

**Whatcom County Fire District #4
via Zoom Meeting
4142 Britton Loop, Bellingham, WA 98230
7:00 p.m.
May 1, 2023
Special Board of Fire Commissioners Meeting
Public Hearing**

CALL TO ORDER

Chairman Cooley called the special Whatcom County Fire District #4 Board of Fire Commissioners meeting for May 1, 2023, to order at 7:00 p.m.

ROLL CALL


Attendees: Chairman Steve Cooley Mark Lann; Vice-Chairman Tim Johnson; Fire Commissioner Mark Lann; Fire Chief Jason Van der Veen; Division Chief Jon Ahrenholz.

Other: District 21 Board members in the audience: Fire Commissioners Bruce Ansell, John Crawford, and Kimberly McMurray.

A direct link allowing the public to participate in the meeting during the public comment section was included on the meeting agenda and posted on the District’s website.

PUBLIC HEARING LEVY LID LIFT

Chairman Lann opened the public hearing at 7:01 p.m.

COOLEY 

The public hearing is specific to the levy lid rate amount considerations, one of which is expected to be placed on the August 2023 ballot.

Chief Van der Veen provided some historical District 4 data.

WCFD#4 Assessed Valuation

2019	\$1,617,879,782.00	
2020	\$1,759,815,215.00	+8.23%
2021	\$1,891,322,038.00	+7.37%
2022	\$2,102,229,240.00	+10.56%
2023	\$2,556,987,796.00	+19.52%

Between 2019 to 2023, AV in WCFD#4 increased by 44.99%*

*Source: Whatcom County Tax Book

WCFD#4 Budget

2019	\$1,944,943.57	
2020	\$1,984,887.14	+2.03%
2021	\$2,086,289.83	+4.98%
2022	\$2,062,774.53	-1.33%

Between 2019-2022 WCFD#4 annual budget increased 5.86%*
*Source: WCFD#4 report to Washington State Auditor's Office

Chief Van der Veen pointed out that in 2020 the District 4 Board made the difficult decision to cut the administrative position, which the District 21 administrative staff absorbed.

CPI/Inflation Rates*

2019	2.3%
2020	0.9%
2021	5.5%
2022	10.1%

Between 2019-2022 CPI Increased 18.8%*
*US Bureau of Labor Statistics

Per RCW 84.52.043, Fire Districts may levy \$1.50 per \$1000 of Assessed Valuation with voter approval. The current fire levy rate is \$.63.

Chief Van der Veen reviewed the three levy rate examples and calculations discussed at previous board and consultant meetings.

Chief Van der Veen pointed out that the current EMS levy is a permanent tax approved by the voters and separate from the fire levy tax.

By law, junior taxing districts can add a one percent increase to the budget. Historically District 4 has implemented this permissible increase.

Chief Van der Veen indicated that the delinquent tax rate is 0.97% and a non-issue, which was revised from previous statements.

Levy Rate Examples

\$1.15 Levy Rate

\$3,702,415.67 Total Estimated Tax Revenue 2024

\$0.99 Levy Rate

\$3,245,249.05 Total Estimated Tax Revenue 2024

\$0.84 Levy Rate

\$2,817,592.84 Total Estimated Tax Revenue 2024

The above-estimated tax revenue does not include revenue from transports or property rental. Chief Van der Veen indicated that those potential revenue sources are not guaranteed. Some transport reimbursement programs (GEMT) are in the midst of a change nationwide, and the ramifications of those potential changes are unclear at this time.

Chief Van der Veen reviewed the taxpayers' cost for each levy rate amount.

Cost to our Taxpayers

Assessed Valuation	Current Fire Levy \$0.63 per \$1000	Proposed Rate \$1.15 per \$1000	Proposed Rate \$0.99 per \$1000	Proposed Rate \$0.84 per \$1000
\$400,000.00	\$252.00	\$460.00	\$396.00	\$336.00
\$500,000.00	\$315.00	\$575.00	\$495.00	\$420.00
\$700,000.00	\$441.00	\$805.00	\$693.00	\$588.00

Chief Van der Veen reviewed the immediate (not exhaustive) capital needs identified during the recent public outreach. Chief Van der Veen stressed that the vehicle amounts are for working vehicles, not parade rigs, consistent with what other districts pay. At this time, the apparatus wait time is two years. These needs can affect the district's Washington Surveying and Rating Bureau (WSRB) rating, consequently affecting homeowners' insurance ratings.

