

***EMS ADVISORY TASK FORCE***  
**MEDIC ONE/EMERGENCY MEDICAL SERVICES**  
**STRATEGIC PLAN & LEVY REAUTHORIZATION**  
*5/22/24 meeting notes*

**Task Force Members or their representatives:**

Shannon Braddock, Deputy County Executive  
The Honorable Cat Cotton, Councilmember, City of Snoqualmie  
Tom Goff, Director of Local and Regional Affairs, King County Council  
The Honorable Karen Howe, Deputy Mayor, City of Sammamish  
The Honorable Vic Kave, Mayor, City of Pacific  
The Honorable Sean Kelly, Mayor, City of Maple Valley  
The Honorable Armondo Pavone, Mayor, City of Renton  
The Honorable Lynne Robinson, Mayor, City of Bellevue  
Chris Santos, Director of Finance, Seattle Fire Department  
The Honorable Keith Scully, Councilmember, City of Shoreline  
Adrian Sheppard, Fire Chief, Redmond Fire Department  
The Honorable Penny Sweet, Councilmember, City of Kirkland

**Attendees:**

Cynthia Bradshaw	Maggie Eid	Amy Moorhead
Andrew Burns	Becky Ellis	Michele Plorde
Matt Burrow	Greg Garat	Drew Pounds
Brant Butte	Katie Halse	Tom Rea
Helen Chatalas	Jason Hammond	Mark Sawdon
Andrea Coulson	Lizbeth Martin-Mahar	Susan Schoeld
Brian Culp	Graham McGinnis	Simon Vila
Chris Drucker	Tania Mondaca	Todd Wollum

**Summary:**

This is the second gathering of the *EMS Advisory Task Force*. At this meeting, the Subcommittee Chairs reported back on work completed and preliminary recommendations developed thus far in the levy planning process. Members received an overview of the health of its economy and major economic drivers impacting the levy and were briefed on the preliminary Status Quo budget. Finally, levy length and ballot timing considerations were discussed.

**Discussion Items:**

**Reports from Subcommittees**

The Chair of each Subcommittee reported out on issues undertaken, recommendations made, and next steps.

- ✓ **Action Taken:** The chair of the Task Force endorsed moving forward with each Subcommittee's proposed "next steps" and further developing programmatic and financial recommendations for review at the July 31, 2024, *EMS Advisory Task Force* meeting.

## Economic Forecast

- US national inflation trended downward in 2023 but has increased slightly to 3.5% by April. This is higher than the 2% target that the Federal Reserve has for inflation before it acts and starts to lower the federal funds rate.
- Seattle's inflation rate declined significantly in 2023 and it is hovering around 4%. The current forecast shows inflation dropping to 3% next year.
- King County total assessed value for 2024 decreased from 2023 levels. It is anticipated to increase in 2025 and beyond and beyond at around 2% annual growth.
- Countywide new construction came in above forecast in 2024 by quite a bit but is anticipated to decrease in 2025.

## 2026-2031 Preliminary Status Quo Budget Review

A 2026-2031 Preliminary Status Quo (PSQ) budget was presented, showing what it would cost to continue providing 2020-2025 programs through 2026-2031, but increased by inflation. This very preliminary budget estimates that the 2026-2031 levy would increase to \$1.5 billion, from the \$1.1 billion budgeted for the 2020-2025 levy. In addition, King County will conduct a risk analysis to help safeguard the Medic One/EMS system from unforeseen financial risk. The analysis will evaluate how changes to the proposed AV levels, new construction, inflation, and City of Seattle AV could impact the EMS levy bottom line.

## Levy Issues

Levy Length: Per state law, EMS levies can be six years in length, 10 years in length, or permanent. EMS levies in King County have been six years in length. At its May 16, 2024 meeting, the Finance Subcommittee reported out that a 6-year levy would best serve the needs of the region since it can adjust to changes in the economy and the EMS system better than a 10-year or permanent levy could. Task Force members were interested in keeping with tradition and not deviating from the norm, lest it impact the trust of the voters.

- ✓ **Action Taken:** Task Force members endorsed pursuing a six-year levy.

Ballot Timing: EMS levies in King County have traditionally been run at general elections due to validation requirements. Those validation requirements were amended in 2012, and further clarified in 2018, opening up the option of running the levy measure at a primary election. Members spoke about upcoming ballot measures, concerns about squashing other levy propositions on the same ballot and deferring to what the King County Executive prefers. It was proposed that the EMS levy be run at the general election unless the Parks levy is also run at the general; in this case, the EMS levy would then be run at the primary.

- ✓ **Action Taken:** Task Force members endorsed running the Medic One/EMS levy at the general election unless the Parks levy were also run at the general election. Should that be the case, the Task Force proposed running the EMS levy at the primary election.
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**Upcoming Task Force Meetings:**

Wednesday, July 31, 2024	1 pm – 3 pm	Tukwila Community Center 12424 42nd Ave S, Tukwila
Wednesday, October 23, 2024	1 pm – 3 pm	Tukwila Community Center 12424 42nd Ave S, Tukwila

*For more information on the EMS Advisory Task Force and the levy reauthorization process, please contact Helen Chatalas at [helen.chatalas@kingcounty.gov](mailto:helen.chatalas@kingcounty.gov) or 206-263-8560.*

# 2024 King County Economic and Revenue Forecast

Presentation to the EMS Advisory Task Force

Presented on:  
May 22<sup>nd</sup>, 2024

Lizbeth Martin-Mahar  
Office of Economic and Financial Analysis



# Highlights

## Growth continues for the U.S. economy

- US real GDP grew 2.5% in 2023 which was up from the 1.9% growth last year
- Inflation has been trending down as the Federal Reserve raises rates
- Inflation has been exceeding some predictions
- The employment market is still growing with high job openings above prior years but it is slowing
- Risks: Ukraine & Middle East wars, high inflation & interest rates remain

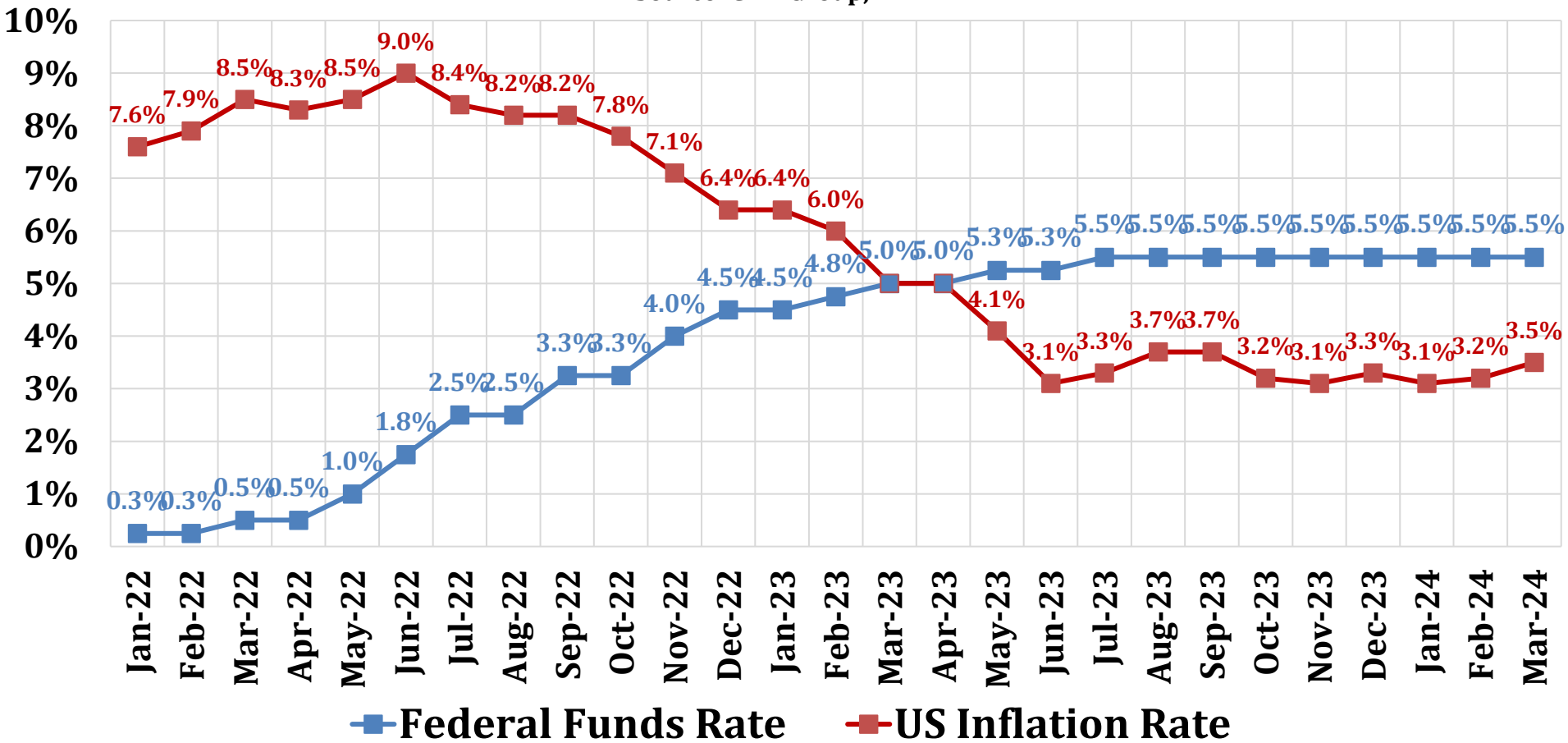
## On track for a “soft-landing” in Economy

