Yamhill & Polk Counties
Fire Departments & Districts

McMinnville, Oregon

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Fire District & Departments Implementation Models

Financial Analysis

Emergency Services Consulting International

Providing Expertise & Guidance that Enhances Community Safety

CONTENTS

INTRODUCTION

In the original ESCI Cooperative Services Feasibility Study, two separate fire protection districts were proposed under Phase II, the North Willamette Valley and Mid-Willamette Valley Fire Protection Districts. Financial modeling was conducted assuming that all potential partners participated in each respective district to develop baseline financial projections and millage rate estimates. It was pointed out that the removal of one or more potential partners in either district would affect the financial analyses and potential mill rates to greater or lesser degrees that were unknown at the time of the original study.

Subsequent discussion between the various potential partners has shown that many are not yet ready to move into this next phase. However, several of the North Willamette partners have expressed varying degrees of support to continue with the process. The following analysis examines the financial impact of five potential partnering scenarios for the North Willamette Valley Fire Protection District that was originally proposed.

To test the impact of various combinations of partners in a North Willamette Valley FPD, the following analysis was performed using the same financial data set as that used in the original study. Four scenarios are presented that have various partner combinations as shown in the following figure and which are considered to have greater or lesser degrees of confidence or probability of coming to fruition. Subsequent discussion among potential partners suggested the need for a fifth model.

For comparison purposes, the first scenario presented is the same as that originally presented where all potential partners were participants and is named the "Base Scenario." And, although this is considered the least likely to occur, it will serve as the base scenario against which the other four can be compared. In the original North Willamette Valley FPD scenario, the following partners were included; Amity Fire District (AFD), Dayton Fire District (DFD), the City of Dundee (DDF), the Dundee Rural Fire Protection District (DRFPD), Lafayette Fire District (LFD), the City of McMinnville (MFD), the McMinnville Rural Fire Protection District (MRFPD) and the New Carlton Fire District (NCFD).

Figure 1: Agencies Partnered in Various Modeled North Willamette Valley FPD Scenarios

Agency	Acronym	Scenario				
		Base	I	II-A	II-B	III
Amity Fire District	AFD	X	X	X		X
Dayton Fire District	DFD	X				
City of Dundee	DDF	X				X
Dundee Rural Fire Protection District	DRFPD	X				X

Lafayette Fire District	LFD	X	X			X
City of McMinnville	MFD	X	X	X	X	X
McMinnville Rural Fire Protection District	MRFPD	X	X	X	X	X
New Carlton Fire District	NCFD	X	X			X

Three of the additional scenarios presented here (I, II-A, and III) use the same format and financial data as the original or Base Scenario, again the least likely, and use the same assumptions to provide an "apples-to-apples" comparison. The fourth scenario (II-B) has been provided for the City of McMinnville and the McMinnville Rural Fire Protection District and uses FY 21 financial data. Therefore, it is not shown in the comparison with the Base Scenario. A comparison of the other four scenarios is presented at the end of this analysis.

Scenario I is considered least likely to move forward and has the following partners: Amity Fire District (AFD), Lafayette Fire District (LFD), the City of McMinnville (MFD), McMinnville Rural Fire District (MRFPD), and New Carlton Fire District (NCFD). Scenario II-A, considered more likely than Scenario I to move forward, removes Lafayette Fire District (LFD) and New Carlton Fire District (NCFD) from the Scenario I potential partners. A third scenario has more recently been considered for potential implementation and is considered most likely to move forward. Scenario III is the Base Scenario minus only the Dayton Fire District (DFD). As mentioned, Scenario II-B was recently added with only MFD and MRFPD as partners and using updated FY 21 financial information for each.

It is first worth reviewing the underlying assumptions used in both the original and this subsequent analysis. The potential partners have completed another fiscal year (FY 21) but the historical analysis from the original study was based upon actual data through FY 19. However, the original analysis is still generally valid since little of significance has changed that would alter historically derived trajectories of major revenue and expense categories.

After the initial study was published in late 2020, actual revenue and expense data became available for FY 20 along with better FY 21 budget data and FY 21 taxable values for several potential partners in Scenario II-A. Therefore, an additional comparison was made for Scenario II-A, using the updated and former financial data. This sensitivity comparison is discussed later. However, since updated financial data were not available for all potential partners in all scenarios in the original Base Scenario, the original data is used in this financial model update to compare scenarios.

The estimates and analyses presented are dependent on the outlined assumptions and subject to change depending on actual factors that influence revenue and expense. Key assumptions used in the assessment are followed by high-level estimates of revenue, expense, and the net impact on fund balance over the five-year period FY 22 through FY 26. Each scenario concludes with a notional summary of financial considerations. The figures shown in the summary may vary considerably given different assumptions as the process moves forward and is only intended as a rough indicator of how district formation may affect estimated millage rates for the participating parties over time under various partnering scenarios. Operational millage rates in the forecast beginning with FY 21 are calculated rates and may not reflect actual current permanent or voter-approved levy rates.

