



Office of the Borough Mayor

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Peter A. Micciche
Borough Mayor

TO: Brent Johnson, Assembly President
Members, Kenai Peninsula Borough Assembly

FROM: Peter A. Micciche, Borough Mayor *PAM*

DATE: June 12, 2023

RE: Cooper Landing Emergency Service Area Proposal – Mayor’s Report

REPORT TO THE ASSEMBLY

On June 6, 2023, the Assembly initiated the service area establishment process by approving Resolution 2023-44 pursuant to KPB 16.04.025. (*See*, Resolution 2023-44).

The purpose of this memorandum is to provide important and accurate information relating to the proposed Cooper Landing Emergency Service Area to assist assemblypersons and the public on this important decision. Pursuant to KPB 16.04.010 – 16.04.040, the following is submitted for your consideration.

Proposed Cooper Landing Emergency Service Area Boundary

The proposed service area would encompass the area outside the Eastern Peninsula Highway Emergency Service Area (EPHESA) of the Kenai Peninsula Borough (KPB) that begins at or near the Skilak Lake Road east entrance and ends at the intersection of the Seward Highway and Sterling Highway. See attached map of the proposed boundary area.

Need for Service

Since 1973, emergency services in the Cooper Landing area have been historically provided by the Cooper Landing Volunteer Fire Department and the Cooper Landing Ambulance Association. In 2007, the entities combined into today’s Cooper Landing Emergency Services (CLES). CLES receives and provides mutual aid response services from the Central Emergency Service Area and the Hope-Sunrise Volunteer Fire Department, and an automatic aid agreement with emergency services in Moose Pass. I want to thank the individuals that have dedicated and continue to dedicate so much to keeping us safe through their selfless service. This service area is proposed for establishment to assist in the financial and service stability of CLES fire and emergency medical services. The creation of the service area within the Borough structure is intended to fund and enhance services to residents within the area by providing a formal structure and tax base, over time, additional emergency response resources within the service area and collectively, the entire KPB region may require additional adjustments to improve service and efficiency. The proposal would also retain the EPHESA services, which is funded through federal “PILT” funds, and that

would allow the new service area to continue to receive agency building stipends and payment for call responses within EPHESA.

Assessed value for Tax Year 2023 (Fiscal Year 2024) and an estimated budget after comparison with existing, similarly situated KPB Fire Service Areas

The assessed real property value of the proposed service area is \$271,983,700. The taxable real property value is \$150,603,200. For illustrative purposes, using a 3.5 mill rate, the estimated property tax revenue for the service area would be \$527,111. Using a 4.0 mill rate, the estimated property tax revenue for the service area would be \$602,413.

The expectation from the service information and employee structure that has been shared by the volunteer CLES Board is that the CLES budget will be between \$490,000 and \$527,000 annually at the onset.

The KPB structure ensures sustainability in stable revenue conditions to provide for the various service requests of the community, while also providing a fund balance for future capital needs within the service area. Although there have been requests to remain below the 3.0 mill rate mark, the addition of either a $\frac{3}{4}$ or full time Fire Chief and a $\frac{1}{2}$ time Fire Tech adds between \$205,000 and \$241,000 in new labor costs. These personnel costs, capital replacement needs and required minimum fund balance, in addition to other items required by the KPB structure, demonstrate that a "3.0 or below" mill rate is unsustainable under the KPB structure.

The expected mill rate for the new service area will likely be between 3.7 and 3.95. The below table is included for CLES citizens to consider in direct property costs to their household or business.

	3.5 Mill Rate scenario	4.0 Mill Rate scenario	4.5 Mill Rate scenario	5.0 Mill Rate scenario
Mill Rate	3.5	4.0	4.5	5.0
Estimated Tax Revenue for the Proposed Service Area	\$ 527,111	\$ 602,413	\$ 677,714	\$ 753,016
Property with a taxable assessed value of \$200,000				
Annual cost to taxpayer	\$ 700	\$ 800	\$ 900	\$ 1,000
Monthly cost to the taxpayer	\$ 58.34	\$ 66.67	\$ 75.00	\$ 83.34

	3.5 Mill Rate scenario	4.0 Mill Rate scenario	4.5 Mill Rate scenario	5.0 Mill Rate scenario
Property with a taxable assessed value of \$350,000				
Annual cost to taxpayer	\$ 1,225	\$ 1,400	\$ 1,575	\$ 1,750
Monthly cost to the taxpayer	\$ 102.09	\$ 116.67	\$ 131.25	\$ 145.84

Population

There are approximately 340 persons residing in the proposed service area, which is always a challenge in rural emergency services on the Kenai and elsewhere. For comparison with other the nearest populations supporting smaller fire and EMS service areas, there are 1,757 persons in the Bear Creek Service Area, 4,165 in the Western Emergency Service Area and 4,249 in the Kachemak Emergency Service Area supporting the revenue in those operations.