- Inflation is stabilized at 3% but higher than Fed target (core inflation at 2%)
- WA state had an average unemployment rate of 4% in 2023, which is lowest in decades; Seattle MSA had an unemployment rate of 3.2% in 2023
- Interest rate projections call for slower decline in 2024 than prior expectations
- 2024 growth will be slow, unemployment will rise, inflation will slow

# The rate of inflation has dropped in half throughout 2023



**Combating Inflation with Rate Increases**  
 Fed Funds Upper Rate Bound by Month; Current Target Rate=5.25-5.50  
 Source: CME Group, FRED



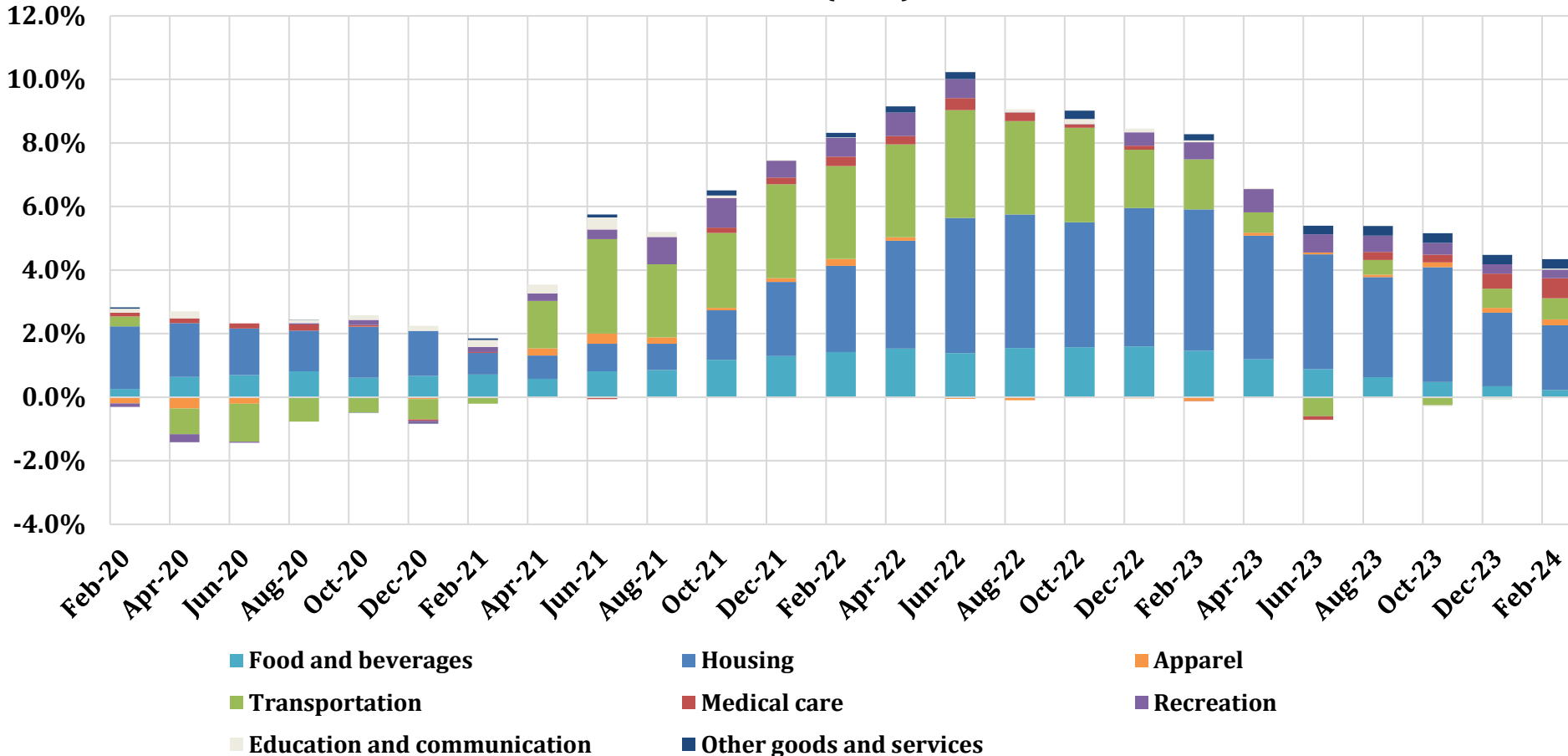
# Local Inflation Components: Housing the primary contributor to the headline rate



## Local Inflation Rate by Component

Bi-monthly inflation rate for STB CPI-U

Source: BLS (FRED)

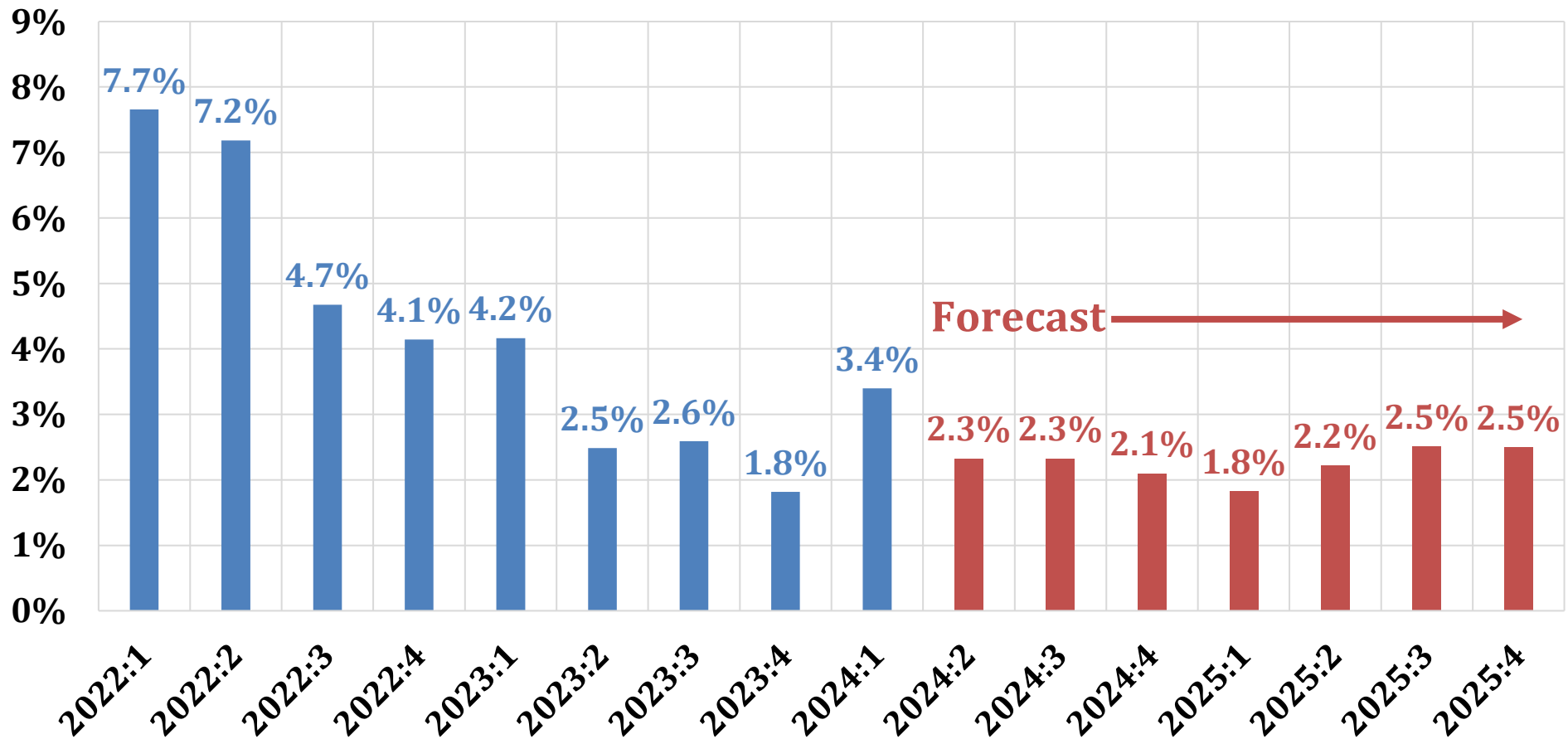


# National inflation Should Fall to Fed. Target of 2% by Q4 2024.



## Personal Consumption Expenditures

Chain-type Price Index, Compounded Annual Rate of Change, Seasonally Adjusted  
Source: FRED, IHS Global Insight