FY 21 COMPOSITE DISTRICT REVENUE & EXPENDITURE MODEL

The fiscal analysis of each scenario begins with a comparison of FY 21 adopted or estimated financial resources and expenses of the partner agencies participating in the respective scenario. The following figures provide summaries of recurring and non-recurring revenue sources as well as any fund balance, if applicable. The figures shown represent the Base Scenario only where all potential partners are shown. In Scenarios I, II-A, and III, which are more likely, the same partner data is used but the totals reflect the absence of those less likely to participate in the respective scenarios.

Those departments that are part of a municipal general fund (Dundee, Lafayette, and McMinnville) do not show a fund balance that might be available as part of the new district's resources except where they have capital resources maintained in funds separate from the GF. Tax revenues for those city departments represent a portion of undesignated city general revenues (assumed to be taxes for purposes of this analysis) necessary to fully fund the departments beyond fire department-specific revenues and operational mill levies are calculated as if these departments were funded separately from the respective city general funds.

Charges for Services include ambulance billing, prevention activities, etc. The columns for Dundee and McMinnville do not include the Dundee and McMinnville rural fire protection districts to which they provide services under contract, which are shown separately. The analysis here does not include either the expenditure by the district or the revenue for the municipality derived from the service contracts as these are net zero.

Other recurring revenues include FireMed revenue where applicable and the Reimbursement/Conflagration line includes GEMT reimbursements, where applicable. The final column shows total revenues and fund balances for all agencies combined, as estimated for FY 21. This column is used as a starting point to examine projected revenues and expenses for each scenario of the potential new North Willamette Fire Protection District. In Scenarios I, II-A and III, the values in the "Totals" column would reflect only those agencies participating in that scenario.

Figure 2: FY 21 Adopted/Estimated Revenue and Expense for North Willamette Valley Fire District Partners—Base Scenario

Resources	Agency								
	AFD	DFD	DDF[3]	DRFPD[3]	LFD	MFD[4]	MRFPD[4]	NCFD	Total
Taxes—Current Year[1]	695,423	595,908	543,524	187,541	517,222	4,590,175	504,939	413,145	8,047,878
Taxes—Prior Year	15,000	20,000	0	8,000	0	-	23,936	13,000	79,936
Interest/Earnings	4,000	20,000	0	500	13,500	15,200	15,000	9,300	77,500
Charges for Services[2]	0	0	0	0	0	3,668,000	0	100,000	3,768,000
Other[5]	0	0	150,000	0	0	228,000	0	0	378,000
Recurring Revenue	**714,423**	**635,908**	**693,524**	**196,041**	**530,722**	**8,501,375**	**543,875**	**535,445**	**12,351,314**
Grants	5,000	0	0		0	0	0	0	5,000
Sale of Surplus	500	0	0		0	0	0	0	500
Reimb/Conflag[6]	68,500	48,200	0	0	0	252,000	0	0	368,700
Miscellaneous	1,000	5,000	535,600	500	0	116,202	0	5,000	663,302
Non-Recurring Revenue	**75,000**	**53,200**	**535,600**	**500**	**0**	**368,202**	**0**	**5,000**	**1,037,502**
Beginning Fund Balance	**49,096**	**241,668**	**0**	**162,450**	**5,496,500**	**0**	**700,876**	**618,016**	**7,268,606**
TOTAL RESOURCES:	**838,519**	**930,776**	**1,229,124**	**358,991**	**6,027,222**	**8,869,577**	**1,244,751**	**1,158,461**	**20,657,422**

[1]For municipal departments, this includes non-specified general revenues required beyond fire service-specific revenues to meet expenses.

[2]Includes ambulance billing and collections revenue for transporting agencies.

[3]City of Dundee contract revenue and Dundee RFPD contract expense excluded since they are net zero.

[4]City of McMinnville contract revenue and McMinnville RFPD contract expense excluded since they are net zero.

[5]Includes revenue from FireMed.

[6]Includes GEMT reimbursements and Conflagration/wildfire reimbursement from state and other sources.

Expenses	Agency								
	AFD[1]	DFD[1]	DDF[2]	DRFPD[2]	LFD	MFD[3]	MRFPD[3]	NCFD	Total
Personnel Services	30,780	211,059	540,200	0	179,584	7,235,621	0	117,120	8,314,364
Materials & Services	386,387	218,700	107,300	12,797	154,500	1,459,057	83,208	211,500	2,633,449
Debt Service	312,212	123,650	150,200	80,498	183,138	115,291	0	113,325	1,078,314
Recurring Expense	**729,379**	**553,409**	**797,700**	**93,295**	**517,222**	**8,809,969**	**83,208**	**441,945**	**12,026,128**
Land	0	0	0	0	0	0	0	0	0
Buildings	109,140	0	5,000	0	2,614,000	0	0	5,000	2,733,140
Equipment	0	0	22,800	1,000	626,500	413,100	42,000	165,000	1,270,400
Apparatus	0	377,367	535,600	0	0	45,000	0	0	957,967
Non-Recurring Expense	**109,140**	**377,367**	**563,400**	**1,000**	**3,240,500**	**458,100**	**42,000**	**170,000**	**4,961,507**
TOTAL EXPENSES:	**838,519**	**930,776**	**1,361,100**	**94,295**	**3,757,722**	**9,268,069**	**125,208**	**611,945**	**16,987,635**

