

**City of Marysville, City of Arlington and Fire District 12**

**RFA Planning Committee Meeting**

October 19, 2017

5:00 – 7:00 PM

Marysville 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 September 28 (*3 min.*) Mayors
4. Communications Updates (*5 min.*)
5. **Action:** Statement of Values and Principles (*10 min.*) Karen
6. Continued discussion: Governance options and issues (40 min.) Karen
7. Presentation: Modelling RFA Cost Scenarios, next steps (50 min.) Karen, Finance staff  
Chief Martin McFall,  
Chief Dave Kraski
8. Union Comment
9. Closing Roundtable comments
10. Next meeting
11. Adjourn



MINUTES OF THE MARYSVILLE / ARLINGTON / FIRE PROTECTION DISTRICT #12  
REGIONAL FIRE AUTHORITY PLANNING COMMITTEE

Arlington City Council Chambers  
110 East Third Street  
September 28, 2017

**Marysville Councilmembers Present:** Jeff Vaughan<sup>1</sup>, Jeff Seibert, Steve Muller

**Arlington Councilmembers Present:** Chris Raezer<sup>2</sup>, Marilyn Oertle, Jesica Stickles, Sue Weiss, Mike Hopson, Debora Nelson, Jan Schuette.

**FPD #12 Commissioners Present:** Pat Cook, Rick Ross.

**Also known to be present** were Karen Reed, Chris Andersson, Tom Cooper, Dough Schmidt, Rick Isler, Dave Safford, Mark James, City of Marysville Mayor Jon Nehring and staff members Gloria Hirashima, Sandy Langdon, Connie Mennie, and Jan Berg; City of Arlington Mayor Barbara Tolbert and staff members Paul Ellis, Kristin Garcia, Kristin Banfield, David Kraski, and Greg Koontz; Fire Protection District #12 staff members Martin McFalls, Tom Maloney, Jeff Cole, Jason Tucker, Chelsie McInnis, and Christie Veley.

Arlington Mayor Barbara Tolbert called the meeting to order at 5:00 p.m.

Karen Reed provided the planning committee an overview of the agenda, the goals for the meeting, and requested approval of the agenda. Approval of the agenda was passed unanimously.

**MINUTES OF THE MAY 25, JULY 27, AND AUGUST 24, 2017 MEETINGS**

Arlington Councilmember Marilyn Oertle moved and Arlington Councilmember Jesica Stickles seconded the motion to approve the minutes of the May 25, July 27, and August 24, 2017 Planning Committee meetings. The motion passed unanimously.

**COMMUNICATIONS UPDATE**

Connie Mennie, Communications Officer for the City of Marysville, provided a summary of the Communications team activities for the last couple months. She noted that Communications staff from both cities and MFD met last week to further flesh out the communications plan. RFA web page is hosted on City of Marysville website and the City of Arlington and MFD link to that page. The pages were updated, now include all agendas, meeting materials and approved minutes. This page will be kept current as meeting minutes are approved and future meeting materials are available.

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<sup>1</sup> Arrived at 5:24 p.m.

<sup>2</sup> Arrived at 5:14 p.m.

On the public outreach front, the cities will be providing regular RFA updates in their respective city newsletters. In addition, social media tools employed by all three partner entities will be used to share about the RFA process and how to get involved.

This is Phase 1 of communications plan will continue until or if a proposal comes forward. At that time, transition to Phase 2 will be a separate independent website for RFA proposal and related public information. A similar approach has been successfully tested in other communities and includes a public information campaign, news releases, social media, and public speaking engagements (Chambers, Rotary, etc.).

**ACTION: STATEMENT OF SHARED VALUES AND PRINCIPLES**

Discussion and adoption of the revised statement of shared values and principles was postponed to the next meeting.

**RFA PLANNING COMMITTEE CHARTER**

Ms. Reed circulated a proposed charter for the RFA Planning Committee and reviewed the changes from the last version. Commissioner Pat Cook moved and Councilmember Marilyn Oertle to adopt the RFA Planning Committee Charter as presented. The motion passed unanimously.

**CONTINUED DISCUSSION: GOVERNANCE OPTIONS AND ISSUES**

Ms. Reed reviewed the briefing memo provided to the Committee prior to the meeting regarding governance options. Discussion by the Committee followed on the governance options the Committee members were most open to discussing further. After lengthy discussion by the Committee, consensus was to continue exploring governance options 1 and 5. Future governance structures were then discussed. A majority of the committee was open to exploring dividing the RFA into districts for future representation to the board. Additional discussion will occur at future meetings to further refine the governance structures, including what governance would work into the future.

**PRESENTATION: MODELING RFA COSTS OVER TIME AND OPERATION MODELS**

The Finance team, Ms. Garcia, Ms. Langdon, and Ms. McInnis, reviewed the key financing issues and the items that will be modeled based upon the two operations scenarios. The models will include assumptions regarding debt obligations, SERS debt, LEOFF retirees, labor cost assumptions, two different levy rate scenarios, continuation of service contracts with third parties, other revenues (ambulance transports or GEMT), initial reserves and target reserves, and what to do with existing reserves. The assumptions will be modelled in various scenarios over a 7-year period.

Chiefs McFalls and Kraski then reviewed the two operations models that will be included in the scenarios to be modelled: a baseline that maintains current service levels and programs, and a second model that adds staffing, training, and facilities to the baseline

model. They noted that ultimately, operating choices by the RFA will be data driven and based upon the needs of the community.

**UNION COMMENT**

Greg Koontz, Arlington Fire remarked that he and the Arlington Local know something has to be done to ensure the service is provided and maintained. They are supportive of the RFA, if it makes sense to the citizens that we all serve. The crews just want to serve the citizens the best way possible.