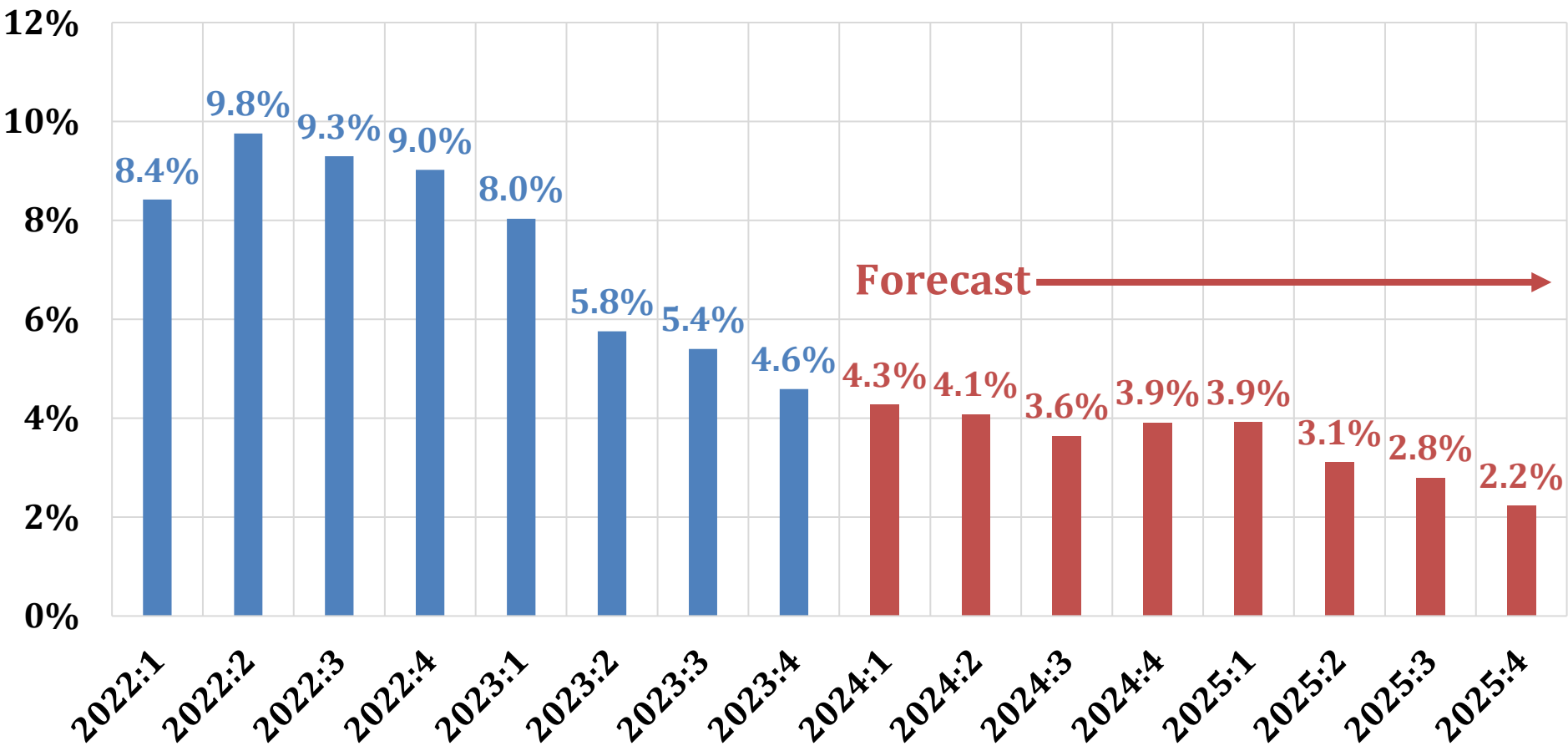
# Seattle inflation Should Fall to Fed. Target of 2% by End of 2025.



## Seattle Inflation Forecast

YOY Growth in STB CPI-U for Seattle Area

Source: Bureau of Labor Statistics, OEFA Q4:2023 forecast

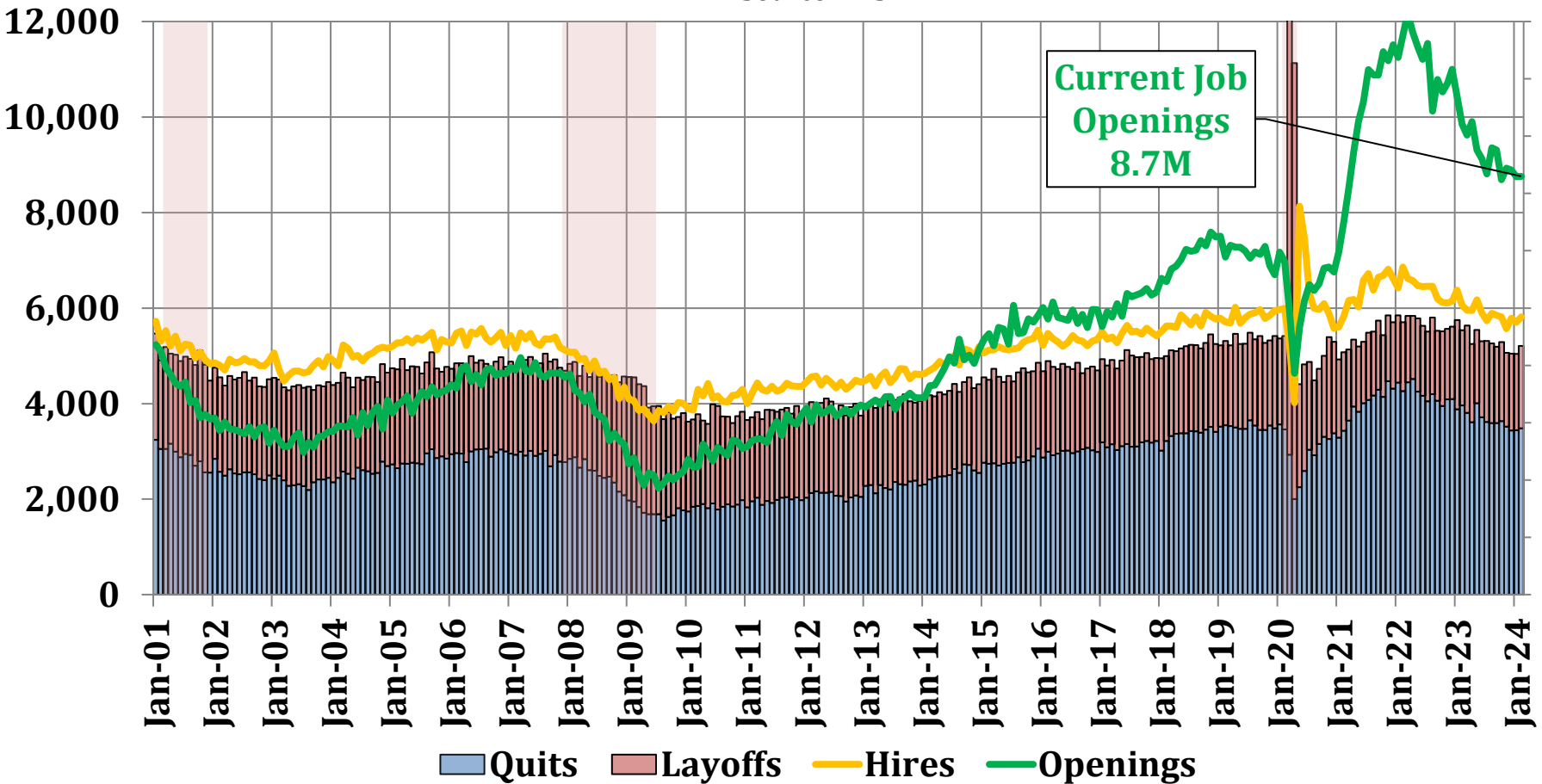


# 1.5 million job openings closed in 2023



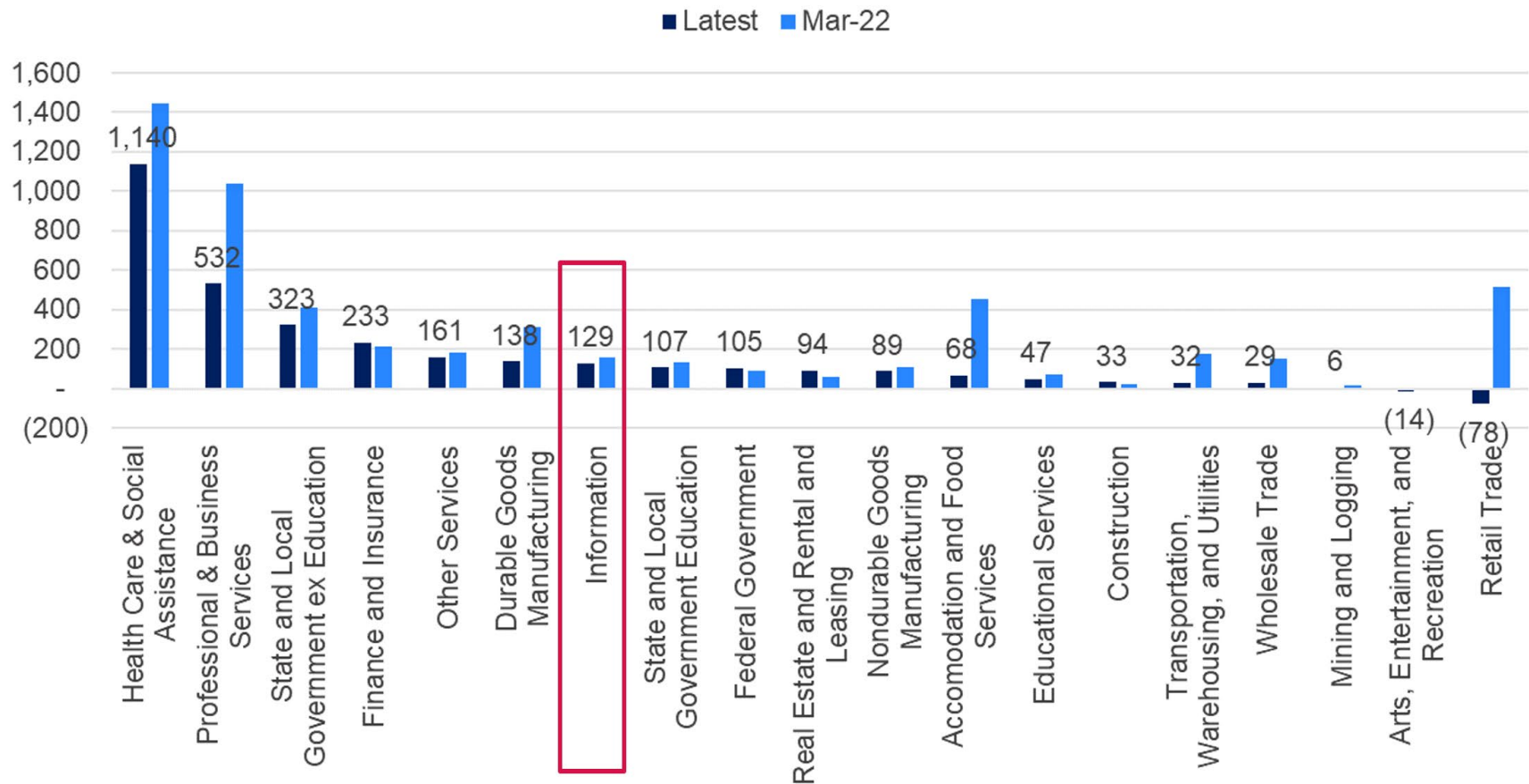
## Hires and Separations: 8.7 Million Open Jobs

Job Openings and Labor Turnover Survey, SA (in thousands); January 2001-Present  
Source: BLS



# National Labor Market Still Has Shortages in Certain Sectors

US - Gap Between Jobs Open and Hires: December 2023 vs. March 2022  
(Thousands of Openings)



Sources: Bureau of Labor Statistics and The Conference Board.

