

SAN JUAN COUNTY FIRE PROTECTION DISTRICT NO. 2

RESOLUTION NO. 2024-02

A RESOLUTION of the Board of Fire Commissioners (the “Board”) of San Juan Fire Protection District No. 2 d/b/a Orcas Island Fire & Rescue (the “District”) providing for the submission to the voters of the District at a special election to be held therein on April 23, 2024, a proposition authorizing a regular property tax levy of Seventy-Seven Cents (\$0.77) per One Thousand Dollars (\$1,000.00) of assessed valuation.

WHEREAS, RCW 52.14.010 authorizes the Board to manage the affairs of the District.

WHEREAS, presently, the District is in the last year of a voter-approved levy lid lift which has provided property tax revenue as the primary source of revenue for the District.

WHEREAS, RCW 52.16.130 authorizes the Board to levy a property tax based upon the value of property in the district, subject to all applicable laws and to seek voter approval at an election for an increase to the levy limit pursuant to the procedures set forth in RCW 84.55.050.

WHEREAS, a levy limit may be exceeded when authorized by a majority of the voters voting on a proposition to "lift the lid" of the levy limit as described in RCW 84.55.050. This "lid lift" is intended to allow the levy limit to be exceeded for the levy made immediately following the vote on the proposition and for a duration as set forth in the measure placed before the voters.

WHEREAS, this proposition would authorize the District to set a regular property tax levy of Seventy-Seven Cents (\$0.77) per One Thousand Dollars (\$1,000.00) of assessed valuation for 2024 to be collected in 2025 and thereafter for four (4) additional years pursuant to RCW 84.55.050 and subject to any otherwise applicable statutory dollar rate limitations, all as more particularly set forth herein.

WHEREAS, state law allows a fire district to levy up to One Dollar and Fifty Cents (\$1.50) per One Thousand Dollars (\$1,000.00) of Assessed Valuation;

WHEREAS, in 2014, the voters of the District approved a ten (10) year levy lid lift with an initial levy rate of One Dollar & Five Cents (\$1.05) per One Thousand Dollars (\$1,000.00) of assessed valuation (“AV”) for collection beginning in the year 2015, which property tax levy has been the primary source of revenue for the District;

WHEREAS, 2024 is the final year in which the District will collect revenue from the 2014 voter-approved levy lid lift;

WHEREAS, the levy rate for the District is currently Fifty-Three Cents (\$0.53) per One Thousand Dollars (\$1,000.00) of AV, which amounts to a total levy of Two Million Four Hundred Twenty-Four Thousand Eight Hundred Forty-Three Dollars and Forty-Three Cents (\$2,424,842.43) for 2024;

WHEREAS, unless the statutory limitations or “lid” is lifted this year, the District’s maximum allowable levy in 2025 is estimated to be approximately One Million Two Hundred

Sixty Thousand Five Hundred Fifty-Six Dollars and Thirty Cents (\$1,260,556.30), which amounts to a fifty-two percent (52%) decline in annual tax revenue from calendar year 2024;

WHEREAS, the District's revenues in 2025 without a lid lift will be insufficient to maintain current levels of service to the District's residents;

WHEREAS, the Board retained Emergency Services Consulting International ("ESCI"), a well-respected fire district consulting firm, to prepare a report on various Lid Lift Options for the District, with the immediate goal of maintaining service levels that the community has come to expect;

WHEREAS, ESCI developed various scenarios for increasing the District's levy rate from the present rate of Fifty-Three Cents (\$0.53) per One Thousand Dollars (\$1,000.00) of AV, with scenarios ranging from a minimum of Seventy-Eight Cents (\$0.78) to a maximum of Ninety-Nine Cents (\$0.99) with the addition of optional revenue and spending requests made by the Fire Chief;

WHEREAS, the Fire Chief has prepared an initial budget for the year 2025, which budget will be subject to public hearings and adoption in the fall of 2024 as provided by law, and has offered recommendations to the Board concerning the level of revenue needed to sustain the current levels of service to the community;

WHEREAS, the Board acknowledges the concerns of the voters who rejected levy lid lift measures presented two times in 2023;