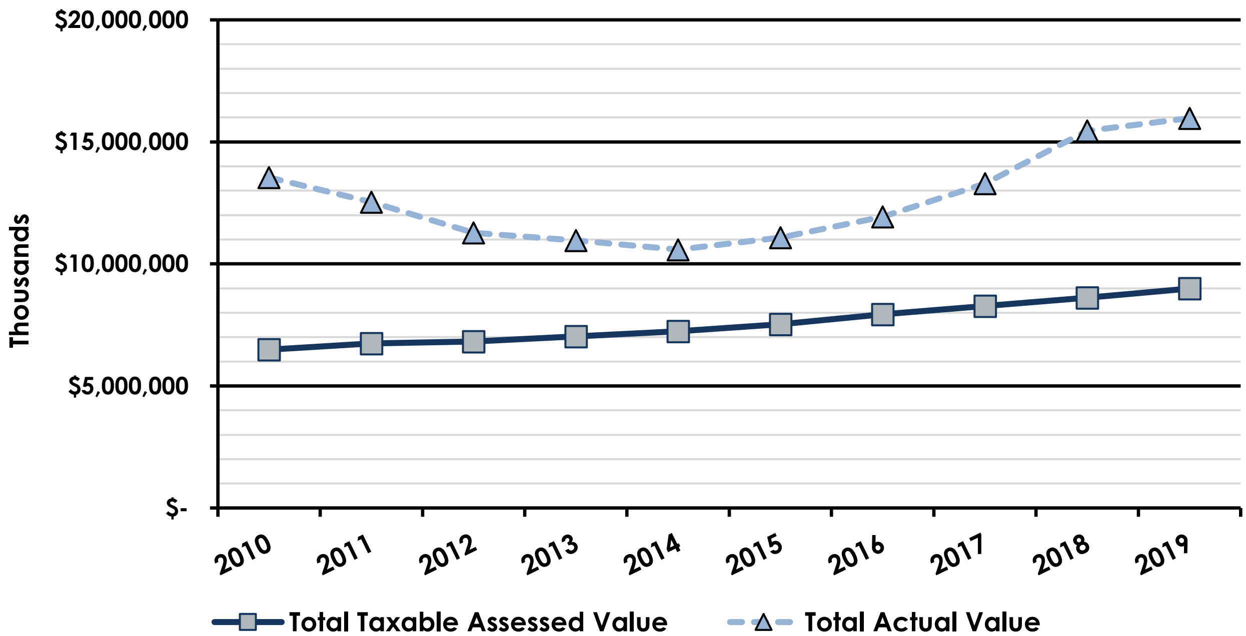
[1]Adopted FY 21 expenditure budget reduced to provide for a balanced budget.

[2]City of Dundee contract revenue and Dundee RFPD contract expense excluded since they are net zero.

[3]City of McMinnville contract revenue and McMinnville RFPD contract expense excluded since they are net zero.

Yamhill County is the county to which the petition to form the new district would most likely be addressed and it is useful to examine the historical trajectory of total taxable assessed value versus total actual value for property within the service area to determine an average rate of increase that might be applied to future properties within the new district. Figure following figure shows the historical trend of increasing taxable assessed value for the county from 2010 through 2019.[1] Total taxable assessed value, less exemptions, has increased from almost $6.5 billion in 2010 to just under $9 billion in 2019, an increase of 38.6%. Although fluctuating somewhat, the average annual rate of increase in value has been 4.2%.

Figure 3: Yamhill County Total Taxable Assessed Value versus Total Actual Value, 2010–2019



[1] Yamhill County Department of Assessment and Taxation in; Yamhill County Comprehensive Annual Financial Report 2019.

Applying the average annual increase in total assessed taxable value of 4.2% to the FY 20 total taxable assessed values for each respective partner jurisdiction yields the amounts shown on the second row of the following figure for the North Willamette Valley Fire District in the base scenario. Using the FY 21 debt service amounts for each agency (plus contracted districts as applicable) yields an equivalent debt service millage rate (DS Mill Rate). Operating expense funding requirements (after subtracting any fire department-specific revenues in the case of general fund municipal departments) yield an equivalent operating millage rate (Op Mill Rate). It should be noted that the equivalent millage rates are calculated rates and may not match the actual rates since they are based on adopted revenue and expense budgets.

Combined totals for all partner entities in this scenario are shown in the final column on the right with a calculated equivalent millage rate for both operating and debt service needs. For example, and assuming no changes for FY 21, the North Willamette Valley Fire District totals in the Base Scenario (all partners participating) would yield a debt service millage rate of 0.1969, which assumes the debt is spread over all district rate payers. Likewise, an equivalent district operating millage rate of 1.2724 mills would be needed to fund operating expenses spread across all taxpayers in the new district.

