributed by all three jurisdictions. It is to be expected that funding situations differ between agencies, but how they contribute to a new enterprise is important. The three issues under particular review are: how to allocate responsibility for repayment of Arlington debt outstanding on a fire station and fire apparatus; how to address the disparity between the effective tax rate of the local EMS levies; and how to address the funding of starting reserves for the RFA. Reserves of approximately 4 months operating costs are needed to allow the new entity to pay ongoing costs (salaries, etc.) in between the receipt of property taxes (over 90% of which are paid in roughly equal amounts each April 30 and October 31.)

4. Proposed 2018 schedule to facilitate option of an August or November ballot

If the RFA Planning Committee shifts to a mindset of “bring back the best possible plan by April, 2018” as opposed to “continue to explore issues and then decide whether to draft a plan,” then, with an aggressive schedule, we can undertake a process between

Draft dated November 9, 2017—for review and discussion by Committee

now and April that engages the public and the City Councils, and will allow the Councils and the Fire District Board of Commissioners to make a decision on whether and when to submit an RFA proposal to the voters in 2018—at either the August or November election. One advantage to going on the August ballot is that if the measure is approved, the RFA levy could be created in October 2018 and the RFA levy could start in 2018 -- rather than 2019.

Questions for Committee:

Other items to include in briefing?

Presenters?