

Meeting Notes
Fire Authority Stakeholders Group
March 10, 2011

Members Present:

Tony Anderson, SeaTac City Council (Co-Chair)	Les Thomas, Board Member Kent FD RFA (Co-Chair)
Brian Wiwel, City of SeaTac Assistant Fire Chief	Jim Schneider, Kent/SeaTac Fire Dept. Fire Chief
Mia Gregerson, City of SeaTac Councilmember	Alan Barrie, RFA Board Member (For Mike Denbo)
Mike McCarty, SeaTac Finance Director	Margaret Martin, Kent Finance Manager
Larry Rabel, Kent Fire Capt, Planning Unit	Jeff Richardson, SeaTac Fire Battalion Chief
Keven Rojecki, SeaTac Local 2919 President	John Gallup, SeaTac Fire Captain
Ken Weatherill, Kent Deputy Chief	Brian Carson, SeaTac Fire Captain
Mike Richardson, Kent Fire Captain	Dan Flood, SeaTac Local 2919 Vice President
Terry McCartin, Kent Firefighter	Ron Wieland, SeaTac Firefighter
Erin Sitterly, SeaTac Citizen	Robin Loudon, SeaTac Business Owner
Richard Jordan, SeaTac Citizen	Mike Moore, IAFF Local 1747
Greg Markley, Kent Battalion Chief	Mary Ann Cromwell, SeaTac Admin. Assistant

Members Absent:

Gene Fisher, SeaTac Deputy Mayor	Mark Jones, Kent IAFF Local 1747 President
Mike Denbo, RFA Board Member	Scott Galassi, Kent IAFF Local 1747 Vice President
Mike Moore, Kent IAFF Local 1747	Dave Bush, SeaTac Citizen
Art Stipen – SeaTac Business Owner	

Agenda Items

1. Chair Tony Anderson request approval of the notes from February 10, 2011.
2. Union Work Group and the Governance Board Work Group.
3. Chief Schneider & Captain Rabel gave an overview of the Agenda.
 - a. Insurance Services Office (ISO) Washington State Rating Bureau.
 - b. Conceptual Explanation of the Fire Benefit Charge and the Potential Impact of Implementation of the Fire Benefit Charge in the City of SeaTac

Meeting Notes:

1. Committee approved the notes from February 10, 2011, meeting.
Union Work Group and Governance Board Work Group will be meeting and give an update at the April 14, 2011, meeting.
2. Presentation on the Washington Survey and Rating Bureau, a Washington specific organization that evaluates and rates fire departments in Washington similarly as the Insurance Service Office referred to as (ISO) does in the rest of the United States. A fire department rating of 1 provides the lowest insurance premiums and a rating of 10 produces the highest insurance premiums. See attached document on the following items:
 - ISO does the evaluation of the Fire Resources in Cities. The evaluation process is an important element in establishing Fire Insurance Rates.
 1. Where there is improved capability, this can result in savings to the tax payers and through reduced property insurance premiums.
 2. Grading Schedules: The basic objective is to provide a tool for the insurance industry to measure elements of a cities fire suppression readiness.
 3. Basic elements considered in the grading schedule: Receiving and handling Fire Alarms, the Fire Department, Water Supply and Fire Safety Control.
 4. Grading Schedule is made up of several measurements in specific elements. Deficiency points are given when required elements of the scoring system are missing. Once the deficiencies are determined the fire department is assigned a rating on a scale of 1 to 10, 1 representing the best recognized protection. The scoring elements are as follows:
 - Receiving & Handling of Fire Alarms (9%) = 450 points
 - Fire Department – ability to control and extinguish a structure fire (39%) = 1,950 points
 - Primarily – Engine & Ladder Companies, equipment carried on apparatus, fire apparatus response times, and automatic aid, training and pre-planning of target hazards.
 - Water supply: Water works capacity, water main capacity, and distribution of fire hydrants (39%) = 1,950 points.
 - Fire Safety Control: 3 basic elements are Fire Inspection Condition, Supplemental Fire Prevention Activities and Building Code Enforcement (13%) = 650 points.
 - 5. Sample value charts were shown
 - 6. Terms:
 - Deficiency points – Percent of an item that is lacking identified factors in an element.
 - Total Number of Deficiency points charged against a department determines the ISO classification.

