

## City of Marysville and Fire District 12

### RFA Planning Committee Meeting

Tuesday, July 17, 2018, 5:00 – 6:30 PM

Marysville Council Chambers

#### Proposed Agenda

1. Welcome and Introductions (*5 min.*) Mayor Nehring
2. Review of Agenda and Goals for meeting (*3 min.*) Mayor Nehring
3. Approval of Meeting Summary from May 24 (*3 min.*) Mayor Nehring
4. Review Potential Name for the RFA entity (*10 min.*) Fire Chief McFalls
5. Presentation of RFA Fire Benefit Charge Impact and Issues List (*30 min.*) Finance
6. Presentation of Financial Scenario Revenue Sources (*30 min.*) Finance
7. Communications Plan - Community Forum (*10 min.*) Communications
  - a. Sept. 19, 2018, 4:00-5:30 p.m., Station 62 prior to Fire District Board Meeting
  - b. Sept. 27, 2018, 6:30-7:30 p.m., Marysville City Hall, following RFA planning committee meeting
8. Union Comment
9. Closing Roundtable comments
10. Next meeting
11. Adjourn

Next meeting: Thursday, September 27<sup>th</sup>, 5-6:30 PM

- Proposed agenda: continue review of draft plan as needed; levy rate options

# Marysville / FPD 12 Regional Fire Authority Committee

## ***Meeting***

*Marysville City Council Chambers*

*May 24, 2018*

*5:00 p.m.*

### **Welcome and Introductions**

Mayor Nehring called the meeting to order at 5:00 p.m.

Marysville City Council:	Steve Muller, Kamille Norton, Jeff Vaughan
Marysville CAO:	Gloria Hirashima
Marysville Finance Director:	Sandy Langdon
MFD Finance Manager:	Chelsie McInnis
Fire District 12 Commissioners:	Tonya Christoffersen, Pat Cook, Rick Ross
Marysville Fire Chief:	Martin McFalls
Consultant from Interface:	Neil Blindheim

### **Review of Agenda and Goals**

**Motion** made by Councilmember Muller, seconded by Commissioner Ross, to approve the agenda and goals. **Motion** passed unanimously.

### **Action Item: Charter/Operating Rules**

CAO Hirashima reviewed the proposed Charter and Operating Rules which had been updated from the prior group to relate to this committee.

**Motion** made by Commissioner Cook, seconded by Councilmember Norton, to adopt the Charter and Operating Rules. **Motion** passed unanimously.

### **Fire Benefit Charge Consultant report and next steps**

CAO Hirashima introduced Neil Blindheim with Interface Systems, Inc. who had been hired to do a model of a fire benefit charge for the proposed RFA. Mr. Blindheim

presented his report. Mr. Blindheim reviewed a model showing fire benefit charge factors and totals for 2018. CAO Hirashima discussed the fire benefit charge factors contained in the Committee packet. MFD Finance Director McInnis reviewed the 2020 RFA Fire Benefit Charge (FBC) Funding Capacity Analysis which shows how the FBC would interplay with other revenue sources.

Councilmember Muller asked if the net effect to residential could be less by allocating the actual cost for higher use properties. Mr. Blindheim confirmed that was true.

Commissioner Christoffersen asked about the possibility of a graduated increase in order to lessen the impact to the businesses and residents. Mr. Blindheim indicated that was a possibility.

Commissioner Ross asked Mr. Blindheim if he thinks this makes sense for Marysville. Mr. Blindheim replied that it is more difficult because Marysville doesn't have as much commercial as other jurisdictions he has worked with. Councilmember Muller asked why that would matter since it would still be beneficial. Mr. Blindheim concurred; he stated it would be worth exploring. It would also be better to have those things in place before the commercial corridor is developed.

Councilmember Muller asked why Thurston and Mason County stopped their FBC. Mr. Blindheim reviewed this.

Commissioner Cook asked if Mr. Blindheim thinks this is a better way of getting revenue. Mr. Blindheim thought that it was because of the flexibility and consistency in funding.

*Direction Requested: Does the committee want a FBC included in the RFA Plan as an initial funding source, or retained as a future funding option*

CAO Hirashima summarized some of the benefits and challenges of moving to a different system.

Commissioner Christoffersen stated she sees a need for it, but a risk, cost, and benefit analysis needs to be done in order to adequately educate the public. She suggested also having public meetings and rolling it out with the RFA. Finance Director Langdon clarified that the FBC could be incorporated as part of the RFA Plan and would only require one vote.

Commissioner Cook spoke to the value of being able to tell residents that their property taxes would be reduced as a result of this. There was discussion about the shift that would have to take place with commercial to make that happen.

Finance Manager McInnis pointed out that the FBC would only be collected on properties that have a structure while the property tax system would also pertain to land

without structures. CAO Hirashima suggested that staff could run data related to different scenarios and bring it back to the Commission.

Chief McFalls commented that it would take a lot longer if they were going to do true mathematical comparisons. He thinks the FBC would be more stable, but he has heard that the ideal formula is 60% commercial and 40% residential in the community. He expressed concern about the impact on commercial with Marysville's 70% residential. He noted that nobody is doing the FBC in Snohomish County because they already have the 50-cent EMS levy. King County EMS takes the 50 cents so that is why they do it. He expressed concern about having to go back to the voters every six years with the FBC when they have been able to go longer than six years with many of the levies already.