It is important to note that the combined millage rate shown here is only applicable to FY 21 and is not indicative of the permanent millage rate that would need to be adopted to sustain the new district over the next five years should the parties proceed. Sustainable millage rates for the potential new district under various scenarios through FY 26 and assuming district creation in FY 22 are shown later in this section.

The rows shown as Operating Millage Change and Debt Service Millage Change indicate either a reduction or an increase over the FY 21 estimated equivalent millage rates as calculated for the separate entities if they were to combine as the North Willamette Valley Fire District in FY 21 under the Base Scenario. For example, the Amity Fire District estimated equivalent operating and debt service millage rates for FY 21 are 0.8767 and 0.7442 mills, respectively. In the FY 21 Base Scenario, the equivalent operating millage rate for taxpayers within the current Amity Fire District jurisdictional limits would increase by 0.3957 mills, while the debt service millage rate would decrease by 0.5474 mills for a total net reduction of 0.1517 mills. The same analysis was performed for each scenario with operating and debt service mill rates changing as various partners were excluded from the scenario.

Figure 4: FY 20 Taxable and FY 2021 Estimated Taxable Assessed Values for the North Willamette Valley Fire District Partners vs. Combined Values and Rates—Base Scenario

Item	Agency								
	AFD	DFD	DDF	DRFPD	LFD	MFD	MRFPD	NCFD	Total
FY 20 Taxable Value	419,503,634	462,000,000	302,314,048	199,429,857	233,722,857	2,820,653,990	496,980,994	322,171,380	5,256,776,760
FY 21 Estimated TV	437,122,787	481,404,000	315,011,238	207,805,911	243,539,217	2,939,121,458	517,854,196	335,702,578	5,477,561,384
Operating Support	383,211	472,258	393,324	107,043	334,084	4,474,884	504,939	299,820	6,969,563
Operating Millage	0.8767	0.9810	1.2486	0.5151	1.3718	1.5225	0.9751	0.8931	1.2724
Oper Millage Change	0.3957	0.2914	0.0238	0.7573	(0.0994)	(0.2501)	0.2973	0.3793	-
Debt Service Support	312,212	123,650	150,200	80,498	183,138	115,291	0	113,325	1,078,314
Debt Service Millage	0.7442	0.2676	0.4968	0.4036	0.7836	0.0409	-	0.3518	0.1969
DS Millage Change	(0.5474)	(0.0708)	(0.3000)	(0.2068)	(0.5867)	0.1560	0.1969	(0.1549)	-

Key Assumptions—Revenue

Property taxes represent the largest and primary source of revenue for the combined operations and debt service of the potential partners in all scenarios regardless of the likelihood that the scenario will move forward. Property tax revenue assumptions include:

- The permanent tax rate estimated in the base case for each potential partnering scenario is equivalent to a rate that produces the amount of revenue necessary to provide personnel, materials and services, capital equipment and apparatus replacement, as well as average annual building capital costs based upon the expenditure assumptions that follow. This rate was chosen to provide enough recurring revenue to fund recurring expenses through FY 26. Further, this rate works to support a 20% beginning fund balance goal based upon total annual expenditures as forecast. This rate may or may not be sufficient to provide for service level increases that the potential new district and participating agencies may need or desire. Therefore, the final proposed permanent millage rates may be higher than those assumed for the base case for each scenario.

The assumed effective, permanent levy rate in the base case for the North Willamette Valley Fire District under the Base Scenario with all potential partners participating is 1.5 mills per 1,000 AV for the forecast period FY 22–26. In Scenario I, which removes Dayton Fire District (DFD), the City of Dundee (DDF) and Dundee Rural Fire Protection District (DRFPD) from the Base Scenario, the needed mill rate increases to 1.67 mills. In Scenario II-A, with only Amity Fire District (AFD), the City of McMinnville (MFD), and McMinnville Fire District (MRFPD) participating, the mill rate increases further to 1.8 mills. Scenario III differs only slightly from the Base Scenario with the removal of Dayton Fire District (DFD) and the needed mill rate of 1.5 mills remains the same.

- The forecast assumes that the total assessed taxable value will increase annually at the same historical rate of 4.2% observed for all of Yamhill County. Further, it is assumed that prior year taxes will increase at the same rate using the FY 21 total amount as the base.

- The debt service tax rate is based upon the amount of revenue necessary each year to fund the combined debt service, which is assumed to be spread across all taxpayers for the newly created district for the purposes of this forecast. The mill rate is only sufficient to generate enough revenue to service each year's debt in the model. It is understood that the assumption to spread total debt across all agencies will be the subject of negotiations and may not ultimately be adopted by the parties. Deleting the debt service and the necessary debt service millage would not impact the model as these changes are net zero. The same operating millage rates would still need to be applied.
- Interest earnings are forecast to increase at 1% annually using the FY 21 total as the base amount.
- Charges for services, the bulk of which represent ambulance billing, have historically not increased significantly, and are forecast to rise at 1% annually.
- Other revenues include FireMed and are forecast to increase at 1.2% annually based upon historical trends.
- Non-recurring revenues in each category represent a historical average for all partners and are not forecast to increase.
- Under the Base Scenario, a beginning balance of $7.27 million in FY 21 is used as both a 20% operating reserve and to cover the difference between revenue and expense since there is a net operating loss in FY 21 for the North Willamette Valley Fire District.