Jason Tucker, Marysville Fire stated that they have already started to organize events and meetings to bring staff from all agencies together in addition to the joint labor-management meetings that are on-going.

**CLOSING ROUNDTABLE COMMENTS**

Fire Chief Kraski offered to arrange a tour of the different facilities so the Planning Committee could get a better idea of the operations. Mayor Tolbert noted that the City Administrators will push that out to their respective Councils.

Councilmember Steve Muller raised the issue of a benefit charge and encouraged the Planning Committee to spend some time understanding it and how it could be beneficial to the funding of the RFA. Ms. Reed indicated the staff team would be happy to put a meeting together separate from the next Planning Committee meeting to discuss benefit charges.

**NEXT STEPS / NEXT MEETING**

Next meeting will be in Marysville on October 19, 2017 at 5:00 p.m.

**ADJOURN**

With no further business to discuss, the meeting was adjourned at 7:06 p.m.

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Barbara Tolbert, Mayor

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Jon Nehring, Mayor

# City of Arlington – City of Marysville– Fire District 12 RFA Planning Committee

## Statement of Shared Values and Principles

Version dated ~~August 25, 2017~~ September 19, 2017

Marked to show changes from version reviewed on August 24.

The RFA Planning Committee members endorse the following statement of shared values and principles for the operation of a proposed Regional Fire Authority (RFA) encompassing the territory of their three jurisdictions.

*Values and Principals are not presented in rank order of priority.*

### Our Shared Values Include:

1. **Building an affordable and sustainable financial model.** The RFA should have a secure, ~~stable~~ affordable and sustainable financial model that can facilitate consistent service levels over time to the community.
  
- ~~1.2.~~ **Ensuring operations meet or exceed current service levels in terms of their ability to support a safe and health community.** Providing high quality service to citizens and first responders. ~~Service levels under an RFA should be the same or better than current services. The RFA should meet or exceed service levels that the Board of the RFA adopts.~~
  
- ~~2.3.~~ **Making data-driven decisions.** The RFA should take strategic action based on the facts after a thorough and objective analysis of the issues.
  
- ~~3.4.~~ **Building a sustainable financial model.** ~~The RFA should have a secure, stable and sustainable financial model that ensures consistent services levels over time.~~ (merged into point 1)
  
- 4.5. **Being an effective and efficient steward of public funds.**
  
- 5.6. **Participatory Governance.** Jurisdictions which are part of the RFA should have a meaningful voice in the operating decisions of the RFA. We will make decisions by consensus whenever possible.
  
- 6.7. **Promoting interagency collaboration, communication and strong working relationships.** We seek to act in the collective best interests of all our public safety partners, not just those served by the RFA. We are open and honest with each other.

**8. Pro-Active Oversight, Planning and Continuous Improvement.** We are committed to planning for the future and proactively identifying and addressing the needs of our communities, identifying and implementing ways to better meet those needs.

**9. Providing a safe, supportive and professional environment for our first responders.**

**7-10. Strong engagement with our local communities.** The RFA should be a positive and engaged member of the communities we serve, with pro-active outreach to the public.

**Our Shared Operating Principles Include:**

- A. We strive to operate nimbly, with the ability to make decisions and respond quickly when necessary.
- B. We seek to understand and address the unique needs of the communities we serve. We strive to address these needs equitably in all operating and financial decisions.
- C. We work to attract, develop and retain high quality staff.
- D. We strive to employ rigorous quality assurance and reporting practices.
- E. We manage agency budgets to control or reduce costs.
- F. We seek to limit spikes in budgets from year to year, by use of planning capital investments over time, developing reserves and other means.
- G. We commit to being transparent, accessible and responsive to our customer agencies and the public.
- H. In contracting to provide services to other agencies, we are mindful of our own costs of service: communities within the RFA boundaries should not incur additional costs as a result of these external service contracts.

Marysville-Arlington-Fire District 12 RFA Planning Committee

**Issue Paper**

Prepared by: Karen Reed

Date: *Revision dated October 5, 2017 (changes are found in italics under "Staff Recommendations" and "Direction from Planning Committee" sections below and addition of Attachment 4)*

**Title: Governance –scope of issues and basic rules**

**Summary Description of issue:**

One of the major decisions for the Planning Committee is how the governance board for the RFA should be structured initially, and whether the RFA Plan should also include a transition plan for how that initial board structure should evolve over time.

Considerations include:

- A. Number of board members
- B. How are positions filled—by voters or council/commission appointment?
- C. Terms of office
- D. Allocation of seats between participating agencies
- E. Should we anticipate a change in board structure over time?
- F. Are there decision making rules that we can/should add (i.e., require supermajority vote for some items)?
- G. Is it possible other agencies will want to join the RFA in the future? How does that impact the governance plan?

**Options:**

There are a very wide array of options available to the Planning Committee. The parameters and considerations are outlined on Attachment 1.

**Staff Recommendation and Rationale:**

Staff recommends ensuring the RFA Plan incorporates basic provisions (mostly statutory references) necessary to (1) allow the RFA territory to expand in the future (by annexation or merger), and (2) to adjust the governance structure in the future by vote of the Governing Board—to avoid having to resubmit the entire plan to the voters of the City and District.

The rationale for this is to preserve maximum flexibility to the future governing board.

