

CITY COUNCIL STUDY SESSION

Budget Update - Fire Inspection Fees and Basic Life Support (BLS) Transport Fee.

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DIRECTION NEEDED FROM COUNCIL**DIRECTION**

This is the fifth presentation regarding the 2021/2022 Preliminary Budget. Tonight, staff seeks feedback regarding the update on Fire Inspection Fees, proposed increase to Basic Life Support (BLS) Transport Fee, and direction to prepare BLS Transport Fee Ordinances for final adoption. Final adoption will take place as part of the adoption of the City's budget in December. There may be other areas that Council also wishes to explore.

Fire Inspection Fees will be adjusted by inflation only according to the existing fee Ordinance. Council will not need to adopt a Fire Inspection Fee Ordinance at this time as no change is being proposed to the fee schedule unless Council directs otherwise.

RECOMMENDATION

Move to direct staff to adjust Fire inspection fees by the existing authorizing fee Ordinance and direct staff to prepare the Basic Life Support (BLS) fee Ordinance for adoption as part of the budget adoption package, tentatively scheduled for December 7.

BACKGROUND/ANALYSIS**Background**

The City Manager transmitted his Preliminary 2021-2022 Operating Budget and the 2021-2027 Capital Investment Program (CIP) Plan on October 19. This is the fifth in a series of several discussions to review the budget prior to tentative budget adoption on December 7. A tracking of Council requests and responses can be found in Attachment E.

The 2021-2022 biennial budget totals \$1.7 billion. This total includes \$1.1 billion in operating budget (\$474 million in general fund, \$212 million in internal service and other operating funds, \$457 million in Enterprise Funds), \$74 million in special purpose expenditures (such as grants, donations and debt, among others), and \$523 million for the 2021-2022 portion of the General and Utilities CIP.

The impacts of COVID-19 are substantial and will last well into the 2021-2022 biennium. The general

fund that supports the majority of the City operations, was required to reduce costs or increase revenues by \$32 million over the two years (\$16 million annually). The preliminary budget includes strategies of cost containment, one-time bridge structures, and revenue adjustments to address this gap.

Further information regarding the overall preliminary budget can be found in the Executive Summary located at https://bellevuewa.gov/sites/default/files/media/pdf_document/2020/2021-2022%20Preliminary%20Budget%20Executive%20Summary.pdf

Tonight, staff will present an update on Fire Inspection Fees and proposed changes to Basic Life Support (BLS) Transport Fee for Council feedback and direction.

There may be other areas that Council also wishes to explore.

Overall Council Process and Previous Meetings

Jun. 22	Budget Workshop
Jul. 27	Initial Public Hearing
Sep. 21	Second Public Hearing
Oct. 19	City Manager's Preliminary Budget
Oct. 26	Development Services, upcoming process
Nov. 2	Human Services; Follow up on Council Question re: Sales Tax Allocation
Nov.9	Utility Rates, Council Interests
Tonight	Fire Inspection Fee, BLS Transport Fee; Council Interests
Nov. 23	Public Hearing, Council Direction for Adoption
Dec. 7	Tentative Budget Adoption



Council held a budget workshop on June 22 where staff briefed Council on the process and milestones of developing the budget and provided scenarios regarding the impact of COVID-19-related events in the near term (2021-2022), over the general fund forecast six-year period (2021-2026), and seven-year (2021-2027) CIP. Council provided feedback in order to assist the City Manager in developing his preliminary budget. The packet information is available here:

<https://bellevue.legistar.com/LegislationDetail.aspx?ID=4576307&GUID=73EC1B4A-FA96-48A3-B417-399955664CEA>.

Council held public hearings on July 27 and September 21. Thus far, Council has received 58 public comments (oral and written submissions) on numerous issues. The preliminary budget document provides a summary listing of all public comments.

On October 19, the City Manager presented his \$1.7 billion 2021-2022 Preliminary Budget and 2021-2027 CIP plan to the City Council, including a \$16 million reduction to the general fund in 2021. The

packet information is available here:

<https://bellevue.legistar.com/LegislationDetail.aspx?ID=4671513&GUID=129403E5-D01A-46BA-9167-6713969122E3>.

