

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

Finance Subcommittee meeting 2/22/2024

*Subcommittee members were grounded in roles and responsibilities and reviewed a proposed timeline and work plan. After reviewing the overarching principles guiding the levy planning process, 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

<i>Chair: Lynne Robinson, Mayor of Bellevue</i>	Becky Ellis	Doug McDonald
Cynthia Bradshaw	Jim Ferrell	Graham McGinnis
Matt Burrow	Rachel Garlini	Wayne Metz
Brant Butte	Katie Halse	Amy Moorehead
Helen Chatalas	Jason Hammond	Andres Orams
Charles Chen	Mark Horaski	Michele Plorde
Andrea Coulson	Cory James	Chris Santos
Brian Culp	Raman Kaur	Dave Tait
Marianne Deppen	Blake Knox	Aaron Tyerman
Chris Drucker	Tony Kuzma	Dave Van Valkenburg
Cody Eccles	Ben Lane	Jim Whitney
Maggie Eid	Eric Lee	Todd Wollum
	Lizbeth Martin-Mahar	Rose Young

## ISSUES DISCUSSED

### Roles and Timeline

At each meeting, the Finance Subcommittee will review program recommendations developed by the ALS, BLS and Regional Services Subcommittees and provide financial advice to the Subcommittees and the *EMS Advisory Task Force*. Additionally, the Subcommittee will review economic forecasts, determine indices for inflating costs, and develop financial policies.

### Principles

At the February 15, 2024, *EMS Advisory Task Force* meeting, Shannon Braddock asked that participants agree to basic principles that will help guide the levy reauthorization process. The Finance Subcommittee reviewed the principles and were asked to work within them.

EMS partners remain committed to these fundamental principles:

1. Regional system
2. Tiered medical model-based system
3. Equity led

4. Innovative, efficient and effective
5. Funded via an EMS levy

### **Current Economic Circumstances**

Lizbeth Martin-Mahar, the King County Economist, presented information that provided background conditions for planning the 2026-2031 levy period as well as specific statics that will affect estimated costs, revenues and levy rate.

- The economy is on track for a “soft-landing” with inflation stabilized around 3% [stable after instability].
- Key indicators related to EMS levy financials include inflation, property values, and new construction. Other indicators that affect levy planning include economic growth, employment turnover and job openings.
- Key areas to watch include forecast inflation and property values.
- Assessed Valuation (AV) in 2026 sets the baseline for the 6-year levy. Increases after the 1<sup>st</sup> year are limited to 1% plus new construction. New construction has been fairly robust through 2023. However, there are concerns that new construction may contribute less to overall property taxes in the new levy period.

### **Historical Financial information**

Background on developing a financial plan for the 2026-2031 levy was provided by Cynthia Bradshaw, the Financial Services Administrator for the EMS Division.

- The EMS levy funds four main program areas plus reserves:
  - It fully funds Advanced Life Support services (ALS or paramedic services) which are the priority of the levy;
  - It contributes to Basic Life Support services (BLS or EMT services);
  - It funds Regional Services which are core programs that support the system;
  - It funds Strategic Initiatives which are new and/or pilot projects focused on improving patient care, reducing demand, and creating efficiencies; and
  - It fully funds required King County reserves.
- 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 for use in the later years of the levy.
- Levy funding is divided between the City of Seattle and the balance of King County. The percentage of funds going directly to the City of Seattle for the current levy span is approximately 40%.
- Main drivers impacting EMS levy financials include property values, new construction, inflation and programmatic decisions.
- Risks include AV reductions resulting in lower property taxes than planned, distribution of property taxes between KC EMS and Seattle EMS funds, inflation being higher than planned, and unknown expenses.

**Discussion:**

Levy rate: Developing a recommended levy rate involves costing out the needs for each of the program areas (ALS, BLS, Regional Services and Strategic Initiatives) and reserve levels and then forecasting the AV for which the levy rate would be applied to generate the overall revenue needed for the levy period.

Reserves: The King County EMS fund has reserves equaling \$49 million over the 2020-2025 levy span. Reserve funding that is not used by the end of the levy span can be used to “buy down” the next levy rate.

**Next Meeting**

May 16, 2024:            1:00 – 3:00 pm            Room 1E-112, Bellevue City Hall,  
450 110<sup>th</sup> Avenue, Bellevue

Topics include:

- ALS, BLS and Regional Services Subcommittees’ draft programmatic findings;
- New economic forecasts;
- Planned funding to actuals; and
- Financial review of “Status Quo” (expenditures, revenues and main drivers).