Key Assumptions—Expenses

Personnel and Materials & Services represent the largest and primary source of recurring expenditures for the potential partners. Since the non-recurring capital facilities and equipment/apparatus replacement amounts for the individual agencies have been averaged historically and combined, they can be considered recurring in nature, realizing that the actual amounts may be higher or lower year-to-year. Expenditure assumptions include:

- The average annual increase in Personnel Services costs has historically varied significantly from agency to agency. Averages for the potential North Willamette Valley Fire District partners have varied from a low of 6.5% for Dayton to highs of 16–17% for Amity, McMinnville, and New Carlton. This category of expenditure has the highest impact on expenses and the required forecast permanent millage rate for district financial sustainability.

- It is anticipated that there will be some economies of scale for Personnel Services, and future rates for the North Willamette Valley Fire District will not be as high as16–17%. The base forecast for all three scenarios assumes an average annual increase of 6% throughout the forecast period for the North Willamette Valley District. This provides for an estimated 3% annual growth in total compensation and will still allow an additional 3% for some limited growth in staffing and improvements in service level while not requiring unrealistic permanent millage rates. However, this more conservative trend in Personnel Services increases still significantly impacts the permanent millage rate required for sustainment. The benefits of additional staff will need to be weighed against the impact of raising the permanent millage rate from an estimated district-wide rate of 1.2724 mills in the Base Scenario with all partners participating (the composite needed to fund the FY 21 adopted budget) to 1.5 mills.
- To test the impact of adding additional personnel, an analysis was done using a 2.0 mill maximum for the permanent rate and examining how many operations personnel might be added each year while still providing for at least 3% growth in total compensation. That analysis is presented for each scenario.
- Based on ESCI's experience with other consolidation efforts, it is reasonable to expect a reduction in Materials & Services expenses for the first year followed by reasonable materials growth starting in year two. Historical average annual increases for the North Willamette Valley Fire District partners have ranged from a low of approximately 5% for Amity and Dundee to highs of 15% for McMinnville and New Carlton. To keep the permanent millage rates as low as possible for the projections, the forecast models assume no growth in FY 22, followed by a 3% per year growth rate.
- From FY 23 onward, growth in Materials & Services is projected to track with the annual inflation rate, which is projected to increase by 3% annually based upon a three-year average for the Western Region CPI-U, prior to the onset of the COVID-19 pandemic, as reported by the U.S. Bureau of Labor Statistics.[2] It is anticipated that this rate of inflation will continue once the nation recovers from the pandemic and the economy returns to pre-pandemic conditions.
- The forecast does not envision any expenditures for land, which may change if the committee decides to relocate existing or build new stations based upon the analysis of service demand.

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[2] https://www.bls.gov/charts/consumer-price-index/consumer-price-index-by-category.htm.

- Capital expenditures for buildings in the forecast are based upon the historical average for all partners. This assumption may be high or low depending upon the degree to which major renovation and repair may be required for existing fire stations. Further, this annual average has been increased each year of the forecast period by 4.5% based upon a study of construction industry costs. According to Zarenski (2019), non-residential construction costs are estimated to have increased at 4–5% over the past five years and are expected to continue increasing at that rate.[3] Construction costs can be as high as three times the Consumer Price Index and are heavily dependent upon labor and material costs as well as construction demand and backlog. Import tariffs on building materials such as steel and other commodities may have an increasing impact as well.
- Equipment and Apparatus replacement costs in the forecast are also based upon the composite historical average annual expenditure of the partners. An annual inflation factor of 3% is applied to equipment, and 4% is applied to apparatus. The apparatus factor is based upon ESCI's experience with the fire apparatus industry.

Forecast Results

Summaries of the Base Scenario, Scenario I, Scenario II-A, and Scenario III revenue and expense projections for the North Willamette Valley Fire District are shown in the following figures for comparison using the same assumptions and financial data from the original study as outlined above. The FY 21 figures represent the composite of the respective partners in each scenario as discussed previously, with FY 22 being the first year of each new district's financial forecast.

Beginning in FY 22 for the North Willamette Valley Fire District under the Base Scenario, property tax revenue represents approximately 69.8% of total operating revenue, including non-recurring sources, with a net working capital/beginning fund balance of $3.58 million. Between FY 22 and FY 26, total operating revenue increases at an average annual rate of approximately 2.6%, reflecting a conservative growth in revenues.

[3] Zarenski, Ed (2019); Construction Cost Inflation-Commentary 2019, in Construction Analytics Economics Behind the Headlines; see https://edzarenski.com/2018/02/15/inflation-in-construction-2019-what-should-you-carry/.