There was consensus to put this on the agenda for the next meeting and follow up with data from Finance Director Langdon and Finance Manager McInnis.

### **Action item: Communications plan**

CAO Hirashima presented the proposed Communications Plan. Staff is proposing public forums on September 19 from 4-6 p.m. and September 27 after the RFA meeting.

Councilmember Norton asked about the expected date for the election. CAO Hirashima explained that remains to be determined. She commented that there needs to be a community forum and public process within the plan development itself.

### **Presentation of Draft Plan, remaining issues**

CAO Hirashima introduced the Draft Plan on a page-by-page basis with comments taken as she went.

Discussion:

Page 4: Effective Date:

There was discussion about when to have this on the ballot. Finance Director Langdon reviewed voter turnout numbers by month for the last year. Mayor Nehring discussed other ballot measures coming up.

Commissioner Ross stated he preferred November because of expected better voter turnout. He also thinks SERS wouldn't be a hindrance to the RFA. The timing would also be beneficial for executing an ILA.

Commissioner Christoffersen asked if the ILA would be extended if they don't run it in November. Staff indicated that they would. Commissioner Christoffersen

asked staff if it was even possible to run it in November. Staff indicated that it would be difficult. Chief McFalls spoke in support of an April election. Commissioner Christoffersen spoke in support of waiting in order to not overburden staff.

Commissioner Ross spoke to the need to have this on the ballot as soon as possible, but acknowledged the challenges. If they wait until April he recommended executing the ILA soon in order to solidify funding. Chief McFalls and Mayor Nehring concurred.

After some discussion of possible dates, there appeared to be consensus to push this back to April.

**Motion** made by Commissioner Ross, seconded by Councilmember Muller, to recommend to the City Council and Fire District 12 that the RFA measure be put on the ballot in April of 2019. **Motion** passed unanimously.

Page 7:

Chief McFalls commented that he has been keeping Quilceda Village in the loop on this, but the Navy Exchange needs to be added to this list.

Councilmember Muller asked if properties that are exempt from property tax within the boundaries of Fire District 12 would continue to be exempt from the Fire Benefit Charge. City Attorney Walker thought they could continue to operate with a contract as they currently do, but indicated he would confirm that.

Page 9: Governing Board Structure and Operation:

City Attorney Walker reviewed staff's sample verbiage. There appeared to be consensus to use that language

Page 10: Future Governing Board Changes:

Commissioner Cook asked if larger jurisdictions would get more seats. City Attorney Walker indicated that would be a policy decision the Commission could discuss.

The Commission appeared comfortable with the suggested language.

Page 12: RFA Revenues:

There appeared to be consensus to use the proposed EMS Levy language.

Commissioner Ross thanked staff for the effort they put into the Draft Plan. He noted that it is a really great starting point. Councilmember Muller concurred. CAO Hirashima

thanked the Commission for moving through this so quickly. Mayor Nehring discussed next steps.

### **Union Comment**

Cody Brooke, Union President, thanked the group for deciding on a date. He requested that the Commission properly fund them in the meantime with the ILA.

### **Closing Roundtable comments**

Councilmember Vaughan had no comments.

Councilmember Norton had no comments.

Councilmember Muller said he was glad to be moving ahead.

Commissioner Ross thanked staff for all their work.

Commissioner Christoffersen thanked everyone for the efficient use of time.

Commissioner Cook expressed appreciation to staff for all their work.

Chief McFalls thanked the group for making this an easy process and having an efficient meeting.

Jon Walker had no comments.

Sandy Langdon had no comments.

Gloria Hirashima had no comments.

Mayor Nehring expressed appreciation to everyone for their work.

### **Next Meeting**

July

### **Adjournment**

The meeting was adjourned at 6:39 p.m.

## **Potential Name for RFA Entity**

- Central County Fire and Rescue
- Marysville Fire Authority
- Cascade Fire Authority
- Marysville Fire District

City of Marysville – Fire District 12 RFA Planning Committee

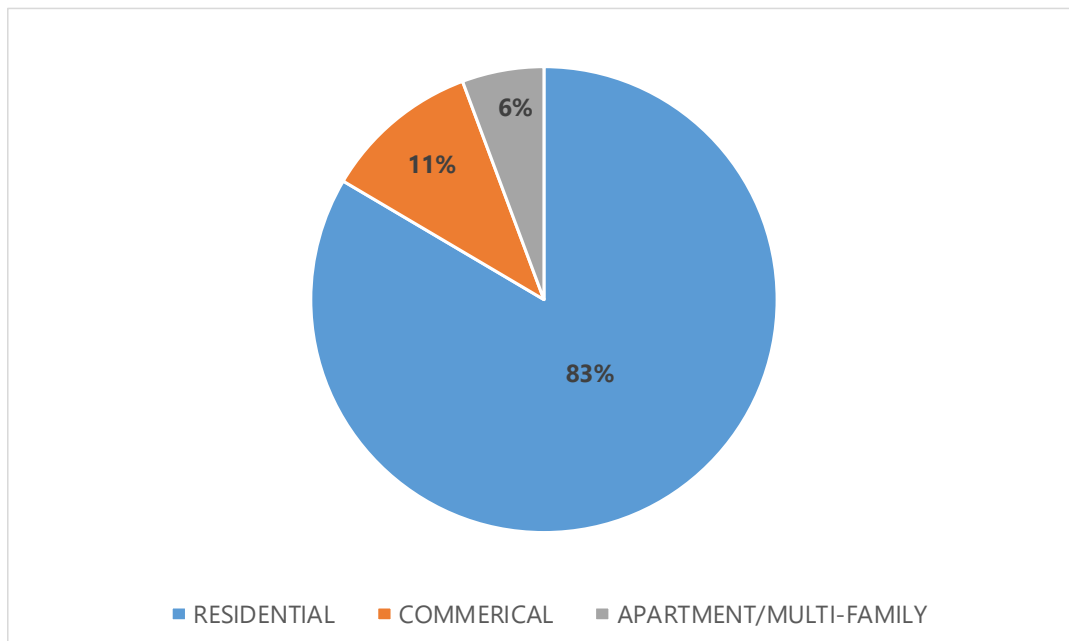
**RFA FIRE BENEFIT CHARGE IMPACT SUMMARY**