Next Steps – Plan for Service Area

I. Public Hearing to Consider the Necessity for the Proposed Service Area

The public hearing, or community meeting, to further determine the need for the service area and to identify the service area boundaries will be held at the Cooper Landing Community Hall on June 28th from 6:00 p.m. to 8:30 p.m. All Assembly members are encouraged to attend. Per Resolution 2023-44, if less than the full Assembly attends, the Assembly members who attend will constitute the special committee of the Assembly charged with providing the full Assembly a report on the public hearing that was held within the proposed service area boundaries. It is anticipated that such report to the full Assembly will occur during the Assembly's regularly scheduled meeting on July 11, 2023.

II. Introduction and Public Hearing on Ordinance Establishing Service Area Subject to Voter Approval

It is currently anticipated that following the community meeting and gathering the community input, an ordinance will be introduced during the Assembly's regularly scheduled meeting on July 11, 2023 to establish the service area. If that holds, then public hearing on the ordinance would be during the Assembly's regularly scheduled meeting on August 1, 2023. If the ordinance is enacted it will be subject to ratification by the voters within the proposed service area boundaries.

III. Vote of the People on October 3, 2023

It is anticipated that the voters within the proposed service area will decide whether or not to establish a service area during the Borough's regular election held on October 3, 2023.

IV. Service Area Establishment Process following the Vote

In the event the voters approve establishing the service area, the Borough Administration will then work through the process of installing the service area. This will involve an inventory of assets, transfer of assets, and purchase and transfer agreements as needed. The ordinance establishing the service area subject to voter ratification will contain necessary provisions regarding the legal description of the service area, the service area board of directors, qualifications for board service and terms of office, powers and duties of the advisory service board and other provisions similar to fire and medical service areas that exist under Borough Code. Service area employees will be Borough employees and will fall under the Borough's centralized personnel system including the applicable collective bargaining agreement. Accounting, budgeting, and other finance related activities will be in accordance with the Borough Finance Department practices and procedures. Assets procurement, services or capital improvement contracts will all be in accordance with the Borough's Purchasing and Contracting Department processes and procedures.

Ultimately, this means that there will be a transition from a local, volunteer governing board to a local advisory board with Borough Administration oversight and responsibility for the service area. The fire chief for the service area, in consideration of any recommendation from the advisory service area board, will be appointed by the Mayor and confirmed by the Assembly. The service area will be a service area under the executive branch of the Borough. Future budgets and spending approvals will be via the KPB Administration with advisory input and feedback.

Options for the Assembly to Consider After public Hearing

Option 1. Do not pursue formation of a new service area; maintain status quo.

Option 2. Create a new service area, as proposed, pending voter approval. This would require introduction and hearing of an ordinance to establish the service area subject to voter approval. The ordinance may expand, contract, or otherwise modify the boundaries of the proposed service area.

Option 3. Do not pursue formation of a new service area at this time, but actively begin the process of evaluating an Eastern Peninsula Emergency Service Area to spread the cost and efficiencies of a larger population and comprehensive organization by expanding the boundaries of existing service areas, i.e. in coordination with City of Seward, Seward Fire, Bear-Creek Fire Service Area, and EPHESA. This would also require a future vote of the residents within the entire new area.

