# AGENDA
## MARYSVILLE FIRE DISTRICT BOARD OF DIRECTORS
## SPECIAL MEETING
## February 6, 2025, 5 pm
## MFD Fire Station 62 / Zoom

1. **Call to Order**
2. **New Business**
   A. 2025 Regular Levy Lid Lift Planning
3. **Adjournment**

***THE PUBLIC IS INVITED TO ATTEND***

***Special Needs***
*The Marysville Fire District strives to provide accessible opportunities for individuals with disabilities. Please contact the Human Resources Department, (360) 363-8510, at least five business days prior to any District meeting or event if any accommodations are needed. For TDD users, please use the state's toll-free relay service, (800) 833-6388 and ask the operator to dial the Marysville Fire District HR Department at (360)363-8510. For Voice Relay, please call 1-800-833-6384 and ask the operator to dial the Marysville Fire District HR Department at (360)363-8510.*

**Join Zoom Meeting**

**https://us02web.zoom.us/j/83658032745?pwd=n7QqsCobQfkwn6fib2IJOxNG1k8iNf.1**

**Meeting ID: 836 5803 2745**

**Passcode: 653346**

# MARYSVILLE FIRE DISTRICT

## 2025 REGULAR LEVY LID LIFT

SPECIAL MEETING: FEBRUARY 6, 2025

# Agenda

**2025 REGULAR LEVY LID LIFT**

- MFD RFA Election History
- Assessing Financial Need
- Decision Points: Election Date/Lid Lift Type/Rate
- Summary & Next Steps

**FUND BALANCE CLASSIFICATIONS REVIEW**

- Current Classifications / SAO Allowable Options

# MFD RFA ELECTION HISTORY

**RFA CREATION**

- Election Date: April 23, 2019
- Election Cost: $102,152
- Election Results:
  **50.39% YES: 6,340 Votes**
  49.61% NO: 6,243 Votes
  Total Voters: 12,583
- Entity Startup: October 1, 2019
- Replaced existing ILA entity structure

**EMS LEVY**

- Election Date: August 1, 2023
- Election Cost: $37,561
- Election Results:
  **67.46% YES: 8,981 Votes**
  32.54% NO: 4,333 Votes
  Total Voters: 13,314
- Collection began: Jan 1, 2024
- Replaced (2) separate EMS levies in City/FD12 respectively

# Assessing Financial Need

## Factors For Consideration

I-747 1% Tax Limitation; Expenses Always Outpace Revenues

Maintain and Enhance Current Level of Fire/EMS Service Delivery

Capital Funding – Infrastructure & Apparatus

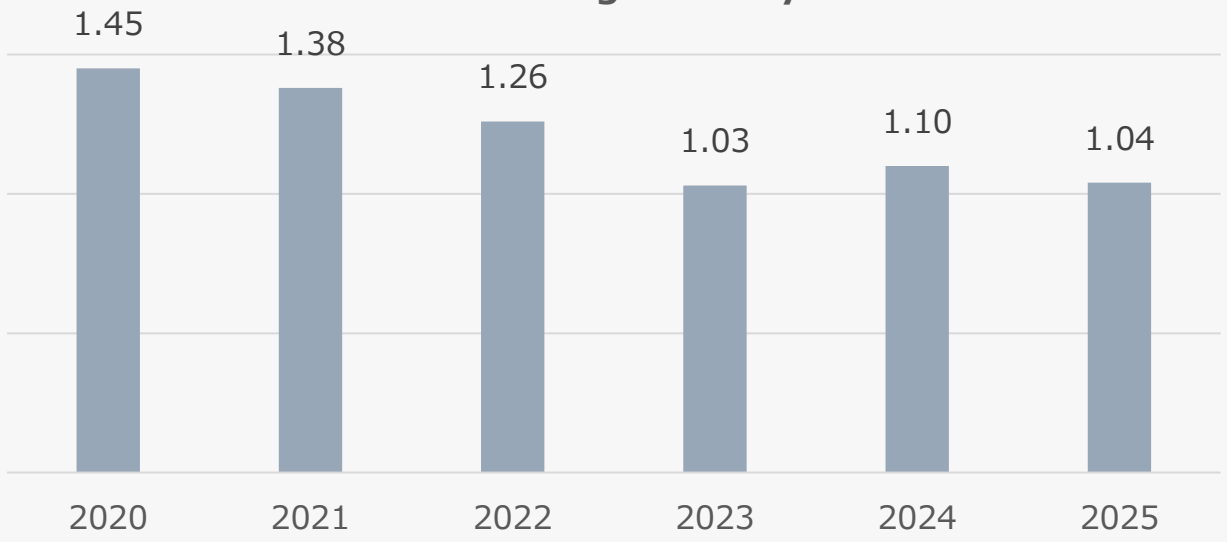
Revenue Reductions: Service Contracts, Investment Interest, and Ambulance Transport/GEMT Fees

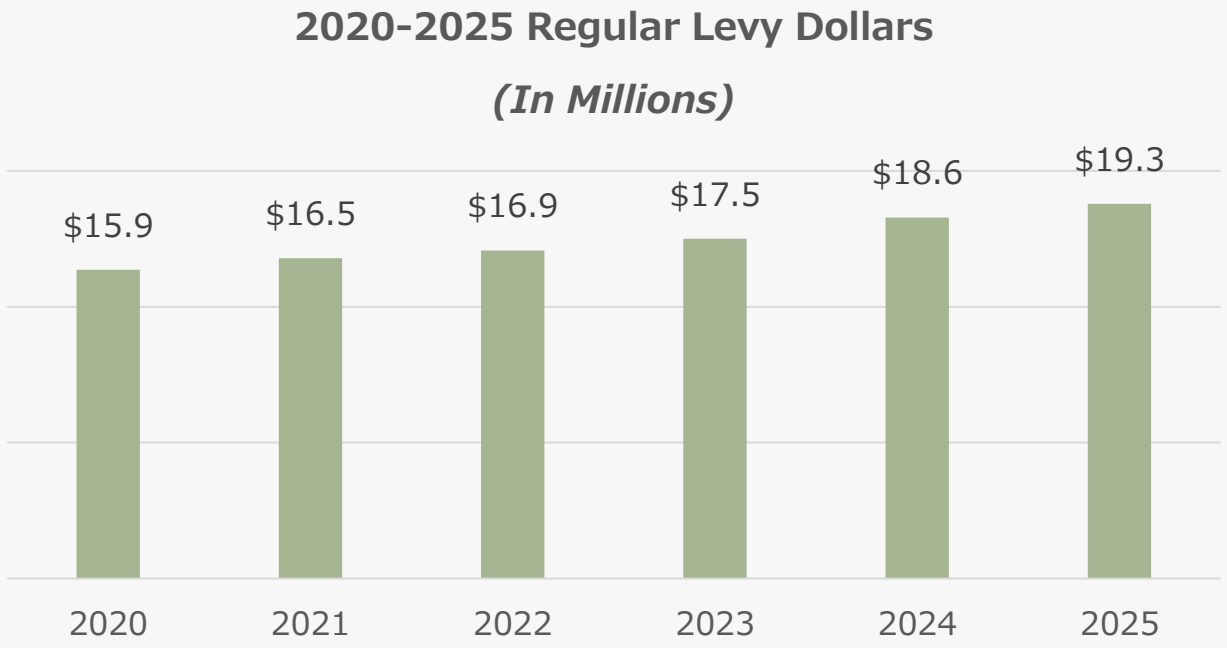
Meet Financial Policy Objectives for Sustainable Fund Balance

