



City of Brier Financial Analysis

Fire/EMS Service Scenario Analysis

Agenda

- Introductions
- Context for this Study
- Key Findings
- Scenario Overview
- Scenario Analysis
- Questions?



Context for this Study

- The City of Brier contracts with South County Regional Fire Authority (South County Fire) for fire/EMS services
 - The City collects property taxes (along with other revenues) and then pays South County Fire to provide services to Brier
- Contract costs will increase substantially in 2025 and the City asked BERK to review the situation

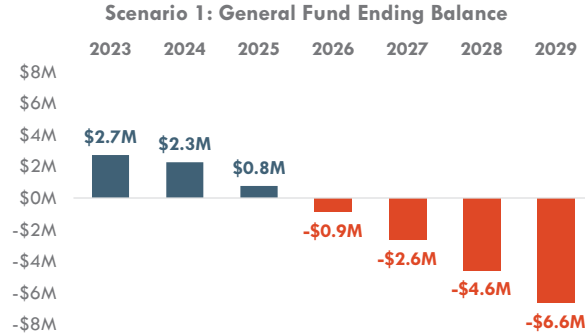
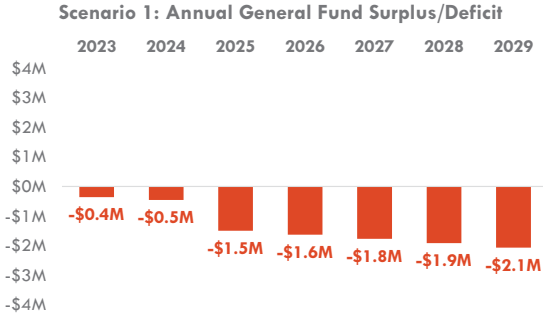
Key Findings

- Without action, the City's General Fund will be **depleted by 2026**.
- **Annexing** into the South County RFA will allow the City to remain **financially solvent**.
- If the City does not annex into the RFA, Brier voters will need to approve **three separate voted property tax levies**, with combined rates of at least \$1.20 per \$1,000 of assessed value in 2024.
- If the City annexes into the RFA, a property tax rate reduction (give back) is **not feasible**.

Scenario Overview

- **Scenario 1: Status Quo**
 - Fire/EMS services via contract
 - No City property tax change
- **Scenario 2: Status Quo plus Levies**
 - Fire/EMS services via contract
 - 3 additional voted property tax levies
- **Scenario 3: Annexation**
 - Annex into RFA, no Fire/EMS contract
 - No City property tax change
- **Scenario 4: Annexation with Give Back**
 - Annex into RFA, no Fire/EMS contract
 - Reduction of City property tax rate

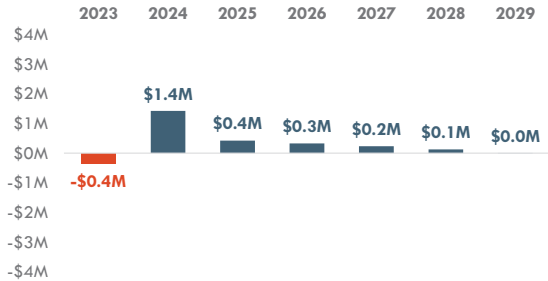
Scenario 1: Status Quo



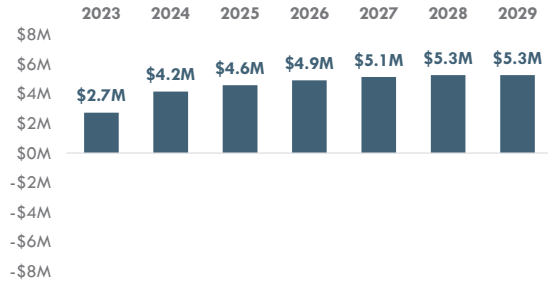
- Annual deficits in each year.
- General Fund depleted before the end of 2026.