*We started the discussion in August with a briefing on the legal parameters and reviewing how other RFA's have approached this issue.*

*In September, the group reviewed a number of straw-man proposals (Attachment 3) and agreed that they are open to two different appointed board structures (See Attachment 4.)*

*At the October meeting, Staff are hoping that the group can*

- Reach consensus on a preferred initial appointed board structure, and*
- Work toward consensus on how the initial board might change over time as a result of annexations and population growth.*

*Legal counsel have reviewed both consensus initial appointed board options agree these are feasible. They recommend that the RFA Plan address how the governing board would change over time as annexations and population growth occur.*

**Direction from Planning Committee: (new text)**

*At the August 25 Planning Committee:*

- There was consensus that the size of the RFA board should be either 5 or 7 members.*
- A majority of those commenting expressed an openness to having at least some directly elected Board members in the longer term, but this was not a unanimous position.*
- There was no consensus as to whether the Committee should develop a longer-term Board structure, or just focus on the initial appointed Board structure.*

*At the September 28 Planning Committee meeting:*

- There was consensus that two different initial appointed Board scenarios would be "workable."—See Attachment D.*
- There was consensus that the group is open to considering districted positions in the longer-term.*

Attachments:

1. Governance Considerations and Legal Parameters
2. Population and Assessed Value Comparisons
3. Options for an initial appointee Board structure
- 4. Consensus Options from September Planning Committee Meeting (new)**
- 5. Longer Term Governance Scenarios considering annexation (new)**

## Attachment 1: Governance Considerations and Legal Parameters

### Considerations:

1. All board members must be **elected officials from a member jurisdiction** (RCW 52.20.080) **or elected directly** by the electorate of the RFA.
2. **Initial board seats need to be appointed** by Cities and District, since there won't be an election between the time the RFA is approved by voters and when it starts to meet.
3. Board structure **may change over time:**
  - a. RFA Plans typically allow the governing board to change the governance structure in the future by majority vote of the board. The Plan can expressly limit this authority—supermajority vote requirement for change, or require resubmittal to voters in order to change.
  - b. For example, the Board could evolve from all appointed members to a mix of **appointed and elected members** (there are legal limitations here—see below #8). Alternately, the Board could evolve to election by **commissioner districts**, or **“at large”** positions – or a **mix of districted and at-large positions**.
  - c. It is important to consider the time commitment involved in serving both on a Commission or Council as well as the RFA Board.
4. There is no legal limit on number of members—but there is a practical limit. Typically, an odd-number of seats is preferred to reduce the likelihood of tie votes.
5. The Board can include non-voting members, appointed to the Board. Any non-voting members need to be elected officials.
6. RFA board members' terms may not exceed 6 years, and election terms must be staggered (RCW 52.26.080(3)(b)).
7. In an RFA with “districted” board positions, the candidates must **reside in the district**.
  - a. The **primary vote is by district** (to identify the top two candidates).

- b. In **the general election vote, all voters in the RFA vote on all positions.**
  
- 8. As noted above, Board members may be a mix of “directly elected” and “appointed.” However, if the board is comprised of a majority of members who are elected, the *elected positions* are subject to the state constitutional **one person, one vote principle.**
  - a. “One-person, one vote” principle requires a relatively equal population base to be represented by each *elected* position.
  - b. **How is an appointed position defined versus an elected position?** Any situation where the Commissioners or Councils must select members from amongst the whole group of elected officials in their jurisdiction is considered an “appointed” position. By contrast, any “**automatic appointments**” from the Cities or District to the RFA Board—e.g., “the Mayor” or “the Council President” or “Commission President”—or “all commissioners” **are deemed to be “elected”** positions, not appointed positions, because there is no discretion involved in the appointment process.

The one-person, one-vote principle is relevant in any transition from a board where all members are initially appointed to where some are considered “elected.” ***At the point at which a majority of members are elected, the elected members must be elected on a one-person, one-vote basis.***

**Sample Board Structures and the “One-Person-One-Vote” Rule**

	Marysville	Arlington	FD 12	Meets 1-person, 1-vote test?
1	3 councilmembers	2 councilmembers	1 commissioner	Yes
2	3 councilmembers	3 councilmembers	3 commissioners	Yes
3	3 districts	1 district	1 district	Yes
4	Mayor	Mayor	Board President	No

- 9. If an RFA EMS levy is approved to replace the 3 local EMS levies, the only reason for Fire District 1 to remain as a separate entity would be to appoint members to the RFA Board. If the Plan provides for the RFA Board positions initially held by Commissioners to convert from appointed to elected positions, the District could (and probably should) be dissolved. Until the District is dissolved, the Board of

Commissioners must continue to meet monthly. Dissolution of the Fire District requires a majority vote of the District voters.

10. A city or district desiring to join the RFA after it is created may do so by law. The process for this is outlined below:

- i. City/District desiring to joint RFA adopts a resolution requesting annexation;
- ii. The governing board of the RFA then adopts a resolution agreeing to the annexation and amending the RFA Plan to identify terms and conditions for the annexation;
- iii. The jurisdiction seeking to annex must adopt the RFA’s resolution approving the annexation and the RFA plan amendment;
- iv. Voters in the annexing jurisdiction must approve the annexation and RFA Plan amendment (simple majority vote required). The effective date can be as specified in the ballot (does not need to be January 1 or July 1).

How have other RFA’s addressed governance?

See RFA Matrix. Note that some of the configurations adopted by other RFAs arguably do not comply with the one-person-one-vote requirement: Staff recommend against following those examples.

The RFA Planning Committee Resolutions/Motions:

Language relevant to governance from these documents/statements is as follows:

**Marysville:** “Governance of said RFA shall be by seated Councilmen/Commissioners and allocated/indexed in proportion to the participants associated population or assessed valuation.”