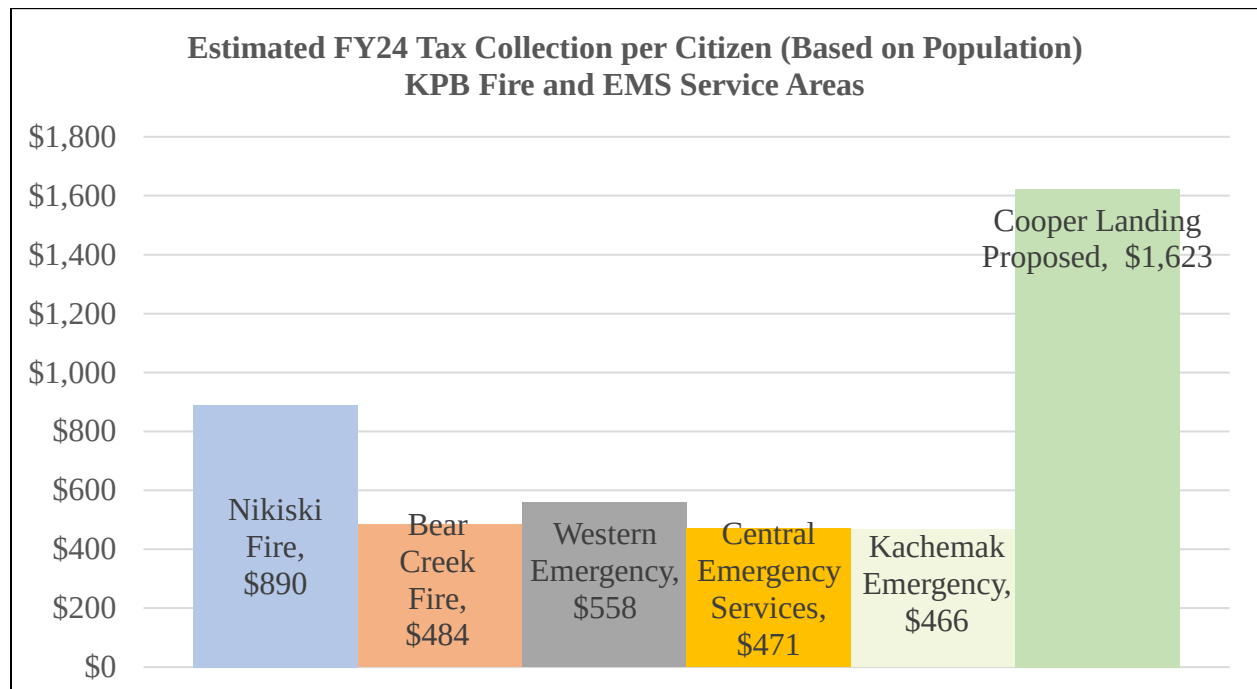
Community Hearing on Necessity

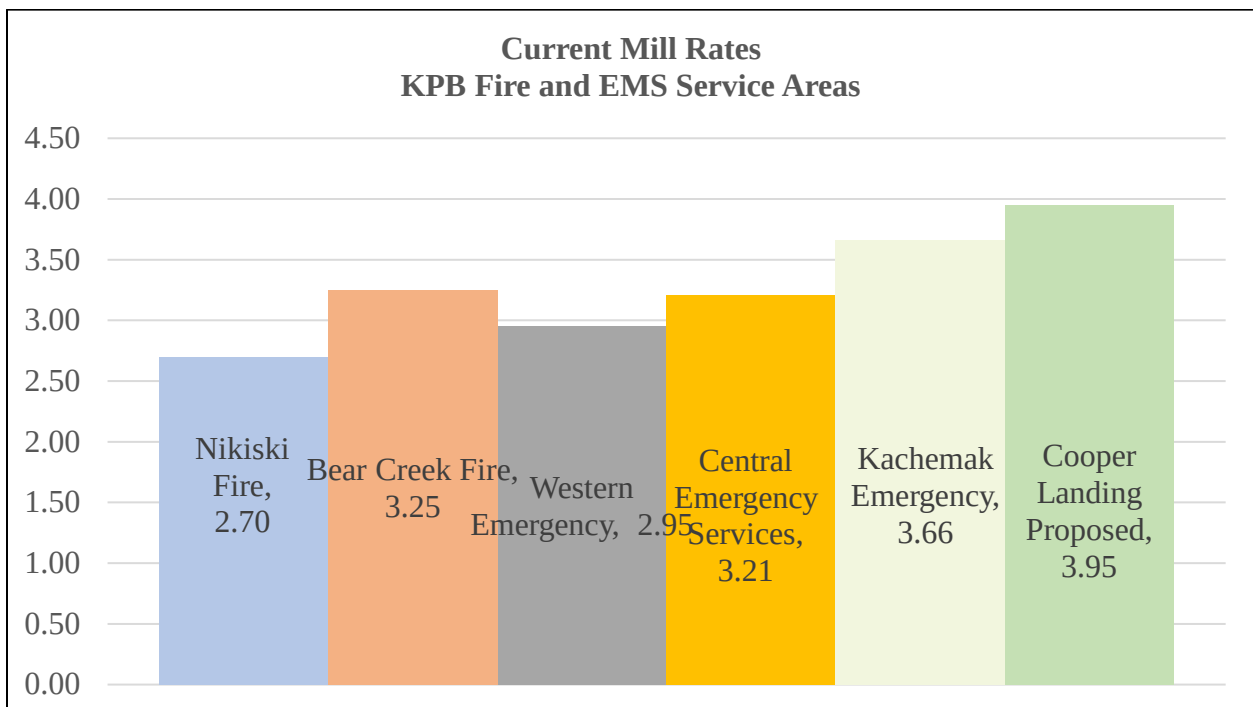
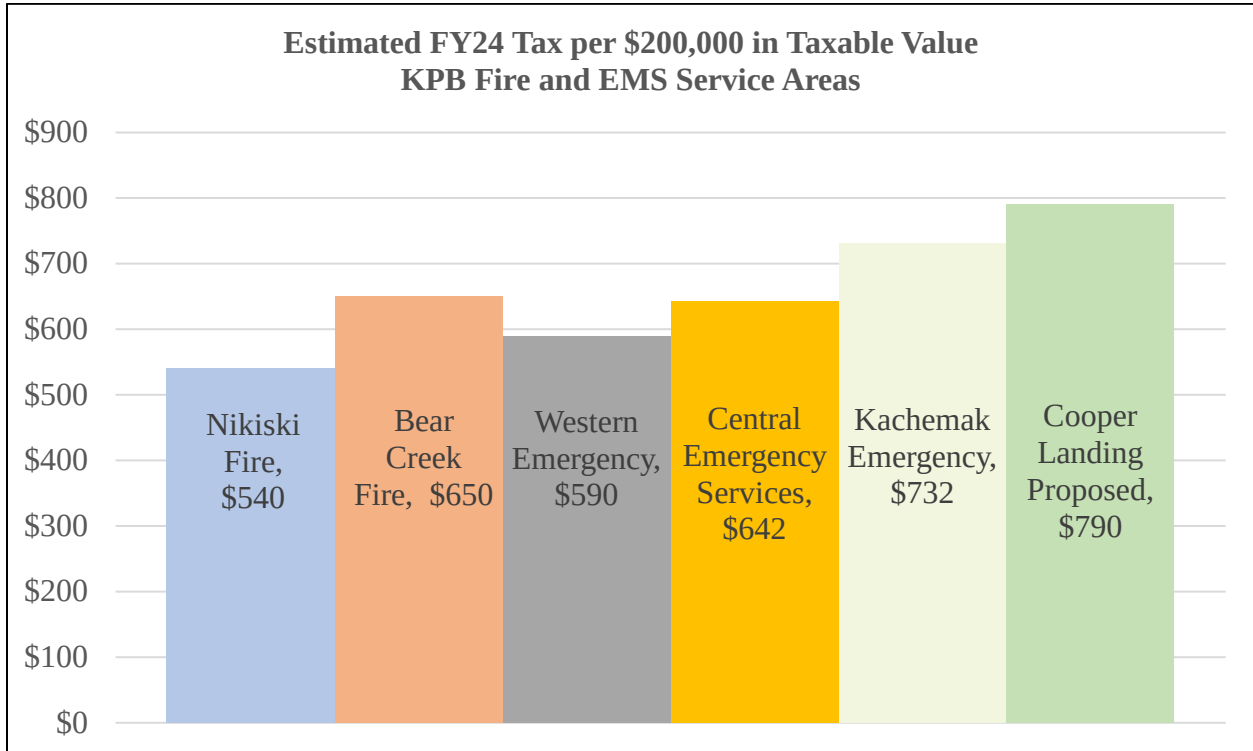
The public hearing on necessity within the proposed service area will occur on June 28, 2023 at 6:00 P.M. in the Cooper Landing Community Hall building. All Assembly members are invited to attend the meeting.

