

**Whatcom County Fire District #21
Whatcom County Fire District #4
Station 12 – Britton Loop
4142 Britton Loop, Bellingham WA 98226 (*commissioners only*)
and via Zoom Meeting
1:00 pm
February 25, 2021
Special Board of Fire Commissioners Meeting
Work Session**

CALL TO ORDER

Chairman Ansell called the special Whatcom County Fire District #21 Board of Fire Commissioners meeting for February 25, 2021, to order at 1:26 p.m. at Station 12 – 4142 Britton Loop, Bellingham, WA (*commissioners only*) and via Zoom Meeting.

ROLL CALL

NWFR Attendees: Chairman Bruce Ansell; Vice-Chairman Rich Bosman; Commissioners Scott Fischer and John Crawford; Fire Chief Jason Van der Veen; Division Chief Shaun Ward; Attorney Richard Davis.

Commissioner Kimberly McMurray was excused from this meeting due to a family emergency.

District #4 Attendees: Chairman Dave Hanson; Commissioner Harry Andrews; District Administrator Kris Parks.

Other: Local 106NW Representative Kenneth Cunningham; Consultants Karen Reed and Heather Logan and Financial Analyst Bill Cushman.

APPROVAL OF AGENDA

MOTION: Commissioner Fischer moved to approve the Agenda as presented. The motion was seconded by Chairman Ansell and approved 4-0.

NEW BUSINESS

WELCOME / INTRODUCTIONS / AGENDA OVERVIEW / GOALS

Chairman Ansell thanked Consultant Karen Reed, Financial Analyst Bill Cushman, Fire Chief Jason Van der Veen, Administrative Assistant Jennie Sand, and all those that helped with preparing the materials for this meeting.

Consultant Karen Reed noted that the goal of this work session is to gain a good sense of where there is support for the Fire Chief's proposed investments that will be needed to maintain the service levels to each Districts' communities over the next seven years, including staffing, facilities, and apparatus.

To set a foundational background, the group will be reviewing District 4 and District 21 budgets over the last few years, the statutory authority for regional fire authorities to raise money, and an introduction to the financial modeling of the proposed Regional Fire Authority combining District 4 and District 21. The information about preferred staffing levels and projected spending needs on apparatus and facilities will be used to develop the financial plan for the proposed RFA.).

**PART ONE
REVIEW OF CURRENT NWFR AND WCFD4 BUDGETS**

There was a presentation and discussion regarding current and past budgets (growth rates) with regards to personnel, operations, and capital investments.

Last five years overall budget growth rate:

- 2017 - .07%
- 2018 – 5.9%
- 2019 – 2.27%
- 2020 – 14.4%
- 2021 – 3.93%

Current combined full-time employees (FTEs) for the combined districts:

- 51 firefighters
- 2 mechanics
- 1 in prevention
- 5 administration staff

Chief Van der Veen pointed out that there are no additional staff proposed in the RFA administration but there will be a place for everyone within the RFA.

The Chief noted that D21 employees have been extremely good partners who have sacrificed wage increases during past hard times to ensure all operations and jobs were funded.

Financial Analyst Bill Cushman will present a synopsis of what the RFA can afford to do and how to plan for and fund bigger capital projects in the future.

Discussion

Chairman Ansell noted that with the constraints of the one percent budget increase, the increased call volume of 44% (2010-2018), and the 11% population growth, the District is barely hanging on. Two capital studies have been completed, however, they were never pursued. The District has not gone to the public to request funds in many years. If the RFA is to provide the level of service that taxpayers deserve, long-term planning needs must be addressed although not at the continued expense of our employees.

Other issues brought up include apparatus nearing the end of their useful life span, facilities in dire need of upgrading or basic maintenance, and wages keeping pace with the cost of living.

District 4 Chairman Hanson agreed, noting that the organization has done a great job of stretching funds.

**PART TWO
BRAINSTORMING DISCUSSION**

There was a discussion regarding the current weakest links in the ability to reliably provide service to the community and taking care of the staff. Concerns mentioned included:

- Call concurrency – With the Districts continuing to see an increase in multiple calls, we are barely meeting service requirements and relying more on mutual and auto aid to cover during concurrent calls.