WHEREAS, the Board has made a concerted effort to seek outside expert input, to solicit public comment and to provide multiple opportunities for the public to obtain answers to questions in an effort to make a well-informed financial decision which is in the best interest of the community and which the voters can support;

WHEREAS, the Board held a Town Hall meeting on February 3, 2024, providing an opportunity for education, public comment, and questions to clarify and explain the revenue challenges faced by the District and the various options under consideration;

WHEREAS, the Board solicited and received public comment at its regular board meeting on February 5, 2024, prior to deliberating on a proposed levy lid lift measure;

WHEREAS, after much deliberation, the Board voted (4-0, Commissioner Fuller absent) to approve proposing a measure to the voters to set a temporary lid lift with the initial levy rate of Seventy-Seven Cents (\$0.77) per One Thousand Dollars (\$1,000.00) of AV, a rate which the Board feels will achieve a variety of important goals, to wit:

- a. District reserves exceed \$1 million and will remain stable under this proposal.
- b. EMS and firefighting service levels are expected to remain stable, based upon the levels set forth in the 2023 operations plan.
- c. The operational needs will be met.

- d. The levy rate is within a range that public comments and an informal survey suggests will garner strong support from the community.
- e. The levy duration is for a period of five years, not permanent, and voters are expected to have an opportunity to consider other voter-approved revenue measures when they are brought forward by the Board.
- f. Approval of this measure will allow the voters sufficient time to learn more about the operations of the District and its needs, to evaluate the effect of this levy lid lift and the District's use of these monies, and to evaluate other voter approved measures to provide funding for the year 2025 or other funding approaches as may be recommended by members of the Board, the Chief, ESCI or other consultants, and the consideration of the comments by the public.
- g. It is recognized that capital needs including vehicles and apparatus of the District still need to be considered and revenue to pay for funding of such needs will be addressed soon and for clarity and transparency, those capital items and revenue options should be considered separately following further research, input from experts, informational sessions to the community, and opportunities for public input.

WHEREAS, the Constitution and the laws of the State of Washington require that the question of whether such taxes may be levied must be submitted to the qualified electors of the District for their ratification or rejection; and

WHEREAS, for the years 2026, 2027, 2028 and 2029, the Board desires to consider the usual limits on increases to the levy for each year at the applicable statutory rate, which presently is one hundred and one percent (101%) plus new construction plus increases in assessed value due to certain specified facilities.

NOW, THEREFORE,

Section 1. The District provides fire protection and emergency medical services as authorized by law.

Section 2. In order to provide the revenue adequate to pay the costs of maintaining and providing the services described in Section 1 at desired levels, the District shall, in accordance with RCW 84.55.050, remove the limitation on regular property taxes imposed by RCW 84.55.010 and levy beginning in 2024 and collect beginning in 2025, for a period of five years thereafter pursuant to RCW 52.16 and RCW 84.55.050, a general tax on taxable property within the District at a rate of Seventy-Seven Cents (\$0.77) per One Thousand Dollars (\$1,000.00) of assessed valuation, and the levy amount in years 2026, 2027, 2028 and 2029 will be subject to the limitations under RCW Chapter 84.55

Section 3. There shall be submitted to the qualified electors of the District, for their ratification or rejection at an election on April 23, 2024, the question of whether or not authority for such levy shall be approved.

Section 4. The District's attorney is authorized to make such minor adjustments to the wording of such proposition as deemed appropriate, or as may be recommended by the San

Juan County Prosecuting Attorney's Office or the San Juan County Auditor and its Supervisor of Elections, as long as the intent of the proposition remains clear and as approved by the Board of Commissioners.

Section 5. Pursuant to RCW 84.55.050 and 29A.36.071, the San Juan County Prosecuting Attorney is requested to prepare the concise description of the aforesaid proposition for the ballot title in substantially the following form:

**FIRE PROTECTION DISTRICT NO. 2
SAN JUAN COUNTY, WASHINGTON**

PROPOSITION NO. 1

AUTHORIZING REGULAR PROPERTY TAX LEVY

The Board of Commissioners of San Juan County Fire District No. 2 (the "District"), adopted Resolution No.2024-02 concerning a proposition to authorize an increase to the District's regular property tax levy. This measure would authorize a regular property tax levy of \$0.77 per \$1,000 of assessed valuation in 2024 (for collection in 2025) and in 2026, 2027, 2028 and 2029 the levy amount will be subject to the limitations under RCW Chapter 84.55 and thereafter be subject to any otherwise applicable statutory levy amount limitations.

