

MEDIC ONE/EMERGENCY MEDICAL SERVICES

STRATEGIC PLAN & LEVY REAUTHORIZATION

Finance Subcommittee meeting 2/1/2018

Subcommittee members were grounded in roles and responsibilities, and reviewed a proposed work plan and timeline. After adopting principles to help guide decision making within the group, they were briefed on the economic environment facing them as they develop the next levy, and provided an overview of the EMS levy financing and considerations.

Attendees

Chair: John Marchione, City of Redmond

Andy Adolfson, Bellevue Fire

Bob Baggett, City of Auburn

Cynthia Bradshaw, KCEMS

Helen Chatalas, KC EMS

Jeff Clark, Eastside Fire & Rescue

Tim Day, City of Kirkland

Chuck DeSmith, Renton RFA

Todd Dickerboom, Bellevue Fire

Krystal Hackmeister, Bellevue Fire

Alex Herzog, City of Shoreline

Mark Horaski, Valley Regional Fire Auth.

Tom Hornish, City of Sammamish

Lyman Howard, City of Sammamish

Keith Keller, King County Medic One

Michelle Lightfoot, KCEMS

Stacie Martyn, Bellevue Fire Department

Joe Monteil, King County Medic One

Matthew Morris, Puget Sound RFA

Kevin Olson, Valley Regional Fire Auth.

Michael Olson, City of Kirkland

Elijah Panci, City of Kirkland

Vic Pennington, South King Fire & Rescue

Michele Plorde, KC EMS

Dave Reich, King County OEFA

Chris Santos, Seattle Fire

Harold Scoggins, Seattle Fire

Ryan Simonds, WSCFF

Mitch Snyder, Puget Sound RFA

Mark Thompson, South King Fire & Rescue

Eric Timm, King County Medic One

Jay Wittwer, Tukwila Fire

Issues discussed

Roles and Timeline

The Finance Subcommittee will assess the programmatic recommendations developed by the other subcommittees and provide financial advice, viewing the proposals as a whole package, rather than independent program areas. In addition, the Subcommittee will review economic forecasts, determine indices for inflating costs, and develop financial policies. They will also provide financial perspective and advice to the Task Force to ensure the EMS system remains financially sound in the next levy period, and help make decisions about the levy. At each meeting, the Finance Subcommittee will review program recommendations developed by the ALS, BLS and Regional Services Subcommittees.

Meetings have been scheduled to align with the release of revised economic forecasts, ensuring the more recent data for reviewing program recommendations. These revised forecasts may result in revisions to the recommendations. The Finance Subcommittee will

provide financial guidance to the subcommittees. The recommendations will then proceed to the full Task Force for feedback, guidance and eventual adoption in October, 2018.

Principles

At the January Task Force meeting, the Chair asked that participants agree to basic principles that will help guide the levy reauthorization process. The Subcommittee reviewed the principles, or “ground rules”, and were asked to work within them.

EMS Stakeholders remain committed to these fundamental principles:

1. Regional system
2. Tiered medical model based system
3. Programs & innovative strategies
4. Focus on cost effectiveness and efficiencies
5. Maintaining the EMS levy as the funding source

The Chair asked that the group consider additional principles that are specific to the Finance Subcommittee and its role in the levy planning process.

Current Economic Circumstances

Dave Reich provided an overview of the current “state of the economy”. Salient points are as follows:

- The national economy is expected to continue to grow in 2018 with more hiring, lower unemployment and stable inflation.
- The King County economy had another strong year in 2017 and is expected to grow in 2018 at a little slower rate.
- Assessed value in KC is expected to rise in 2019 and 2020.
- New construction was the highest ever for 2018 and is likely to be strong for 2019 also.
- The most important year for the EMS levy is 2020 as that is what sets the initial levy amount. After that it’s maximum grow is 1% plus the value of new construction.
- Recessions are a recurring fact of life and though there is little to suggest one in the near-term, one could very well happen over the levy period (2020-2025).

Historical Financial information

- Levy Funds four main program areas plus reserves. Includes:
 - Full funding Advanced Life Support Services (ALS or paramedic services);
 - Contribution towards Basic Life Support Services (BLS or EMT services);
 - Funding of Regional Services supporting the system;
 - Funding towards Strategic Initiatives: new and/or pilot projects focused on patient care, reducing demand, and efficiencies; and
 - Required King County reserves are currently fully funded.

- Due to EMS costs and service demand typically increasing at a rate higher than the property tax structure of 1% increase yearly (+ new construction), the levy is structured to collect more funds in the early years of the levy to use in the later years of the levy.
- Levy funding is divided between the City of Seattle and the balance of King County (managed in the King County EMS Fund). Due to strong property values and construction growth, the % of funds going directly to the City of Seattle has increased from ~35% in 2002 to an estimated 39%.
- Tale of two levies (2008-2013 and 2014-2019):
 - 2008-2013 levy: planned in 2006, the economic recession beginning in 2008 resulted in both costs and revenues less than planned.
 - 2014-2019 levy: planned in 2011 & 2012, the economic upturn resulted in both costs and revenues higher than planned.

Discussion:

Work force issues:

- The system has a large number of retirements anticipated through the end of the current levy span, which will have significant cost impacts on agencies via retirement payouts and student costs.
- New extended family medical leave laws, military deployments, will impact PTO.
- Low unemployment, coupled with fewer younger people entering the work force (choosing college instead) may make hiring more difficult, leading to increased overtime.

Tax-exempt properties:

- A number of tax exempt properties are “run generators”. There was interest in determining what sort of financial impact these exempt properties have on the levy.

Recession:

The Subcommittee Chair suggested that the group remember to plan accordingly should a nation experience an economic downturn.

Requests made:

History & Lessons Learned:

- What was planned vs what actually experienced (e.g. confidence level; indices;)

Annual levy rate over the span of the current levy

Future ballot measures

Property tax exemption

EMS levy impacts on other taxing districts

Information about Mobile Integrated Health (MIH) funding sources

Next Meeting

April 19, 2018:

1:00 – 3:00 pm

Peter Kirk Room, Kirkland City Hall,
123 5th Avenue, , Kirkland

Topics include

- ALS, BLS and Regional Services Draft report review;
- New economic forecasts, and
- Financial Review of " Status Quo" (expenditures, revenues and main drivers)