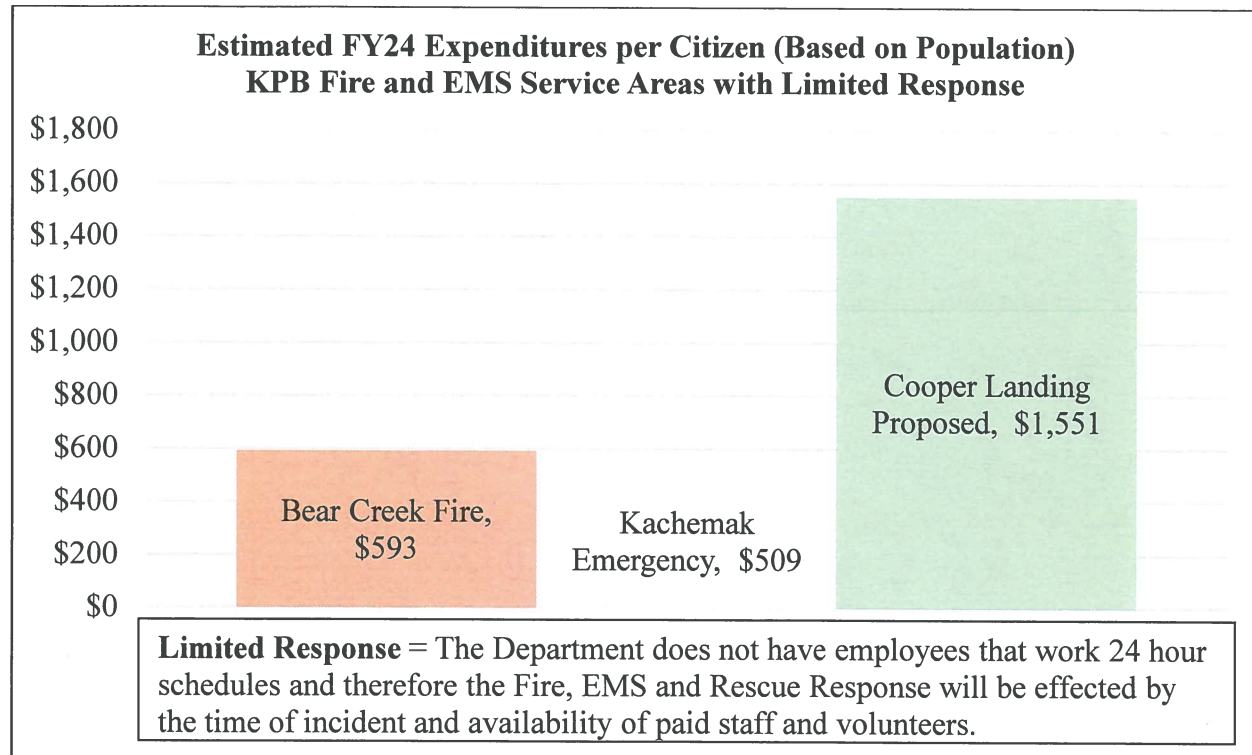
Summary

I certainly appreciate the attempt by the CLES board to improve sustainability for the services they provide that are so important to all of us that live in Cooper Landing, recreate in the area or traverse the highway corridor. I understand their goal and will do all that I can to support their efforts in this form or another. Emergency Services are a necessity within the KPB and I once again want to thank the CLES Team for their dedication to the safety of our community. At this juncture, I look forward to hearing from Cooper Landing residents within the proposed service area during the community hearing to hear whether or not there is widespread community support for a fire and emergency service area. Following the public hearing, we will have a better idea regarding the community interest in forming a service area and the boundaries that make the most sense to the community.

Other Information:







Ultimately, (if approved by the assembly to move forward) the decision of whether or not to create the proposed service area, or move to other options will rest solely with the voters of Cooper Landing. I will respect and support their decision either way and will continue my administration's efforts to provide quality emergency services at a reasonable cost. Please feel free to reach out to me for additional information at 907-714-2150 or via email at pmicciche@kpb.us.

Respectfully,

Mayor Peter A. Micciche