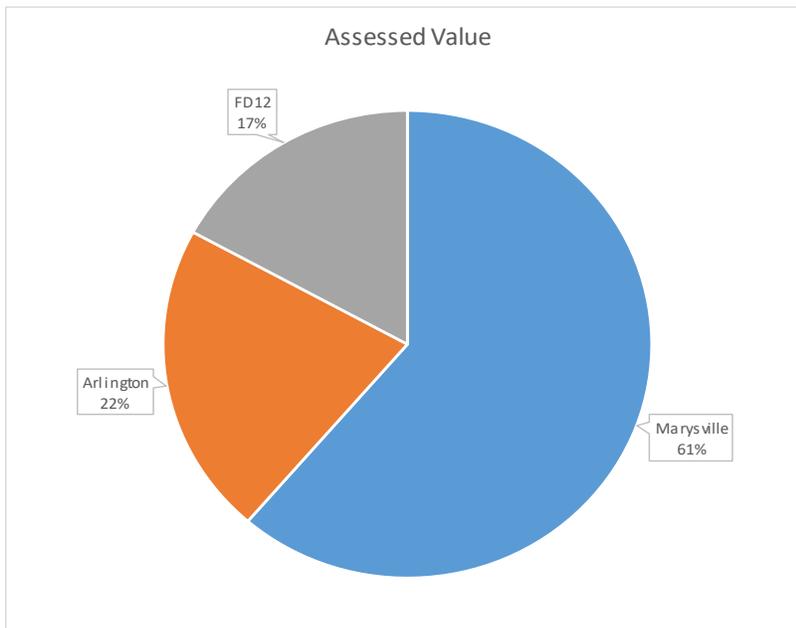
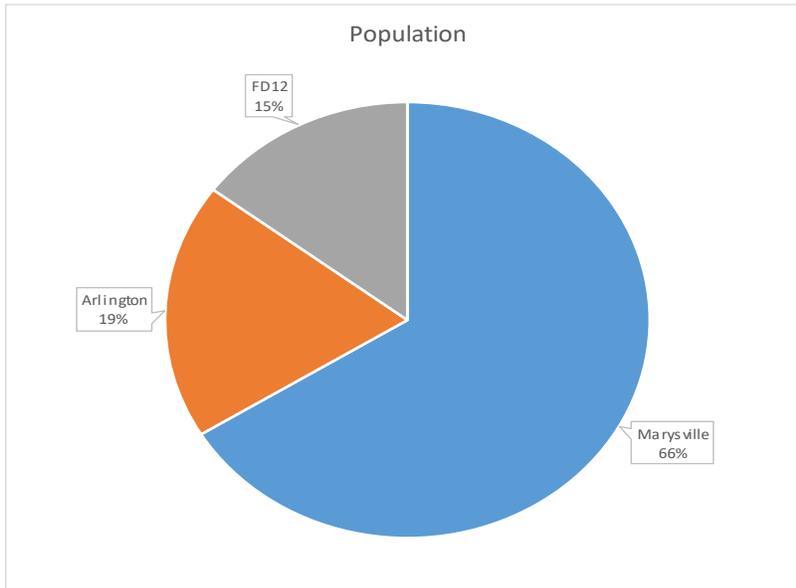
**Arlington:** (Resolution speaks only to joining discussion with City of Marysville)  
“WHEREAS, the plan should result in a governing board that proportionally represents the taxpayers in the RFA; and WHEREAS, representation of the RFA board shall be based on the respective assessed values and populations in Marysville and Arlington”

**Fire District 12:** “WHEREAS, the plan should result in a governing board that proportionally represents the taxpayers of the RFA”

## Attachment 2: Population and AV Comparisons

	FD 12	Marysville	Arlington	TOTAL
<b>2016 Population</b>	14,512	64,940	18,620	98,072
<b>% of total Pop.</b>	14.8%	66.2%	19%	99.9%
<b>2016 AV</b>	\$1,785,173,123	\$6,425,149,097	\$2,265,698,000	\$10,476,020,220
<b>% of total AV</b>	17%	61.3%	21.6%	99.9%

For example, on a 5-member board, each board seat (if districted/elected) would represent about 20,000 population



### Attachment 3: Initial Appointed Board Structure Options

	Marysville	Arlington	FD 12	Total
2016 Population	65,940	18,620	14,512	98,072
% of total pop.	66.2%	19%	14.7%	100%

#### Considerations:

- If you expect other jurisdictions may join the RFA in the future, you can start with a smaller board and accommodate adding seats in the future if/when other agencies annex into the RFA. OR, plan to shrink the current representation.
- If a longer-term board is included in the plan, an initially “disproportionate” transition board can be made more proportional over time.
- If one agency has at least a simple majority of votes, you could add procedural rules that important decisions (to be specified) require approval from members of at least 2 of the 3 participating agencies. Also, if you add this rule, it may be less important to have an odd number of board members.
- In the long-term, it is possible to dissolve FD 12 if there is a board structure in place that does not require a FD 12 appointee, and an RFA-wide EMS levy is approved in lieu of the current 3 separate EMS levies.
- There is a work load consideration for appointing city councilmembers to the RFA Board. This may be more critical in the near term start-up than in the long-term.

