



Meeting Date: February 15, 2022

CITY COUNCIL AGENDA SUMMARY

City of Mill Creek, Washington

AGENDA ITEM: **CONSIDER A RESOLUTION CALLING FOR A SPECIAL ELECTION CONCERNING ANNEXATION INTO SOUTH SNOHOMISH COUNTY FIRE AND RESCUE REGIONAL FIRE AUTHORITY**

PROPOSED MOTION:

Adopt resolution 2022-631 calling for a special election concerning annexation into the South Snohomish County Fire and Rescue Regional Fire Authority

KEY FACTS AND INFORMATION SUMMARY:

Background:

Since incorporating in 1983, the City has received fire and emergency medical services (EMS) via a contract from Fire District 7, now known as Snohomish Regional Fire and Rescue (SRFR). That relationship has been long and beneficial for both parties and has provided excellent fire and EMS services to the citizens of Mill Creek.

During discussions between SRFR and the City in October 2020, SRFR expressed their desire to move from the station cost model in previous contracts to a full-cost system cost model. As they have merged with other districts over the last few years, they decided that because their primary revenue source is based on property tax levies, those levies are the most equitable method to allocate costs to all citizens they serve - whether directly or by contract. Thus, SRFR notified the City in December 2020 that they were not interested in renewing the contract under the same costing model, and asked the City to consider annexation or a more equitable agreement at or close to parity with their other District members. Parity between SRFR's property tax rate and the City's contract cost would nearly double the annual contract cost.

Given the magnitude of the anticipated cost increase, the City undertook to explore all of the available options: annexation to SRFR, parity contract with SRFR, annexation into other fire agencies, contracting with other fire agencies, and starting a City fire department.

During November and December 2021, the City Council held multiple study sessions regarding future fire and EMS service and concluded that the costs for services from any provider that maintains fire and EMS service levels will be substantially higher than the expiring SRFR contract cost. No nearby agencies were interested contracting for services long term at less than a rate at “parity” with other fire agency members, and the option of a City Department was determined to be the most expensive and impractical given that the number of firefighters needed to respond to incidents typically far exceeds the staffing at one fire station.

The best option emerged as South Snohomish County Fire and Rescue Regional Fire Authority (South County Fire, SCF). SCF was formed through the combination of Fire District 1 and the Lynnwood Fire Department in 2017. SCF is headquartered in unincorporated Snohomish County (south Everett), and presently serves areas adjacent to the City west and north. Through mutual aid agreements, SCF often responds to fires and EMS calls in Mill Creek as the closest available units.

South County Fire uses a different costing model, based on property taxes, EMS taxes, and a Fire Benefit Charge. This approach is considered by many to be more equitable than a pure assessed value approach, because the Fire Benefit Charge is based on the resources required to fight a fire rather than the value of the structures involved in the fire. Thus, a single-family home receives a more favorable rate than a large warehouse store or a multi-story apartment or office building. Similarly, identically sized homes with widely different land values will pay the same Fire Benefit Charge, because the value of the underlying land does not change the cost to fight a fire. For Mill Creek’s development pattern, that results in a lower cost for taxpayers as a whole, as compared to a funding model without a Fire Benefit Charge.

After thorough analysis, the City has determined SCF will be able to deliver comparable fire and EMS services over the long term to City taxpayers at a cost lower than other available options.

RCW 52.26.300 sets forth the procedure for annexing a city into a regional fire protection service authority. On December 14, 2021, the Mill Creek City Council adopted Resolution No. 2021-617, requesting annexation into SCF subject to the provisions of RCW 52.26.300(3) and voter approval. In response, on December 21, 2021, the Governing Board of SCF adopted Resolution No. 12212021-18, amending its Regional Fire Authority (“RFA”) Plan to provide for the annexation of the City of Mill Creek subject to the approval by the voters of the City of Mill Creek.