Minimize Debt/Financing Costs Through Capital Allocation

Delay Future Levy Lid Lift

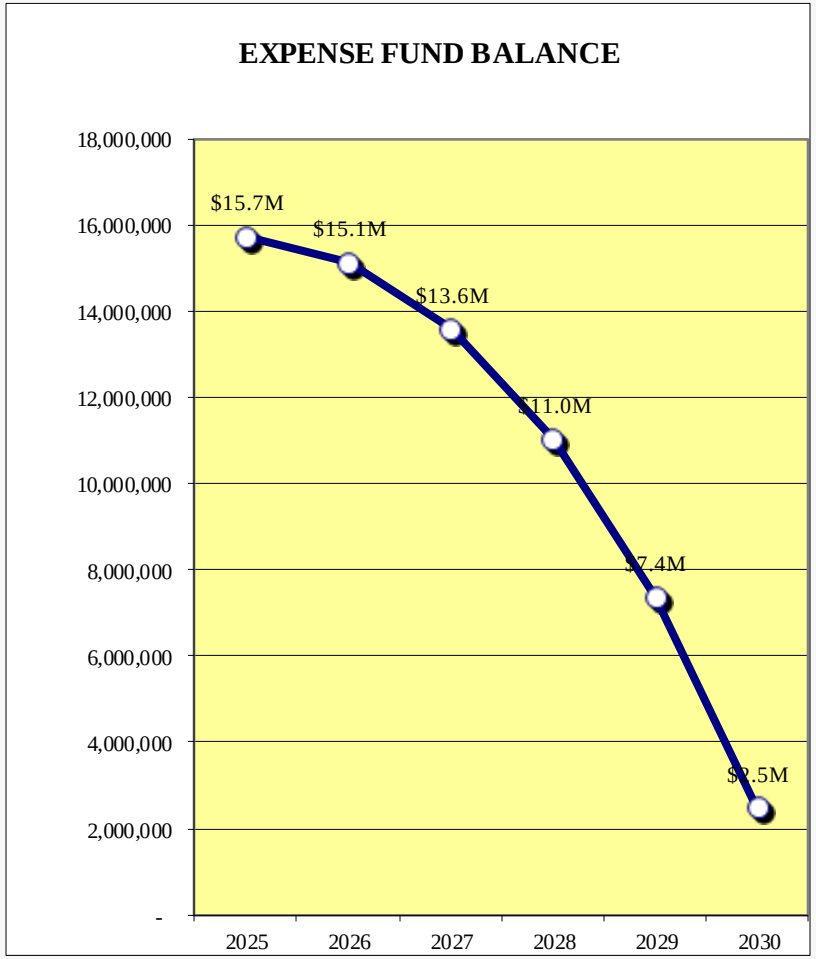
# Regular Levy Rate / Levy Dollars History



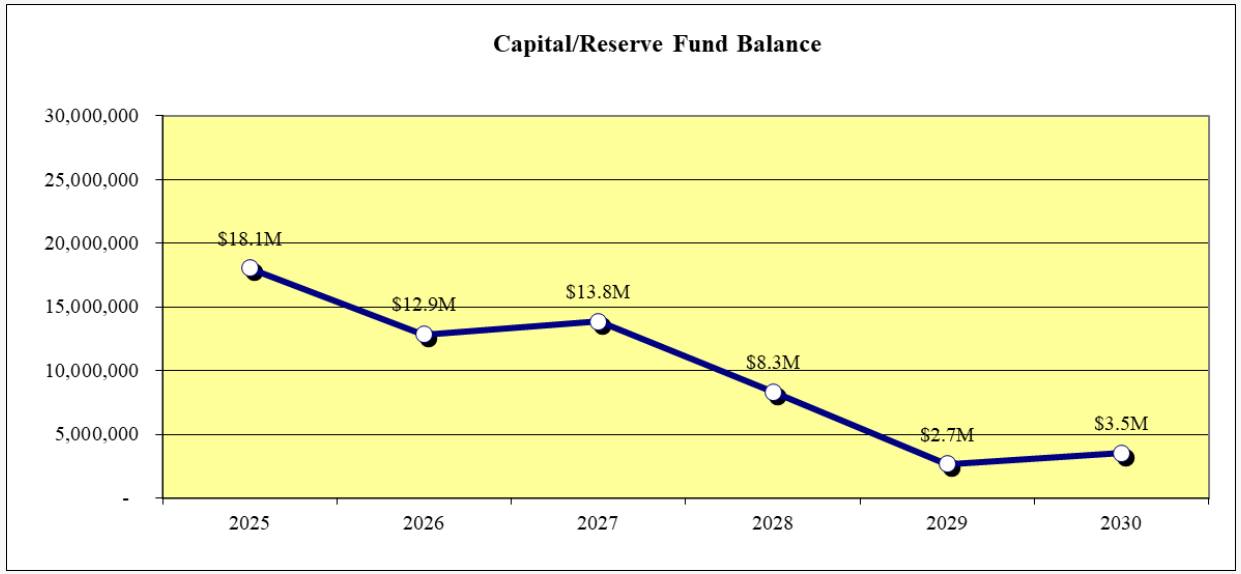
# Current Financial Outlook – No Lid Lift