***Several examples of an “all appointed board” are below. Which, if any of these, seem more workable for you, and why?***

#### 5-Member Board Examples

On a 5-member board, each board seat—if allocated equally on a population basis would represent about 20,000 people today

Option	Marysville	Arlington	FD 12	Notes
<b>1--Proportional</b>	<b>3</b>	<b>1</b>	<b>1</b>	Matches the stated policy direction fairly closely.
% of seats	60%	20%	20%	
<b>2--City focus</b>	<b>2</b>	<b>2</b>	<b>1</b>	
% of seats	40%	40%	20%	

### 7-Member Boards Examples

On a 7 member board, each board seat if allocated equally on a population basis would represent about 14,000 people today

Option	Marysville	Arlington	FD 12	Notes
<b>3—Somewhat Proportional</b>	<b>5</b>	<b>1</b>	<b>1</b>	Rounding up Marysville representation, rounding down Arlington
% of seats	71%	14.3%	14.3%	
<b>4--Somewhat Proportional</b>	<b>4</b>	<b>2</b>	<b>1</b>	Rounding down Marysville, rounding up Arlington
% of seats	57.1%	28.6%	14.3%	

### 6-Member Board Example

On a 6 member board, each board seat if allocated equally on a population basis would represent about 16,300 people today

Option	Marysville	Arlington	FD 12	Notes
<b>5—Somewhat Proportional</b>	<b>3</b>	<b>2</b>	<b>1</b>	Rounding down Marysville representation, rounding up Arlington
% of seats	50%	33%	16.6%	

### Some Transitional Board Options (implement over 2-4 years)

- Initially, the Board must consist of all current elected officials. Over time, this could change into a different composition. Several examples are offered below.
- If a majority of board is deemed “elected,” elected seats must meet 1-person, 1 vote rule.
- Districts must be relatively equal in population; they are periodically re-sized as population grows, or when a new jurisdiction / territory joins the RFA.
- The Plan can define a future board structure—or not. That future structure can either be cast in stone, or could be open to amendment by a future board—depending on how the RFA plan is written/submitted to voters.

See options on p. 9

**Several options of how a future board could be structured – after the initial “all appointed” board—are below. Which, any of these, seem more workable for you, and why?**

- **Mix of appointed and districted RFA Board members**

Option	Appointed			Elected by District
	Marysville	Arlington	FD 12	Districts
6 (5 members)	1	1	0	+ 3 equally sized districts
7 (7 members)	1	1	0	+ 5 equally sized districts

- **Mix of appointed and at-large RFA Board members**

Option	Appointed			Elected at-large (RFA-wide)
	Marysville	Arlington	FD 12	At Large
8 (5 members)	1	1	0	+3 at large reps
9 (7 members)	1	1	1	+ 4 at large reps

- **Mix of appointed, districted and at-large RFA Board members**

Option	Appointed			Elected (mix)	
	Marysville	Arlington	FD 12	Districts	At Large
10 (5 members)	1	1	0	2	1
11 (7 members)	1	1	1	3	1

- **Mix of districted and at large RFA Board members**

Option	All elected Board, mix of approaches	
	Districted	At-large
12 (5 members)	3	2
13 (7 members)	5	2

## Attachment 4

### Consensus Options from September Planning Committee Meeting

#### 1. Background data:

	<b>Marysville</b>	<b>Arlington</b>	<b>FD 12</b>	<b>TOTAL</b>
<b>2016 Population</b>	64,940	18,620	14,512	98,072
<b>% of total Pop.</b>	66.2%	19%	14.8%	99.9%
<b>2016 AV</b>	\$6,425,149,097	\$2,265,698,000	\$1,785,173,123	\$10,476,020,220
<b>% of total AV</b>	61.3%	21.6%	17%	99.9%

#### 2. Consensus options

Committee members identified the following to models as their preferred options:

##### Option 1:

A five member board, with 3 seats allocated to the Marysville City Council, 1 seat allocated to FD 12, and 1 seat to Arlington, with a supermajority vote required for decision-making. As generally outlined, a supermajority vote would require 4 of 5 votes.

<b>Option</b>	<b>Marysville</b>	<b>Arlington</b>	<b>FD 12</b>	<b>Notes</b>
<b>1 Proportional</b>	<b>3</b>	<b>1</b>	<b>1</b>	Matches the stated policy direction fairly closely.
% of seats	60%	20%	20%	

##### Questions:

- Should the 4 vote requirement apply regardless of the number of meeting attendees? If 2 people stay away, the RFA could not conduct business. Alternately,, in absence of all five members, should the rule be that not less than 66% of a quorum and affirmative votes from representatives of at least 2 of the 3 member jurisdictions must be garnered?
- Should routine issues (approving agendas, meeting summaries, etc.) be exempt from the supermajority rules?

**Option 2:**

A six member board, with 3 seats allocated to Marysville, 2 to Arlington, and 1 to FD 12. Supermajority rules would not be required.

<b>Option</b>	<b>Marysville</b>	<b>Arlington</b>	<b>FD 12</b>	<b>Notes</b>
<b>5— Somewhat Proportional</b>	<b>3</b>	<b>2</b>	<b>1</b>	Rounding down Marysville popln, rounding up Arlington
% of seats	50%	33%	16.6%	

The six-member board option would be supplemented with a requirement that if other jurisdictions annex into the RFA, they could have a governing board seat only at the point with they (potentially in combination with other annexing jurisdictions), have a population served equal to 1/8<sup>th</sup> of the combined, newly annexed total RFA population, and a fourth Marysville seat would also be added at that point (total board going from 6 to 8 members).

Discussion Questions:

1. Both models can be forwarded on to the full City Councils. However, it is probably helpful if you can reach consensus (or near-consensus) on a preferred option. Which of the two models do you prefer, and why?
2. Thinking again about the longer term governance, if we can map out how things change over time—with population growth and annexations—we avoid needing to go back to voters for a plan amendment. We tell voters in advance how we will handle things. In September, the consensus (or near consensus) was that the group is open to a future governance model involving districts. The table below includes some considerations relating to districts

<b>Considerations for Using Districts in RFA Governance</b>
<i>Districts:</i>  <i>Are comprehensive:</i> If there are any districts, they must cover the entire RFA, not just part of it.

