

MARYSVILLE FIRE DISTRICT
SPECIAL PLANNING COMMITTEE WORKSHOP
June 9, 2021 – 6 pm
Station 62 / Virtual Via Zoom

Chairperson Stevens opened the Planning Committee meeting at 6:03 pm.

The following were in attendance:

Board of Directors:

Michael Stevens
Steve Muller
Tom King
Kamille Norton
Tonya Christoffersen

Staff Members:

Guests:

Martin McFalls, Fire Chief
Jeff Cole, Deputy Chief
Tom Maloney, Deputy Chief
Darryl Neuhoff, Deputy Chief
Chelsie McInnis, Finance Director
Steve Edin, Human Resources Manager
Paula DeSanctis, Board Secretary

Finance Director Chelsie McInnis shared a presentation of the Station 61 project funding including the lending program, time lines for the project, review of our capital fund cash balance, annual payment liability estimates, and financial planning model integration.

McInnis stated we will be utilizing the WA State Treasure's LOCAL program for the lending portion of the project. It is a cost effective way for municipalities to finance equipment and real estate at very low tax-exempt interest rates. The top three participants in this program are schools, fire districts and cities. This is a certificate of participation (COP) financing structure which is an alternative to muni bonds. COPs pay investors via lease revenues as opposed to bond interest and allows investors to participate in a pro-rata share of a larger financing agreement.

There are several benefits to this program. It allows participants access to the national tax-exempt market through a competitive bid process, regardless of the size of their financing contract. By pooling with the State's Aa1 rated COP issuance, participants are able to take advantage of the State's very low tax-exempt interest rates. The State pays basic fixed financing cost significantly reducing the issuance costs. Participants only pay incremental costs such as escrow, title insurance, our local legal, and the muni advisor and the Treasurer's office manages all technical aspects of the program.

Terms we must consider in order to participate in the LOCAL Program. The District must own the property, pending legal review and the funding timeline, the District may need to pay City of Marysville the balance of outstanding installment payments prior to financing. There is a 25 year maximum lending term. The most common is a 20 year term due to a lower rate. Once funds are accessed we have 18 months to spend down that money. We will request reimbursement for all



upfront costs such as architect fees. Payments are due June and December of each year, the initial June payment would be interest only with principle and interest starting December. At the ten year mark we have the option to pay off the loan with no additional interest or refinance at current interest rates. After the ten year mark we may no longer pre pay or refinance the loan.

The application process takes approximately two months with three issue dates per year; February, June and October and we must have the construction contract in place prior to the sale date. McInnis gave two project timeline scenarios for the executed construction contract goal. The first beginning October 2022 and ending in March of 2024. The second beginning February 2023 and ending November 2024.

McInnis review how much debt the Marysville Fire District can carry as an RFA. The total general purpose debt limit is .75% of 2021 assessed value or \$90,048,137. Our maximum non-voted debt limit is .375% of 2021 assessed value or \$45,024,068. The Districts only outstanding commitment is the Station 61 RFA purchase/transfer agreement of \$3,575,000 payable to the City of Marysville.

The conservative cash balance estimated ending 12/31/2022 is \$15.6M, the Station 61 cash portion is \$12.0M leaving remaining cash of \$3.6M. There are several variables that could have an impact on the fund balance; the scope and cost of the Station 63 and 65 projects, annual expense fund transfers of excess revenues, ladder truck purchase, the continuation/rates of the GEMT program, and other unknown capital projects.

McInnis shared the twenty year annual payment liability estimates for different principal amounts using an estimated 2.95% APR for 2022. McInnis stated our goal is to be in the \$10M to \$12M loan range for a project total of \$24M to \$26M. At the ten year mark we would be looking at about \$6.8M to \$8.2M early principal pay off. McInnis is confident, with the continued GEMT funding, we would be able to take advantage of the ten year early pay off.

McInnis shared financial planning model integration with various assumptions for each loan amount thru 2026. Future considerations we will need to be aware of include apparatus replacement schedules, SCBA replacement reserves, timing of a regular levy lid lift, timing of a possible voted bond measure for replacement of Station 63/65, and the outcome of the 2023 EMS Levy.

Following Finance Director McInnis' presentation there was an in-depth question and discussion period pertaining to: financing, phasing of the Station 61 project, and Station 63/65 locations.


Boardmember Muller suggested touring newer neighboring fire stations to get a clear vision on the design we would like for Station 61.

ADJOURNMENT

With no action required, the June 9, 2021, Planning Committee Workshop adjourned at 7:20 pm.



Martin McFalls
District Secretary



Date approved