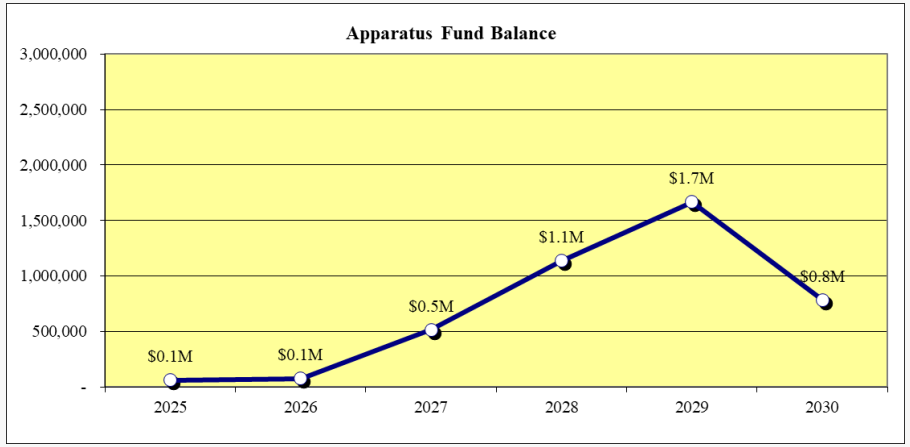
| EXPENSE FUND 778-70 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
|---|---|---|---|---|---|---|
| Beginning Balance | 16,491,997 | 15,735,269 | 15,132,151 | 13,583,911 | 11,036,979 | 7,365,304 |
| | | | | | | |
| Property Tax | 28,280,943 | 29,166,826 | 30,062,344 | 30,967,230 | 31,881,224 | 32,804,074 |
| Operating Revenues* | 3,769,695 | 3,128,505 | 3,048,036 | 3,012,398 | 2,956,171 | 2,964,158 |
| Transfers FROM Capital/Res | - | - | - | - | - | - |
| Transfers FROM Apparatus | - | - | - | - | - | - |
| *Total Revenues* | 32,050,638 | 32,295,331 | 33,110,380 | 33,979,629 | 34,837,396 | 35,768,232 |
| | | 0.76% | 2.52% | 2.63% | 2.52% | 2.67% |
| Government Services | 308,200 | 271,926 | 275,877 | 279,888 | 283,959 | 331,090 |
| Administration | 2,440,538 | 2,507,731 | 2,628,641 | 2,758,274 | 2,897,279 | 3,046,356 |
| Suppression | 17,006,404 | 17,316,155 | 18,379,187 | 19,511,421 | 20,717,374 | 22,001,853 |
| EMS | 6,527,406 | 7,502,733 | 7,889,818 | 8,298,352 | 8,729,547 | 9,184,683 |
| Special Operations | 49,200 | 49,938 | 50,687 | 51,447 | 52,219 | 53,002 |
| Prevention/Public Relations | 1,141,765 | 1,202,855 | 1,267,389 | 1,335,564 | 1,407,588 | 1,483,680 |
| Training | 940,900 | 901,386 | 934,933 | 970,125 | 1,007,052 | 1,045,811 |
| Health | 123,000 | 124,845 | 127,479 | 130,175 | 132,935 | 135,761 |
| Support Services | 3,452,671 | 3,567,277 | 3,686,927 | 3,811,754 | 3,942,018 | 4,077,990 |
| Capital Outlay | 124,575 | 125,000 | 125,000 | 125,000 | 125,000 | 125,000 |
| Transfer TO Apparatus/Debt** | 1,000,000 | - | - | - | - | - |
| Transfer TO Equipment | 100,000 | - | - | - | - | - |
| Transfers TO Capital/Debt** | 235,000 | - | - | - | - | - |
| *Total Expenses/Transfers* | 33,449,659 | 33,569,846 | 35,365,938 | 37,272,001 | 39,294,971 | 41,485,227 |
| *Operating Expense Only* | 32,114,659 | 33,569,846 | 35,365,938 | 37,272,001 | 39,294,971 | 41,485,227 |
| *Ops % Variance* | | 4.53% | 5.35% | 5.39% | 5.43% | 5.57% |
| Model Discrepency (Fund Bal Adj 2% Ops) | $ 642,293 | $ 671,397 | $ 707,319 | $ 745,440 | $ 785,899 | $ 829,705 |
| | | | | | | |
| **Ending Balance** | **15,735,269** | **15,132,151** | **13,583,911** | **11,036,979** | **7,365,304** | **2,478,014** |

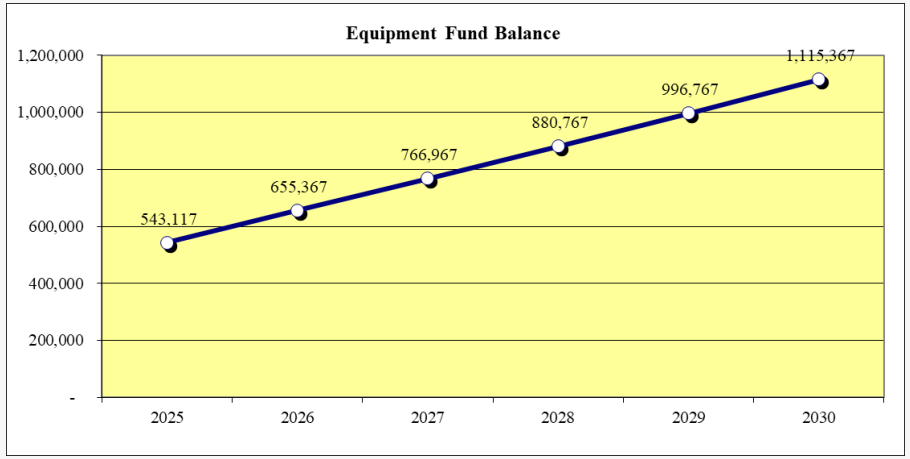



**Model Assumptions: 3% AV Inflator; (1) FTE annually 2027-2030; 5.75% Labor Inflation; 1.5% M&O Inflation; 2% Investment Interest, No Debt, OT Maintained at 2024 levels*

# Current Capital Funds – No Lid Lift




Projects/Procurements Modeled 2025-2030

- Station 63/65 Replacement
- (5) Ambulances, (2) Ambulance Remounts
- (2) Pumpers, (1) Tender
- (11) Staff/Specialty Vehicles

# Current Financial Condition Take-Aways

1. Current service level operating budget is now at 101% of expected current revenues; the 1% gap is bridged for 2025 with GEMT funds being diverted from capital allocation.

2. No capacity for service level enhancements, operations will remain at status quo until future levy lid lift is approved.

3. Interim operating deficit to be funded through GEMT diversion, up to the point that is also exhausted, while simultaneously evaluating the need for future service level reductions.

4. 2025 is the final year of capital interfund transfers from the Expense Fund; further allocation to Apparatus and Equipment funds will be coming from the Capital Reserve.

5. Capital fund balances will be largely exhausted by 2030, with no available current revenue stream for debt capacity.  Therefore, voted debt will be required for future capital or delays in projects/procurements will be necessary.