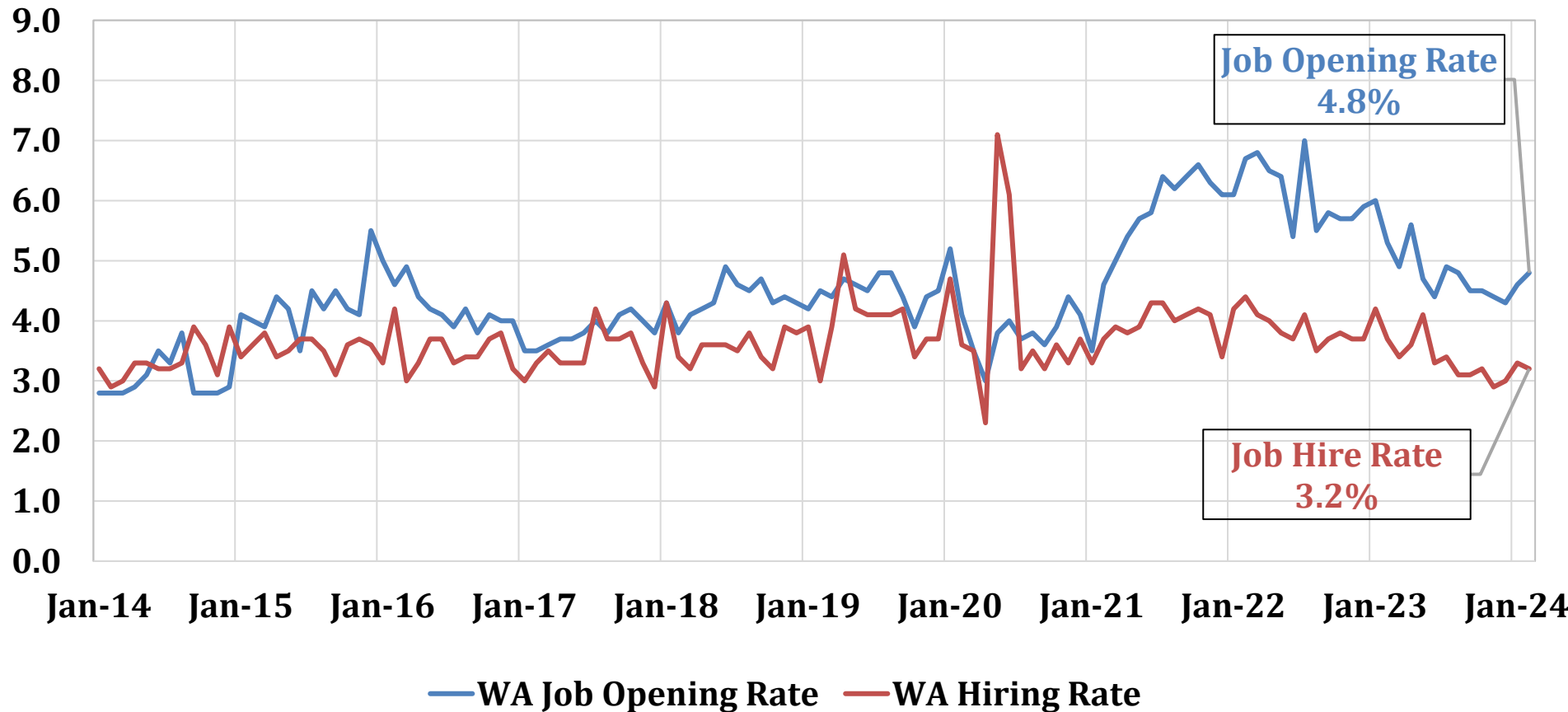
# WA Hiring Rate is Below the Job Opening Hiring Rate