- Lack of public outreach including fire inspections and Public Information Officer (PIO)
- Lack of building familiarization or pre-fire planning - improves the safety of responding crews and occupants by identifying potential hazards and predetermining strategic and tactical plans.
- Aging facilities that have not been addressed
- Too many fire stations
- Aging apparatus
- Lack of supervisory oversight at outlying stations

Additional Comments:

Vice-Chairman Bosman noted that the Districts have good quality leadership at the governance level, and all have a common vision.

District 4 Chairman Hanson noted that both districts have good mutual and auto aid with surrounding agencies.

Chief Van der Veen noted that the employees are our biggest asset. Our members provide a good foundation to rebuild and renew through an RFA. He appreciates that neither Board has historical ties to any one specific station and are open to looking at the long-range strategic view of where the organization is going.

Local 106NW Representative Kenneth Cunningham noted that he and Chief Van der Veen have had lengthy discussions regarding staffing levels, peak hour transport units, and battalion chiefs, all of which the labor group is flexible and open to having further discussions. He is pleased that the Boards are committed to taking care of the members by providing additional staffing and providing the necessary upgrades to stations to meet NFPA and safety requirements.

PART THREE

RE-CAP ON FINANCIAL AUTHORITY FOR RFA’S IN ADDITION TO FIRE LEVY

Attorney Richard Davis provided an overview of the Regional Fire Authority (RFA) funding authority options:

- Tax levies
 - Regular tax levy - \$1.50 max., tax rate adjusts annually (I-747 cap of 1% growth in receipts from year to year; as assessed values rise, levy rate falls)
 - Levy lid lift - simple majority voter approval (to restore purchasing power of regular levy)
 - EMS levy - max of \$.50 per thousand dollars of assessed values (District 4 currently has EMS levy) (Going forward, the RFA cannot have an EMS levy)
 - Excess levies - 60% voter approval
- Benefit Charge - cannot exceed 60% of the operating budget
- Debt: Councilmanic bonds - not voter-approved (cannot exceed twenty years)
- Debt: Voter approved bonds - up to 1.5% of the RFA’s assessed value (cannot exceed twenty-five years)

RECESS

Chairman Ansell recessed the special meeting at 2:35 p.m.

Chairman Ansell called the special meeting back to order at 2:45 p.m.

PART FOUR

FINANCIAL MODELING BASELINE INFORMATION

Financial Analyst Bill Cushman provided an introduction to financial modeling, which is designed to answer the questions: *where do you want to go in the next seven years and how do you get there?*

Bill Cushman noted that areas have been identified to determine where the organization wants to go including staffing levels, facility maintenance needs, fleet replacement, and equipment replacement. As decisions are made the financial model will be adjusted accordingly to demonstrate alternative ways to accomplish each of the prioritized goals.

A final version of the seven-year financial plan will require further decisions by the Commissioners including assumptions about growth rates in assessed values (AV), labor costs, and inflation. Other decisions include plans for additional staffing, reserve and capital funding, along with the timing of each.

Bill Cushman provided information regarding the current reserve status and recommended baseline reserve funding targets. He suggested that retirement, equipment, and emergency reserve accounts be created.

Bill Cushman presented various scenarios utilizing different inputs to determine the financial situation in 7 years from now.

Scenario 1: Shows status quo would result in \$4.3M cash on hand at end of 2027 if no firefighters were added, no additional equipment or apparatus purchased, and reserve funding remains as it is today.

Key assumptions:

Annual AV inflation at 4%

Leave levy rate at current D21 rate

D4 EMS levy eliminated

On-going reserve contributions only reflecting past 5-year average

No staff increases

Annual labor expense inflation at 5%

Annual operating expense inflation at 2%

Scenario 2: Shows status quo plus recommended reserve fund contributions. The increased reserve contributions came out of the general fund; therefore this scenario shows an operating deficit by end of 2026, and a \$2.3M deficit by end of 2027.