# FINANCE COMMITTEE RECOMMENDATIONS

Election Date

Levy Type

Levy Rate

# ELECTION DATE RECOMMENDATION

August 5th Primary

**Board Resolution Adopted:**
April 16, 2025

**Ballot Measures Due:**
May 2, 2025

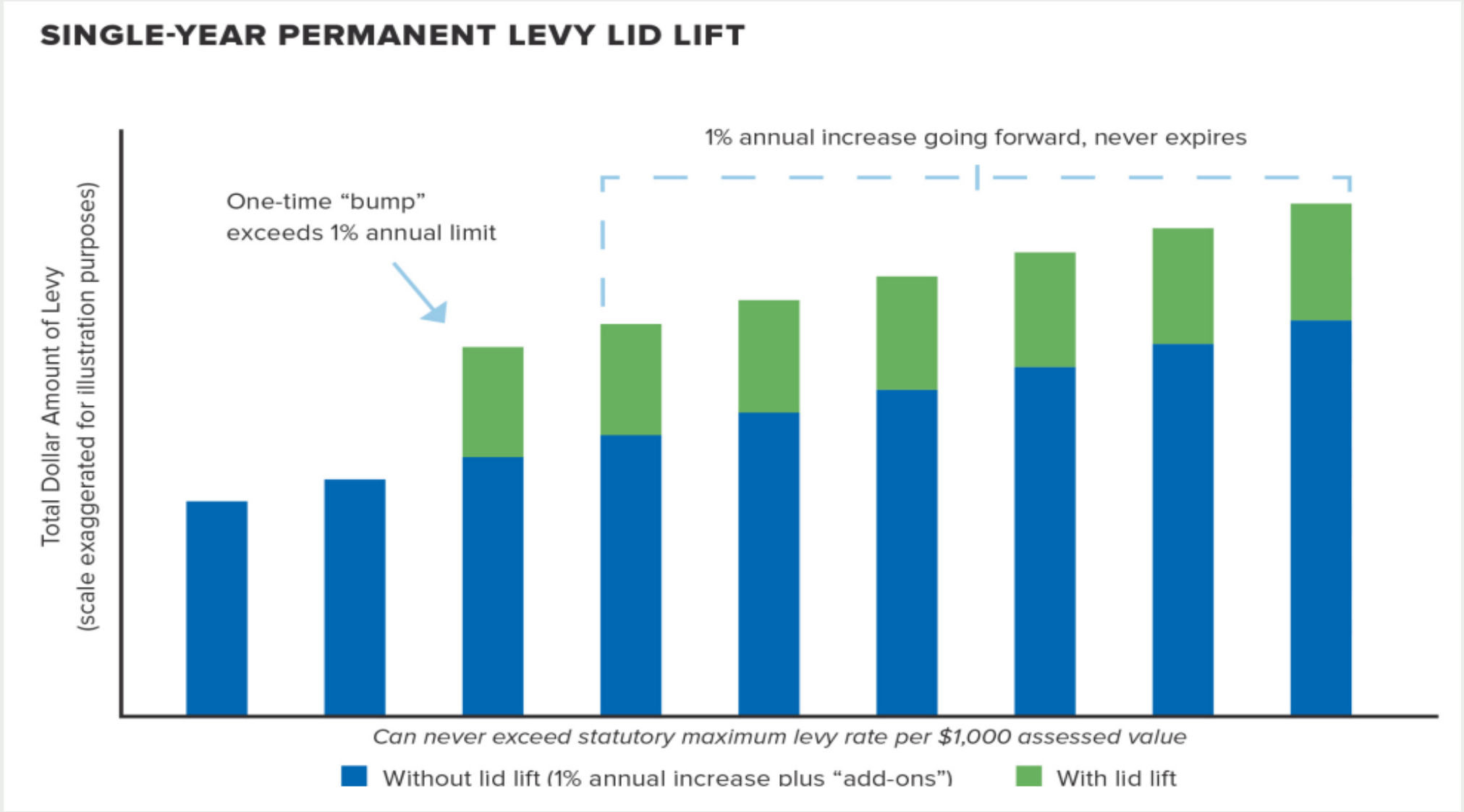
**Election Certifies:**
August 19, 2025


** Source: https://snohomishcountywa.gov/DocumentCenter/View/125913/Election-Timeline-2025*

# Levy Lid Lift Type Recommendation:
## Permanent Single Year

| Type | Description | Voter Requirement |
|---|---|---|
| Temporary Single Year | One time increase, levy continues annually with 101% levy limitation for specified term, *then reverts to previous levy as if no lid lift had occurred.* | Simple majority (50% plus one, no validation) |
| Temporary Multi-Year | Rate set in year 1, levy lid bumps more than 1% each year for up to 6 years, *then reverts to previous levy as if no lid lift had occurred.* | Simple majority (50% plus one, no validation) |
| **Permanent Single Year** | One Time Increase, levy continues annually with 101% levy limitation | Simple majority (50% plus one, no validation) |
| **Permanent Multi-Year** | Rate set in year 1, levy lid bumps more than 1% each year for up to 6 years, then continues with 101% limitation factor | Simple majority (50% plus one, no validation) |

**Source: MRSC, "Levy Lid Lifts", https://mrsc.org/explore-topics/finance/revenues/levy-lid-lifts#multi*




*Source: MRSC, "Levy Lid Lifts", https://mrsc.org/explore-topics/finance/revenues/levy-lid-lifts#multi

# Levy Lid Lift Rate Considerations:
## $1.40 or $1.45

1. Finance committee reviewed various detailed rate scenarios, bringing forward two for consideration: $1.40/$1,000 and $1.45/$1,000

2. RFA Regular Levy was created in 2019 at $1.45/$1,000, current levy rate is $1.04/$1,000

| | DOLLARS LEVIED | |
|---|---|---|
| **LEVY RATE** | **1.40** | **1.45** |
| 2026 Lid Lift Dollars | $ 26,935,643 | $ 27,897,631 |
| 2025 Actual Dollars | $ 19,350,848 | $ 19,350,848 |
| **Additional Tax Revenue** | **$ 7,584,795** | **$ 8,546,782** |

| | |
|---|---|
| **Each $0.05 Increment** | **$ 961,987** |

| | Rate Increase Per $1,000 AV | |
|---|---|---|
| 2026 Lid Lift Rate | $ 1.40 | $ 1.45 |
| 2025 Current Rate | $ 1.04 | $ 1.04 |
| **Rate Increase** | **$ 0.36** | **$ 0.41** |

| Per $100k Assessed Property Value | | |
|---|---|---|
| **Lid Lift Rate** | **Monthly Increase** | **Annual Increase** |
| $1.40 | $3.00 | $36.00 |
| $1.45 | $3.42 | $41.00 |