Capital Needs

- Replace 2006 Fire Engine* - \$850,000.00
- Replace 1999 Tender* - \$300,000.00
- Replace 1999 Brush Truck* - \$200,000.00
- Siding Project on Building A & B - \$800,000.00

Total Capital Expense Needs - \$2,150,000.00

*Fire Apparatus service life is 15-20 years.

Chief Van der Veen summarized previous board discussions regarding how to fund the immediate capital needs. The current contract with District 21 includes a limited amount of cost, however, any exorbitant costs need to be negotiated, and it is expected that District 4 will bear the cost of those big-ticket items.

One of the previous recommendations made by Chief Van der Veen included a councilmanic bond, putting the district in debt and somewhat at risk. At this time, the Board has yet to vote on this subject.

- \$2,500,000.00 Councilmanic Bond with a 4.24% rate and 20-year repayment schedule has an annual payment of \$190,000.00.

Chief Van der Veen reviewed the 2024 budget projections.

2024 Budget Projections

- 2024 Personnel costs - \$2,356,023.00 (5% increase over 2023)
- 2024 Operational costs - \$385,182.00 (8% increase over 2023)
- 2024 District 4 Administrative costs - \$53,135.00
- Capital Needs annual bond payment - \$190,000.00
- Projected 2024 Expenses - \$2,984,340.00**

Chief Van der Veen indicated that this projected budget would allow for the district's daily operations while ensuring the same level of service, focusing on predictive and preventative maintenance, and addressing some capital needs.

Other capital needs that will need to be addressed in the near future include:

- Training tower maintenance
- Retention pond maintenance
- Blacktop on the training ground resurfacing
- Furnace and AC unit upgrades

Chief Van der Veen provided information regarding the additional revenue not guaranteed in 2024.

- BLS transports - \$250,000 - \$300,000, although concerns remain regarding changes to the reimbursement program.
- Rental income - \$150,000

Currently, the district has approximately \$500,000 in reserves. By adjusting the levy rate, Chief Van der Veen hopes to add to the reserves and/or tackle some of the less costly capital needs without going into debt.

Chief Van der Veen informed the Board that councilmanic bonds must be earmarked for specific capital purchases identified and funded in a certain amount of time.

Vice-Chairman Johnson noted that the district could order and prepay for apparatus through a councilmanic bond, realizing it would take approximately two years to receive. The district could receive additional savings by prepaying, as District 21 has done in the past.

Chairman Cooley clarified that none of the proposed levy rates are intended to put a dent in the district's capital expenses.

Chief Van der Veen noted that he had made a commitment to the taxpayers that the district would be mindful of the levy lid request, only funding what is needed to run the district. The \$1.15 levy rate proposal would allow for funding more capital projects, although a loan would still be needed.

Chief Van der Veen indicated that the \$0.99 levy rate proposal allows for a yearly bond payment if approved and allows for a small amount to either be put into reserves or fund some smaller capital projects. The amount also puts both districts in a better parity to pursue a merger or Regional Fire Authority (RFA) in the future. The district will need to consider how those capital projects will be funded and how to ensure a yearly bond payment.

The \$0.84 levy rate proposal would rely on a portion of the reserves (\$250,000) and potentially some unreliable income. In addition, District 21 is expected to ask for a levy lid increase in 2024, further widening the gap between the two districts and making a future merger or RFA more unlikely.

There was discussion regarding the need for levy rate parity between District 4 and District 21 to merge or form an RFA with District 21 in the future. Chief Van der Veen indicated that both districts are enlightened with a common vision and have completed much work on an RFA process. The \$0.99 levy rate proposal puts the districts in closer alignment.

Chief Van der Veen requested that the Board review and consider the three proposed levy rates and the tax revenue needed to fund the district.

PUBLIC COMMENT

Leisa M Quadt – 4039 Gloria Dr: Leisa requested information regarding other funding grant opportunities.

Geri Chumley – 3751 Hannah Ct.: Geri expressed her support for the district and the need for more public and community outreach.

Lonnie Lyon – 2088 Academy Rd.: Lonnie requested clarity regarding the best levy rate to enable the district to provide the same service level and move forward with a merger or RFA in the future.

District 21 Board Commissioner Bruce Ansell noted that although District 21 is interested in a longer-term relationship with District 4 in the future if the levy rates are incompatible, the District 21 Board cannot take on additional debt. It was noted that when forming an RFA, the County will average both levy rates.