## Washington Job Opening and Hiring Rates

Seasonally Adjusted Job Openings and Hiring Rate in WA State

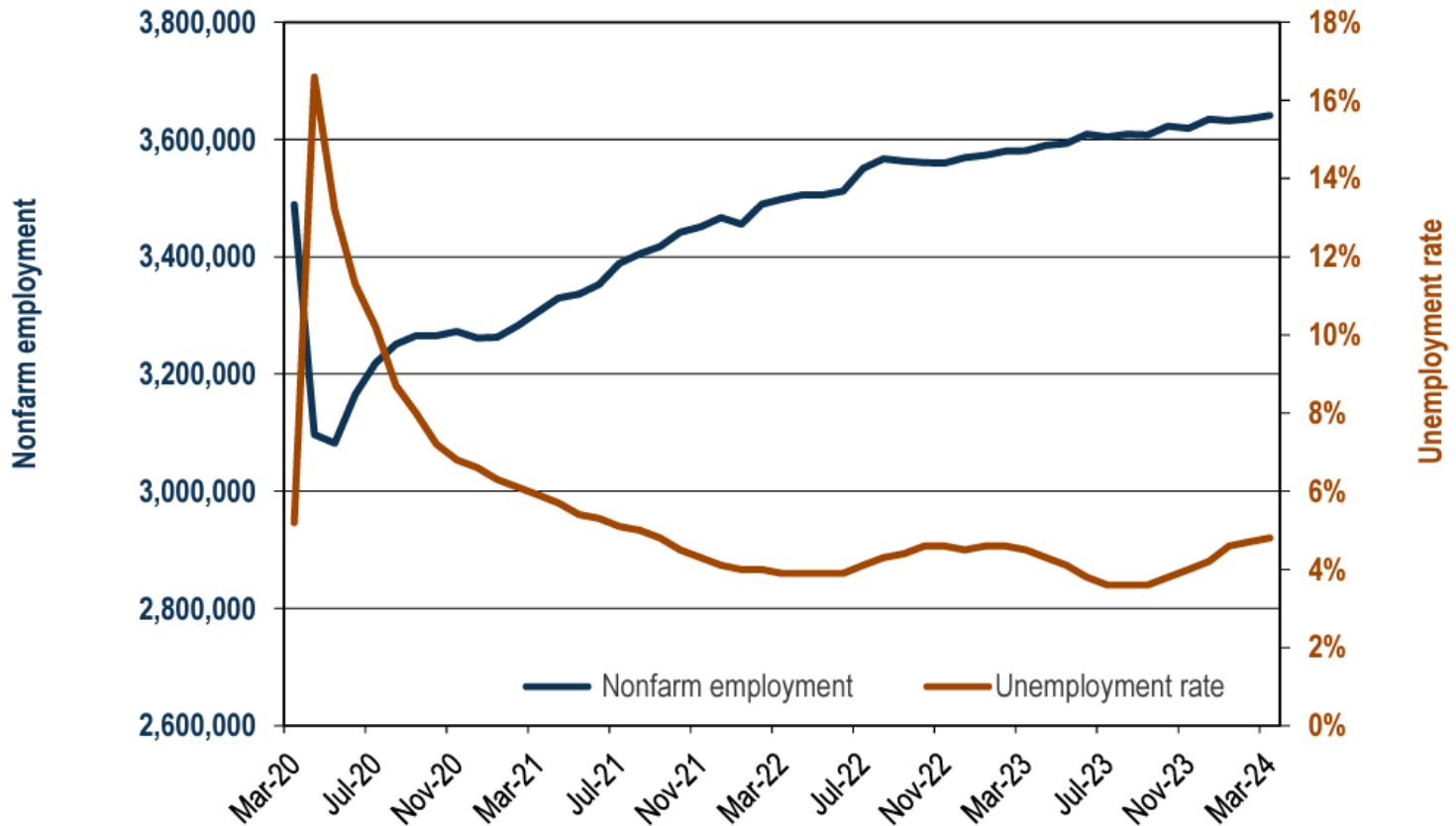
Source: BLS



# WA State Unemployment Rate – Slowly Increasing



Source: Washington State ESD

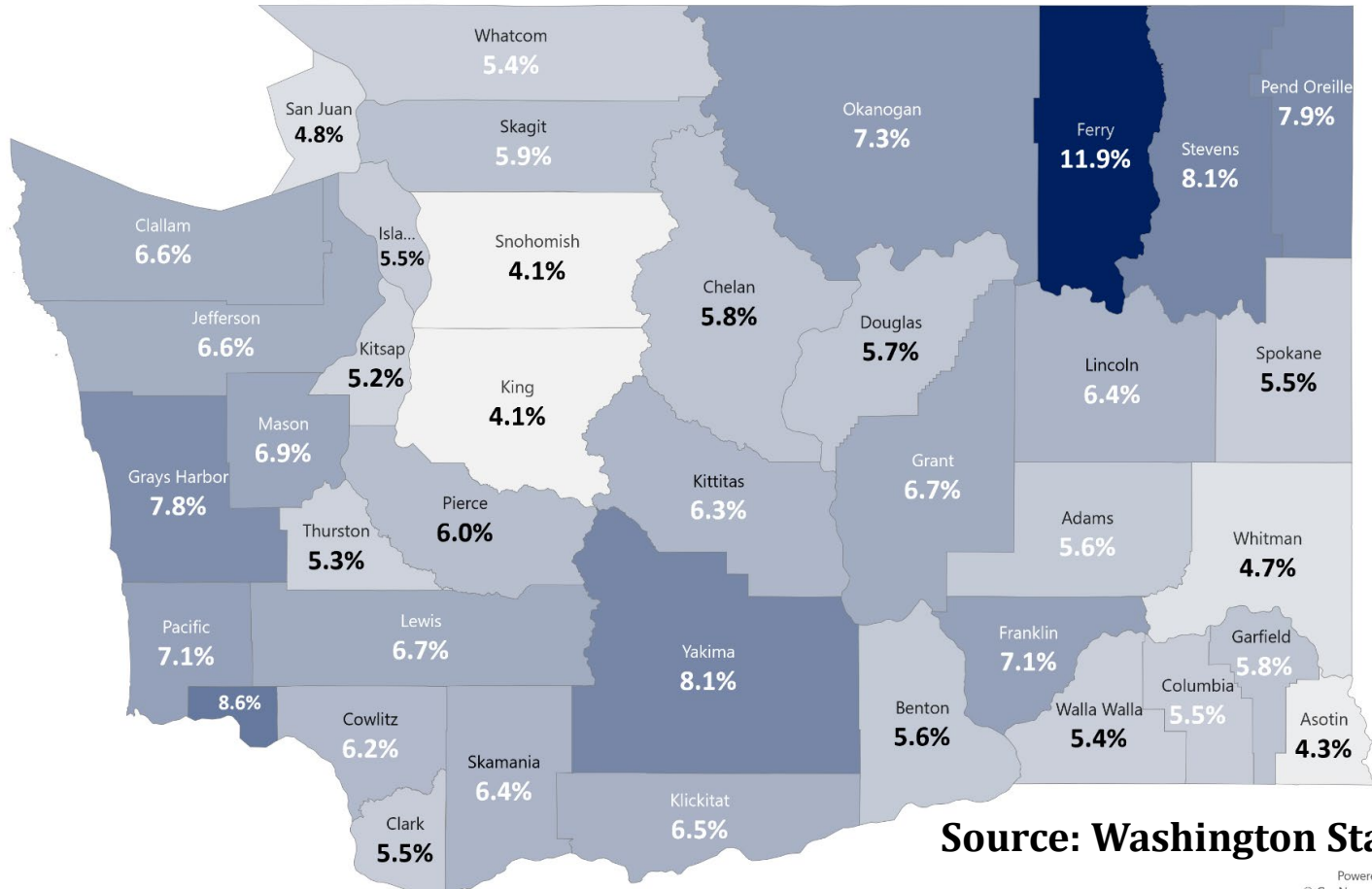


# Mar. 2024 Unemployment Rate by County



March 2024 Unemployment Rates by County

Unemployment Rate   
4.1% 11.9%



Source: Washington State ESD

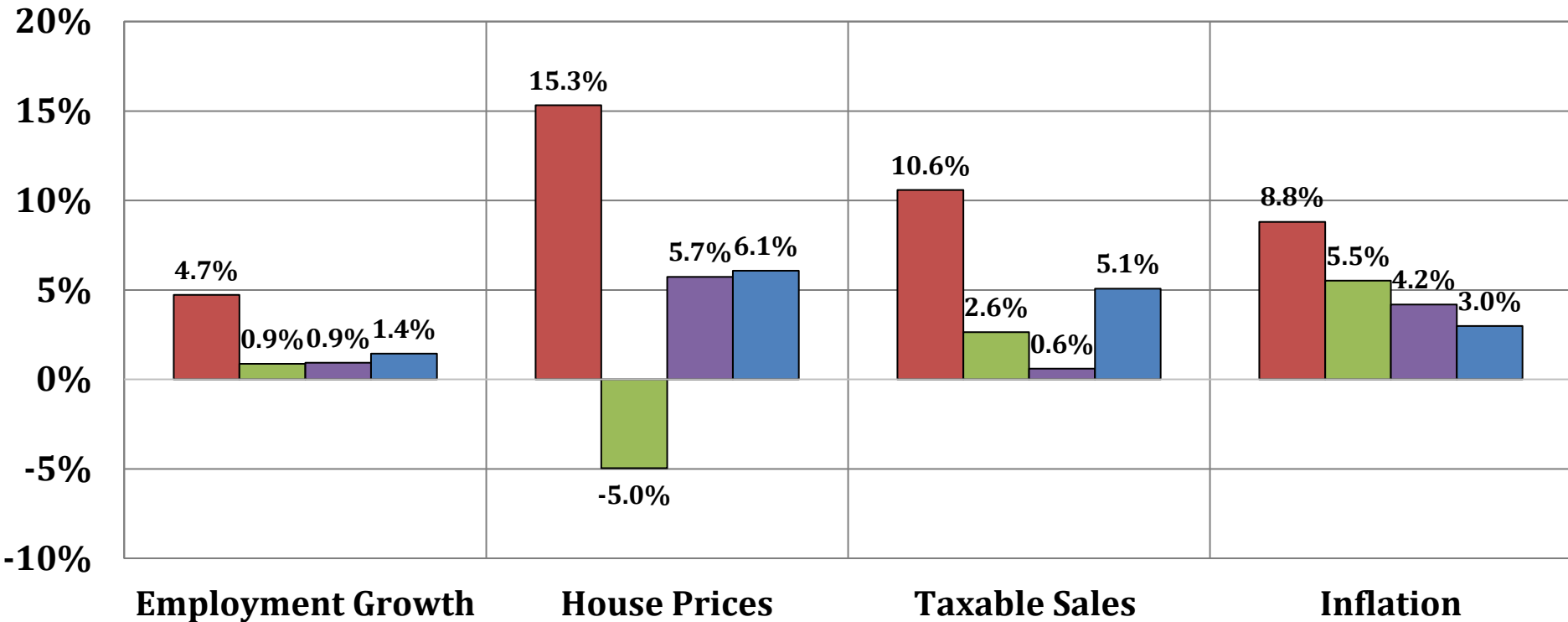
# Employment and Taxable Sales ebbed in 2023; House Prices Fell



## King County Economic Indicators

2021-2023 Actuals & 20 Year Average

Source: WA ESD, Case-Shiller, WA DOR, BLS



■ 2022 Actual   
 ■ 2023 Actual   
 ■ 2024 YTD   
 ■ 20 year average

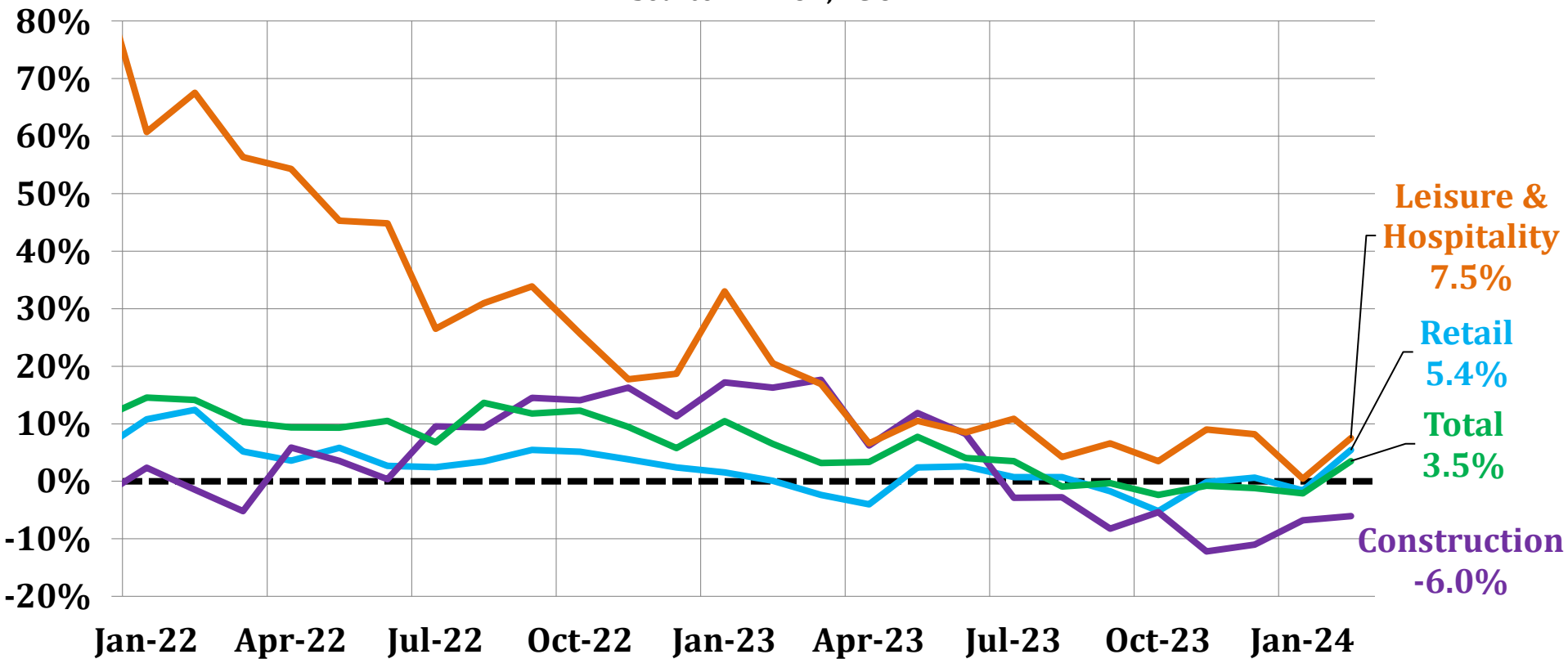
# Taxable sales limped along in the 2<sup>nd</sup> half of 2023. Construction sales growth has declined significantly.