# 10 YEAR FINANCIAL OUTLOOK

$1.40 Scenario

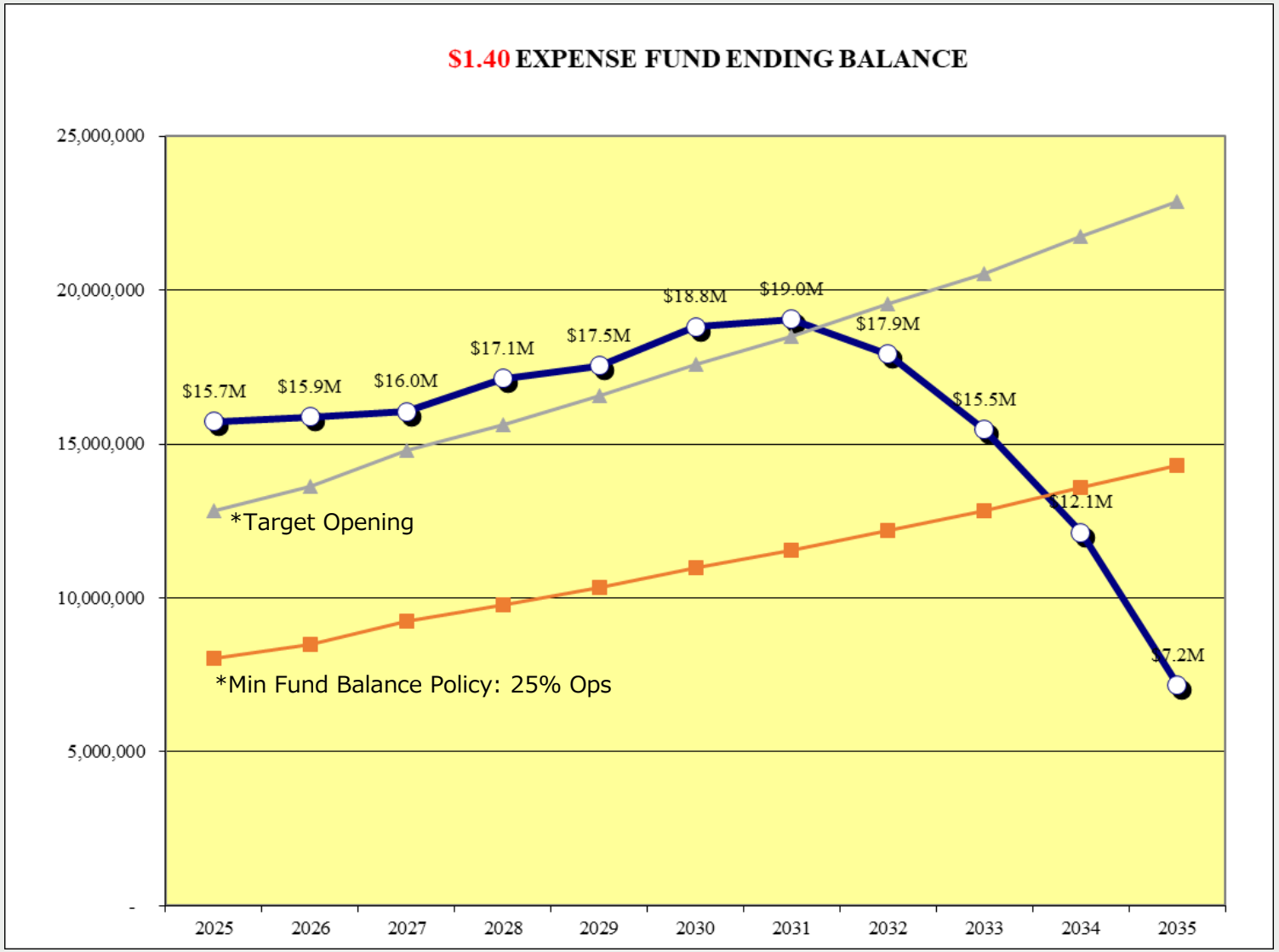
$1.45 Scenario

# 10 YEAR Financial Outlook Updates & Assumptions

- Standard 5 year financial planning model has been extended to 10 years
- Maximum capital allocation from levy funds until such time operating deficit begins
- Model has been updated as follows:
  - 2025 Actual Opening Fund Balances
  - GEMT resources modeled solely in capital funds & 2025 settlement updated
  - Enhanced baseline operations as indicated below, including 16 FTE vs. 9 FTE over 10 years
- Model assumptions are utilized in a prudent and consistent manner, which include the following inflation factors:
  - 3% Assessed Property Value Inflation Factor
  - 5.75% Labor; 1.5% M&O Costs
  - 2% Investment Interest; 1% Ambulance Regular Transport Fees
  - 3% Annual Unspent Budget Adjustment

| | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 10 YR FTE |
|---|---|---|---|---|---|---|---|---|---|---|---|
| FTE Adds | 2.00 | 7.00 | 1.00 | 2.00 | 2.00 | - | 1.00 | - | 1.00 | - | 16.00 |

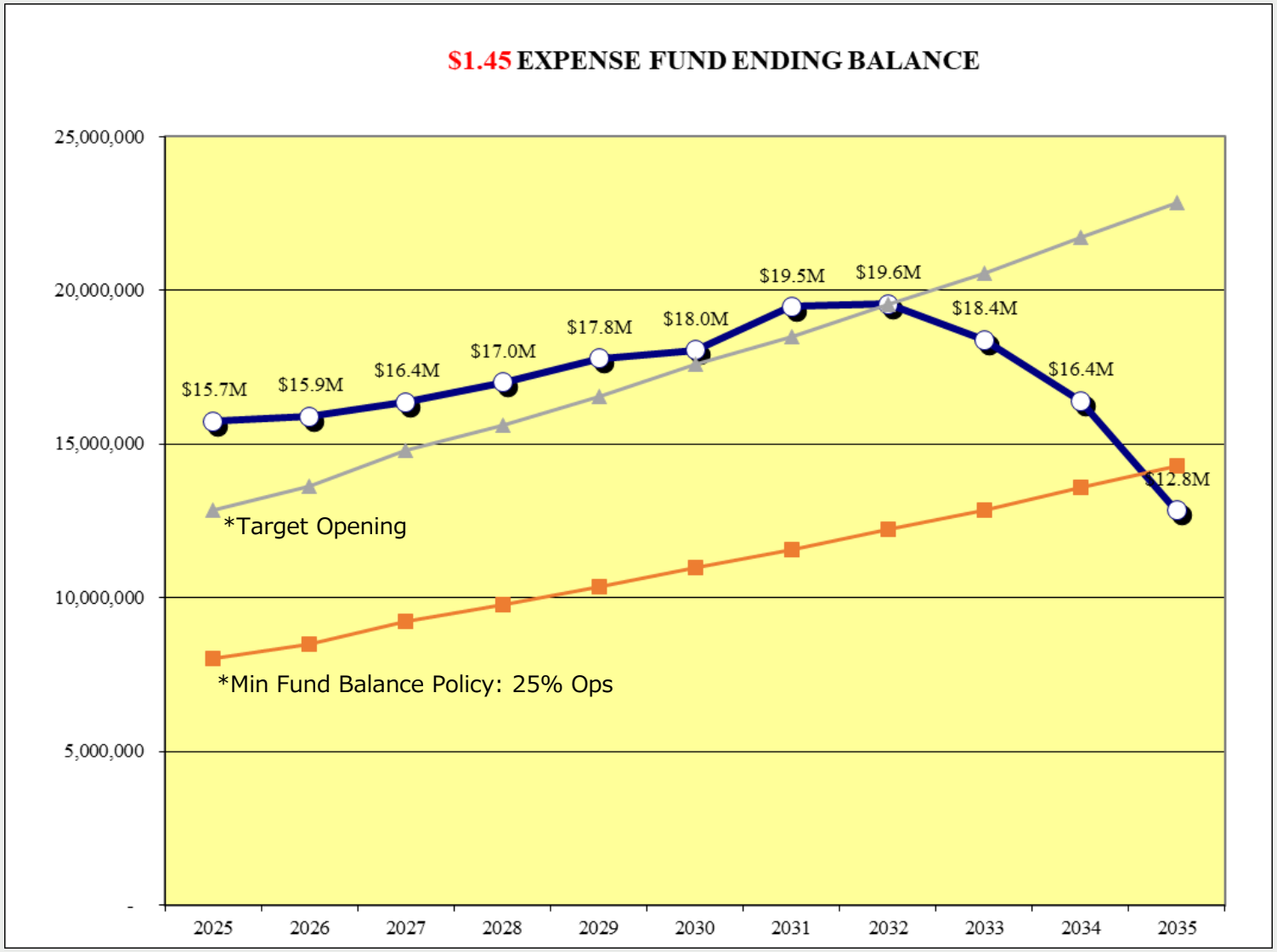
| OPS BUDGET | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 |
|---|---|---|---|---|---|---|---|---|---|---|
| BASELINE | 33,619,958 | 35,480,756 | 37,454,783 | 39,549,125 | 41,771,319 | 44,129,384 | 46,631,846 | 49,287,778 | 52,106,830 | 55,099,270 |
| ENHANCED | 34,011,153 | 36,953,996 | 39,026,591 | 41,405,724 | 43,940,146 | 46,204,596 | 48,825,880 | 51,364,105 | 54,302,114 | 57,148,348 |
| VARIANCE | 391,195 | 1,473,239 | 1,571,808 | 1,856,600 | 2,168,827 | 2,075,212 | 2,194,033 | 2,076,326 | 2,195,284 | 2,049,078 |