Key assumptions:

Leave fire levy rate at \$1.15 (D21 current rate)

Increase on-going reserve contributions to a “maintenance level”

No staffing increases

Scenario 3: Shows status quo plus recommended reserves and a fire levy to break even at end of 2027. A levy rate increase of \$.05 (\$1.17) in 2022 will eliminate the 2027 deficit. The scenario shows that there would be a \$0 balance in the general fund at end of 2027; without further action, the district will not have money for expenses from and after January 2028.

Key assumptions:

Status quo operations (no new staff)
Increase on-going reserve contributions to a “maintenance level”
Set the levy fire rate at \$1.17 to “break-even” December 2027

Scenario 4: Shows increased reserve contributions, addition of five firefighters (staff peak transport unit) and will break even at end of 2027. The scenario shows a \$1.25 levy rate in 2022 that will support reserves and five firefighters beginning in 2022; but there would be no general fund balance to support operations starting January 2028.

Key assumptions:

Add five firefighters in 2022
Increase on-going reserve contributions to a “maintenance level”
Set the levy fire rate to break even at end of December 2027

Scenario 5: Shows increase reserves, addition of five firefighters in 2022, plus fund working capital to support operations into 2028. The scenario shows that a starting levy rate of \$1.33 beginning in 2022 would be required to fund reserves, five firefighters, and go into 2028 with sufficient operating funds on hand.

Key assumptions:

Increase on-going reserve contributions to a “maintenance level”
Increase reserves to maintenance levels
Add five firefighters in 2022
Retain 2027 year-end cash of \$4,045,000 to meet operating expenses during the first four months of 2028.

Scenario 6: Shows increase reserve and working capital sufficient going into 2028, addition of five firefighters and four battalion chiefs. The scenario shows a rate of \$1.42 would be required in 2022 to fund nine firefighters, reserves at maintenance levels, and have sufficient working capital on hand going into 2028.

Key assumptions:

Increase on-going reserve contributions to a “maintenance level”

Add five firefighters in 2022
Retain a 2027 year-end cash to meet operating expenses during the first four months of 2028.
Add four battalion chiefs in 2022

Additional Data:

- Cost of one firefighter over a seven-year period: approximately 1.5 cent levy increase added in 2022 will fund 1 firefighter through 2027.
- Cost of five firefighters over a seven-year period: approximately 7.3 cent levy increase
- Cost of nine firefighters over a seven-year period: approximately 13 cent levy increase
- Annual cost of an additional 10 cent levy on a home valued at \$400K: \$40 per year

Bill Cushman provided information regarding bonds and levy rates utilizing a \$10M bond repaid over twenty years.

Chairman Ansell thanked Bill Cushman for demonstrating the financial model and stated that it was important for both Boards to see “*where we’re going.*”

Chairman Ansell noted that the next steps will include reconvening the planning committee to utilize the information provided by Bill Cushman to see how to move forward with an RFA and then present their recommendations to both Boards for approval.

Consultant Karen Reed noted that the District's levy rates are fairly close: D21-\$1.14 / D4 - \$1.03 (includes the EMS levy)

PART FIVE BASELINE STAFFING REQUIREMENTS

There was discussion regarding the minimal level of investment in staff required over the next seven years to maintain staffing levels as the population continues to increase.

Chief Van der Veen reiterated that the information presented by Financial Analyst Bill Cushman includes staffing what we have today, a small increase in personnel, responsible reserve savings, but with no big capital outlay.

Chief Van der Veen noted that other than the addition of a three-man engine crew in 2007, District 21 has not increased levels of service to the public. However, since the consolidation of the two districts, District 4 has seen an increase in their levels of service.

Baseline = staffing recommended to maintain service levels over seven years

Baseline Plus = priorities for additional investments above "baseline"

Administration Additions:

Baseline

- Administrative assistant to support the assistant chief and battalion chiefs
- 4 Battalion Chiefs will be utilized as supervisors and manage event responses.

Baseline Plus

- Public Educator/Public Information Officer (PIO)

Operations Additions:

Baseline

- Battalion Chiefs (4) will have many roles:
 - Health and safety officer 24/7
 - Liaison between upper management and line staff
 - Better oversight of stations and crews (stability and consistency)
 - One per shift
 - B76 (command officer)
 - Immediate contact point for public (complaints and/or concerns)

Chief Van der Veen noted that the additions are the next natural step for the organization and the need is immediate.