**Prepared By:** Chelsie McInnis & Sandy Langdon

**Date:** July 9, 2018

Note: Data obtained for this analysis was extracted from the FBC database created specifically for the RFA committee by Interface Systems, and the 2018 Snohomish County Assessor Roll. This is a summary overview utilizing approximate estimates of known and available factors.

There are 27,501 taxable parcels within the RFA boundary. Of these parcels, there are approximately 14% that are exempt, discounted, or do not qualify to pay the FBC due to the absence of structures. The Fire Benefit Charge (FBC) formula is based upon the square footage of the structures on a taxable parcel, not the assessed value of the land and structures combined. The chart below illustrates how the FBC would be funded within the current RFA property type mix, based upon the sum of square footage.



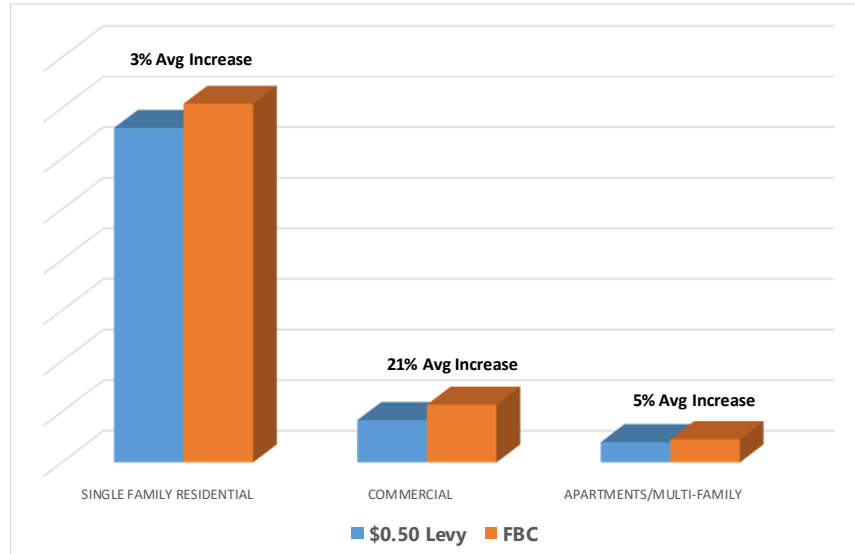
Of the single family residential structures funding the FBC, the largest increases (versus traditional regular fire levy) are placed upon those taxpayers with structures between 500-3500 square feet (see attachment B for detailed breakdown). This equates to 92% of the taxable residential parcels in the RFA.

Any additional exemptions or discounts (Attachment A) would redistribute to the remaining FBC payers, further increasing the variance between what otherwise would have been paid under the regular fire levy mechanism.



## Agenda Item 5

Ultimately, to produce the same amount of money equivalent to a \$0.50 regular fire levy, a \$4.7M FBC charge would increase the 3 largest non-exempt property classification types by the following percentages:



PROPERTY TYPE	Total Parcel Count	Total FBC Square Footage	% of PARCELS increasing w/FBC vs. \$1.50 Levy	AVERAGE INCREASE
SINGLE FAMILY RESIDENTIAL	20,891	49,157,816	81%	3%
COMMERCIAL	543	6,375,912	83%	21%
APARTMENT/MULTI-FAMILY	723	3,343,097	82%	5%

\* Excludes: Exempt, Discounted, and Non-Qualifying Parcels

### **SUMMARY**

Due to the current RFA property demographic, the FBC has an inverse relationship with the square footage of the residential taxable properties. As residential structures increase in size, the FBC decreases in relation to what would otherwise be levied (the third \$0.50/\$1,000 of regular fire levy). Formulas can be adjusted in attempt to redistribute the FBC in a way that lessens the inverse relationship upon residential and places more of the charge upon commercial/apartment type structures. However, the challenge for the RFA demographic is the 83% residential vs 17% commercial/apartment; the smaller portion would need to be increased substantially to offset the larger whole.