On October 26, staff provided a presentation on proposed amendments to development permit fees and rates and to the Issaquah and Renton school impact fee schedule for Council consideration and adoption. Council directed staff to prepare Ordinances that amend 2021 permit fees and rates and school impact fees as presented for adoption on December 7 as part of the budget adoption package.

The packet information is available here:

<https://bellevue.legistar.com/LegislationDetail.aspx?ID=4675780&GUID=1C1DE5F3-4E72-4CD7-A094-2FC94CCB88C6>

On November 2, staff provided an update on the Human Services Commission's recommendations for 2021-2022 Human Services funding and 2021 Community Development Block grants. Council directed staff to prepare Ordinances approving the Human Services Commission's recommendations for 2021-2022 Human Services funding and 2021 Community Development Block Grant funds for adoption as part of the budget adoption package. Staff also provided a Capital Investment Program (CIP) update to address the policy question of the sales tax allocation between CIP and the general fund and summarized overlapping areas addressed in the "memory bank." The packet information is available here:

<https://bellevue.legistar.com/LegislationDetail.aspx?ID=4681143&GUID=37D2945F-58F6-4BDF-A252-D502086E77C6>

On November 9, Staff provided a presentation on Utilities proposed 2021-2022 operating budget and rates, and 2021-2027 capital investment program (CIP) plan. Council directed staff to prepare Utilities Rates Ordinances for final adoption on December 7 as part of the budget adoption package. The packet information is available here:

<https://bellevue.legistar.com/LegislationDetail.aspx?ID=4687585&GUID=F6DF5C7E-F2EE-412F-8BA1-E5D02BE023BE>

The third and final public hearing is scheduled for November 23. Those wishing to provide testimony to the Council regarding the budget at the public hearing may sign up to speak during that evening's Regular Session, or submit comments in writing to the City's Budget Manager

(ephillips@bellevuewa.gov) or City Clerk (cityclerk@bellevuewa.gov) by 3 p.m. on November 23.

Feedback is also welcome at other meetings during Oral Communications.

Preliminary Budget Council Required Actions

There are several items that will be required to adopt the 2021-2022 budget:

Ordinance Title	Brief Explanation
2021-2022 Human Services Funding Ordinance:	Adopt Human Services Commission's funding recommendations for allocations to human services agencies
Basic Life Support Transport Fee Ordinance:	Adopt BLS transport Fee increase

2021 Community Development Block Grant (CDBG) Ordinance:	Adopt Human Services Commission's recommendations for use of 2021 CDBG funds
2021 Development Services Fee Ordinance:	Set Development Services' 2021 rates
2021-2022 Utilities Rates Ordinances:	Set the 2021-2022 Utility Rates
2021 Property Tax Banked Capacity Resolution:	Preserve the full levy amount available to the City
2021 Substantial Need Ordinance:	To allow property tax increase or to bank the capacity of the 1 percent maximum as allowed by statute (RCW 84.55.0101)
2021 Property Tax Levy Ordinance:	Adopt 2021 property tax levies (RCW 35A.34.230 and RCW 84.55.092)
2021-2022 Budget Ordinance:	Adopt "umbrella" budget ordinance which includes appropriation approval by Fund, 2021 pay plans, and summarizations of grants and donations accepted that are less than \$90,000

* Fire Inspection Fees will be adjusted by inflation only according to the existing fee Ordinance. Council will not need to adopt a Fire Inspection Fee Ordinance at this time as no change is being proposed to the fee schedule unless Council directs otherwise.

Fire Inspection Fees Background

To keep pace with rapidly increasing commercial space, ensure a favorable fire insurance rating for business and commercial enterprises, continue steps toward fiscal sustainability, and apply the successes of the business model of development services inspections, the 2019-2020 Budget introduced a fee structure that recovers the cost of annual and every other year fire safety inspections of commercial and multi-family spaces.