Figure 5: North Willamette Valley Fire District Base Scenario Resource Forecast, FY 22–26

Resources	2021 Adopted	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast
Taxes—Current Year	8,047,878	10,781,917	11,229,560	11,676,775	12,280,583	12,239,662
Taxes—Prior Year	79,936	83,293	86,792	90,437	94,235	98,193
Interest/Earnings	77,500	78,275	79,058	79,848	80,647	81,453
Charges for Services[1]	3,677,000	3,713,770	3,750,908	3,788,417	3,826,301	3,864,564
Other[2]	378,000	382,536	387,126	391,772	396,473	401,231
Recurring Revenue	**12,260,314**	**15,039,791**	**15,533,444**	**16,027,249**	**16,678,239**	**16,685,103**
Grants	5,000	32,611	32,600	32,600	32,600	32,600
Sale of Surplus	500	12,441	12,400	12,400	12,400	12,400
Reimb/Conflag[3]	368,700	290,189	290,000	290,000	290,000	290,000
Miscellaneous	663,302	79,484	80,000	80,000	80,000	80,000
Non-Recurring Rev	**1,037,502**	**414,724**	**415,000**	**415,000**	**415,000**	**415,000**
Beginning Fund Bal	**7,268,606**	**3,580,536**	**4,485,526**	**4,754,046**	**4,515,016**	**3,943,739**
TOTAL RESOURCES:	**20,566,422**	**19,035,051**	**20,433,970**	**21,196,295**	**21,608,255**	**21,043,842**

[1] Includes ambulance billing and collections revenue.
[2] Includes revenue from FireMed.
[3] Includes GEMT reimbursements and Conflagration/wildfire reimbursement from state and other sources.

The following three figures show the resource forecasts for Scenarios I, II-A, and III, respectively.

Figure 2: North Willamette Valley Fire District Scenario I Resource Forecast, FY 22–26

Resources	2021 Adopted	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast
Taxes—Current Year	6,720,904	8,749,050	9,111,314	9,469,562	9,980,667	9,843,150
Taxes—Prior Year	51,936	54,117	56,390	58,759	61,226	63,798
Interest/Earnings	57,000	57,570	58,146	58,727	59,314	59,908
Charges for Services	3,768,000	3,805,680	3,843,737	3,882,174	3,920,996	3,960,206
Other	228,000	230,736	233,505	236,307	239,143	242,012
Recurring Revenue	**10,825,840**	**12,897,154**	**13,303,091**	**13,705,529**	**14,261,346**	**14,169,073**
Grants	5,000	32,611	32,600	32,600	32,600	32,600
Sale of Surplus	500	12,441	12,400	12,400	12,400	12,400
Reimb/Conflagration	320,500	290,189	290,000	290,000	290,000	290,000
Miscellaneous	122,202	79,484	80,000	80,000	80,000	80,000
Non-Recurring Rev	**448,202**	**414,724**	**415,000**	**415,000**	**415,000**	**415,000**
Beginning Fund Bal	**6,864,488**	**3,537,067**	**4,264,440**	**4,761,197**	**5,008,314**	**4,985,750**
TOTAL RESOURCES:	**18,138,530**	**16,848,945**	**17,982,531**	**18,881,726**	**19,684,660**	**19,569,823**

Figure 7: North Willamette Valley Fire District Scenario II-A Resource Forecast, FY 22–26

Resources	2021 Adopted	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast
Taxes—Current Year	5,790,537	8,268,583	8,610,667	8,947,888	9,437,082	9,276,735
Taxes—Prior Year	38,936	40,571	42,275	44,051	45,901	47,829
Interest/Earnings	34,200	34,542	34,887	35,236	35,589	35,945
Charges for Services	3,668,000	3,704,680	3,741,727	3,779,144	3,816,936	3,855,105
Other	228,000	230,736	233,505	236,307	239,143	242,012
Recurring Revenue	**9,759,673**	**12,279,112**	**12,663,061**	**13,042,626**	**13,574,650**	**13,457,625**
Grants	5,000	32,611	32,600	32,600	32,600	32,600
Sale of Surplus	500	12,441	12,400	12,400	12,400	12,400
Reimb/Conflagration	320,500	290,189	290,000	290,000	290,000	290,000
Miscellaneous	117,202	79,484	80,000	80,000	80,000	80,000
Non-Recurring Rev	**443,202**	**414,724**	**415,000**	**415,000**	**415,000**	**415,000**
Beginning Fund Bal	**749,972**	**721,051**	**1,814,831**	**2,699,534**	**3,357,328**	**3,769,436**
TOTAL RESOURCES:	**10,952,847**	**13,414,888**	**14,892,892**	**16,157,160**	**17,346,978**	**17,642,061**

Figure 8: North Willamette Valley Fire District Scenario III Resource Forecast, FY 22–26

