

# MEDIC ONE/EMERGENCY MEDICAL SERVICES STRATEGIC PLAN & LEVY REAUTHORIZATION

Finance Subcommittee meeting 7/31/2018

*Subcommittee members received an economic and revenue forecast update; reviewed Sensitivity Analyses (referred to as "What -If" scenarios) to evaluate revenue and expenditure risks associated with changes in economic conditions from what was originally planned; finalized reserve funding levels and policies; and endorsed moving the Updated Programmatic Recommendations and its supporting Financial Plan that is based on a 27-cent levy rate forward to the EMS Advisory Task Force for its approval.*

## Attendees

*Chair: Keith Scully, City of Shoreline*

Jen Blackwood, KC EMS

Cynthia Bradshaw, KC EMS

Seth Buchanan, Kirkland Fire

Helen Chatalas, KC EMS

Jeff Clark, Eastside Fire & Rescue

Rachel Garlini, Shoreline Fire

Krystal Hackmeister, Bellevue Fire

Jason Hammond, KC EMS

Tracie Jacinto, KC EMS

Kirsty Jones, NORCOM

Joe Monteil, King County Medic One

John Nankervis, Shoreline Fire

Brian Parry, Sound Cities Association

Dave Reich, King County OEFA

John Rickert, South King Fire

Erik Robertson, Valley Regional Fire Auth.

Larry Rude, Eastside Fire & Rescue

Chris Santos, Seattle Fire

Alex Yoon, King County Public Health

## Issues discussed

### Updated Economic Forecast

Past Financial Plan information for the levy planning process was based on the March 2018 Economic and Revenue Forecast. The forecast was updated in July, which showed:

1. King County 2020-2025 Assessed value is higher than originally forecast in March.
2. The most important year for the EMS levy is 2020 as that is what sets the initial levy amount. The new forecast shows an AV increase in 2020 AV of 2%
3. New construction begins to dip as of 2020.

### Updated Programmatic Recommendations - See meeting materials

At the direction of the *EMS Advisory Task Force* in May, each subcommittee finalized its programmatic recommendations, now referred to as the Updated Recommendations.

- ✓ **Action Taken** - The Subcommittee supported moving forward with the Programmatic Recommendations developed by the other Subcommittees.

**Financial Plan and levy rate - See meeting materials for entire Financial Plan.**

Financial Plan Summary - based on July forecast assuming a 27-cent levy

<b>Expenditures &amp; Reserves</b>	<b>Total (in millions)</b>
Total Expenditures	\$1,071.4
Reserves (Expenditure & Rainy Day)	\$41.6
<b>TOTAL Expenditures &amp; Reserves</b>	<b>\$1,113.0</b>
2020-2025 Property Tax Forecast	\$1,089.9
New Other Revenues (KC)	\$8.5
Carryforward Reserves from 2014-2019	\$20.0
<b>TOTAL Revenues</b>	<b>\$1,118.4</b>
<u>Balance (Funds available to supplement reserves)</u>	<u>\$5.4</u>

✓ **Action Taken**

- The Subcommittee supported moving forward with the budgets that support these Programmatic Recommendations.

Sensitivity Analysis – “What If” scenarios

Task Force members have stressed the need for appropriate reserves to ensure the system can weather an economic downturn. King County prepared five different “Scenarios” to evaluate how changes to the proposed AV, new construction, inflation and City of Seattle AV could impact the EMS levy bottom line.

The financial impacts ranged from a decrease of \$3.1 million to a decrease of \$52.2 million (worst possible case scenario). The current Financial Plan includes a total of \$47 million in reserves that would allow the EMS levy to remain whole under these circumstances.

✓ **Action Taken**

- The Subcommittee endorsed the proposed level of reserves as included in the Financial Plan.

Reserve policies

Based on discussions had in other subcommittees, the EMS Division proposed slightly amending the reserve and contingency approval process. The process currently includes EMS Advisory Committee (EMSAC) and its Financial Subcommittee review and endorsement, both of which

meet quarterly. The proposed change would give the EMS Division Director the discretion to approve using contingencies, thereby creating efficiency. The usual notification and follow-up requirements would remain in place to ensure transparency.

Additionally, the Subcommittee weighed in on a proposal to put the balance of funding from the Financial Plan (\$5.4 million) into a reserve, to create additional security and supplement other reserves.

✓ **Actions Taken**

- The Subcommittee endorsed the proposed change to the approval process and putting the balance of EMS levy into the Rate Stabilization reserve for additional protection.
- The Subcommittee recommended forwarding the Financial Plan that supports expenditures of \$1.112 billion with a 6-year 27-cent EMS levy to the *EMS Advisory Task Force* for consideration and adoption.

Next Steps

Chairman Scully recognized that, for all intents and purposes, the work of the Finance Subcommittee is completed, and, if nothing else arises, that the Subcommittee actions mark the completion of the levy planning process. Future Finance Subcommittee meetings will most likely be cancelled unless the *Task Force* requires additional work from the Subcommittee following its September 18<sup>th</sup> meeting.