Should this proposal be approved?

YES.....
NO.....


Section 6. The Fire Chief of the District is directed to (a) certify to the San Juan County Auditor a copy of this Resolution showing its adoption by the Board by February 23, 2024; and (b) perform such other duties as are necessary and required by law in submitting to the voters of the District at the aforesaid election the proposition of whether such tax levy shall be made.

Section 7. This Resolution shall be in full force and effect upon passage and signatures hereon.

Section 8. If any provision of this resolution is declared by any court of competent jurisdiction to be invalid, then such provision shall be null and void and shall be severable from the remaining provisions of this resolution, and shall in no way affect the validity of the other provisions of this resolution.

ADOPTED by the Board of Commissioners of San Juan County Fire District No. 2, at a regularly scheduled open public meeting thereof this 20th day of February 2024, of which notice was given in the manner provided by law, the following Commissioners being present and voting.

SAN JUAN COUNTY FIRE PROTECTION DISTRICT NO. 2

By: 

Brian Ehrmantraut, Fire Commissioner

DocuSigned by:
By: 

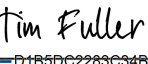
Kathryn Hansen, Fire Commissioner

By: 

Randall Gaylord, Fire Commissioner

By: 

Jim Biddick, Fire Commissioner

DocuSigned by:
By: 

Tim Fuller, Fire Commissioner

ATTEST:

DocuSigned by:


Kathryn Barnard, District Secretary

CERTIFICATION

I, the undersigned, duly appointed Board Secretary of San Juan County Fire Protection District No. 2, (the "District"), hereby certify as follows:

1. The attached copy of Resolution No. 2024-2 (the "Resolution") is a full, true, and correct copy of the Resolution duly adopted at a regular meeting of the Board of Fire Commissioners of the District (the "Board") held on February 20, 2024, as the Resolution appears on the minute book of the District and the Resolution is now in full force and effect.
2. The regular meeting was held in accordance with the law.
3. A quorum of the members of the Board was present throughout the meeting and a majority of those members present voted in the proper manner for the adoption of the Resolution.

IN WITNESS WHEREOF, I have hereunto set my hand this 20th day of February 2024.

DocuSigned by:

Kathryn Barnard

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Kathryn Barnard, District Secretary
Board of Fire Commissioners

SUGGESTED EXPLANATORY STATEMENT – PROPOSITION NO. 1

Prepared by Richard Davis, Attorney for San Juan County Fire Protection District No. 2

San Juan County Fire Protection District No. 2 (the “District”) provides fire and emergency medical services to Orcas Island. The District’s primary source of funding is a tax levy on real property within the District as authorized by RCW 84.55.050. State law limits annual increases in tax levies to 101% of the previous year plus new construction unless the voters authorize a higher amount.

In 2014, voters of the District approved a 10-year lid lift which expires this year. The District’s levy rate in 2024 is about \$0.53 cents per \$1000 of assessed value and the levy amount to be collected is approximately \$2.4 million. Without a levy lid lift, the District’s levy amount will decrease to approximately \$1.26 million in 2025. This decreased funding would be insufficient to maintain the District’s existing level of EMS and firefighting and other emergency services.

Approval of Proposition No.1 will increase the District’s levy rate to \$0.77 per \$1,000 of assessed valuation and will result in a levy amount of estimated to be approximately \$3.645 million. The actual levy amount will depend upon property values in the year the levy is imposed. This levy is expected to allow the District to maintain staffing and existing levels of service while maintaining a stable reserve. The lid lift is subject to the annual statutory increase if approved by the Board of the District and would expire after the levy collected in the year 2029 (five years). A majority of those voting on the measure is required for approval.