Resources	2021 Adopted	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast
Taxes—Current Year	7,451,970	8,773,806	9,137,109	9,496,441	10,008,675	9,872,334
Taxes—Prior Year	59,936	62,453	65,076	67,810	70,658	73,625
Interest/Earnings	57,500	58,075	58,656	59,242	59,835	60,433
Charges for Services	3,768,000	3,805,680	3,843,737	3,882,174	3,920,996	3,960,206
Other	378,000	382,536	387,126	391,772	396,473	401,231
Recurring Revenue	**11,715,406**	**13,082,550**	**13,491,704**	**13,897,439**	**14,456,636**	**14,367,829**
Grants	5,000	32,611	32,600	32,600	32,600	32,600
Sale of Surplus	500	12,441	12,400	12,400	12,400	12,400
Reimb/Conflagration	320,500	290,189	290,000	290,000	290,000	290,000
Miscellaneous	658,302	79,484	80,000	80,000	80,000	80,000
Non-Recurring Rev	**984,302**	**414,724**	**415,000**	**415,000**	**415,000**	**415,000**
Beginning Fund Bal	**7,026,938**	**3,669,787**	**4,166,268**	**4,408,402**	**4,375,513**	**4,045,804**
TOTAL RESOURCES:	**19,726,646**	**17,167,062**	**18,072,973**	**18,720,840**	**19,247,149**	**18,828,633**

The following figures compare the FY 21 composite revenue figures and millage rates for the potential district partners and the estimated equivalent levy amounts and rates needed to support the new district under the various scenarios starting in FY 22, given the revenue and expenditure assumptions discussed previously for the five-year forecast period.

Figure 9: North Willamette Valley Fire District Base Scenario Forecast Levy Amounts and Rates, FY 22–26

Item	2021 Adopted	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast
Est Taxable Value	5,477,561,384	5,707,618,962	5,947,338,958	6,197,127,195	6,457,406,537	6,728,617,611
Perm Levy Amount	6,969,763	8,561,428	8,921,008	9,295,691	9,686,110	10,092,926
Perm Levy Rate	1.2724	1.5000	1.5000	1.5000	1.5000	1.5000
Debt Levy Amount	1,078,114	964,812	1,000,137	1,017,716	1,173,844	666,440
Debt Levy Rate	0.1968	0.1690	0.1682	0.1642	0.1818	0.0990
Total Levy Amount	8,047,878	9,526,240	9,921,146	10,313,407	10,859,953	10,759,366
Total Millage	1.4692	1.6690	1.6682	1.6642	1.6818	1.5990

Figure 10: North Willamette Valley Fire District Scenario I Forecast Levy Amounts and Rates, FY 22–26

Item	2021 Adopted	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast
Estimated Taxable Val	4,473,340,235	4,661,220,525	4,856,991,787	5,060,985,442	5,273,546,830	5,495,035,797
Permanent Levy Amt	5,996,938	7,784,238	8,111,176	8,451,846	8,806,823	9,176,710
Permanent Levy Rate	1.3406	1.6700	1.6700	1.6700	1.6700	1.6700
Debt Levy Amount	723,966	964,812	1,000,137	1,017,716	1,173,844	666,440
Debt Levy Rate	0.1618	0.2070	0.2059	0.2011	0.2226	0.1213
Total Levy Amount	6,720,904	8,749,050	9,111,314	9,469,562	9,980,667	9,843,150
Total Millage	1.5024	1.8770	1.8759	1.8711	1.8926	1.7913

Figure 11: North Willamette Valley Fire District Scenario II-A Forecast Levy Amounts and Rates, FY 22–26

Item	2021 Adopted	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast
Estimated Taxable Val	3,894,098,440	4,057,650,574	4,228,071,899	4,405,650,918	4,590,688,257	4,783,497,164
Permanent Levy Amt	5,363,034	7,303,771	7,610,529	7,930,172	8,263,239	8,610,295
Permanent Levy Rate	1.3772	1.8000	1.8000	1.8000	1.8000	1.8000

Debt Levy Amount	427,503	964,812	1,000,137	1,017,716	1,173,844	666,440
Debt Levy Rate	0.1098	0.2378	0.2365	0.2310	0.2557	0.1393
Total Levy Amount	5,790,537	8,268,583	8,610,667	8,947,888	9,437,082	9,276,735
Total Millage	1.4870	2.0378	2.0365	2.0310	2.0557	1.9393

Figure 12: North Willamette Valley Fire District Scenario III Forecast Levy Amounts and Rates, FY 22–26

Item	2021 Adopted	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast
Estimated Taxable Val	4,996,157,384	5,205,995,994	5,424,647,826	5,652,483,034	5,889,887,322	6,137,262,589
Permanent Levy Amt	6,497,305	7,808,994	8,136,972	8,478,725	8,834,831	9,205,894
Permanent Levy Rate	1.3005	1.5000	1.5000	1.5000	1.5000	1.5000
Debt Levy Amount	954,664	964,812	1,000,137	1,017,716	1,173,844	666,440
Debt Levy Rate	0.1911	0.1853	0.1844	0.1800	0.1993	0.1086
Total Levy Amount	7,451,970	8,773,806	9,137,109	9,496,441	10,008,675	9,872,334
Total Millage	1.4915	1.6853	1.6844	1.6800	1.6993	1.6086

As shown in the figure below, the annual growth rate in operating expense for the North Willamette Valley Fire District under the Base Scenario is expected to be relatively conservative due to reductions in redundancy and economies of scale. Personnel Services costs could expect to grow at 6% (a minimum of 3% for total compensation increases and 3% for some, limited additional growth) year over year, while Materials & Services grow at a rate of 3%, as discussed in the forecast assumptions. Using historical average costs for various capital line items allows the districts to better estimate the required permanent tax levy while providing the necessary funding for equipment and apparatus replacement, recognizing that actual expense may vary year-to-year based upon capital replacement plans.