7. SeaTac was a 3 and was downgraded to a 4. With regionalization, It could be possible to move SeaTac back to a 3. Kent is currently a 3 and looking to move to a 2.
 8. Improved capability can result in savings to the taxpayers, mostly through reductions in commercial property insurance premiums.
3. Fire Benefit Charge (referred to as FBC) Basics (See attached Power Point): Fire Benefit Charges authorized under Chapter 52.26 RCW. This is a two-part revenue system: (a) Levy of \$1.00 per thousand of assessed value on property and (b) FBC fee based upon the benefit of having fire protection.
- Caps – Levy cannot exceed \$1.00 per thousand of assessed value and the FBC cannot be more than 60% of the operating budget. Kent currently 42%
 - FBC based on three major factors: Use of property, square footage, and risk factors.
 - Exemptions – Places of worship and religious education, personal property, buildings less than 400 square feet. Mobile homes are included in FBC
 - The same senior discounts that apply to property tax apply to FBC
 - FBC Pro's: Not considered a tax, Establish Equitable Collections, Re-aligns Commercial/Residential Collections, Benefits Homeowners and small business, cost of resources aligned to property need for protection. Proven track record with renewal. Captures some exempts. Flattens long term revenue peaks and valleys to provide more predictable and stable funding.
 - Relationship to FBC to Levy – as one goes up, other goes down.
 - FBC Con's or Pro's? Higher risks requires higher fees. Unimproved land is not assessed the FBC. Must be renewed every six years.
 - Development of FBC – Begins with the Budget Goals both operations and long term capital needs.
 - Determining "Total" FBC. Total expenses, minus other revenue sources, plus 1% for King County, equals total FBC needed.
 - Rules of FBC Implementation
 - Must be reasonably apportioned to the benefit received
 - Higher risks pay higher premium
 - Discounts for risk reduction systems like fire alarms and sprinklers
 - Components Used to Apportion
 - Size of the structure (used to determine amount of firefighting water (fireflow) needed at the specific structure).
 - Category of the structure (residential, multi-family, commercial) is used to determine the amount of resources needed.
 - Effective Response Force (ERF) factor is used to determine the number of firefighters needed to deliver the determined fireflow.

- Risk of the structure, surcharges are added for higher risk uses or storage in a building such as the presence of high fuel loads or hazardous materials. Credits are given for built in risk reduction such as fire sprinklers and alarm systems.
 - The data to calculate the FBC comes direction from the King County Assessor and is apportioned based on the formula
 - Effects on City of SeaTac - SeaTac will see a \$1.00 reduction in taxing capacity. SeaTac is required to reduce taxing capacity not current levy. Without corresponding reduction in rate, SeaTac taxpayers will see net tax increase.
 - Currently, the City expends the equivalent of approximately \$1.78/\$1,000 AV on Fire Department operating expenditures.
 - If SeaTac joins the Kent RFA, it will forego \$1.00/\$1,000 AV in taxing authority.
 - This amount could contribute to either increased services or lowering the tax burden.
 - There are policy issues still to be decided – cost of fire prevention and use of saving. Collection of FBC done by King County Finance office. There are hearings and opportunities to correct errors.
 - Summary slides showed how the FBC collection in Kent occurred by property type.
 - Summary slides showed how the Kent FBC had lower rates on most homes compared to Valley Regional Authority and Northshore, as Kent's was based on Firefighters needed at the scene to mitigate the incident.
4. King County Representative Hazel Gantz gave a presentation on Junior taxing districts and the limitation of \$5.90 for the aggregate Property Tax Levies Limit Calculation. The limit cannot be exceeded, if it is fire levies may have to be reduced, the FBC method of funding helps to protect fire department funding. Handout attached to these notes.
 5. Next meeting will be held on April 14, 2011 – Presentation by Fire Captain Larry Rabel on Detailed Fire Benefit Charge calculations on specific properties. .

Questions:

ISO Rating: How long after deficiencies have been corrected does it take to get a new rating?

Answer: Experience has been that once released ISO sends to the insurance companies within a couple of months.

ISO Rating: How much does fire insurance rates increase or decrease with ISO rating changes?

Answer: Per the table 3-4%, however individual companies may ignore some of the table in a competitive market.

FBC: If a property is exempt from property tax are they exempt from the FBC?

Answer: FBC exemptions are limited to religious worship and educational structures and also exemptions or deferrals for low income senior citizen or those with disabilities same as King County Property tax. Other normally tax exempt structures will be subject to the FBC.

FBC: If SeaTac jointed the Kent RFA, would its FBC renewal be in six years?

Answer: It would become part of the current Kent FBC – so it would renew at the same time – four years.

ISO Rating: I asked my insurance agent about rate savings from having a lower ISO rating, and he had not heard about ISO ratings – why?

Answer: That's a good question. Maybe it was the individual you spoke with who was unaware of ISO.

Meeting ended at 7:40 pm.