## KEY TAKE-AWAYS

- Final Capital Allocation: 2029
- Final Balanced Budget: 2030
- Final 25% Min Fund Balance: 2033
- Final Target Opening Balance:
  - 2031-2033 would replenish to min. fund balance w/in 60 days
- Total Capital Allocations: $15.15M
- Exponential fund balance spend down beginning 2031
- Consider 2029 EMS levy prior to 2033 expiration date

| EXPENSE FUND 778-70 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Current Rev Vs. Current Ops (100% Bdgt) | (64,022) | 5,223,406 | 3,410,061 | 2,500,877 | 1,284,774 | (58,552) | (1,142,157) | (2,598,906) | (3,987,369) | (4,964,967) | (6,666,745) |
| Relation to EOY 25% Min Fund Balance | 7,706,604 | 7,376,222 | 6,809,192 | 7,362,718 | 7,194,880 | 7,820,927 | 7,498,796 | 5,709,345 | 2,628,343 | (1,442,063) | (7,105,915) |
| Relation to Min BOY Opening Fund Balance | 3,646,134 | 2,130,808 | 1,097,412 | 437,054 | 557,076 | (29,747) | 324,126 | (480,407) | (2,629,827) | (6,251,476) | (10,725,873) |
| Operating Budget Increase | 1,444,554 | 1,896,494 | 2,942,843 | 2,072,595 | 2,379,134 | 2,534,422 | 2,264,449 | 2,621,284 | 2,538,225 | 2,938,010 | 2,846,234 |
| | 4.45% | 5.91% | 8.65% | 5.61% | 6.10% | 6.12% | 5.15% | 5.67% | 5.20% | 5.72% | 5.24% |



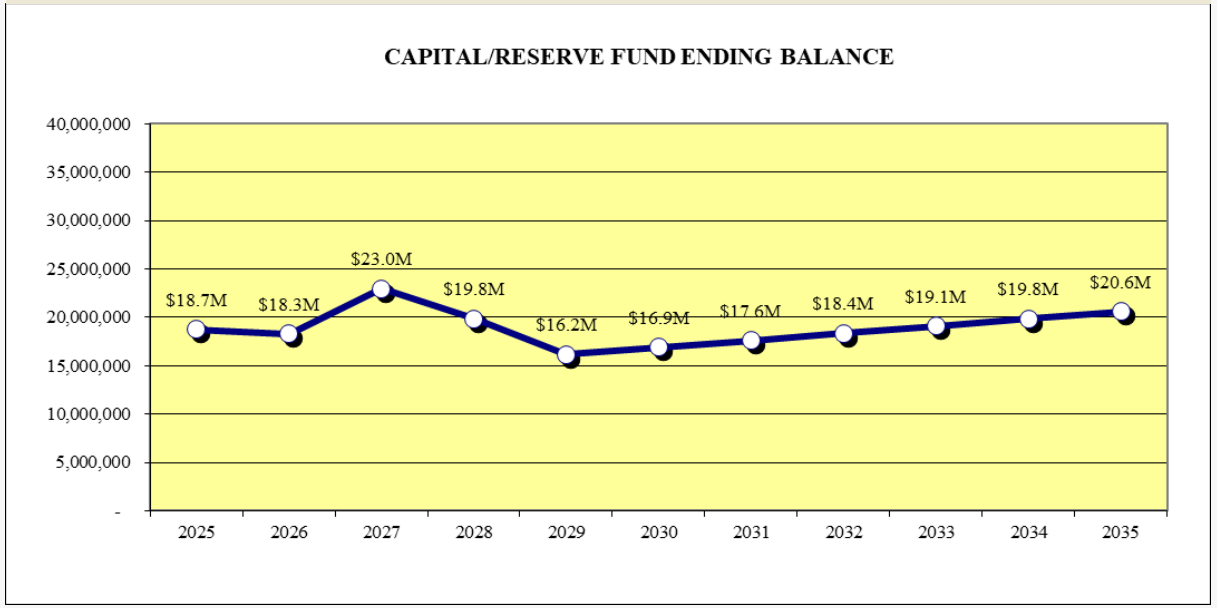

## KEY TAKE-AWAYS

- Final Capital Allocation: 2030
- Final Balanced Budget: 2031
- Final 25% Min Fund Balance: 2035
- Final Target Opening Balance:
  - 2031-2033 would replenish to min. fund balance w/in 60 days
- Total Capital Allocations: $21.26M
- Fund balance spend down moderated compared to $1.40
- Consider 2029 EMS levy prior to 2033 expiration date