*Have a "total RFA" governance aspect in that in the general election, all RFA voters vote on all district elections. The primary vote is by district only.*

*Provide flexibility to ensure one-person-one-vote over time: Districts can accommodate changes in population and growth in RFA territory – at any point the RFA territory grows, and periodically (at least every 10 years), the RFA would be re-districted into roughly equal population sized districts.*

*Could be instituted at a definable point in the future: For example, when an annexation occurs, or sooner.*

*Can contemplate a board with more seats than the initial structure. E.g., 5 appointed seats could transition to 7 (over a few years) following a major annexation.*

*Can be utilized in a mixed board structure along appointed and/or at-large positions. If a majority of positions are elected, the elected positions must with the one-person, one-vote principle.*

- a. Is 7 or 8 still the maximum board size you would want over time?
- b. Long-term, would you prefer a board that becomes **all**-elected by district, or involves a mix of districted, and/or appointed? Why?
- c. Do any of the longer-term governance models on p. 9 seem more or less preferable to you? Which ones and why?

See **Attachment 5** for some hypothetical examples of longer-term governance models.

**Attachment 5: Longer Term Governance Scenarios considering annexation.**

**1. Background data:**

	<b>Marysville</b>	<b>Arlington</b>	<b>FD 12</b>	<b>TOTAL</b>
<b>2016 Population</b>	64,940	18,620	14,512	98,072
<b>% of total Pop.</b>	66.2%	19%	14.8%	99.9%
<b>2016 AV</b>	\$6,425,149,097	\$2,265,698,000	\$1,785,173,123	\$10,476,020,220
<b>% of total AV</b>	61.3%	21.6%	17%	99.9%

**2. Annexation into RFA of new Jurisdiction(s) –Examples for a 5 member board.**

Reminders:

- Board terms must be staggered by law (different end dates)
- Districts must be contiguous if possible, so we can't tell in advance how the maps will look, but they could largely replicate existing structure given population
- Could establish a trigger point for changing governance. Examples:
  - Upon annexation of areas with a combined population of at least the same as that represented by 1 board member (1/5<sup>th</sup> of RFA population in a 5 member).
  - Upon any annexation of a new agency
  - A firm date (5 years, regardless of annexations)
- If moving to any directly elected positions: appointed board members come off the board in a pre-designated order as elections take place.
- If appointees remain part of the board, they must be elected officials from member jurisdictions.

<b>Board Size after Annexation</b>	<b>Marysville</b>	<b>Arlington</b>	<b>FD 12</b>	<b>New Member(s)</b>
<b>No change</b>	3	1	1	1 Non-voting seat. Or not.
No change—but move to some or all Districted positions.	<b>5 districts</b> with new members being included in districting. Election 3 district seats (3) at first election; run remaining 2 districted positions 2 years later.			
	<b>3 districts with 2 at-large positions</b>			
Increase board size to 7 Variations can include: --districts --at-large --appointed	<b>7 districts</b> Elect 3 district reps at first election, then the remaining 4 district reps over the next 2 election cycles.			
	<b>5 districts + 2 at-large</b> Elect 3 district reps at first election and remaining 4 over next 2 election cycles.			
	<b>5 districts + 2 appointed</b> Run 3 seats at next election cycle and remaining 2 at next 2 years.			
	<b>6 districts + 1 appointed</b>			

**Issue Paper**

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**Date:** 10/26/16

**Title: Financial Scenario Modelling**

**Summary Description of issue:**

Financial scenario modelling helps analyze whether the RFA can meet and potentially exceed current service levels within allowable levy rates, and how the selection of an initial levy rate will affect the timing of future lid lifts.

**The attached material is informational. Some questions to be considered are:**

1. Overall, do the scenarios seem workable to you, in terms of the frequency of the lid lifts?
2. The RFA is a stand-alone entity. How important is it for the RFA to have capacity to weather an economic downturn or address unanticipated equipment issues or facilities issues?
3. How likely does it seem to you that the RFA will need a new fire station or repairs to existing facilities over the next 10 years?
4. How comfortable are you with assuming that a future facilities/equipment package will be supported by voters? Would you prefer to have some ability to cash-finance some or all of these items over time without a separate bond vote?
5. What issues are not addressed by these scenarios?

## Financial Scenario Revenue Sources/Assumptions Re-cap

<p><b>RFA funding package includes:</b></p> <ul style="list-style-type: none"> <li>• <b>EMS levy</b> (max at \$0.50) <i>local or RFA</i></li>   <li>• <b>Fire levy</b> (max at \$1.50) <i>assuming no Fire Benefit Charge</i></li>   <li>• <b>Transport &amp; other fees</b></li>   <li>• <b>Contract service revenue</b></li>   <li>• <b>Reserves from the two operations</b></li> </ul>	<p><b>Scenario Modelling notes:</b></p> <ul style="list-style-type: none"> <li>• <b>EMS levies</b> assumed to be <b>local</b> until replaced by RFA levy in 2023 (for 2024 funding). Until that time, Marysville and FD 12 are funding at \$0.50 (inflater provision in ballot measure avoids 1% cap), and Arlington assumed to fund with its current EMS levy capped at 1% + new construction (current rate \$0.42, will decline to \$0.32 by 2023).</li>   <li>• <b>Scenarios run at \$1.50 and \$1.43 fire levy. (For a total of \$1.97 or \$1.90 (Fire Levy + EMS Levy) –the Arlington EMS situation means a combined EMS+ Fire Levy can't quite get to \$2.00)</b></li>   <li>• Transport and other fees modelled at 3% annual inflation.</li>   <li>• Current contracts modelled to continue at current rates with 3% annual inflation factor or other rate defined in contract.</li>   <li>• The scenarios assume a <b>starting reserve fund balance of \$9.2M.</b></li>   <li>• 4 month year-end balance is trigger point determining when a new levy is needed. If the year-end balance is below the 4-month operations target (which grows as budgets grow), then a levy vote would occur in the <b>preceding year</b> to avoid a shortfall.</li> </ul>
<p><b>Challenges to be managed:</b> Future Fire and EMS levy lid lifts must be voted on separately. Lid lifts must be timed to preserve the year-end fund balance of 4-months operating reserve.</p>	