The City and South County Fire have worked together to forge agreements that cover the transition from SRFR to SCF as the City’s fire provider should Mill Creek citizens vote to annex into SCF. The parties have also developed an Interim Service Agreement, (aka the “short term or safety net contract”) should annexation not pass so that SCF would provide Fire and EMS services after the contract with SRFR concludes December 31, 2022. The City and SCF both adopted these agreements on February 8, 2022.

Under either annexation or during the Interim Service Contract, SCF will use Station 76 to continue to provide the same level of fire and EMS service as Mill Creek currently receives. That level of service provides 24/7 staffing by four fire fighters and a paramedic operating an engine and an aid vehicle. SRFR and SCF have indicated that all firefighters working in the City today will have or be offered jobs if annexation happens.

The City Council has also thoroughly considered how to address the budget impact of annexation into SCF. After Annexation, the City will no longer be paying for a fire and EMS services contract out of general fund and EMS levy fund sources. In 2022, that amount was approximately \$4.3M. Council adopted a resolution February 8, 2022, stating their intent to reduce property tax collections by the full amount of the 2022 fire and EMS contract. This will be accomplished by reducing the general property tax levy by approximately \$2.6M (presently, about \$0.51 per \$1,000 of assessed property value, and eliminating the City's EMS levy, which is presently about \$1.7M, or about \$0.37 per \$1,000. Taxpayers instead will pay directly to South County Fire as part of their annual property taxes, starting in 2023. The net result is that a home with an assessed value at \$602,000 (the average in Mill Creek—note the assessed value is generally considerably less than market value) will see a projected increase of \$379.26 a year (\$31.61 a month).

Next Steps:

Annexation into South County Fire requires a simple majority vote of the citizens of Mill Creek. To align with the processes necessary for SCF to provide fire and EMS services under annexation starting January 2023, the measure needs to go on the April 26, 2022, Special Election ballot. At the February 15, 2022 meeting, City Council will consider a resolution calling for a special election concerning annexation into South County Fire.

CITY MANAGER RECOMMENDATION:

Motion to adopt resolution 2022-631, a resolution of the City of Mill Creek, Washington, calling for an April 26, 2022 Special Election concerning Annexation into the South Snohomish County Fire and Rescue Regional Fire Authority.

ATTACHMENTS:

[RESOLUTION NO \(requesting ballot measure\) for 2.15.2022 packet added section 3 and 4 2.15.2022 powerpoint Fire EMS updated resolution](#)

Respectfully Submitted:

Martin Yamamoto

Acting City Manager

RESOLUTION NO. 2022-631
A RESOLUTION OF THE CITY OF MILL CREEK, WASHINGTON CALLING FOR A
SPECIAL ELECTION CONCERNING ANNEXATION INTO THE SOUTH
SNOHOMISH COUNTY FIRE & RESCUE REGIONAL FIRE AUTHORITY (“SCF”)

WHEREAS, since incorporating in 1983, the City has received fire and emergency medical services (“EMS”) from the entity now known as Snohomish Regional Fire and Rescue (“SRFR”); and

WHEREAS, on December 3, 2020, SRFR provided the City with a notice of termination of its contract for fire and EMS services; and

WHEREAS, after exploring available options and conferring with SRFR and South Snohomish County Fire & Rescue Regional Fire Authority (“SCF”), including evaluating proposals for annexation and/or service contracts from both entities; and

WHEREAS, in November and December 2021, the City Council held multiple study sessions regarding future fire and EMS service and concluded that the costs for services from any provider that maintains fire and EMS service levels will be substantially higher than the expiring SRFR contract cost; and

WHEREAS, based on information provided, the City Council has determined SCF will be able to deliver comparable fire and EMS services over the long term to City taxpayers at a cost lower than other available options; and

WHEREAS, RCW 52.26.300 sets forth the procedure for elections concerning the annexation of a city into a regional fire protection service authority; and

WHEREAS, on December 14, 2021, the Mill Creek City Council adopted Resolution No. 2021-617, requesting annexation into SCF subject to the provisions of RCW 52.26.300(3) and voter approval; and