Scenario 2: Status Quo plus Levies

Scenario 2: Annual General Fund Surplus/Deficit



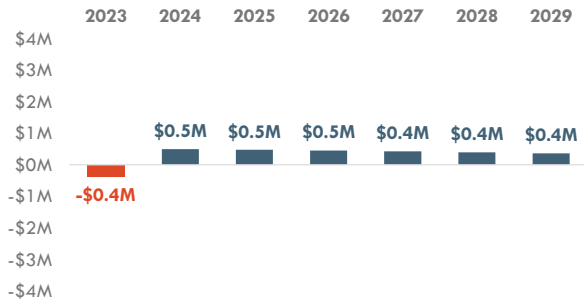
Scenario 2: General Fund Ending Balance



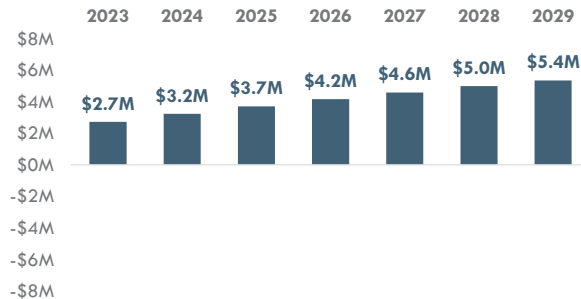
- Requires voters to pass: \$0.50 EMS levy, \$0.50 Law Enforcement levy, and \$0.20 levy lid lift (with 3% annual revenue increase limit). The EMS and Law Enforcement levies require 60% voter approval.
- Structural deficit: surpluses decrease each year, and the City will begin running annual deficits in 2030.

Scenario 3: Annexation

Scenario 3: Annual General Fund Surplus/Deficit



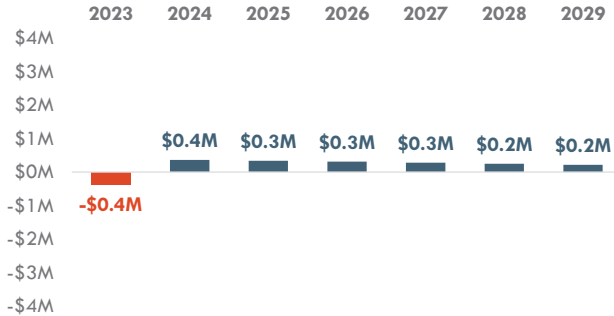
Scenario 3: General Fund Ending Balance



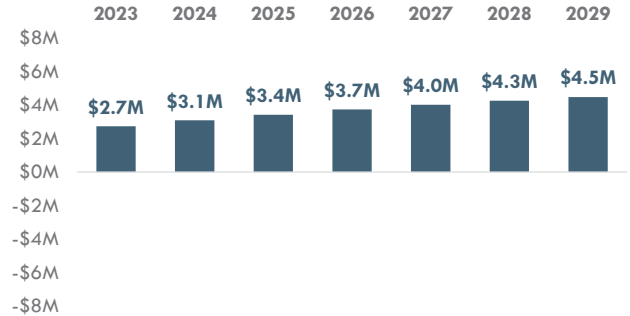
- Results in strongest financial position for City.
- Still a structural deficit, but not a concern in the short-term: projected annual surplus is \$400K in 2029.

Scenario 4: Annexation with Give Back

Scenario 4: Annual General Fund Surplus/Deficit



Scenario 4: General Fund Ending Balance

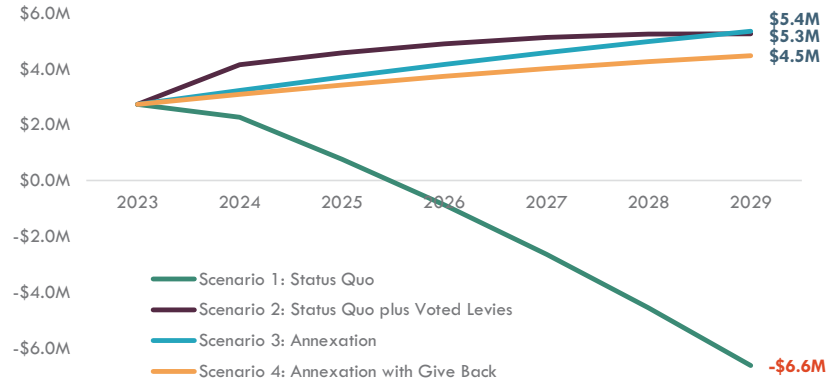


- City property tax rate reduction of \$0.07 in 2024.
- Results in a riskier financial position for the City, with projected surpluses of just \$200K in 2028-2029 and projected annual deficits by 2034.
- Because City property taxes must still more than double to pay for fire/EMS services, the result is a property tax reduction of just \$57 per year compared with Scenario 3 for the average property owner.

Comparison: General Fund Balance

- **Scenario 3 (Annexation) results in the strongest financial position for the City**
- Scenario 1 (Status Quo) is not feasible.
- Scenario 2 (Status Quo plus Voted Levies) results in the highest tax rate and a weaker financial position than Scenario 3.
- Scenario 4 (Annexation with Give Back) results in a weaker financial position than Scenario 3 with minimal difference for individual taxpayers.