## King County Taxable Sales Growth

YOY growth rates of taxable sales for select sectors

Source: WA DOR, KC OEFA





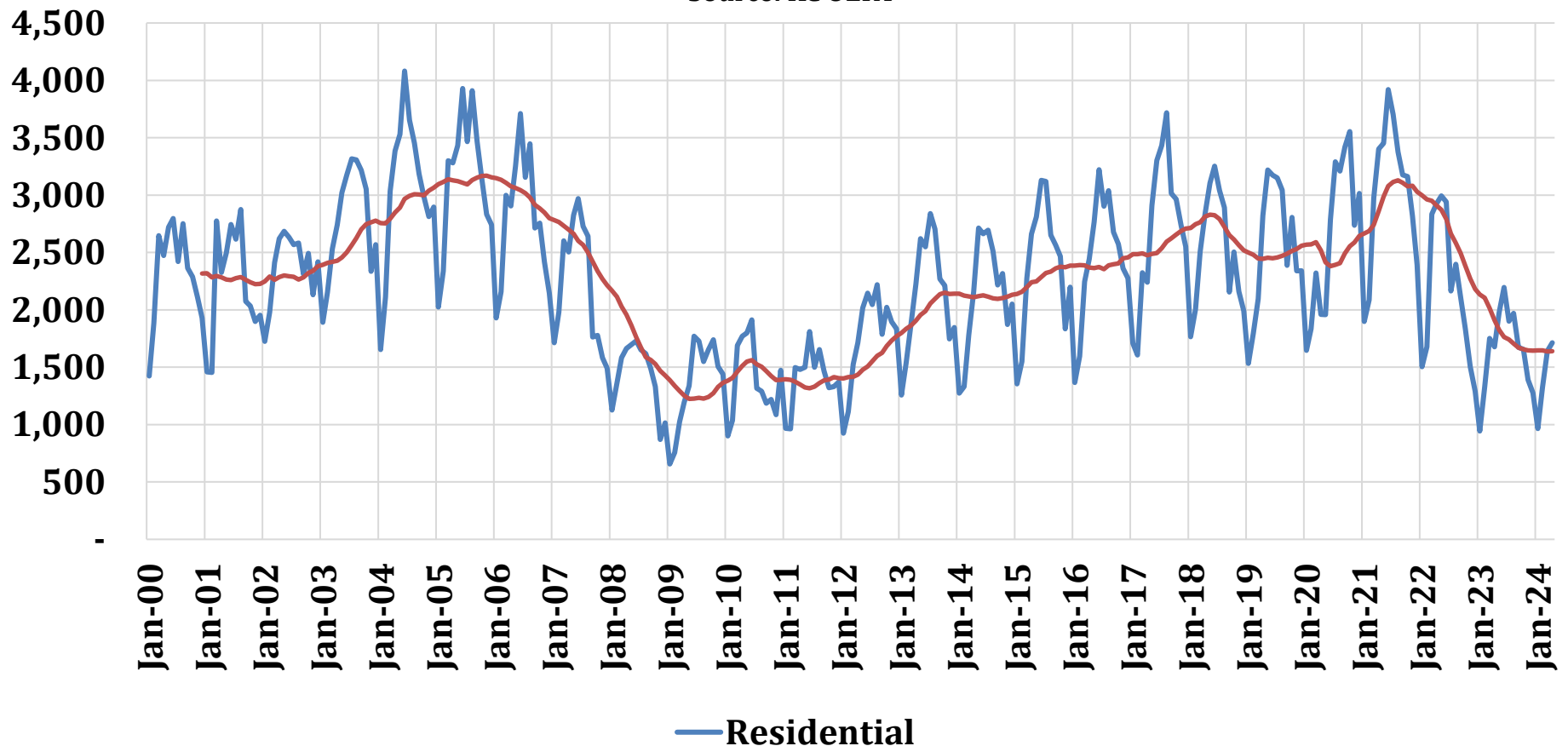
# KC Residential Trends Are Down - Lower prices and reduced transactions



## King County Residential Transactions

Monthly Residential Transactions with **Rolling Annual Average**

Source: KC OEFA

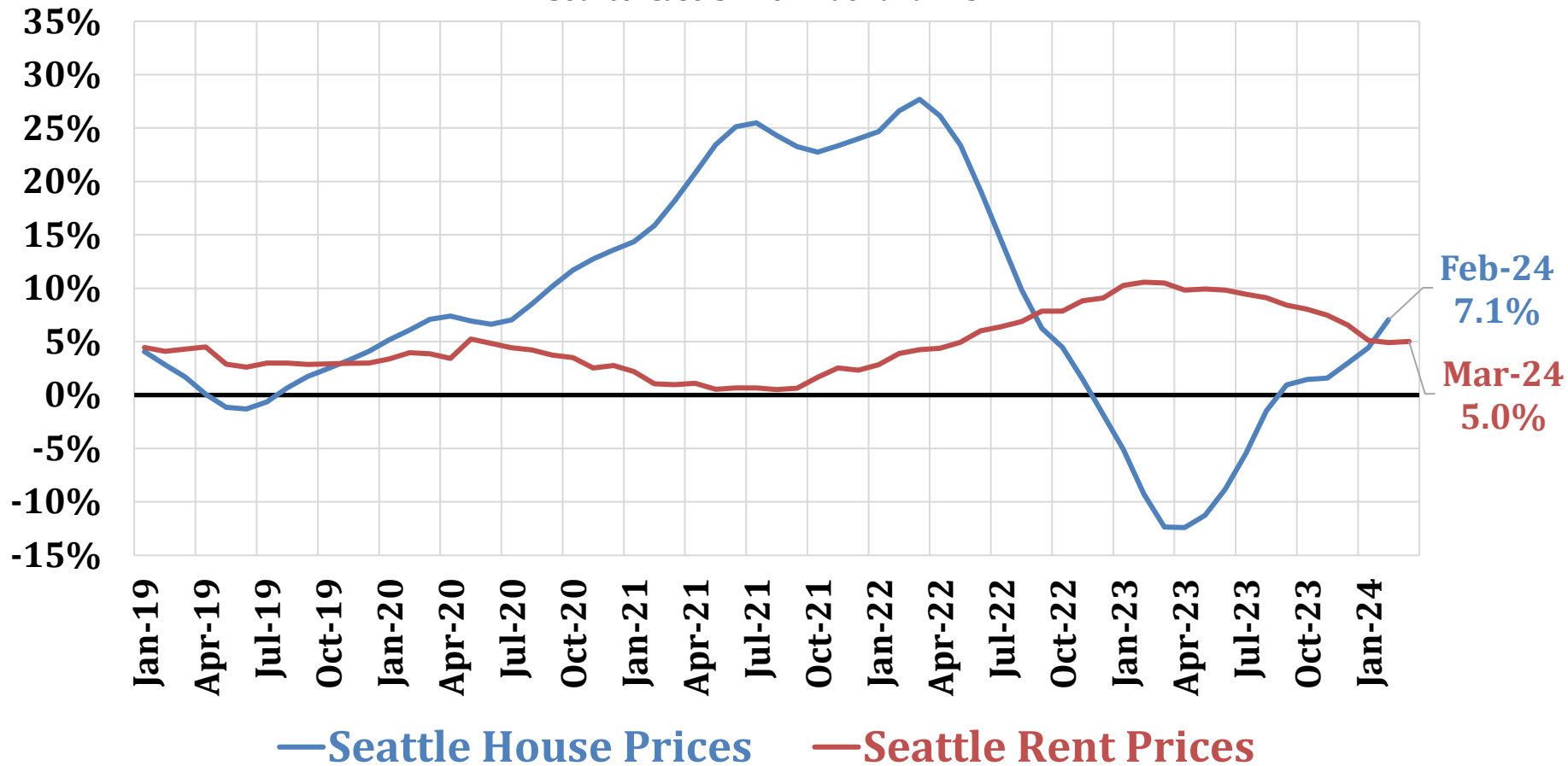


# House price growth bottomed in Spring 2023 and rent growth is slowing



## Seattle House Price Growth & Rent Price Growth

Monthly year-over-year growth in House and Rental Prices; Jan 2019-Current  
Source: Case-Shiller Index and BLS



