2020-2025 Levy Planning

KING COUNTY
EMERGENCY MEDICAL SERVICES
ADVISORY TASK FORCE

5/30/2018
Contents

- Background environment for levy planning
  - Demographic overview
  - Economic overview
- Comparison of 2014-2019 financial plan to forecast
- Main drivers for levy planning
- Financial Plans
  - Preliminary Status Quo
  - Initial Proposed
- Task Force Decisions
Population growth
More than 600,000 in 27 years
Growth shifting from South King County to Seattle

King County Population, 1980 - 2017

Seattle-Shoreline
Eastside
South County
+94,300
+138,700
+191,200
+107,400
+63,000
+52,100

Graph showing population growth from 1980 to 2017 with notable increases in Seattle-Shoreline, Eastside, and South County.
Population growth

Senior Pop. Trend by Subarea, 1990 - 2016

Projected Growth of Seniors in King County

- Seniors age 80+
- Seniors age 65-79
- Seniors age 60-65
Economic Background

Highlights

- Local economic signals still solid (job growth; low unemployment)
- King County forecast calls for continued growth, but at reduced pace through next levy period
- Home prices and rent continue to rise
- In ninth year of expansion (since 2009); 2nd longest expansion on record
- CPI Inflation expected to be pretty stable
King County Dept. of Assessments
New Construction Forecast

Actuals
$ in billions

2008: $6.7
2009: $8.0
2010: $5.2
2011: $2.5
2012: $1.9
2013: $2.0
2014: $3.4
2015: $5.0
2016: $6.1
2017: $8.4
2018: $9.8
2019: $9.6
2020: $9.1
2021: $8.1
2022: $8.2
2023: $8.4
2024: $9.0
2025: $9.6
2026: $9.9
2027: $10.1

Forecast

Source: King County Office of Economic and Financial Analysis
EMS Levy Amounts (2008-2019)
Actuals vs. Inflation + Population

Source: King County Office of Economic and Financial Analysis

EMS Actuals
EMS Inflation + Population

Source: KC DOA, OEFA
2014-2019 Levy Plan vs Forecast Summary

- Property taxes higher than forecast due to
  - Higher starting AV than planned
  - New construction values higher than planned.

- Expenditures & revenues both higher than planned

- Higher revenues allowed KC EMS Fund to:
  - Respond to economic challenges/increased costs
  - Allowed addition of BLS Core Services program ($3.7m)
  - Fund reserves to comply with KC policies

### Property Taxes and Levy Rate Comparisons

#### Property Taxes higher than planned

<table>
<thead>
<tr>
<th>2014-2019 Levy Period ($s in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original Plan</td>
</tr>
<tr>
<td>$678.1</td>
</tr>
<tr>
<td>Current Forecast</td>
</tr>
<tr>
<td>$725.0</td>
</tr>
<tr>
<td>Difference</td>
</tr>
<tr>
<td>$46.9</td>
</tr>
<tr>
<td>% Change</td>
</tr>
<tr>
<td>7%</td>
</tr>
</tbody>
</table>

#### Levy rate lower than plan due to increased AV

- 2014: 33.5
- 2015: 32.7
- 2016: 32.2
- 2017: 31.8
- 2018: 31.0
- 2019: 30.4

### 2014-2019 Levy Period ($s in millions)

<table>
<thead>
<tr>
<th>Period</th>
<th>Original Levy Plan</th>
<th>Current Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014-2019</td>
<td>678.1</td>
<td>725.0</td>
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<td>$46.9</td>
<td></td>
</tr>
<tr>
<td>% Change</td>
<td>7%</td>
<td></td>
</tr>
</tbody>
</table>
Main Drivers
Revenues

- Confidence levels (65% per KC policy)
- Beginning Assessed Value (AV) determines starting level of new levy (2020)
- New construction levels
- Distribution of funds between King County and City of Seattle
- Amount of reserves available to carry forward from 2014-2019 levy to partially fund 2020-2025 reserves
Main Drivers
Expenditures

- **Advanced Life Support Services (ALS):**
  - Number of ALS units and cost per unit
  - Number of new units and timing of new units

- **Added or changed services or funding:**
  - BLS funding level
  - Support toward Mobile Integrated Healthcare (referred to as MIH) Initiatives
  - Regional Services and Strategic Initiatives

- **Cost escalators (inflators)**

- **Contingencies and reserves**
EMS Application of KC Policies

Current EMS Reserves

- **Expenditure Reserve**
  - Placeholders for new ALS units and ALS capacity needs;
  - ALS equipment plan funds
  - Funds to cover future planned expenditures

- **Rainy Day Reserve**
  - Call volume and disaster capacity needs not covered elsewhere
  - Risk abatement issues not covered elsewhere
  - *Includes end of levy requirement of 90 days operating expenses*

- **Rate Stabilization Reserve**
  - Functions to provide funding for unanticipated reductions in revenue during the levy period and potentially buy down future levy rate
## Financial Plans