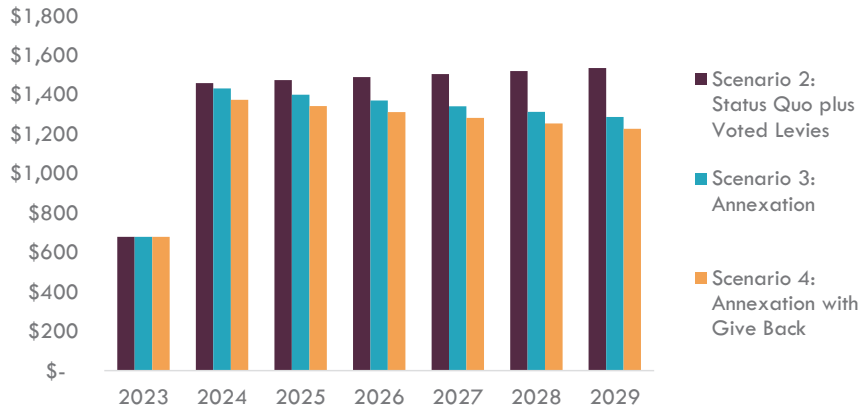
General Fund Balance at Year End, 2023-2029



Comparison: Average Property Tax Bill

- Under all feasible scenarios, the average City + RFA tax bill will more than double.
- Scenario 2 (Status Quo plus Levies) results in a higher average tax burden over 2023-2029.
- Scenario 3 (Annexation) and Scenario 4 (Annexation with Give Back) result in very similar tax bills for the average taxpayer.

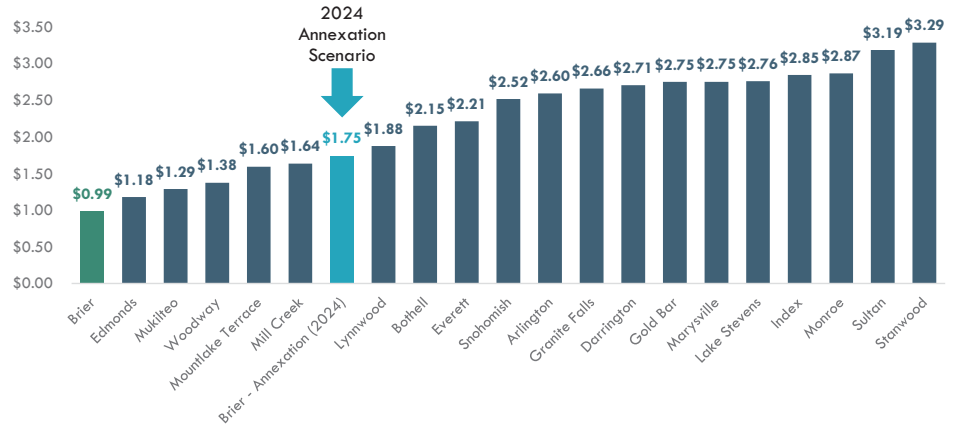
Combined City and RFA Property Tax Bill for Average Value Residential Property



Comparison: City Property Tax Rates

- When City and fire district/RFA rates are combined, Brier has the lowest 2022 property tax rate of any city in Snohomish County.
- The estimated 2024 combined City/RFA rate if Brier annexes into the RFA would still put Brier below the median.

Combined City and Fire District/RFA Property Tax Rate, Snohomish County Cities, 2022, and Estimated Combined Brier Rate under Annexation, 2024



An aerial photograph of a dense forest, showing a variety of tree species and their green foliage. A dark blue horizontal banner is overlaid on the right side of the image, containing the word "Questions?" in white, bold, sans-serif font.

Questions?

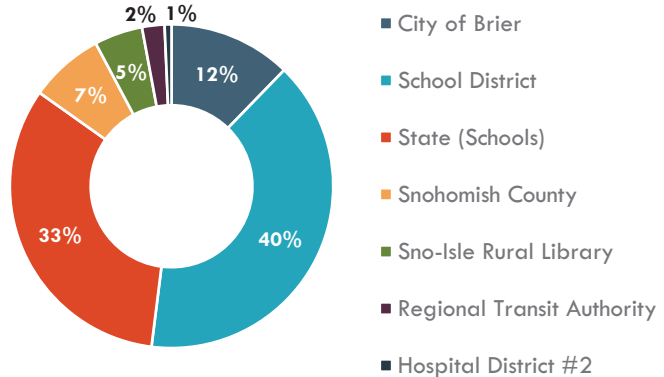
November 29, 2022

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Property Tax Bill Composition

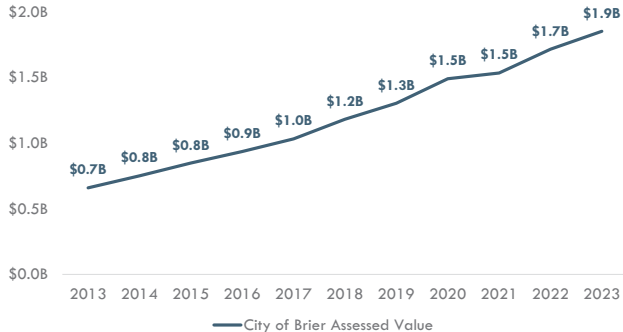
- In 2022, the owner of an average value property in Brier will pay approximately \$5,790 in total property taxes.
- Of this, approximately \$710 (12%) goes to the City of Brier, while the remaining 88% goes to other jurisdictions.