## Financial Scenario Takeaways

1. **The scenarios are just informational.** They help us decide where to set the initial fire levy and what our expectations should be on the frequency of lid lifts going forward.
2. **ALL SCENARIOS:** Assume an **RFA EMS levy** will replace separate entity EMS levies in 2023 for 2024 funding: **one ballot measure.**
3. **BASELINE SCENARIOS:** The fire levy does not need to be raised before 2025 under any Baseline scenario modelled.
  - a. *Caveat:* if you wait until **2026** to run a fire levy lid lift, the rate will have deteriorated by \$0.29-\$0.31 cents (depending on whether you started at \$1.43 or \$1.50). The lid amount you ask for would be smaller if you go to the voters sooner: this is a political choice.
4. **3 of 4 BASELINE PLUS SCENARIOS:** Require both a 2023 RFA EMS Levy and a Fire Levy lid lift in the next 7 years.
  - a. If the Fire levy is set at \$1.50 and Arlington debt is excluded, a fire levy lid lift is not required in the next 7 years for the Baseline Plus scenario – *assuming the facilities/apparatus package is funded through a separate vote.*
5. **2024 FACILITIES/APPARATUS PACKAGE: If the Fire Levy is imposed at \$1.50 rather than \$1.43 it allows RFA reserves to be built up to fund some additional facilities/apparatus** without a separate vote on facilities debt—even if not the full \$20M package. Greater reserves provide a **buffer** should there be an economic downturn and gives more **flexibility** in the timing of replacement lid lifts.
  - a. The facilities/equipment package costs around \$0.10/year of the RFA levy rate over 20 years, starting in 2024. If this were cash funded by the RFA (rather than going to the voters to approve a bond) that reduces the levy amount available for operations by \$0.10 –accelerating the frequency of lid lifts needed after 2025. It's like going from a \$1.50 fire levy to a \$1.40 fire levy.

## Other Financial Considerations

There are three notable financial issues that will need to be addressed over the coming months, and only one of them is fully modelled now. *There is no requirement that parties bring equal resources to an RFA. It would be unusual to see precise equivalence. That said, the resource contributions need to be understood and considered.* There are many options to address the three issues below.

1. **Arlington fire facilities & equipment debt**—should the RFA assume that or not? (this issue is modelled)
2. **EMS levies**—in the model, Arlington assumed to be contributing at lower level through 2023. Alternatives to this could include Arlington doing an EMS lid lift sooner, or contributing additional monies from its general fund to generate an equivalent EMS contribution rate to that provided by Marysville and FD 12.
3. **Reserve contributions**-- The 2019 RFA starting reserve fund target is around \$9.2M (4 months of the operating budget). This is estimated to be the *minimum* 2018 ending fund balance of MFD/FD12/Arlington fire/EMS dedicated reserves and is included in the model as the opening fund balance for the RFA. The question to be resolved is whether Arlington should contribute more than its \$273,000 ending fund balance to the RFA reserve.

### Attachments:

- A. List of Scenarios Modelled
- B. Chart showing timing of lid lifts under scenarios

**Attachment A: List of Scenarios Modelled**

**RFA Financing Scenarios—7 Year Model**

Baseline Operations Model	Baseline Plus Operations Model*
<p style="text-align: center;"><b>Scenario A</b></p> <ul style="list-style-type: none"> <li>Baseline Operations Level</li> <li>Arlington Debt assumed by RFA</li> <li>RFA Levy starting at \$1.43**</li> </ul>	<p style="text-align: center;"><b>Scenario E</b></p> <ul style="list-style-type: none"> <li>Baseline Plus Operations Level</li> <li>Arlington Debt assumed by RFA</li> <li>RFA Levy starting at \$1.43</li> </ul>
<p style="text-align: center;"><b>Scenario B</b></p> <ul style="list-style-type: none"> <li>Baseline Operations Level</li> <li>Arlington Debt assumed by RFA</li> <li>RFA Levy starting at \$1.50</li> </ul>	<p style="text-align: center;"><b>Scenario F</b></p> <ul style="list-style-type: none"> <li>Baseline Plus Operations Level</li> <li>Arlington Debt assumed by RFA</li> <li>RFA Levy starting at \$1.50</li> </ul>
<p style="text-align: center;"><b>Scenario C</b></p> <ul style="list-style-type: none"> <li>Baseline Operations Level</li> <li>Arlington Debt <u>not</u> assumed by RFA</li> <li>RFA Levy starting at \$1.43</li> </ul>	<p style="text-align: center;"><b>Scenario G</b></p> <ul style="list-style-type: none"> <li>Baseline Plus Operations Level</li> <li>Arlington Debt <u>not</u> assumed by RFA</li> <li>RFA Levy starting at \$1.43</li> </ul>
<p style="text-align: center;"><b>Scenario D</b></p> <ul style="list-style-type: none"> <li>Baseline Operations Level</li> <li>Arlington Debt <u>not</u> assumed by RFA</li> <li>RFA Levy starting at \$1.50</li> </ul>	<p style="text-align: center;"><b>Scenario H</b></p> <ul style="list-style-type: none"> <li>Baseline Plus Operations Level</li> <li>Arlington Debt <u>not</u> assumed by RFA</li> <li>RFA Levy starting at \$1.50</li> </ul>

