

**Whatcom County Fire District #5**  
**Point Roberts Fire Department**

**2030 Benson Road, Suite A**  
**Point Roberts, Washington, 98281**  
**Special Meeting of the Board of Commissioners**  
**June 12<sup>th</sup>, 2023**

## **MINUTES**

In Attendance: Commissioner Virginia Lester  
Commissioner Norm Katz  
Commissioner Pat Harper  
Chief Christopher Carleton  
District Secretary Linda Hughes  
Financial Manager Patty Markel

Guests: All Point Bulletin - Pat Grubb  
Jim Nelson  
Brian Snure  
Bill Zidel  
Kimberley Butts  
Terri Griffith  
unidentified attendee, iPhone 14 pro

### **A. CALL TO ORDER**

The meeting was called to order at 4:05 p.m. by Commissioner Lester.

### **B. DISCUSS POTENTIAL LEVY/BOND FOR DISTRICT**

Chief Carleton began by thanking everyone for attending, in particular Brian Snure and Jim Nelson.

Chief then reviewed the purpose of these special meetings, to discuss the potential for a levy or bond to meet the financial needs of the District in the coming years; and posted his first document, a cost analysis for potential levy lid lifts shown at previous meetings, to which he had added a \$300,000 property to the projections, and had added cost projections for a \$0.50 and a \$0.60 levy.

At our current mill rate of .693, a \$300,000 property pays tax of approximately \$208 per year to the fire district. At the current total property valuation of Point Roberts, the fire district receives approximately \$648,449 in annual tax revenue.

Chief also reported that between 2014 and 2023, property values in Point Roberts mostly increased, except in 2016 and 2017, when the values went down by approximately \$11 million per year. He stated that in the other years, when the values increased, they went up by about an average of about \$30 million per year. He explained how the mill rate goes up when the property values decrease, and conversely go down when the property values increase. For instance, in 2022 when the property values of Point Roberts were assessed at \$749,112,318, the fire district mill rate was \$0.85 per \$1,000, but when the property values increased to \$935,096,921 in 2023, the district's mill rate went down to its current \$0.693 per \$1,000. The fluctuation does not affect the annual revenue stream, however the rate represents the ratio per \$1,000 that property owners pay to support fire district services.

Chief posted a new projection sheet which showed the costs of both a levy and a bond on properties valued at \$300,000, \$500,000, \$750,000 and \$1 million. These documents will be posted to the WCFD5 website for the public to peruse and refer to.

Jim Nelson was asked to take over and discuss bond issues. First, Mr. Nelson commended Chief Carleton on his hard work in preparing all of the cost projections for the Commissioners and community to consider. Mr. Nelson reported that a non-voter approved bond may be taken by the District, up to a maximum of \$3.5 million. The maximum for a voter-approved bond is \$7.5 million. Mr. Nelson's projections for the average annual cost of a bond, at 5.20% interest is \$163,146 for essentially a \$2 million bond; \$202,988 for essentially a \$2.5 million bond; and \$242,854 for essentially a \$3 million bond.

Chief reminded everyone that a non-voter approved bond is serviced from current operational costs, whereas a voter approved bond would become a separate line item on tax statements, and thereby be funded separate from the tax revenue that provides the funding for operational expenses, and again reviewed his projection sheet outlining the costs to taxpayers of bonds, relative to property value.

Mr. Nelson pointed out that one option to consider is for the District to seek a levy lid lift from the voters that would be high enough to cover operational expenses and the amount needed to service a non-voted bond, but also noted that from an investment point of view, the voter approved bonds are safer. He also noted that the current decision before this District to seek a bond or levy has become common practice among all fire districts, since the legislature imposed the 1% cap on annual increases in revenue while inflation is outpacing that increase.

Chief reviewed for the public the reasons why both a levy lid lift and a bond are being considered at this time. He also reiterated the risk inherent with putting both on a ballot for voter approval, when there is no guarantee either or both will pass.

Chief also reviewed some of the capital expenditures outlined in the Capital Facilities Plan, and noted that changes could be made to the plan to shuffle when certain items are repaired, replaced or purchased, as the District adjusts to whatever the financial condition results from these discussions and voter approvals over the next several years.

Brian Snure presented his thoughts on the issue, as legal counsel for the Point Roberts Fire District and many other fire districts. He said, you need to consider the big picture, what you're trying to accomplish for your community. He continued, the Chief has put together a plan outlining



how the District can service this community for years to come, pointing out that ultimately the voters will decide what level of service they deem necessary for this community, and what cost they're willing to bear for that service. He noted that voter approved bonds have ancillary costs associated with setting them up, whereas non-voter approved bonds do not have the same requirements, but are also not as secure. He noted that the District is in this situation, like many other fire districts, because the legislature capped annual revenue increases at 1%, and inflation is currently at 9%. While a voter approved bond will require a 60% majority to pass, a levy lid lift can be attained with a simple majority vote.

Mr. Snure also pointed out that the district could seek a multi-year growth levy that increases each year, essentially to keep up with inflation. These have a six-year maximum lifetime, but after that period the District could seek another levy lid lift. He warned that fire districts are not permitted to operate at a deficit; if they run out of revenue for operations, they must cut services. With a multi-year growth levy, you could factor in the amount needed to save up for the District's capital expenditure needs. At worst case scenario, after a few years the District will have saved up enough to reduced its bond needs. He noted that \$1.50 per \$1,000 is the levy lid lift cap.