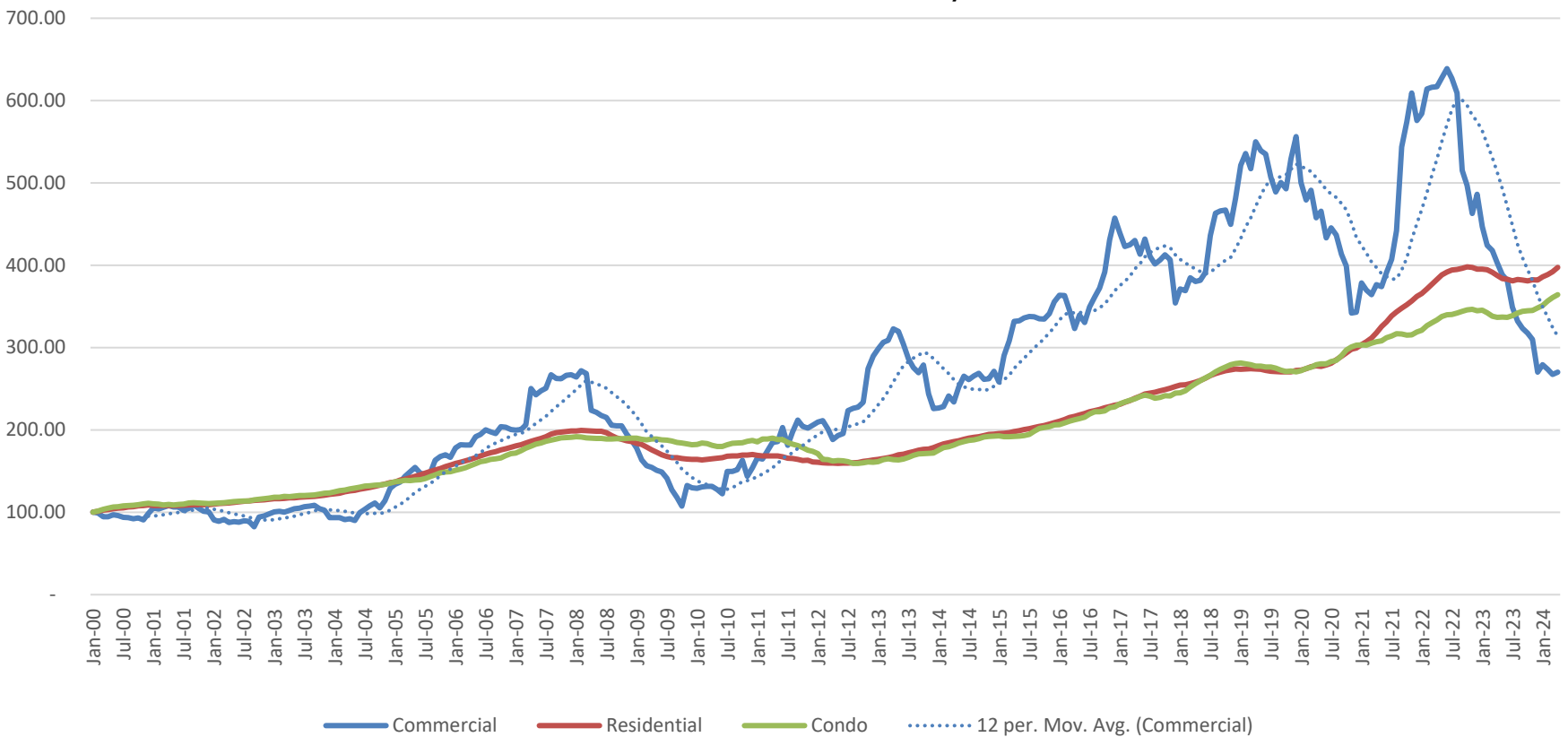
# The bottom has fallen out of commercial real estate prices



## King County Real Estate Index by Sector

Average Price per Sale by Sector; Indexed where 2000=100

Source: KC Recorder's Office / OEFA



# Seattle commercial real estate prices Have fallen harder than KC



## King County Commercial Index for Seattle & Outside Seattle

Average Price per Sale by Sector; Indexed where 2000=100

Source: KC Recorder's Office / OEFA



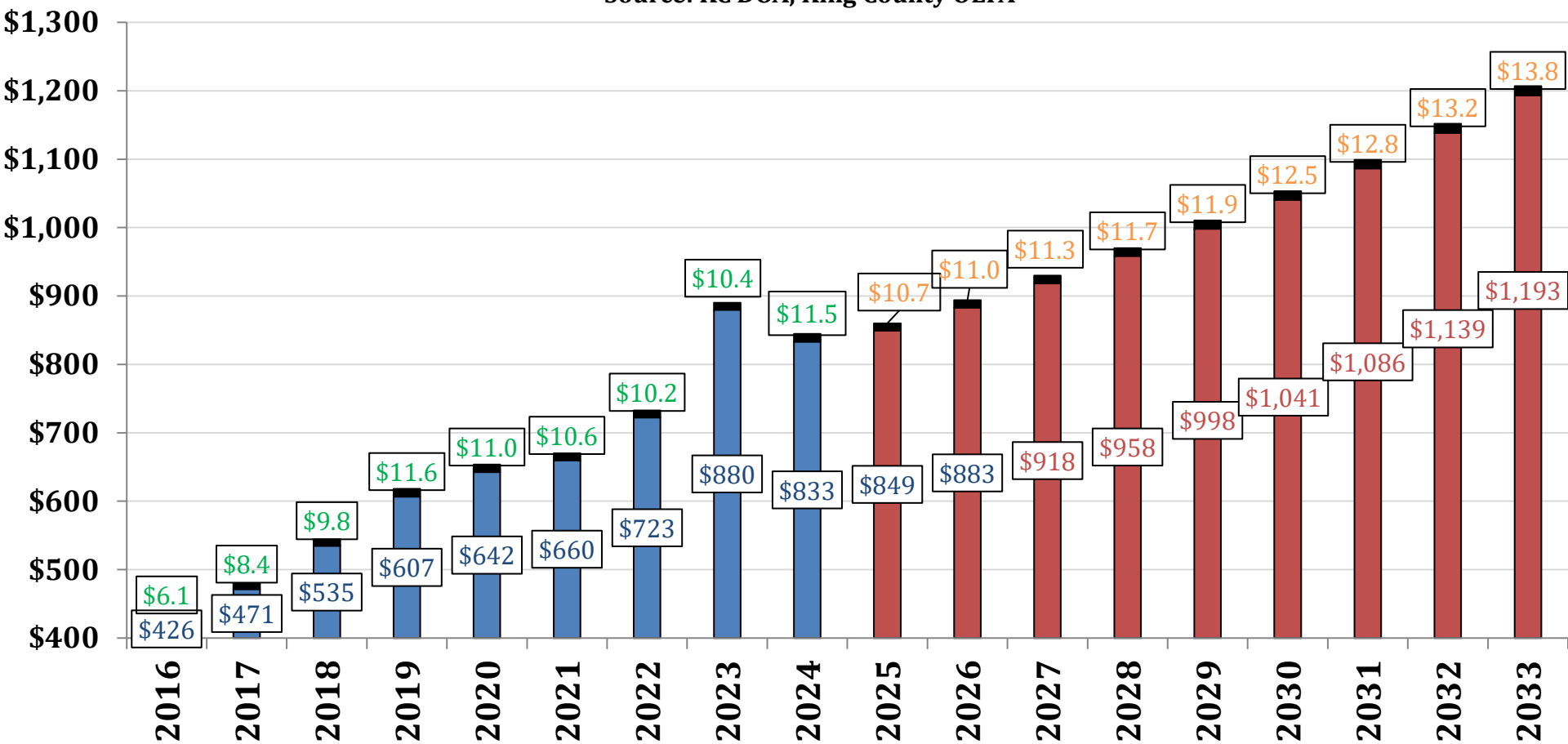
# Assessed Value & New Construction Forecast



## King County Assessed Value & New Construction Forecast

In billions \$, with AV Actuals/March 24 Forecast & NC Actuals/March 2024 Forecast

Source: KC DOA, King County OEFA



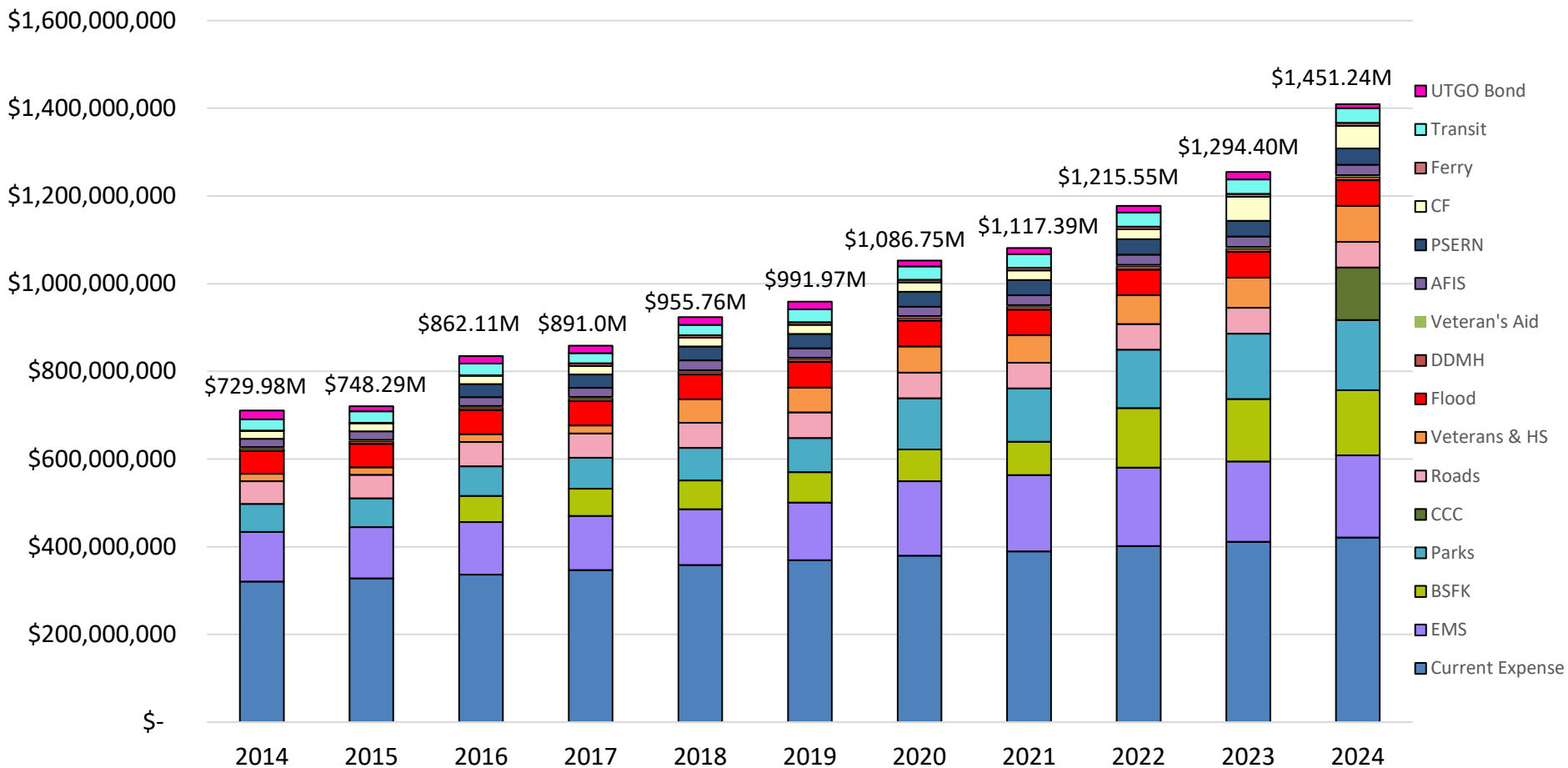
# Property Taxes By Taxing District Since 2014