WHEREAS, on December 21, 2021, the Governing Board of SCF adopted Resolution No. 12212021-18, amending its Regional Fire Authority (“RFA”) Plan to provide for the annexation of the City of Mill Creek subject to the approval by the voters of the City of Mill Creek pursuant to RCW 52.26.300(3); and

WHEREAS, on February 8, 2022, the Mill Creek City Council adopted Resolution No. 2022-626, stating that it was in the City’s best interest to approve annexation into SCF and approving the RFA Plan as required by RCW 52.26.300(3); and

WHEREAS notification of intent to annex is being transmitted to the Snohomish County Auditor;

NOW, THEREFORE THE CITY COUNCIL OF THE CITY OF MILL CREEK RESOLVES AS FOLLOWS:

Section 1. Pursuant to RCW 52.26.300, the City of Mill Creek requests that the Snohomish County Auditor place a proposition on the special election ballot to be held on April 26, 2022, for the voters in the City of Mill Creek to approve or reject the annexation of the City of Mill Creek to be part of the SCF effective August 1, 2022, with the following potential ballot title:

Name of Jurisdiction: City of Mill Creek

Proposition Number: Proposition No. 1

Short Title: Mill Creek Seeks Voter Approval to Annex into South Snohomish County Fire & Rescue Regional Fire Authority

Ballot Title: Shall the City of Mill Creek be annexed into and be a part of the South Snohomish County Fire & Rescue Regional Fire Authority, effective August 1, 2022, per Mill Creek City Council Resolution No. 2022-631?

YES _____

NO _____

Section 2. A local voters' pamphlet is requested and language for the explanatory statement is attached as Exhibit 1.

Section 3. The City Attorney is authorized to make such minor adjustments to the wording of the ballot measure and/or the explanatory statement as may be recommended by the Snohomish County Auditor, as long as the intent of the measure remains clear and consistent with the intent of this Resolution as approved by the City Council.

Section 4. This Resolution shall be in full force and effect upon passage and signatures hereon.

Adopted and approved this ___ day of February, 2022 by a vote of ___ for, ___ against and ___ abstaining.

APPROVED:

BRIAN HOLTZCLAW, MAYOR

ATTEST/AUTHENTICATED:

NAOMI FAY, CITY CLERK

APPROVED AS TO FORM:

GRANT DEGGINGER, CITY ATTORNEY

FILED WITH THE CITY CLERK: _____

PASSED BY THE CITY COUNCIL: _____

Attachments: Exhibit 1

Exhibit 1: EXPLANATORY STATEMENT

Mill Creek Resolution No. 2022-631 seeks voter approval to annex the City into South Snohomish County Fire & Rescue Regional Fire Authority (“South County Fire”). The City’s contract with its current fire and emergency medical service (EMS) provider is ending and cannot be renewed without substantial cost increases. All options maintaining service levels will cost more. City Council determined the lowest cost solution that maintains fire/EMS service levels is annexation into South County Fire.

South County Fire serves Lynnwood, Edmonds, Brier, and Mountlake Terrace and borders the City. South County Fire often responds to emergencies in Mill Creek.

If annexation is approved, the City will reduce its property tax collections by the amount of its 2022 fire/EMS contract fees, and the City’s EMS levy will not be renewed. If annexation is not approved, the City must raise taxes to pay for fire/EMS contract services or substantially cut other City services.

If annexation is approved, five-person firefighters/paramedic crews will continue operating from the Mill Creek fire station. Mill Creek residents will be eligible to vote for and serve as Fire Commissioners on South County Fire’s governing board that decides property taxes and fees for services.

More information is available at www.cityofmillcreek.com/fire



Fire/EMS: Call for Special Election for Annexation into South County Fire

February 15, 2022

Mike Todd

Agenda:

- Recap of history
- Steps to annexation
- Budget plan under annexation
- Considerations if annexation does not pass
- Resolution to call for Special Election
- Pro and Con Committee reminder



Recap: How Mill Creek will receive Fire/EMS services is changing:

- The current contract with Snohomish Regional Fire and Rescue (SRFR) expires at the end of 2022 and SRFR cannot renew it without a substantial cost increase.
- The City reached out to other providers. Significant cost increases are necessary under all options to maintain the quality and level of service for the community.
- City analyzed all options; best option determined to be South County Fire
- The City is therefore considering asking voters to annex to South County Fire.