## RFA FIRE BENEFIT CHARGE – ISSUE ITEM DETAIL

ISSUE ITEM	DISCUSSION	2018 ANALYSIS RESULT
<b>Item 1. – FBC AMOUNT</b>	How much FBC to recover the reduced portion of RFA regular levy (\$0.50 per \$1,000 of A/V on ALL taxable parcels) <i>PLUS</i> additional costs of FBC administration?	\$4.7M
<b>Item 2. – EXEMPTIONS</b>  <b>Attachment A</b>	Are all exemptions included in the FBC model used for this analysis? How does this affect the total FBC presented for comparison?	<p>Not at this time. Known exemptions have been included such as tribal properties and senior citizen discounts. However, extensive specific demographic research would need to be performed and applied to identify the qualifying exemption/discount factors available per RCW. These include: (1) Low income, (2) Sprinkler Systems, (3) Alarm Systems, (4) Agricultural, (5) Mobile Homes, and (5) Appeals Hearing Discounts granted during 2 week annual review period. Further an additional layer of legal interpretation is needed to determine the application of currently DOR exempt type properties.</p> <p><i>BOTTOM LINE: The FBC variance presented in this analysis is the BEST CASE scenario for properties currently not exempt. Once deemed exempt or discounted the value would redistribute to remaining FBC payers.</i></p>
<b>Item 3. – RFA DEMOGRAPHIC</b>	How many parcels would contribute to the FBC? How are the property classifications distributed?	<p>Total Parcels – 27,501 Total FBC Exempt Parcels – 3,790 (14%)</p> <p><u>Classification Summary (all parcels)</u> Single Family Residential (21,817)– 79% Mobile Home (1,826) – 7% Vacant Land (1,844) – 7% Commercial (1,256) – 4% Apartments/Multi-Family (758) – 3%</p>

<p><b>Item 4. – AVG SINGLE FAMILY RESIDENTIAL</b></p> <p><b>Attachment B</b></p>	<p>What is FBC impact upon the average single family residence? Which segment increases vs. decreases?</p>	<p>Single Family Residential Parcel Count – 20,891 <i>Excludes: Exempt and Discounted Parcels</i></p> <p><b>Average TOTAL Annual Increase – 3%</b></p> <p>% of Resident Parcels <b>Increasing</b> – 81% % of Resident Parcels <b>Decreasing</b> – 19%</p> <p>On average: Structures between <b>500-3,500 Sq. Ft. increase</b> (92% of single family parcels)</p> <p>Properties <b>over 3,500 Sq. Ft. decrease</b> (8% of single family parcels)</p>
<p><b>Item 5. – AVG COMMERCIAL</b></p> <p><b>Attachment C</b></p>	<p>What is FBC impact upon the average commercial property? Which segment increases vs. decreases?</p>	<p>Commercial Parcel Count – 543 <i>Excludes: Exempt and Discounted Parcels</i></p> <p><b>Average TOTAL Annual Increase – 21%</b></p> <p>% of Commercial Parcels <b>Increasing</b> – 83% % of Commercial Parcels <b>Decreasing</b> – 17%</p>
<p><b>Item 6. – AVG APARTMENT/MULTI- FAMILY</b></p> <p><b>Attachment D</b></p>	<p>What is FBC impact upon the average apartment/multi-family property? Which segment increases vs. decreases?</p>	<p>Apartment/Multi-Family Parcel Count – 723 <i>Excludes: Exempt and Discounted Parcels</i></p> <p><b>Average TOTAL Annual Increase – 5%</b></p> <p>% of Commercial Parcels <b>Increasing</b> – 82% % of Commercial Parcels <b>Decreasing</b> – 18%</p>
<p><b>Item 7. – OTHER CONSIDERATIONS</b></p>	<p>What are the most challenging considerations to be aware of?</p>	<p><u>Vote Limitations</u> – <b>60% to implement; must</b> be renewed every 6 years, whereas a Regular Levy is continuous with option to run levy lid lifts as needed for increased funding.</p> <p><u>Timeline</u> – <b>Proper formula development and implementation</b> of an FBC that is fairly applied across the demographic would require much more time than</p>

		<p>available in current RFA implementation plan.</p> <p><u>Voter Familiarity</u> – There has never been an agency to apply a FBC in Snohomish County; <b>voters are unfamiliar with the concept</b>. Therefore an increased timeline for proper education/messaging would be critical.</p> <p><u>Snohomish County Infrastructure Limitations</u> – The <b>inability to print the FBC on one statement with property taxes</b> creates additional mailing costs and citizens receive two fire/EMS related charges per annum.</p> <p><u>Levy on Personal Property</u> – Losing \$0.50 of regular levy on personal property value; <b>FBC does not apply to personal property</b>. This would include properties such as commercial activities located on Tribal Trust Land (i.e. Chelsea Premium Outlets, Walmart, Home Depot, McDonalds, Taco Time)</p> <p><u>Additional Administration Burden/Costs</u> – Consultant Fees, Mailing Fees, Snohomish County 1% Admin Fee per RCW, Employee/Board time dedicated towards appeals period and proper management of the program (the FBC is not managed or maintained by Sno Co as are property taxes, this falls internally to the RFA).</p>
<p><b>Item 8 – FUTURE CAPACITY</b></p>	<p>Can the RFA implement this charge at some point in the future?</p>	<p><b>Yes</b>, it is an RCW Chapter 52.18 authorized funding mechanism that the RFA may submit to the voters at any point in time upon or after implementation.</p>

## ATTACHMENT A

### EXEMPTION CONSIDERATIONS

#### Summary of FBC Charges Currently Assigned to Potentially Exempt Properties (Either via RCW or RFA Policy)

If deemed exempt these amounts would redistribute to non-exempt parcels

Other Known Exemptions or Discounts NOT included in the database calculations are:

- (1) Low income exemptions which can be applied for by the taxpayer under RCW's 52.18.090, 84.36.381, 84.36.389
- (2) Sprinkler Discounts
- (3) Alarm System Discounts
- (4) Agricultural Discounts
- (5) Appeals Hearing Discounts - RFA board approved discounts submitted during annual two-week review period
- (6) Mobile Home Discounts

DOR PROPERTY TAX EXEMPTION TYPE	NO OF PARCELS	FBC INCLUDED IN MODEL
DoR Institutional	54	\$ 57,113
Government Property	353	\$ 50,973
Historical Designation	1	\$ 1,398
Home Improvement	4	\$ 931
Less than \$500 Market Value	5	\$ 389
Senior/Disabled Level A	610	\$ 23,669
Senior/Disabled Level B	152	\$ 11,719
Senior/Disabled Level C	70	\$ 8,361
Tax Commission Operating Property	6	\$ 3,178
<b>Grand Total</b>	<b>1255</b>	<b>\$ 157,730</b>

## ATTACHMENT B

### AVERAGE ANNUAL RESIDENTIAL TAXPAYER LIABILITY - FBC Plus \$1.00 Reg Levy Vs. \$1.50 Reg Levy

#### PROPERTY TYPE SUMMARY

Total Single Family Residential Parcels	20,891	PARCEL COUNT
Structures Under 3,500 Square Feet	92%	19,168
Structures Over 3,500 Square Feet	8%	1,723
% of Resident Parcels <b>Increasing</b>	<b>81%</b>	16,834
% of Resident Parcels <b>Decreasing</b>	<b>19%</b>	4,057

Square Footage	Average Annual @ \$1.50/\$1,000 Reg Levy	Average Annual @ \$1.00 Plus FBC	Avg Variance W/ FBC	Count of Properties	Avg % Ch
1-500	\$285.48	\$271.70	(\$13.78)	19	-5%
501-1,000	\$315.46	\$315.86	\$0.40	399	0%
1,001-1,500	\$339.00	\$358.90	\$19.90	2710	6%
1,501-2,000	\$404.54	\$421.98	\$17.44	7282	4%
2,001-2,500	\$459.26	\$478.37	\$19.10	4342	4%
2,501-3,000	\$523.74	\$539.71	\$15.97	2922	3%
3,001-3,500	\$601.29	\$608.08	\$6.79	1494	1%
3,501-4,000	\$679.40	\$675.55	(\$3.85)	809	-1%
4,001-4,500	\$763.68	\$746.97	(\$16.72)	395	-2%
4,501-5,000	\$863.13	\$827.06	(\$36.07)	219	-4%
5,001-5,500	\$922.44	\$880.46	(\$41.99)	115	-5%
5,501-6,000	\$941.60	\$906.29	(\$35.31)	69	-4%
6,001-6,500	\$1,098.86	\$1,024.87	(\$73.99)	49	-7%
6,501-7,000	\$1,143.05	\$1,071.41	(\$71.64)	22	-6%
7,001-7,500	\$1,168.57	\$1,102.60	(\$65.97)	19	-6%
7,501-8,000	\$1,026.18	\$1,054.05	\$27.87	5	3%
8,001-8,500	\$1,169.98	\$1,110.90	(\$59.08)	6	-5%
8,501-9,000	\$1,420.73	\$1,288.73	(\$132.00)	6	-9%
9,001-9,500	\$1,471.50	\$1,330.58	(\$140.92)	2	-10%
9,501-10,000	\$3,165.90	\$2,472.64	(\$693.26)	2	-22%
10,001-10,500	\$1,841.63	\$1,594.38	(\$247.24)	2	-13%
10,501-11,000	\$1,686.53	\$1,503.50	(\$183.02)	2	-11%
11,501-12,000	\$1,576.05	\$1,441.93	(\$134.12)	1	-9%
<b>Grand Total</b>	<b>\$467.66</b>	<b>\$481.33</b>	<b>\$13.67</b>	<b>20891</b>	<b>3%</b>

INCLUDES: Single Family Residential

EXCLUDES: Multi-Family Dwellings, Mobile Homes, Currently Exempt Residential Properties

**ATTACHMENT C****AVERAGE ANNUAL COMMERCIAL TAXPAYER LIABILITY - FBC Plus \$1.00 Reg Levy Vs. \$1.50 Reg Levy****PROPERTY TYPE SUMMARY**