\*All scenarios assume the \$24M facilities/apparatus package is funded through **separately voted debt**

\*\*Note: Because the Arlington EMS levy hasn't been raised since 2011, it is currently imposed at a rate of \$0.42 and will continue to decline unless voters approve a lift. This means that over the entire RFA area the 3 EMS levies combined will raise the equivalent of only \$0.47 at most—and will decline slightly every year in effective rate. In sum, **a full \$2.00 cannot be imposed unless/until the EMS levy across the RFA is \$0.50.** This is why the scenarios in Attachment B show combined levies totals of **\$1.97** and **\$1.90.**

<b>Total Levy</b>	<b>\$1.90</b>	<b>\$1.97</b>	<b>\$2.00</b>
<b>RFA Fire Levy:</b>	\$1.43	\$1.50	\$1.50
<b>Local EMS Levies:</b> Arlington: \$0.42 Marysville/FD 12: \$0.50 <b>Combined Effective rate: \$0.47</b>	\$0.47	\$0.47	-0-
<b>RFA EMS levy</b>	-0-	-0-	\$0.50

**2019-2025 RFA OPERATIONAL SCENARIOS -- ENDING FUND BALANCES AND LEVY CYCLES**

**ENDING FUND BALANCE - Levy lid lift occurs the year before the minimum fund balance can no longer be maintained**

Baseline - <i>Including Arlington Debt</i>	EMS LEVY								2025 Min Fund Bal Met (Y/N)?
	2019	2020	2021	2022	2023	2024	2025		
(A) \$1.90	\$ 10,070,301	\$ 11,608,812	\$ 12,063,168	\$ 12,758,406	\$ 12,624,817	\$ 13,376,299	\$ 12,265,100	Y	
(B) \$1.97	\$ 10,928,033	\$ 13,339,118	\$ 14,680,801	\$ 16,278,040	\$ 17,061,052	\$ 18,744,301	\$ 18,579,957	Y	
Baseline - <i>Excluding Arlington Debt</i>	EMS LEVY								
	2019	2020	2021	2022	2023	2024	2025		
(C) \$1.90	\$ 10,770,151	\$ 13,001,312	\$ 14,148,318	\$ 15,536,206	\$ 16,095,267	\$ 17,539,399	\$ 17,120,850	Y	
(D) \$1.97	\$ 11,627,883	\$ 14,731,618	\$ 16,765,951	\$ 19,055,840	\$ 20,531,502	\$ 22,907,401	\$ 23,435,707	Y	
Baseline Plus - <i>Including Arlington Debt</i>	FIRE LEVY LL				EMS LEVY				
	2019	2020	2021	2022	2023	2024	2025		
(E) \$1.90	\$ 10,070,301	\$ 11,217,277	\$ 10,945,301	\$ 10,610,433	\$ 9,115,626	\$ 8,157,838	\$ 5,149,281	N	
(F) \$1.97	\$ 10,928,033	\$ 12,947,583	\$ 13,562,934	\$ 14,130,068	\$ 13,551,862	\$ 13,525,840	\$ 11,464,138	N	
Baseline Plus - <i>Excluding Arlington Debt</i>					EMS LEVY				
	2019	2020	2021	2022	2023	2024	2025		
(G) \$1.90	\$ 10,770,151	\$ 12,609,777	\$ 13,030,451	\$ 13,388,233	\$ 12,586,076	\$ 12,320,938	\$ 10,005,031	N	
(H) \$1.97	\$ 11,627,883	\$ 14,340,083	\$ 15,648,084	\$ 16,907,868	\$ 17,022,312	\$ 17,688,940	\$ 16,319,888	Y	

**Assumptions/Considerations**

- (1) All Scenario's assume an EMS levy equivalent to MSVL/FD12 at \$0.50, City of Arlington at 1% plus new construction from 2018 rate. MSVL EMS levy expires 2024. RFA 2023 EMS Levy for 2024 funding.
- (2) Baseline Plus models assume a 2023 separate voted debt service to fund the facilities/apparatus package. Principal and term ultimately variable based upon cash surplus available to reduce one or both; if debt is voted in 2023 this would also coincide with a 2023 EMS Levy vote.

**MINIMUM FUND BALANCE - 4 Months of operating budget; Increases with the operating budget**

	2019	2020	2021	2022	2023	2024	2025
Baseline - Including Arlington Debt	\$ 9,229,686	\$ 9,308,741	\$ 9,924,770	\$ 10,105,139	\$ 10,648,118	\$ 10,848,576	\$ 11,673,611
Baseline - Excluding Arlington Debt	\$ 8,996,496	\$ 9,077,950	\$ 9,693,979	\$ 9,874,348	\$ 10,417,327	\$ 10,617,785	\$ 11,442,820
Baseline Plus - Including Arlington Debt	\$ 9,229,686	\$ 9,439,201	\$ 10,166,784	\$ 10,448,370	\$ 11,101,676	\$ 11,418,105	\$ 12,305,811
Baseline Plus - Excluding Arlington Debt	\$ 8,996,496	\$ 9,208,410	\$ 9,935,993	\$ 10,217,579	\$ 10,870,885	\$ 11,187,314	\$ 12,075,020