Sample Property Tax Bill Composition for Owner of an Average Value Residential Property in Brier, 2022

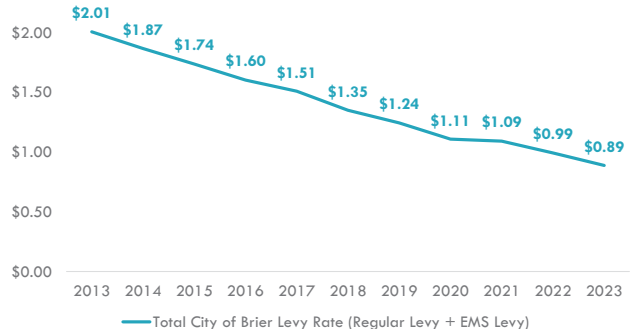


Assessed Value and Levy Rates

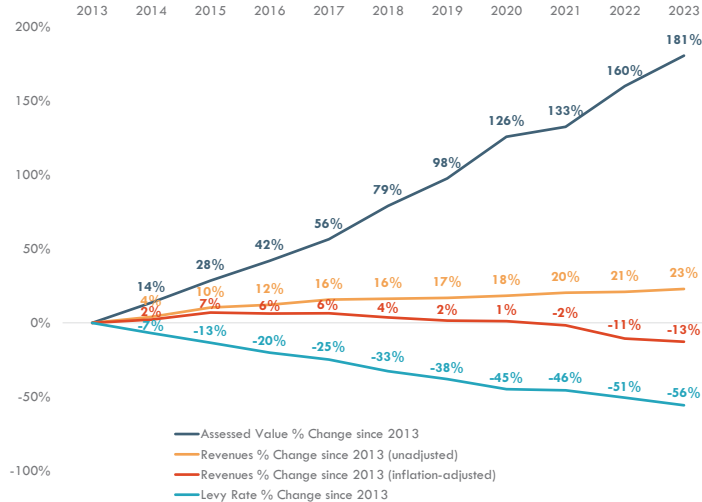
City of Brier Assessed Value, 2013-2023



City of Brier Combined Regular and EMS Levy Rate, 2013-2023



Assessed Value, Revenues, and Levy Rates



**Percent Change in AV,
Unadjusted Property Tax
Revenues, Inflation-
adjusted Property Tax
Revenues, and Levy Rate
from 2013, 2013-2023**

Assumptions

General Assumptions:

- Population projections assume annual population growth from 2022-2035 will equal the compound annual growth rate (CAGR) between 2017 and 2022.
- Historical inflation is evaluated using the CPI-U annual index for the Seattle-Tacoma-Bellevue metro area. 2022 CPI-U values include data from the first three quarters of 2022. Future inflation is projected using a 5-year average of past inflation.

Revenue Assumptions:

- Sales tax, utility tax, intergovernmental, and other revenues are projected to remain flat on a per capita and inflation-adjusted basis. In other words, these revenues are projected to increase in proportion to population growth and to keep up with inflation.
- Property tax revenues are projected to increase by 1% each year (in accordance with state law), not including revenues generated from the value of new construction. Annual new construction values are projected to equal average historical annual values, but adjusted for projected future inflation.
- Other General Fund increases are projected to equal average historical annual values, but adjusted for projected future inflation.

Cost Assumptions:

- Personnel costs (salaries, wages, and benefits) are projected to increase by 7% across the board in nominal terms in 2023. In addition, police personnel costs are expected to increase by \$160,000 in 2023.
- In 2024 and future years, personnel costs are projected to increase by 5% annually in nominal terms.
- Non-fire/EMS and non-personnel costs are projected to remain flat on a per capita and inflation-adjusted basis. In other words, these revenues are projected to increase in proportion to population growth and to keep up with inflation.

Fire and EMS Expenditure Assumptions:

- The City will pay \$1,288,000 in 2022 and \$1,390,000 in 2023 to SCRFA in fire/EMS service costs.
- In 2024, if the City is NOT annexed into the RFA, the City will pay \$1,473,400 in Fire/EMS contract costs (a 6% nominal increase). In 2025, if the City is NOT annexed into the RFA, the City will pay \$2.5 million in Fire/EMS contract costs. If not annexed into the RFA, future year (after 2025) Fire/EMS contract costs will stay flat on a per capita and real (inflation-adjusted) basis. In other words, these expenditures are projected to increase in proportion to population growth and to keep up with inflation.
- If the City is annexed into the RFA, the City will have no Fire/EMS expenditures from 2024 onward. The City will cease to collect the EMS levy in 2024.