Total Commercial Parcels

543

<b>Square Footage</b>	<b>Average Annual @ \$1.50/\$1,000 Reg Levy</b>	<b>Average Annual @ \$1.00 Plus FBC</b>	<b>Avg Variance W/ FBC</b>	<b>Count of Properties</b>	<b>Avg % Ch</b>
1-5,000	\$720	\$804	\$84	295	12%
5,001-10,000	\$1,339	\$1,434	\$95	121	7%
10,001-15,000	\$2,296	\$2,728	\$432	33	19%
15,001-20,000	\$2,427	\$3,048	\$621	27	26%
20,001-25,000	\$3,317	\$4,421	\$1,105	13	33%
25,001-30,000	\$4,291	\$5,330	\$1,039	8	24%
30,001-35,000	\$3,965	\$5,336	\$1,371	7	35%
35,001-40,000	\$6,332	\$7,087	\$755	6	12%
40,001-45,000	\$5,599	\$6,852	\$1,252	4	22%
45,001-50,000	\$7,490	\$8,201	\$711	2	9%
50,001-55,000	\$8,304	\$10,032	\$1,728	5	21%
55,001-60,000	\$10,200	\$12,566	\$2,366	1	23%
60,001-65,000	\$9,057	\$11,988	\$2,930	3	32%
65,001-70,000	\$6,626	\$10,575	\$3,948	1	60%
75,001-80,000	\$9,132	\$12,700	\$3,568	2	39%
85,001-90,000	\$12,744	\$15,622	\$2,878	1	23%
90,001-95,000	\$10,695	\$14,339	\$3,644	1	34%
95,001-100,000	\$15,671	\$17,818	\$2,147	3	14%
100,001-105,000	\$8,358	\$15,745	\$7,387	1	88%
105,001-110,000	\$12,983	\$19,114	\$6,132	1	47%
110,001-115,000	\$19,465	\$23,699	\$4,234	2	22%
115,001-120,000	\$12,333	\$19,176	\$6,843	1	55%
150,001-155,000	\$29,250	\$32,159	\$2,909	1	10%
170,001-175,000	\$23,067	\$28,822	\$5,755	1	25%
175,001-180,000	\$22,779	\$28,682	\$5,903	1	26%
180,001-185,000	\$17,991	\$25,754	\$7,764	1	43%
220,001-225,000	\$23,742	\$35,602	\$11,860	1	50%
<b>Grand Total</b>	<b>\$1,952</b>	<b>\$2,353</b>	<b>\$400</b>	<b>543</b>	<b>21%</b>

EXCLUDES: Exempt Parcels

## ATTACHMENT D

### AVERAGE ANNUAL APARTMENT/MULTI-FAMILY TAXPAYER LIABILITY - FBC Plus \$1.00 Reg Levy Vs. \$1.50 Reg Levy

#### PROPERTY TYPE SUMMARY

Total Apartment/Multi-Family Parcels

723

Square Footage	Average Annual @ \$1.50/\$1,000 Reg Levy	Average Annual @ \$1.00 Plus FBC	Avg Variance W/ FBC	Count of Properties	Avg % Ch
1-2,500	\$414	\$445	\$31	119	7%
2,501-5,000	\$583	\$600	\$17	505	3%
5,001-7,500	\$989	\$1,036	\$47	44	5%
7,501-10,000	\$1,520	\$1,629	\$109	16	7%
10,001-12,500	\$1,918	\$2,063	\$145	10	8%
12,501-15,000	\$2,307	\$2,590	\$283	5	12%
15,001-17,500	\$3,648	\$3,660	\$12	3	0%
17,501-20,000	\$5,196	\$4,851	(\$345)	4	-7%
20,001-22,500	\$4,524	\$4,676	\$153	3	3%
25,001-27,500	\$4,911	\$5,199	\$288	3	6%
27,501-30,000	\$5,397	\$5,751	\$354	3	7%
30,001-32,500	\$5,550	\$6,108	\$558	1	10%
40,001-42,500	\$8,675	\$8,886	\$212	3	2%
50,001-52,500	\$10,655	\$10,942	\$288	1	3%
57,501-60,000	\$10,880	\$11,766	\$886	1	8%
87,501-90,000	\$9,405	\$12,992	\$3,586	1	38%
125,001-127,500	\$16,650	\$20,564	\$3,914	1	24%
<b>Grand Total</b>	<b>\$826</b>	<b>\$868</b>	<b>\$42</b>	<b>723</b>	<b>5%</b>

Excludes: Exempt Parcels



## Financial Scenario Revenue Sources

Prepared By: Chelsie McInnis & Sandy Langdon

Date: July 9, 2018

<p><b>RFA funding package includes:</b></p> <ul style="list-style-type: none"> <li>• <b>EMS levy</b> (max at \$0.50)</li> <li>• <b>Fire levy</b> (max at \$1.50) <i>assuming no Fire Benefit Charge</i></li> <li>• <b>transport &amp; other fees</b></li> <li>• <b>contract service revenue</b></li> <li>• <b>Reserves from the two operations</b> (2020 startup year would include <i>at minimum</i> 4 months of operating exp. plus a 10% operating reserve - \$9.2M)</li> </ul>	<p><b>Scenario Modelling notes:</b></p> <ul style="list-style-type: none"> <li>• <b>EMS levies</b> assumed to be <b>local</b> until replaced by RFA levy in 2023 (for 2024 funding). Until that time, Marysville and FD 12 are funding at \$0.50 (inflater provision in ballot measure avoids 1% cap).</li> <li>• <b>Scenarios run at \$1.50 and \$1.40 fire levy.</b></li> <li>• <b>\$3M</b> (2020 estimate, 3% inflation factor)</li> <li>• <b>\$620k</b> (2020 estimate based off existing 2018 ILA terms)</li> <li>• 4 month of operating expenditure year-end balance is trigger point determining when a new levy is needed. If the year-end balance is below the 4-month operations target (which grows as budgets grow), then a levy vote would occur in the <b>preceding year</b> to avoid the gap.</li> </ul>
<p><b>Challenges to be managed:</b> Timing of lid lifts on two separate levies –EMS and Fire Levy – over time—in a way that preserves the year-end fund balance of 4-months operating reserve.</p>	