### 2020-2025 PSQ Financial Plan Summary

**Reserves estimated at $30 million**

- Covered by $23 m from 2014-2019 levy + $7 m in revenue (above)

### 2020-2025 EMS LEVY PRELIMINARY STATUS QUO (PSQ)

<table>
<thead>
<tr>
<th>In Millions</th>
<th>Seattle</th>
<th>KC EMS</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property Taxes</td>
<td>$399.5</td>
<td>$569.6</td>
<td>$969.1</td>
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<tr>
<td>Other Revenue (KC EMS Fund)</td>
<td></td>
<td>$7.1</td>
<td>$7.1</td>
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<tr>
<td><strong>TOTAL Revenue</strong></td>
<td>$399.5</td>
<td>$576.7</td>
<td>$976.3</td>
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<tr>
<td><strong>EXPENDITURES</strong></td>
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</tr>
<tr>
<td>Advanced Life Support (ALS)</td>
<td>$167.3</td>
<td>$342.9</td>
<td>$510.2</td>
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<tr>
<td>Basic Life Support (BLS)</td>
<td>$232.3</td>
<td>$134.6</td>
<td>$366.9</td>
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<tr>
<td>Mobile Integrated Healthcare (MIH)</td>
<td></td>
<td>$9.5</td>
<td>$9.5</td>
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<tr>
<td>Regional Services (RS)</td>
<td>$76.0</td>
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<td>$76.0</td>
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<tr>
<td>Strategic Initiatives (SI)</td>
<td>$4.5</td>
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<tr>
<td><strong>TOTAL Expenditures</strong></td>
<td>$399.5</td>
<td>$567.5</td>
<td>$967.0</td>
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### Financial Plans

#### 2020-2025 EMS Levy: Initial Proposed

<table>
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<th>In Millions</th>
<th>Seattle</th>
<th>KC EMS</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
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<tr>
<td>Property Taxes</td>
<td>$432.1</td>
<td>$616.0</td>
<td>$1,048.1</td>
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<tr>
<td>Other Revenue (KC EMS Fund)</td>
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<td>$7.7</td>
<td>$7.7</td>
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<tr>
<td><strong>TOTAL Revenue</strong></td>
<td>$432.1</td>
<td>$623.7</td>
<td>$1,055.8</td>
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<tr>
<td><strong>EXPENDITURES</strong></td>
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<td></td>
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<tr>
<td>Advanced Life Support (ALS)</td>
<td>$141.8</td>
<td>$359.0</td>
<td>$500.8</td>
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<tr>
<td>Basic Life Support (BLS)</td>
<td>$290.3</td>
<td>$134.5</td>
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<td>Mobile Integrated Healthcare (MIH)</td>
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<td>$25.8</td>
<td>$25.8</td>
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<tr>
<td>Regional Services (RS)</td>
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<td>$80.8</td>
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<tr>
<td>Strategic Initiatives (SI)</td>
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<td>$7.2</td>
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<td><strong>TOTAL Expenditures</strong></td>
<td>$432.1</td>
<td>$607.3</td>
<td>$1,039.4</td>
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</table>

- Reserves estimated at $37 million;
- covered by $23 m from 2014-2019 levy + $14 m in revenue (above)
KC EMS Fund Financial Plans
Program Comparison by Levy Periods

<table>
<thead>
<tr>
<th></th>
<th>ALS</th>
<th>BLS</th>
<th>MIH/CMT</th>
<th>RS/SI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original Plan 2014-2019</td>
<td>61%</td>
<td>24%</td>
<td>13%</td>
<td>2%</td>
</tr>
<tr>
<td>Current Forecast 2014-2019</td>
<td>61%</td>
<td>23%</td>
<td>14%</td>
<td>2%</td>
</tr>
<tr>
<td>Initial Proposed 2020-2025</td>
<td>60%</td>
<td>22%</td>
<td>14%</td>
<td>4%</td>
</tr>
</tbody>
</table>
**Financial Plans**

**Next Steps/Subcommittee Plans**

- **ALS**
  - Refinement of unit costs
  - Review potential increase in number of “placeholder units”

- **BLS**
  - Reset allocation at beginning of levy?
  - Add additional $s to allocation
  - Review/refinement of MIH request

- **RSSI**
  - Review and refine costs

- **Finance**
  - Prudent reserve levels to mitigate risks
EMS Advisory Task Force
Broad Policy Decisions

1. Current & projected EMS system needs (Programmatic Recommendations);

2. Financial Plan based on those needs; and

3. Levy length, levy rate, and timing of levy ballot measure.
EMS Advisory Task Force
Broad Policy Decisions

- **Levy Length**
  - Six Years
  - Ten Years
  - Permanent

- **Levy Amount/Rate**
  - Total budget needs
  - Rate associated with budget

- **Ballot**
  - Due to changes in RCW concerning validation requirements, measure may be run (and passed) at any election.