Neither board has requested levy lid lifts in many years, and the public is not aware of the state statute's one percent limitation ramifications. Due to the making do and not asking for additional funding, many maintenance issues were not addressed effectively, nor were vehicles purchased, resulting in the district's current state.

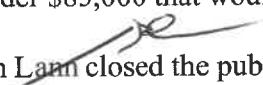
Commissioner Ansell further noted that the proposed \$0.99 levy rate could work, provided an inflator (3-6%) is included to keep somewhat in line with inflation. South Whatcom Fire Authority (SWFA) and District 1 have passed similar levies with a four percent inflator.

If a levy lid lift is not approved and the service level goes down, home insurance costs will most likely increase as much or more as a levy lid lift.

Vice-Chairman Johnson agrees that considering an inflator is a good addition to a levy lid lift request.

Chief Van der Veen stated that the proposed \$1.15 levy rate is an awfully big increase to ask of the District 4 constituents.

Chief Van der Veen recommended that the Board consider a three or four-percent inflator to be included in a levy lid lift, which allows the budget to be raised by the inflator, as opposed to the current one percent, without a vote of the taxpayers. A three percent limit factor results in just under \$85,000 that would be added to the budget.

Chairman  closed the public hearing at 7:48 p.m.

COONEY

SPECIAL MEETING

Add Resolution 2023-02 Providing for the Submission of Levy: Chairman Cooley reviewed the draft resolution being considered.

A RESOLUTION OF THE GOVERNING BOARD OF WHATCOM COUNTY FIRE PROTECTION DISTRICT NO. 4 (“DISTRICT”) PROVIDING FOR THE SUBMISSION TO THE QUALIFIED ELECTORS OF THE DISTRICT AT AN ELECTION TO BE HELD WITHIN THE DISTRICT ON AUGUST 1, 2023, IN CONJUNCTION WITH THE PRIMARY ELECTION TO BE HELD ON THE SAME DATE, OF A PROPOSITION RESTORING THE DISTRICT’S PROPERTY TAX LEVY RATE TO \$0.99 PER \$1,000.00 OF TRUE AND ASSESSED VALUATION AND ESTABLISHING A LIMIT FACTOR OF UP TO 3% SUBJECT TO OTHERWISE APPLICABLE STATUTORY LIMITATIONS FOR THE FOLLOWING FIVE YEARS.

MOTION: Commissioner Lann moved to approve Resolution 2023-02 Providing for the Submission of the Levy in the amount of \$0.99 with a three percent limit factor. The motion was seconded by Vice-Chairman Johnson and approved 3-0.

After hearing the presentation, history and considering the voters, Commissioner Lann stated that, in his opinion, more than \$0.84 is needed, and \$1.15 is a lot to ask. The \$0.99, along with the ability to account for inflation, is a more reasonable request.

Vice-Chairman Johnson concurred, stating that \$0.84 is not fiscally responsible and \$1.15 is nearly double the current fire levy and most likely would not be approved. Vice-Chairman thanked the audience members for their comments regarding additional public outreach and education. The \$0.99 is an amount that taxpayers can rally around, especially considering that the amount will not result in reduced services. In addition, the three percent limit factor will help to keep up with inflation.

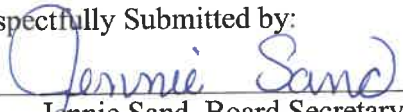
Chairman Cooley agreed that the \$0.99 with the three percent limit factor is the most responsible amount and puts the district in a better position to merge or form an RFA with District 21 in the future.

Any person(s) interested in being part of a pro or con committee are encouraged to contact the district.

ADJOURNMENT

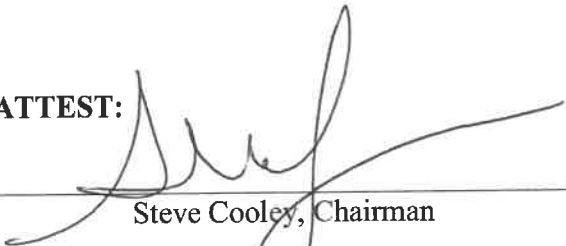
MOTION: There being no further business, Chairman Cooley moved to adjourn the meeting at 7:59 p.m. The motion was seconded by Vice-Chairman Johnson and approved 3-0.

Respectfully Submitted by:



Jennie Sand, Board Secretary

ATTEST:



Steve Cooley, Chairman



Tim Johnson, Vice-Chairman



Mark Lann, Commissioner



Jason Van der Veen, Fire Chief