

December 4, 2017

## **CITY COUNCIL AGENDA MEMORANDUM**

### **SUBJECT**

Resolution authorizing execution of 10-year Fire Protection Services Agreements between the Bellevue Fire Department and the cities of Beaux Arts, Clyde Hill, Hunts Point, Medina, Newcastle, and Yarrow Point.

### **FISCAL IMPACT**

The City is projected to receive approximately \$3.7 - \$6.0 million in revenue per year over the term of the Agreements. If approved, the contract term will be for a period of ten 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 agreements may be extended for an additional ten years to December 31, 2037.

The revenue received each year will vary based on the approved Fire Department budget and the contract communities' annual "Weighted Community" factors. In past years the revenue from 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 Firefighters' (LEOFF) I Retiree Medical Liability. Revenue received under this agreement was included in the 2017-2018 budget.

### **STAFF CONTACTS**

Todd Dickerboom, Interim Fire Chief, 452-6895

Stacie Martyn, Fiscal Manager, 452-7670

*Fire Department*

Joyce Nichols, Intergovernmental Relations Director, 452-4225

*City Manager's Office*

### **POLICY CONSIDERATION**

City Financial Policies: XII. Intergovernmental Revenues

Many service costs of the City are influenced by other governments, either because of service overlap or service mandates imposed by the county, state, or federal government. The City should take advantage of opportunities to enhance service delivery through intergovernmental cooperation, shared revenues, and grants while aggressively opposing mandates that distort local service priorities.

### **BACKGROUND**

Bellevue has provided fire and emergency medical services on a contract basis to the communities of Medina, Clyde Hill, Hunts Point, Yarrow Point, and Beaux Arts since the

1960s. The City began providing fire services to the City of Newcastle following its incorporation in 1994. This relationship relieves these communities from the duty of managing their own independent fire agencies and provides a revenue stream to offset the cost of its existing fire and emergency medical costs for the City. 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/7day a week basis. Fees are based on a formula that uses each city's relative portion of population (37.5 percent), assessed valuation (12.5 percent) and actual calls for service (50 percent). 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 costs included all operating costs: operation staffing, fire prevention, administration, fleet, and technology. Operating revenues such as those received from King County Emergency Medical Services Levy for paramedic services reduce the net costs for all communities.

### **Proposed Fire Protection 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 Bellevue voter approved Fire Facilities Levy of \$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 the new 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 (50 percent calls for service, 37.5 percent population and 12.5 percent assessed valuation);
- In 2018, the first year annual CIP costs included in the contract will be increased to \$2 million; and
- 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 allow for all costs associated with providing fire service within the Bellevue fire service area to be allocated on a proportional basis. If adopted 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.

#### **EFFECTIVE DATE**

If approved, this Resolution becomes effective immediately upon Council adoption.

#### **OPTIONS**

1. Adopt the Resolution authorizing execution of 10-year Fire Protection Services Agreements between the Bellevue Fire Department and the cities of Beaux Arts, Clyde Hill, Hunts Point, Medina, Newcastle, and Yarrow Point.
2. Do not adopt the Resolution and provide alternative direction to staff.

#### **RECOMMENDATION**

Option 1

#### **MOTION**

Move to adopt Resolution No. 9342 authorizing execution of 10-year Fire Protection Services Agreements between the Bellevue Fire Department and the cities of Beaux Arts, Clyde Hill, Hunts Point, Medina, Newcastle, and Yarrow Point.

#### **ATTACHMENTS**

Proposed Resolution No. 9342

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

Fire Protection Service Agreement