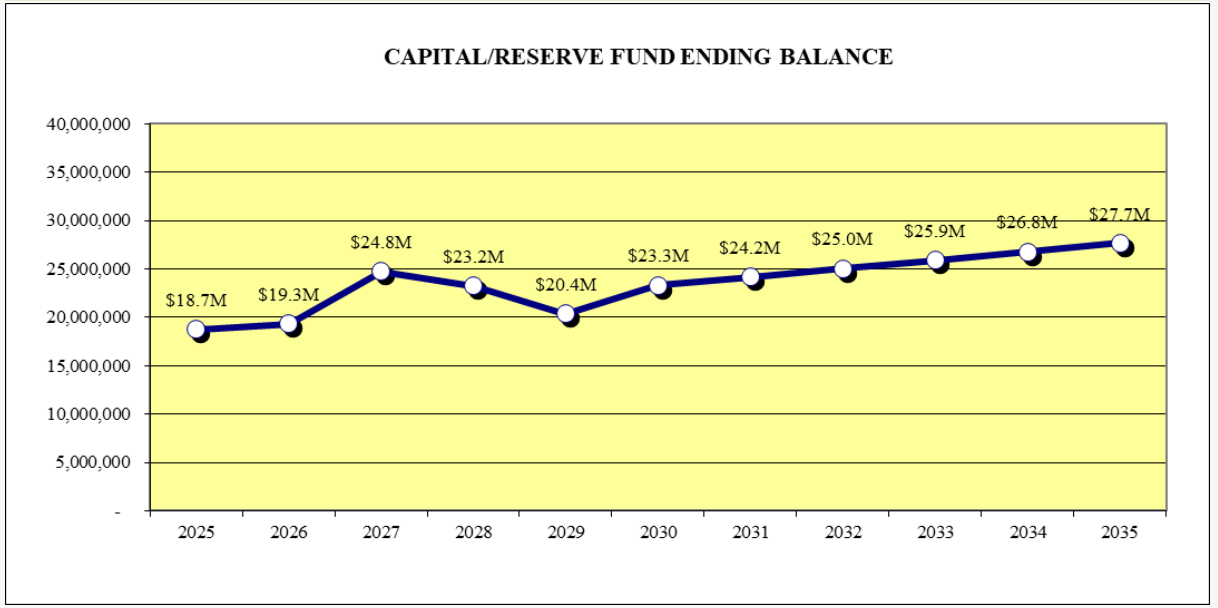
| EXPENSE FUND 778-70 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Current Rev Vs. Current Ops (100% Bdgt) | (64,022) | 6,235,633 | 4,457,740 | 3,569,918 | 2,390,885 | 1,058,734 | 29,207 | (1,372,565) | (2,705,152) | (3,625,977) | (5,270,089) |
| Relation to EOY 25% Min Fund Balance | 7,706,604 | 7,388,449 | 7,119,098 | 7,241,665 | 7,419,939 | 7,063,272 | 7,912,504 | 7,349,394 | 5,550,609 | 2,819,193 | (1,448,003) |
| Relation to Min BOY Opening Fund Balance | 3,646,134 | 2,130,808 | 1,109,639 | 746,960 | 436,023 | 195,311 | (433,530) | (66,699) | (989,778) | (3,329,210) | (6,464,618) |
| Operating Budget Increase | 1,444,554 | 1,896,494 | 2,942,843 | 2,072,595 | 2,379,134 | 2,534,422 | 2,264,449 | 2,621,284 | 2,538,225 | 2,938,010 | 2,846,234 |
| | 4.45% | 5.91% | 8.65% | 5.61% | 6.10% | 6.12% | 5.15% | 5.67% | 5.20% | 5.72% | 5.24% |

# Capital Fund – Infrastructure

## $1.40 / $15.15M Allocated From Levy




## $1.45 / $21.26M Allocated From Levy




**Projects/Procurements - $1.40 & $1.45**

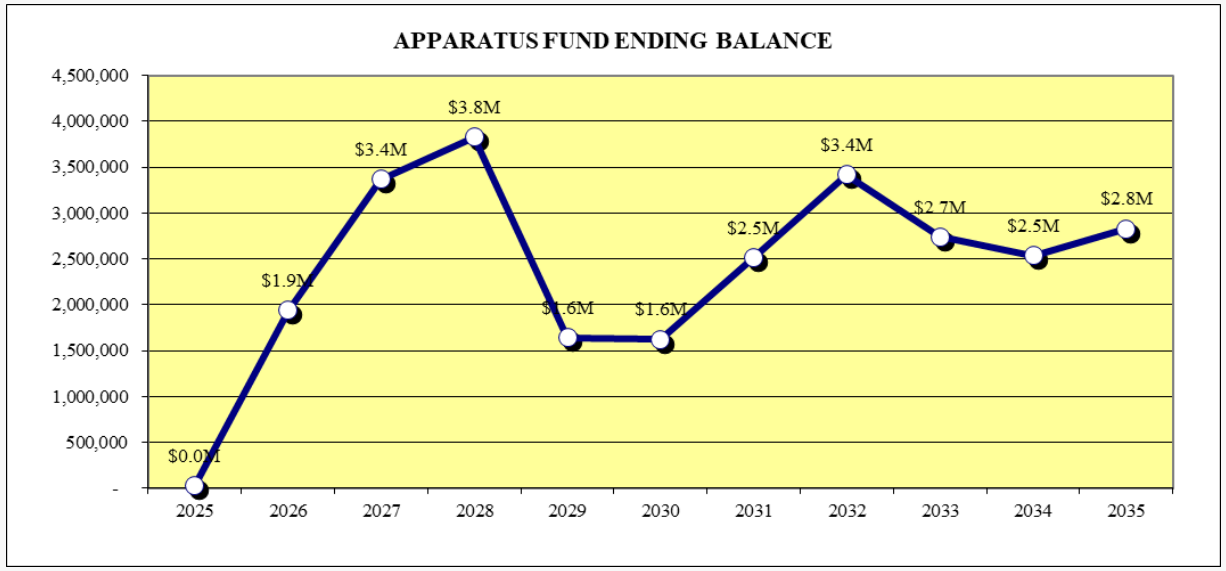
- Station 63/65 Replacement
- $500k Annually - Baseline Improvements