## King County Property Taxes (\$) By Taxing District

With Actuals Through 2023 & 2024 Projections

Source: KC DOA, King County OEFA



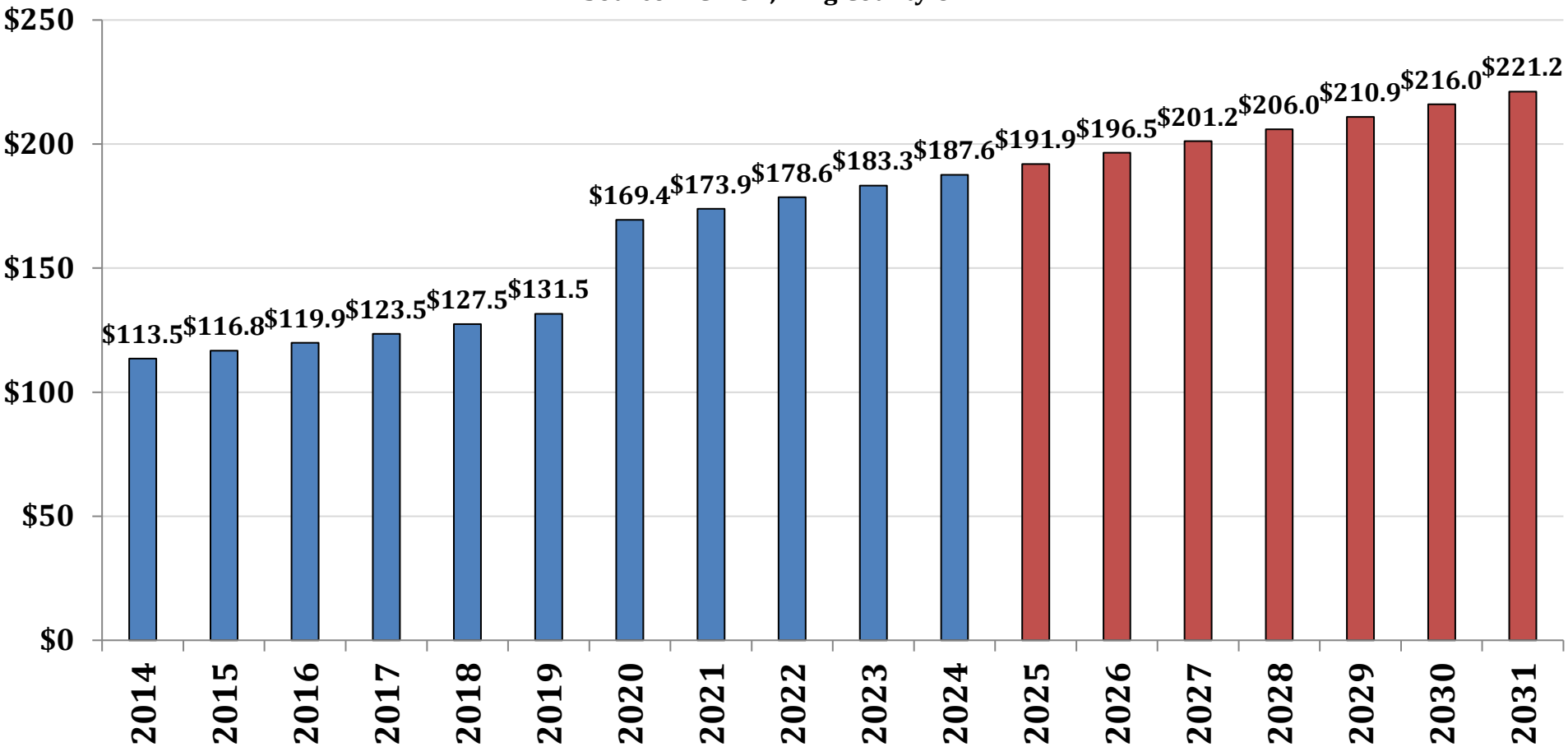
# EMS Levy Forecast



## King County EMS Forecast

In millions \$, with Actuals and March 2024 Forecast bars

Source: KC DOA, King County OEFA



**King County**  
**Office of Economic and Financial Analysis**

<http://www.kingcounty.gov/independent/forecasting.aspx>

**Email: [lmartinmahar@kingcounty.gov](mailto:lmartinmahar@kingcounty.gov)**



# PRELIMINARY STATUS QUO PROPOSAL (PSQ)

2026-2031 EMS LEVY

- What-if we continue existing programs and only add forecast inflation

## 2026-2031 EMS LEVY PRELIMINARY STATUS QUO (PSQ)

*in millions*

<b>REVENUES</b>	<b>Seattle</b>	<b>KC EMS</b>	<b>Total</b>
Property Taxes	\$587.1	\$865.4	\$1,452.5
Other Revenue		\$17.5	\$17.5
<b>TOTAL Revenue</b>	<b>\$587.1</b>	<b>\$882.9</b>	<b>\$1,470.0</b>
<b>EXPENDITURES</b>			
Advanced Life Support (ALS)	\$239.6	\$499.2	\$738.8
Basic Life Support (BLS)	\$343.9	\$233.1	\$577.0
Regional Services (RS)		\$108.0	\$108.0
Strategic Initiatives (SI)		\$8.7	\$8.7
<b>TOTAL Expenditures</b>	<b>\$583.4</b>	<b>\$849.0</b>	<b>\$1,432.5</b>
Reserves		\$62.5	\$62.5

Reserve cost partially covered by \$25 million from 2020-2025 levy

## RESERVES – PRELIMINARY STATUS QUO

### KING COUNTY EMS LEVY FUND

Category	Value (in millions)	Total (in millions)
ALS Expenditure Reserves		\$18.2 m
ALS Capacity Reserve	\$1.56 m	
Placeholder for potential new units	\$15.36 m	
ALS Equipment Reserve	\$1.30 m	
Rainy Day Reserves		\$38.3 m
Supplemental Reserves		\$6.0 m
<b>Total</b>		<b>\$62.5 m</b>
Reserve funding from new levy		\$37.5 m
Carryforward from 2020-2025 levy		\$25.0 m
<b>Total</b>		<b>\$62.5 m</b>

# COMPARISON – 2020 LEVY TO 2026 PSQ

## KING COUNTY EMS LEVY FUND

<b>EMS LEVY PLAN - Comparison 2020-2025 to 2026-2031 PSQ</b>				
<i>(In Millions)</i>				
<b>Program</b>	<b>2020-2025</b>	<b>2026-2031</b>	<b>Difference</b>	<b>% Increase</b>
Advanced Life Support*	\$384.0	\$499.2	\$115.2	30%
Basic Life Support	\$177.7	\$233.1	\$55.4	31%
Regional Services	\$83.0	\$108.0	\$25.0	30%
Strategic Initiatives	\$6.7	\$8.7	\$2.0	30%
<b>TOTAL</b>	<b>\$651.4</b>	<b>\$849.0</b>	<b>\$197.6</b>	<b>30%</b>
<b>Reserves</b>	<b>2020-2025</b>	<b>2026-2031</b>	<b>Difference</b>	<b>% Increase</b>
ALS Reserves	\$13.8	\$18.2	\$4.4	32%
Rainy Day	\$27.8	\$38.3	\$10.5	38%
Supplemental	\$9.2	\$6.0	(\$3.2)	-35%
<b>TOTAL</b>	<b>\$50.8</b>	<b>\$62.5</b>	<b>\$11.7</b>	<b>23%</b>

# KEY ASSUMPTIONS FOR SCENARIOS

- ❖ **Evaluates potential impacts of revenue and expenditure risks**
  - Expenses higher than planned; Revenue lower than planned
  - Used to evaluate funding level for supplemental reserves
- **Starting & future yrs AV less than planned with reductions in taxes (Scenario A)**
  - Starting AV growth (2025) & future years at 90% of projections
    - 2025: 1.8% rather than 1.96%
    - 2026: 3.6% rather than 3.95%
    - 2027-2031: 3.6% - 4.0% rather than 4%-4.4%
- **New construction below forecast with reductions in property taxes (Scenario B)**
  - New Construction Reduction of 20%
  - Reduction in New Construction of 30%
- **CPI-W higher than planned with increases in levy costs (Scenario C)**
- **Change in future projections of Seattle & KC EMS Funds (Scenario D)**

# Property Taxes By Taxing District Since 2014



## King County Property Taxes (\$) By Taxing District

With Actuals Through 2023 & 2024 Projections

Source: KC DOA, King County OEFA