### Financial Scenario Takeaways

1. **The scenarios are just informational.** They help us decide where to set the initial fire levy and what our expectations should be on the frequency of lid lifts going forward.
2. **Both scenarios will need at least 1 lid lift over 7 years.**
  - a. Under **both scenarios** an RFA replacement EMS levy is required; you could do this earlier or later—but no later than 2023 (for 2024 funding).
3. **The fire levy does not need to be raised before 2025 under both scenarios modelled.** Fire levy will have eroded to \$1.24 (under \$1.50 scenario) and \$1.15 (under \$1.40 scenario) by this time.
4. **If the Fire Levy is imposed at \$1.50 rather than \$1.40 it allows RFA reserves to be built up to fund future facility and apparatus needs,** reducing reliance upon separate voted debt. Greater reserves also provide a **buffer** should there be an economic downturn and gives more **flexibility** in the timing of replacement lid lifts.
5. **Average taxpayer liability varies by \$30 annually** between the two rates. District operations are currently being funded in part by fund balance; hence the RFA need for at **least \$1.90 combined levy** to sustain baseline operations and fund future capital needs.

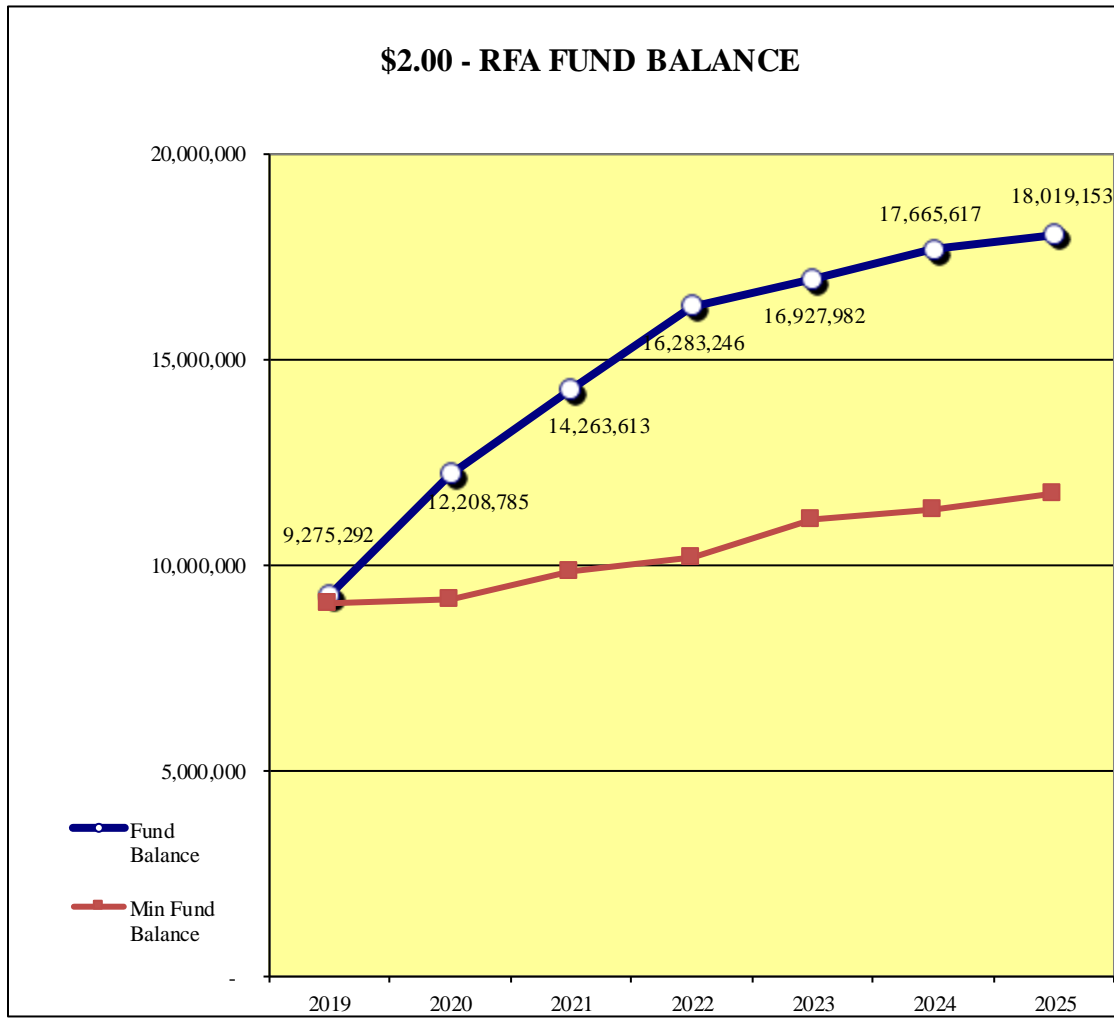
#### 2020 RFA AVG TAXPAYER LIABILITY \$2.00 vs. \$1.90

	2019 Est. Actual Levy	\$2.00 2020 RFA Levy		\$1.90 2020 RFA LEVY	
	\$1.55/\$1,000	Total	Annual Variance	Total	Annual Variance
Annual Taxpayer Liability	\$472	<b>\$609</b>	\$137	<b>\$579</b>	\$107

Assumptions:

Average home value (304,621) based upon 2018 a/v plus 5% annual inflation factor 2019-2020