Recap: South County Fire is the most cost-effective provider of high-quality emergency services available to the City

- South County Fire is a regional fire authority headquartered south of Everett and serving Lynnwood and surrounding cities and unincorporated areas. It serves areas to the north and west of Mill Creek.
- Most Snohomish County property owners pay close to \$2.00 per \$1,000 of assessed property value for high quality fire/EMS service. (SRFR is \$1.85 per \$1000 in 2022)
- South County Fire is the most cost-effective provider available at an equivalent rate of \$1.51 per \$1,000 in 2022.
- Annexation will maintain the quality and level of emergency services for Mill Creek residents and businesses.
- Annexation requires support of a majority of City voters.



Steps to changing Fire/EMS service provider

- Staff from Mill Creek and South County Fire have collaborated on documents and agreements required for changing City's fire/EMS service provider starting in 2023.
- Agreements have been adopted by South County Fire Commissioners and City Council
- Vote needed April 2022 for August 2022 effective date and January 2023 implementation



Recap: Budget Plan upon annexation

- Present contract payment for fire/EMS services is ~\$4.3M in 2022, paid from general fund sources and EMS levy
- Council has passed a resolution stating intent to reduce tax collections by that same amount:
 - Reduce General Property tax levy in 2023 by \$2.6M
 - EMS levy will expire after 2022, reducing tax collections by ~\$1.7M



Recap: If Annexation does not pass

- If Annexation vote does not pass April 26, 2022, City needs to have a funding plan for the Interim Service Contract for 2023 and 2024
- Funding will likely take several components
- If renewing the EMS levy or raising general tax levy are funding components, quick turnaround is required to get it on the ballot:
 - May 13 for August primary election
 - August 2 for November general election



If Annexation does not pass (con't)

Option A: "2 taxes and 2 votes"

EMS levy \$2.5M, \$0.50/\$1000 - **(voted)**

General Property Tax Levy Lift \$1.0M/\$1.3M - \$0.23/\$1000
(voted)

Two election possibilities, August and/or November

Option B: "1 tax and 1 vote"

General Property Tax Levy Lift \$3.5M/\$3.8M - \$0.73/\$1000
(voted)

Two election possibilities, August and/or November

Option C: "2 taxes and 1 vote"

EMS levy \$2.5M, \$0.50/\$1000 - **(voted)**

Two election possibilities, August and/or November

Establish **Utility tax** to garner \$1.0M/\$1.3M; estimated 4.6% – 6.0% on cell and cable **(Council action)**



Steps to changing Fire/EMS service provider

- Action needed to place the measure on the April 26, 2022 ballot no later than February 25, 2022
 - File resolution calling for election
 - Ballot title
 - Explanatory Statement
 - Pro and Con Committee appointments



Resolution to send to ballot

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Ballot Title language

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YES _____

NO _____



Resolution to send to ballot (con't)

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Explanatory Statement

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More information is available at www.cityofmillcreek.com/fire



Proposed motion

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Pro & Con committees solicited

- Voter pamphlet goes with ballot
- Pamphlet has Ballot Title, Explanatory Statement, and Pro and Con statements
- Council responsible to appoint up to three persons for
 - “PRO Committee”:
 - Provides statement in favor of the annexation measure and a rebuttal to the Con Committee's statement;
 - “CON Committee”:
 - Provides statement against the annexation measure and a rebuttal to the Pro Committee’s statement
- Interested parties submit interest to Council at Communications@CityofMillCreek.com
- Deadline for applications is **noon, February 16**
- Council will make appointments at February 22 meeting.





Mike Todd

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425-921-5708