Baseline Plus

- Peak hours transport unit (2) firefighters – assist with concurrent calls and long transport times

A Public Educator/PIO would assist in getting the organization's message out to the public, coordinate with schools and community groups, and disseminate facility usage information.

Chief Van der Veen noted that auto aid is a way for districts to cover each other's weaknesses. Thirty-eight percent of the time, District 21 has two or more incidents with need for overlapping response, forcing other stations to cover multiple areas, sometimes for a lengthy period of time. A peak hour's transport unit would be staffed with two additional firefighters and located on the more vulnerable west side of the district. The Emergency Services Consulting International (ESCI) report pointed out that the benefit and importance of a peak hour response unit.

Chairman Ansell noted that these recommendations allow the Districts and potential RFA to become a more professional organization. The Districts have made do in the past and Chairman Ansell applauded the employees for going above and beyond as was necessary. Chairman Ansell agrees that battalion chiefs are necessary for improving consistency in response, public and employee safety, and to accommodate growth in demand for our services. In addition, the battalion chiefs could act as the district PIO, disseminating information to the public during emergencies. It will be up to the planning committee to move the recommendations forward.

District 4 Chairman Hanson concurred with Chairman Ansell, noting that the governance hired the fire chief and trusts him to bring his ideas and the district needs forward.

District 4 Commissioner Andrews stated that a PIO should be baseline since the position is vital in distributing important information out to the public such as RFA material and what the organization does on a daily basis.

Commissioner Crawford concurred with Chairman Ansell, noting that many of these were recommendations included in the ESCI report and he is on board as the Districts continue to grow and respond to an increasing number of concurrent calls.

Vice-Chairman Bosman agreed with the Chief Van der Veen, noting that it is time the district moves in this direction.

Commissioner Fischer concurred, stating the Chief's recommendations are heading in the right direction.

Chief Van der Veen stated that there have been several documents and studies circulating through the district over the past few years recommending very similar ideas.

PART SIX BASELINE APPARATUS REQUIREMENTS

Chief Van der Veen presented recommendations regarding the minimal level of investment in apparatus over the next seven years. The total seven-year cost would be \$9,750,000 for the combined Baseline and Baseline Plus. The additions will need to be staggered over the seven years, with the exception for the aerial and wildland vehicles.

Baseline = apparatus needs

Baseline Plus = apparatus recommendations

Baseline

- Engines – 3
- Aerials – 2
- Tenders – 6

- Wildland – 4
- Ambulances – 7

Baseline Plus

- Engines – 4 (1 additional)
- Aerials – 2 (same as baseline)
- Tenders – 6 (same as baseline)
- Wildland – 4 (same as baseline)
- Ambulances – 9 (2 additional)

Chief Van der Veen quoted the districts recently completed Emergency Services Consulting International (ESCI) plan: “*North Whatcom Fire and Rescue does not currently maintain a capital vehicle replacement plan, nor a capital equipment replacement plan.*”

Financial Analyst Bill Cushman’s plan includes an apparatus replacement plan that exceeds the seven-year plan however, it will be adjusted to match the current conversation.

There was consensus regarding the apparatus plan.

PART SEVEN

BASELINE FACILITIES REQUIREMENTS

There was discussion regarding the minimal level of investment in facilities over the next seven years to maintain service levels as recommended by both the ESCI and the Capital Facilities Plan.

Baseline = facility needs

Baseline Plus = facility recommendations

Baseline and Baseline Plus

- Assume we surplus stations to reduce cost of any station projects.
- HVAC upgrades, all stations
- Basic repairs/replacements (roofs, painting, etc.)
- Station 61 – due for cosmetic remodel in 2025
- Station 63 – was due for seismic retrofit in 2020; recommends replacement budget study (will require a bond)
- Station 12 – possible location for Medic 5 would require an addition for medic living quarters
- Station 69 – roof, seismic retrofit in 2022; recommends location study
- New station planning/study (possibly relocating Station 69)

Commissioner Crawford requested information regarding the sale of Station 71 by former administration. Chief Van der Veen noted the district owed money on that facility and the sale of Station 71 cleared that debt. In addition, Chief Van der Veen noted that there was no third-party study completed to justify relocating crews from Station 71 to Station 69.