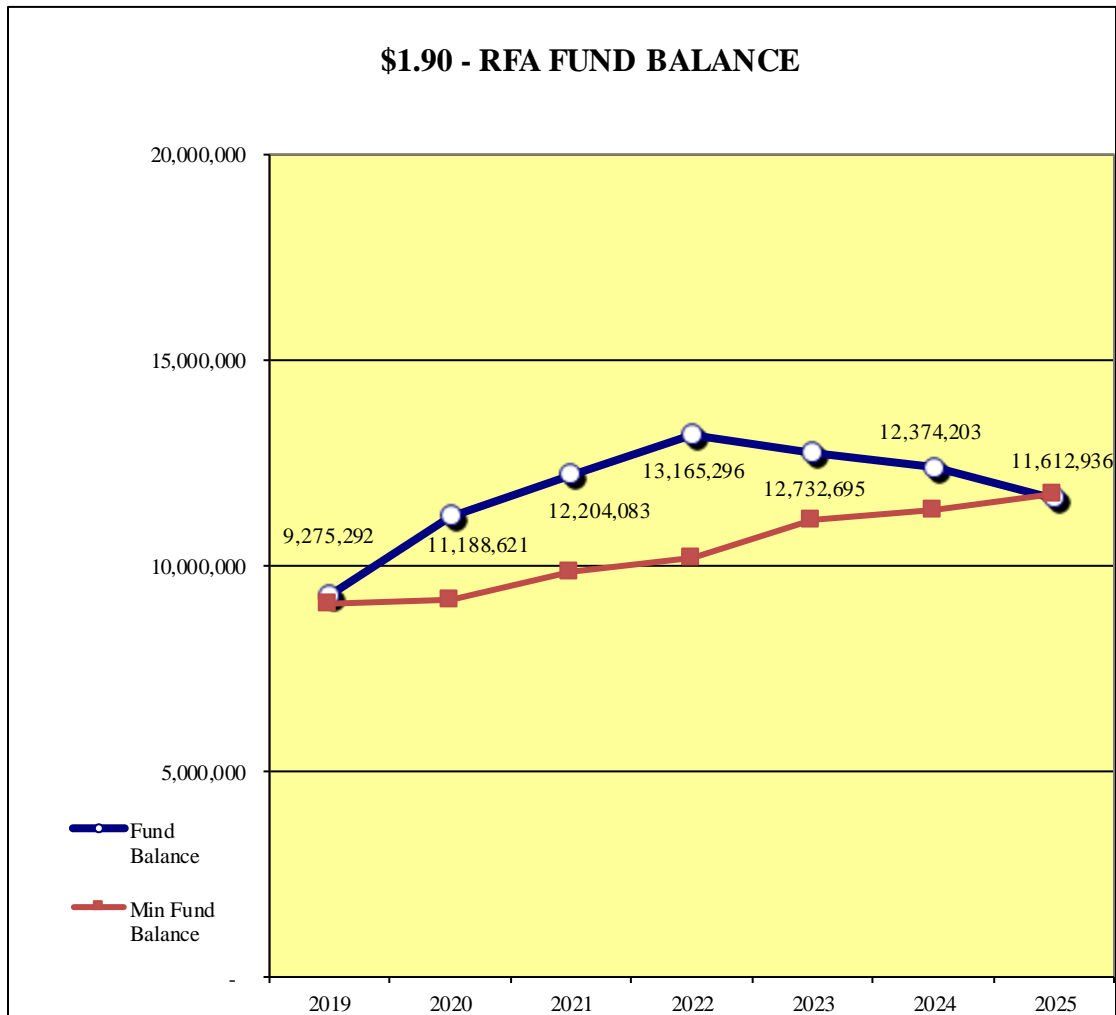
**EXHIBIT A - \$2.00 Scenario**



	2019	2020	2021	2022	2023	2024	2025
<b>Revenues</b>	18,446,977	24,067,947	24,765,959	25,480,057	26,211,261	26,960,623	27,478,214
<b>Expenditures</b>	20,935,049	21,134,454	22,711,130	23,460,425	25,566,525	26,222,988	27,124,678
<b>ENDING FUND BALANCE</b>	9,275,292	12,208,785	14,263,613	16,283,246	16,927,982	17,665,617	18,019,153
<b>Incr/(Decr) Fund Balance</b>	(2,488,072)	2,933,493	2,054,829	2,019,632	644,736	737,635	353,536

Regular Fire Levy	1.05	1.50	1.44	1.39	1.34	1.29	1.24
EMS Levy	0.50	0.50	0.50	0.50	0.50	0.50	0.48
Combined Levy	1.55	2.00	1.94	1.89	1.84	1.79	1.72

**EXHIBIT B - \$1.90 Scenario**



	2019	2020	2021	2022	2023	2024	2025
<b>Revenues</b>	18,446,977	23,047,783	23,726,593	24,421,638	25,133,925	25,864,495	26,363,411
<b>Expenditures</b>	20,935,049	21,134,454	22,711,130	23,460,425	25,566,525	26,222,988	27,124,678
<b>ENDING FUND BALANCE</b>	9,275,292	11,188,621	12,204,083	13,165,296	12,732,695	12,374,203	11,612,936
<b>Incr/(Decr) Fund Balance</b>	(2,488,072)	1,913,328	1,015,463	961,213	(432,600)	(358,492)	(761,267)

Regular Fire Levy	1.05	1.40	1.35	1.30	1.25	1.20	1.15
EMS Levy	0.50	0.50	0.50	0.50	0.50	0.50	0.48
Combined Levy	1.55	1.90	1.85	1.80	1.75	1.70	1.64