The purpose of recurring fire safety inspections is to provide an opportunity to identify and limit potential fire and/or life-safety hazards. Inspections in Bellevue align with industry best practices and offer assurance to building occupants, building owners and managers, and insurers. The Fire Inspection fee was introduced to provide full cost recovery for the direct costs of the fire inspection program, with an ongoing calibration of the fee presented to Council during budget discussions. The financial objectives of the fire inspection fee model have been based on the following four criteria: Regional competitiveness, predictable and understandable, support of citywide cost recovery objectives, and fair price for service provided.

On December 3, 2018 Council approved Ordinance No. 6443 that requires collection of Fire Inspection Fees for fire maintenance inspections beginning January 1, 2020. Council provided direction to staff to conduct stakeholder outreach throughout 2019 and adjust the inspection fee as necessary to ensure it

covered the cost of the Fire Prevention Officers performing maintenance inspections and to ensure there was a nexus between the level of effort required to complete the inspections and the fee collected.

Staff conducted outreach to stakeholder groups, completed direct mailings to owners/managers, provided information materials at the time of inspection, posted information on the Fire Department's Internet page, responded to numerous questions throughout 2019 and collected feedback. The Fire Department has also collected time associated with the maintenance inspections and analyzed the fee scheduled to be collected. Based on the Fire Department's outreach and data analysis in 2019, the following changes were proposed to the original fee ordinance to establish nexus between the level of effort required to complete the inspections and the fee collected.

- Invoicing only the business owner and not the tenants, thus eliminating the potential of double-charging tenants;
- Eliminating fee exemptions for State and County agencies;
- Changing the methodology for covered malls exceeding 500,000 s.f.;
- Changing the methodology used for high-rise buildings when multiple buildings exist atop podiums;
- Decreasing fees for townhomes, mini-storage warehouses and multi-family buildings three stories or less in height; and
- Establishing a maximum fee for multi-family and school (K through 12) complexes.

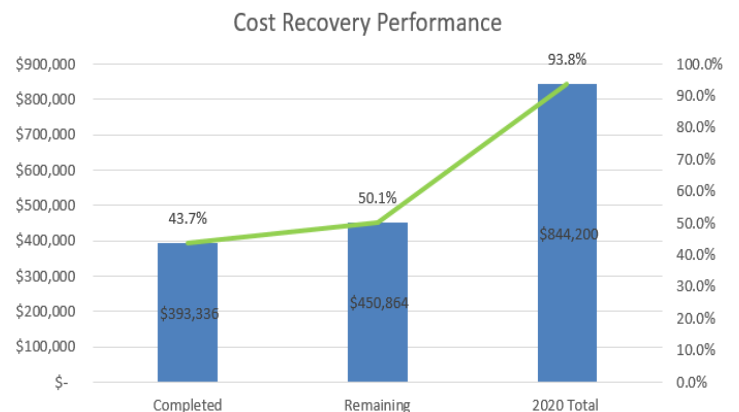
Those changes were contained in Ordinance No. 6490 and became effective January 1. At the same time, Council also directed the fire inspection fee to come back in even years with the full budget for a two-year rate, and unless material changes occur. Fire inspection fee will not return at the mid-biennium barring a material event that would impact rates.

Ongoing analysis in 2020 identified minor reductions for two small occupancy groups to align with the level of efforts which were adopted in ordinance 6534 along with several Fire Code changes, and became effective October 29.

Over the 2019/20 biennium, City of Bellevue expects to accomplish the Council's objectives of full cost recovery while demonstrating a nexus between the level of effort required to complete the inspections and the associated fee collection. As illustrated, if all of the scheduled inspections are completed the analysis indicates that we would achieve the overall cost recovery objective.

COVID-19 has brought some challenges to completing inspections:

- Some buildings have yet to reopen;
- Some high-risk tenants are cautious about exposure;
- Inspections were delayed during the initial outbreak.



In response staff have found innovative solutions in meeting those challenges including conducting video inspections, virtual fire drills and flexibility with scheduling.

The fee has an annual increase for inflation, and requires council review every two years. At this time, staff is not proposing additional changes to the schedule that became effective Oct 29.

The fire inspection fee becomes the sum of three factors:

- Base rate of \$180.00;
- The square footage to be inspected (classified as 0 to 9); and
- Occupancy classification (identified as a 0.1 to 3.0).