Consultant Karen Reed noted that some of the facility needs may require a bond issue at a later date.

Chief Van der Veen recommended that the Planning Committee give direction to the new RFA Board regarding replacing/upgrading Station 63.

Both Chairman Ansell and District 4 Commissioner Andrews believe that refurbishing/replacing stations is a bond issue which the public will understand.

Chief Van der Veen suggested that a diligent study and justification should be required prior to moving forward with a bond issue. The cost of the study would be included in the yearly budget process. Vice-Chairman Bosman agreed that planning will be crucial with regards to station refurbishing or replacing.

The members of both Boards agreed with the facility recommendations.

PART EIGHT RE-CAP OF BASELINE CONSENSUS

Consultant Karen Reed provided a review of the meeting consensus.

Staffing

- Consensus on battalion chief positions (baseline)
- Further discussion on whether battalion chiefs can initially handle the PIO responsibilities or add the PIO position to baseline.
- Complete both baseline and baseline plus sooner rather than later.

Apparatus

- Consensus on both baseline and baseline plus being a priority.
- The next question is, how far can we fund with reserves and what does that do to the initial levy rate? (planning committee will explore levy/bonds now or later)
- Further discussion should take place based on what reserves can cover whether equipment needs would be folded into a future bond issue.
- Reserve apparatus discussion – expensive to maintain even if not being utilized

Stations

- Crucial to begin study now
- Station 63 upgrade supported.
- Station 69 – Investigate whether the station is in the most optimal location (renovate) or build a new station elsewhere.
- Need a bond issue within the next 7 years (no longer) to proceed with these projects.

NEXT STEPS / CLOSING COMMENTS

Consultant Karen Reed, Chief Van der Veen, and Financial Analyst Bill Cushman will continue to meet to discuss baseline and baseline plus scenario funding options and will disseminate the information to the Planning Committee. The Boards will be kept up to date.

Commissioner Crawford stated that it was beneficial to get all the members together and much was accomplished. He appreciated the work of the chief, staff, and members on the line. He is ready to move forward.

Vice-Chairman Bosman thanked Consultant Karen Reed for her expertise and thought the consensus information was accurate. In addition, he appreciated the financial information and working document presented by Financial Analyst Bill Cushman and Chief Van der Veen for organizing the work session.

Vice-Chairman Fischer thanked all the participants. He gained much from the session and would like to see another one in the future. In addition, he noted that the firefighters on the line are doing a wonderful job.

Chairman Ansell noted that this was the most productive work session he has attended since he has been with the district. He thanked Consultant Karen Reed for her leadership, Financial Analyst Bill Cushman for his invaluable expertise, Chief Van der Veen for his dedication to this project, and to both Boards for attending. He emphasized that once set, the initial levy rate will continue to decrease yearly unless the RFA seeks a levy lid lift.

Chief Van der Veen thank Consultant Karen Reed for her facilitator skills and Administrative Assistant Jennie Sand for disseminating the packets, setting up the training room, and providing snacks.

Local 106NW Kenneth Cunningham thanked Financial Analyst Bill Cushman for his hard work and Consultant Karen Reed for facilitating and steering everyone in the right direction. On behalf of the Union, he thanked the Board for their continued support to ensure members continue to have the proper equipment needed to do their job. He anticipates that the members will appreciate hearing the Board's future direction.

District 4 Administrator Kris Parks thought the presentation was very informative and enjoyed the financial presentation.

ADJOURNMENT

MOTION: There being no further business Chairman Ansell moved to adjourn the meeting at 4:39 p.m. The motion was seconded by Commissioner Fischer and approved 4-0.

Respectfully Submitted by:

Jennie Sand, Board Secretary

ATTEST:

Bruce Ansell, Chairman

Rich Bosman, Vice-Chairman

John Crawford, Commissioner

Scott Fischer, Commissioner

Jason Van der Veen, Fire Chief