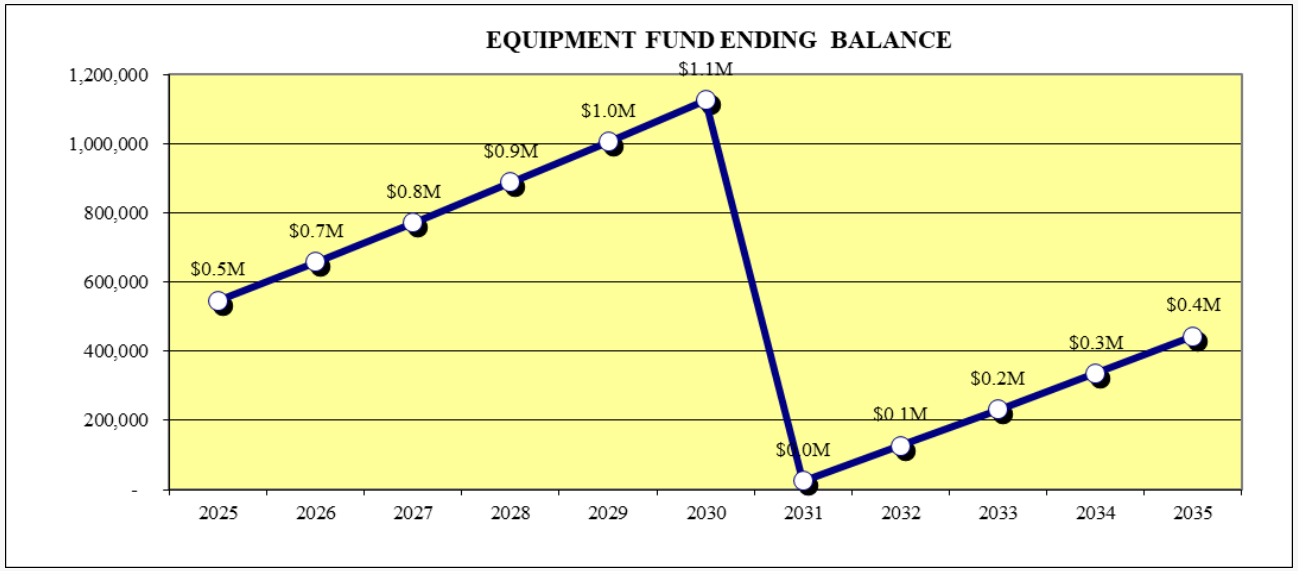
**Fund Balance Comparison**

- $1.40 2035 Ending Balance $20.6M
- $1.45 2035 Ending Balance $27.7M

**$1.40 / $1.45 Variance - $7.1M**

# Capital Funds – Apparatus & Equipment




Apparatus Replacements 2025-2035

- (11) Ambulances
- (4) Pumpers, (1) Tender
- (24) Staff/Specialty Vehicles

Equipment Purchased 2025-2035

- SCBA Replacement 2031

Allocations from combination of current levy and capital fund equal under both $1.40 & $1.45 scenarios. Actual replacement need of scheduled apparatus would be reviewed annually. $1.1M annual funding allocation beyond levy lid lift capacities is from interfund Capital balance transfer. Beginning in 2039, additional Capital funds may be necessary based upon actual apparatus replacements.

# FUND BALANCE CLASSIFICATIONS

# Fund Balance Classifications

| Type | Who/What Can Impose? | Examples: | MFD Current |
|---|---|---|---|
| **Nonspendable** | **EXTERNAL** laws or contracts, can be use be used only with Permanent (Code 700) and Trust funds (Code 600) | Permanent Endowments; funds where only earnings and not principal may be used to support government programs. Parks, Arts & Culture, Cemetery, etc... Contributor agreement attached to fund use. | **None** |
| **Restricted** | **EXTERNAL** laws or contracts including grantors, creditors, donors, other governments, etc.. for a specified purpose | Grant money received in advance; unspent resources provided by another government for future building replacement | **None** |
| **Committed** | **INTERNAL** resources with a specific limitation imposed through resolution of the governing body. *Limitation must be very specific and narrower than the purpose of the fund* | Monies for fire station new construction<br>Monies for SCBA equipment<br>Monies for accrued leave cashouts<br>Often portions reserved within a larger fund | **None** |
| **Assigned** | **INTERNAL** resources representing the specific intended use as defined by the governing body. Adopted via motion, budget document, etc.. | All monies in capital funds are for the exclusive purposes of capital expenditures. Budget adoption/amendment necessary to change/move funds back into the Expense Fund as unassigned | **Capital Fund**<br>**Apparatus Fund**<br>**Equipment Fund** |
| **Unassigned** | No restrictions; only fund which may have an unassigned balance is the Expense Fund | Expense fund for all operations of the government | **Expense Fund** |

Source: WA State BARS Cash Manual, Section 3.1.8

# Assigned vs. Committed

**ASSIGNED**

- **Intended/Assigned purpose** for funds, as defined by Board through **budget adoption**
- **Uses beyond this scope NOT ALLOWED**
- Budgets and subsequent amendments are adopted via **Board resolution**

**COMMITTED**

- **Specific and narrow limitation** for funds based upon project/purpose, as defined by **Board resolution**
- **Uses beyond this scope NOT ALLOWED**
- Requires **Board resolution** to lift the commitment

**For MFD, both types require Board resolution** to move the funds from assigned/committed to unassigned status. Committed balance within a fund creates additional layer of accounting to tabulate the remaining balance at the end of the year.

# MFD Actual Fund Balance Financial Reporting

**Marysville Fire District, A Regional Fire Authority**
**Fund Resources and Uses Arising From Cash Transactions**
**For the Month Ended December 31, 2024**

| | | Total for all Funds (Memo Only) | Current Expense 778-70 | Apparatus 778-72 | Capital/Reserve 778-73 | Equipment 778-74 |
|---|---|---|---|---|---|---|
| **Ending Cash and Investments** | | | | | | |
| 50851 | Assigned | 26,726,291.44 | - | 2,238,225.03 | 24,055,117.39 | 432,949.02 |
| 50891 | Unassigned | 16,491,997.32 | 16,491,997.32 | - | - | - |
| **Total Ending Cash and Investments** | | **43,218,288.76** | **16,491,997.32** | **2,238,225.03** | **24,055,117.39** | **432,949.02** |

**Notes to the Financial Statements**
GOVERNMENTAL FUND TYPES:

General Fund
This fund is the primary operating fund of the government. It accounts for all financial resources except those required or elected to be accounted for in another fund.

Capital Projects Funds
These funds account for financial resources which are restricted, committed, or assigned for the acquisition or construction of capital facilities or other capital assets.

*Actual 12/31/2024 MFD financial statement presentation of ending fund balance. Note presentation required by SAO in the annual financial report of the district.

# Summary & Next Steps

1. Finance Committee Recommendations
    a. Election Cyle: August 5th Primary
    b. Levy Lid Lift Type: Permanent Single Year
    c. Levy Lid Lift Rate: $1.40 OR $1.45

2. Board Workshop
    a. Election Cycle, Levy Type, Levy Rate Determination

3. Community Education

4. Prepare Documentation/Election Packets
    a. Board Adopted Resolutions
    b. Explanatory Statement
    c. Attorney Attestation Letter
    d. Pro/Con Committee Appointment Formation

6. Submit Election Packets to County

7. Elections Are Held

8. County Canvassing Board Certifies Results

9. District Confirms Pass/Fail of Measure

# THANK YOU!

ANY QUESTIONS PLEASE CONTACT ME AT:

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CMCINNIS@MFDRFA.ORG
360-363-8509