Chief noted that he has had several conversations with members of the community and there are varying opinions on which route the District should pursue. He noted also that there are some misperceptions about how the District operates; for instance, some agencies can shift or share costs and services in other places within the County utilizing various mutual aid agreements, however as Point Roberts is essentially an island unto itself, those options are simply not available to our district. He said that our fire district is tasked with protecting all who live and visit here. He shared that some people are expressing opposition to increased costs for emergency services, probably because they haven't needed the services yet. Others, he noted, are very supportive and want the district appropriately funded to provide the maximum level of service when it is needed.

Commissioner Lester mentioned that the number of emergency calls has been increasing in recent years, putting more of a financial strain on the District resources. Chief replied that the number of calls has indeed increased over the years and this year is on track to break that record again. Additionally, certain costs that our district faces are much greater than anywhere else in the County, such as fuel costs for the apparatus. It's not economically feasible to drive the vehicles over to the mainland for lower fuel costs.

Chief reiterates his opinion that at least six months worth of operational expenses should be held in reserve, and feels that there are unknown factors that make him think the District should maybe keep 8 or 10 months worth of operational expenses in cash reserves. He asked Financial Manager Markel how much is currently held in the reserve account, and she replied \$285,078, with the balance of the District's funds held by the County but segregated into 4 accounts: an expense account, the reserve account, a capital account, and a donations account. She noted that monthly revenue goes into the expense account where operational expenses are paid from, the capital account is usually held and used for capital purchases only, and the reserve account is essentially a savings account.

Chief reported that in some years, there is a rather significant unexpected deposit made into the fire district account, sometimes \$50,000, which is usually the payment of back-taxes that had been owed by property owners that had not paid in the years they were due. These unexpected deposits should not be considered extra income, as they are simply late payments of monies already expected in the budget.



Chief reviewed the costs of bunker gear, future needs for member housing, and also for respiratory testing that should be done with our members but has not yet been planned for in the budget. He's not certain what the cost of that testing would be.

When the public was asked if there were any questions, Kimberley Butts asked for clarification of the numbers shown on one of Chief Carleton's projection charts. After some review of a couple of the charts, she was satisfied with the projections showing the total property value of Point Roberts, and how the mill rate is affected by the change in valuation. She had wondered if the recent significant increase in property values similarly affected income to the District. The projection chart cleared up this misperception, showing that when the total property valuation in 2022 was \$749,112,318 the mill rate was \$0.85 per \$1,000, but the following year when the valuation increased to \$943,096,921 the mill rate actually decreased to \$0.693 per thousand. This keeps the income to the district relatively stable, as it does not fluctuate with property value changes.

Chief noted that the "1%" increase that has often been referred to in these discussions, results in an increase of approximately \$6,500 annually, but said that it is not truly 1%. Financial Manager Markel reported that the 1% was actually .94702% in 2023, and only .62118% in 2022. These figures are calculated and provided by the County Treasurer's office.

Chief reviewed the suggestion made by Mr. Snure to consider a multi-year growth levy, suggesting a possible \$0.30 levy lid lift for 2024 (resulting in \$280,000 in additional income, for a total of \$928,000 in revenue next year) and then in years 2025, 2026, 2027, 2028, 2029 the district could take incremental increases of 5% as laid out in the multi-year, growth levy proposal to voters. He noted that the District could still meet its goals by year 6 of the multi-year lift, by gradually building capital reserves with levy income, and then still potentially seek a smaller bond at that time if deemed necessary.

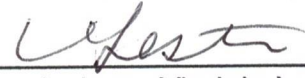
Mr. Snure reviewed the machinations of the multi-year growth levy, noting that most fire districts choose this method, and then end up doing another levy lid lift at the expiration of the multi-year lift, simply due to the financial constraints that the 1% legislated limitation puts on fire districts' ability to operate.

Chief expects that there will likely be several more of these types of special meetings to help the Commissioners fully understand the options available, and for the public to be kept aware of the options being considered and be able to ask questions about them.

Chief thanked Mr. Nelson and Mr. Snure for their time and valuable input to these meetings, and suggested they might be able to attend a future meeting to continue to help the public understand the financial needs of the District, and the options available to face upcoming challenges. He hopes to have at least two more meetings in June, a few in July, and then he looks forward to a decision from the Commissioners, which would then lead to the legalities of the necessary paperwork to proceed toward the ballot initiative(s).

**C. ADJOURNMENT**

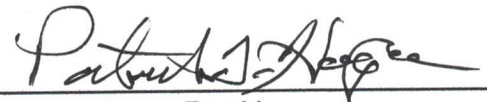
As there was no further business, Commissioner Harper moved to adjourn the meeting at 5:27 pm. Commissioner Katz seconded the motion. **Motion passed 3 – 0.**



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Commissioner Virginia Lester

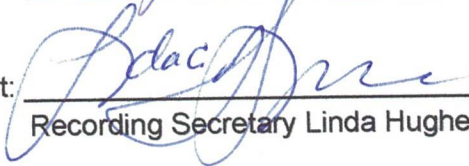


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Commissioner Norm Katz



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Commissioner Pat Harper

Dated July 12, 2023

Attest:   
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Recording Secretary Linda Hughes