

November 20, 2017

## **CITY COUNCIL STUDY SESSION ITEM**

### **SUBJECT**

Consideration of a new ten (10) year Fire Protection Services Agreement, from 2018 through 2027, with the cities of Clyde Hill, Medina, and Newcastle and the Towns of Beaux Arts Village, Hunts Point, and Yarrow Point.

### **STAFF CONTACTS**

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### **POLICY ISSUES**

The current Fire Protection Services Agreement with the cities of Clyde Hill, Medina, and Newcastle and the Towns of Beaux Arts Village, Hunts Point, and Yarrow Point expires on December 31, 2017. In order to continue providing services to these communities and to continue to receive revenue from them, Bellevue must enter into a new Agreement with the governing bodies of each individual community.

### **DIRECTION NEEDED FROM COUNCIL**

**ACTION**



**DIRECTION**



**INFORMATION ONLY**



This briefing is intended to provide Council with a summary of the proposed new Fire Protection Services Agreement. Staff is seeking Council direction to bring forth an Ordinance authorizing the execution of the new Agreement for Council consideration in December.

### **BACKGROUND/ANALYSIS**

Bellevue has provided fire and emergency medical services on a contract basis to the communities of Beaux Arts, Clyde Hill, Hunts Point, Medina, and Yarrow Point since the 1960s. The City began providing fire services to the City of Newcastle following its incorporation in 1994. This relationship relieves these communities of the duty of managing their own independent fire departments and provides a revenue source to Bellevue to offset the cost of fire and emergency medical services. All jurisdictions involved benefit from this regional partnership.

Over the years, the Fire Protection Services Agreements have been renegotiated many times. In 2012, the City entered into new six-year agreements with each of the cities to continue to provide them fire and emergency medical services. These agreements distribute the cost for services fairly by aligning the annual fees with system use and the fixed costs to provide the services on a 24 hour/7 day a week basis. Fees are based on a formula that uses each city's relative portion of population (37.5%), assessed valuation (12.5%) and actual call for service (50%). In the fee formula, this is referred to as the

“Weighted Community Factor”. Once calculated, the factor is applied to the Fire Department’s net budget to determine the contracting communities’ annual fees.

Expenditures included in the calculation of Bellevue’s total fire service cost contain all operating costs in the calculation: operational staffing, fire prevention, administration, fleet, and technology. Operating revenues such as those received from the King County Emergency Medical Services Levy for paramedic services reduce the net costs for all communities.

### **Proposed Fire Protection Services Agreement (*Agreement*)**

Changes in Capital Investment Program (CIP) funding for 2017 led to an update in the formula. The CIP maintenance funds in 2017 increased from approximately \$1 million to \$2 million per year, and new funding provided by the Fire Facilities Levy approximately \$6.1 million per year started in 2017. These changes would significantly impact the annual fees for the contract communities if these expenditures were simply passed on utilizing the existing formula.

Staff’s goal in crafting this model was to provide predictable, stable fees for the contract cities and predictable, stable revenue for the City of Bellevue. After several meetings with the contract cities, an approach was developed which would retain the existing formula, but would alter the approach on the capital portion of the equation. As such, the highlights of the proposed 2018-2027 Agreements are included below:

- The duration of the contract will be increased to ten years from the current six years
- The existing formula will remain intact (37.5% population; 12.5% assessed valuation; and 50% calls for service)
- In 2018, the first year annual CIP cost included in the contract will be increased to \$2 million
- Starting in 2019, the CIP costs included in the contract will increase \$100,000 per year for the life of the contract

The proposed Agreement maintains the primary principles of the current agreement, such as using a system approach to capturing the costs, which allows for all costs associated with providing fire service within the Bellevue fire service area to be allocated on a proportional basis. If approved, the City of Bellevue is projected to receive approximately \$3.7 million in revenue in 2018. The revenue received each year will vary based on the approved Fire Department budget and the contract communities’ annual “Weighted Community Factor”. In the past, revenue from the fire service customers supported approximately 11 percent of the total fire service cost (budget net revenues). In addition, as provided in the existing agreement, the contract customers will continue to be responsible for their share of the Fire Department’s portion of the Law Enforcement Officers’ and Fire Fighters’ I Retiree Medical Liability.

The contract term will be for a period of 10 years, commencing January 1, 2018 and ending December 31, 2027. If all parties agree in writing prior to December 1, 2026, the term of the Agreement may be extended for an additional 10 years to December 31, 2037.

### **OPTIONS**

1. Direct staff to develop an Ordinance for Council consideration in December authorizing the City Manager to execute a Fire Protection Services Agreements with the cities of Clyde Hill, Medina, and

Newcastle and the Towns of Beaux Arts Village, Hunts Point, and Yarrow Point from 2018 through 2027.

2. Provide alternative direction to staff.

### **RECOMMENDATION**

Option 1

### **ATTACHMENTS**

- A. Map of City of Bellevue Neighborhood Fire Stations

### **AVAILABLE IN COUNCIL DOCUMENT LIBRARY**

Fire Protection Services Agreement