The inspection fee = base rate X square footage X occupancy factor.

The inspection frequency is determined by a combination of resources, risk and occupancy-based fire history:

- | | |
|---|------------------|
| • Hazardous occupancies | Every six months |
| • Multi-family lacking fire sprinkler system | Annually |
| • Buildings containing restaurants without fire sprinkler systems | Annually |
| • All other buildings | Every other year |

BLS Transport Fees Background

The King County EMS Levy funds Paramedic or "Medic One" services throughout King County and these are provided at no cost to patients of the City of Bellevue. Patients who require transport to a medical facility, but not the services of a "Medic," are currently charged a base fee plus a per mileage rate under Ordinance No. 6284. The fee is designed to ensure that all patients receive high quality care without discrimination toward those with no or inadequate means to pay. Patients without financial resources and/or insurance are eligible for financial assistance if they meet specific guidelines. Residents of Bellevue, Beaux Arts, Clyde Hill, Hunts Point, Medina, Newcastle, Yarrow Point and unincorporated King County served by the Bellevue Fire Department are eligible for waiver of insurance copays and deductibles. Non-residents are billed for any copays and deductibles after insurance is paid.

The fee was adopted by the Bellevue City Council on December 12, 2011 and became effective on February 1, 2012. The last fee increase was adopted with the 2015-2016 Budget adoption, which included an increase of BLS Transport Fee of \$38; and a mileage rate increase of \$1 per mile to account for inflation adjustments since the implementation of the fee. Since then, Bellevue's BLS transport fee has been at \$638 plus \$15 per mile transported.

In addition to implementing the transport fee, a financial assistance policy was also established to aid those in need. The policy is consistent with the rules set forth in WAC 246-453-001 through 246-453-060 to provide financial assistance to persons that do not have the ability to pay for some or the entire fee. To date, financial assistance has been provided to all that have requested it and who provided the necessary supporting documentation to substantiate their need for assistance.

The 2021-2022 Preliminary Budget includes a proposed BLS transport fee increase from \$638 to \$750 per transport to bring Bellevue's BLS transport fee in line with other regional providers and account for

inflation. The fee increase will also bring in additional revenue in general fund to help offset the costs of providing emergency medical services to the community including the purchase and maintenance of essential equipment used in the delivery of these services while maintaining the financial assistance policy to assist those who's not able to pay.

POLICY & FISCAL IMPACTS

Policy Impact

With minor adjustments to the Fire Inspection Fee ordinance, Council's stated policy objectives of full cost recovery for the Fire Inspection Officers performing the inspections and a clear nexus between level of effort to complete the inspection and the inspection fee are being achieved.

Chapter 35A.34 RCW – Biennial Budgets: State law specifies requirements that must be followed in budgeting each of the City's funds. Key areas covered include:

- Preparation and filing of a preliminary budget by the Chief Administrative Officer, i.e., City Manager;
- A "budget message" from the Chief Administrative Officer explaining the content, financial policies and major proposed changes;
- A public hearing on the proposed preliminary budget conducted before adoption of a final budget, which shall be held on or before the first Monday in December;
- Balanced expenditure and revenue estimates for each of the City's funds; and
- Council adoption of the budget prior to the beginning of the ensuing fiscal biennium, i.e., January 1, 2021.

Fiscal Impact

By increasing BLS transport fee from \$638 to \$750 per transport is estimated to generate additional revenue of \$80,000 annually to help offset the costs of providing emergency medical services.

OPTIONS

1. Direct staff to adjust Fire inspection fees by the existing authorizing fee Ordinance and direct staff to prepare the Basic Life Support (BLS) fee Ordinance for adoption as part of the budget adoption package, tentatively scheduled for December 7.
2. Provide alternative direction to staff.

ATTACHMENTS & AVAILABLE DOCUMENTS

- A. Ordinance No. 6534 adopted October 12, 2020
- B. City Manager's Transmittal Letter
- C. 2021-2022 Preliminary Budget Executive Summary
- D. 2021-2022 Fund Appropriation List
- E. Council Questions and Responses (Memory Bank)

AVAILABLE IN COUNCIL LIBRARY

N/A