Figure 13: North Willamette Valley Fire District Base Scenario Expenditure Forecast, FY 22–26

Expense	2021 Adopted	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast
Personnel Services	8,314,364	9,644,662	10,609,128	11,457,859	12,145,330	12,874,050
Materials & Services	2,631,901	2,631,901	2,710,858	2,792,184	2,875,949	2,962,228
Debt Service	1,078,114	964,812	1,000,137	1,017,716	1,173,844	666,440
Recurring Expense	**12,024,380**	**13,241,375**	**14,320,124**	**15,267,759**	**16,195,123**	**16,502,718**
Land	0	0	0	0	0	0
Buildings	2,733,140	303,942	317,619	331,912	346,848	362,456
Equipment	1,270,400	219,443	226,027	232,807	239,792	246,985
Apparatus	957,967	784,764	816,155	848,801	882,753	918,063
Non-Recurring Exp	**4,961,507**	**1,308,149**	**1,359,800**	**1,413,520**	**1,469,393**	**1,527,505**
TOTAL EXPENSES:	**16,985,887**	**14,549,524**	**15,679,924**	**16,681,279**	**17,664,516**	**18,030,222**

The following figures show the same expenditure format for Scenarios I, II-A, and III for comparison with the Base Scenario.

Figure 14: North Willamette Valley Fire District Scenario I Expenditure Forecast, FY 22–26

Expense	2021 Adopted	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast
Personnel Services[1]	7,563,105	8,016,891	8,497,905	9,007,779	9,548,246	10,121,141
Materials and Services[2]	2,294,652	2,294,652	2,363,492	2,434,397	2,507,428	2,582,651
Debt Service	723,966	964,812	1,000,137	1,017,716	1,173,844	666,440
Recurring Expense	**10,581,723**	**11,276,356**	**11,861,534**	**12,459,892**	**13,229,518**	**13,370,232**
Land	0	0	0	0	0	0
Buildings	2,728,140	303,942	317,619	331,912	346,848	362,456
Equipment	1,246,600	219,443	226,027	232,807	239,792	246,985
Apparatus	45,000	784,764	816,155	848,801	882,753	918,063
Non-Recurring Expense[3]	**4,019,740**	**1,308,149**	**1,359,800**	**1,413,520**	**1,469,393**	**1,527,505**
TOTAL EXPENSES:	**14,601,463**	**12,584,505**	**13,221,334**	**13,873,412**	**14,698,910**	**14,897,736**

[1]PS average annual increase has varied from a low of 6.5% for Dayton to highs of 16-17% for Amity, McMinnville, and New Carlton

[2]M & S average annual increases have ranged from a low of approximately 5% for Amity and Dundee to highs of 15% for McMinnville and New Carlton

[3]Buildings, Equipment, and Apparatus are each sum of historical average expenditures of the departments; inflation at 4.5%, 3%, and 4%; respectively

Figure 15: North Willamette Valley Fire District Scenario II-A Expenditure Forecast, FY 22–26

Expense	2021 Adopted	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast

Personnel Services[1]	7,266,401	7,702,385	8,164,528	8,654,400	9,173,664	9,724,084
Materials & Services[2]	1,928,652	1,928,652	1,986,512	2,046,107	2,107,490	2,170,715
Debt Service	427,503	964,812	1,000,137	1,017,716	1,173,844	666,440
Recurring Expense	**9,622,556**	**10,595,849**	**11,151,177**	**11,718,223**	**12,454,998**	**12,561,238**
Land	0	0	0	0	0	0
Buildings	109,140	0	0	0	0	0
Equipment	455,100	219,443	226,027	232,807	239,792	246,985
Apparatus	45,000	784,764	816,155	848,801	882,753	918,063
Non-Recurring Exp[3]	**609,240**	**1,004,207**	**1,042,181**	**1,081,608**	**1,122,544**	**1,165,048**
TOTAL EXPENSES:	**10,231,796**	**11,600,057**	**12,193,358**	**12,799,831**	**13,577,542**	**13,726,287**

[1]PS average annual increase has varied from a low of 6.5% for Dayton to highs of 16-17% for Amity, McMinnville, and New Carlton
[2]M & S average annual increases have ranged from a low of approximately 5% for Amity and Dundee to highs of 15% for McMinnville and New Carlton
[3]Buildings, Equipment, and Apparatus are each sum of historical average expenditures of the departments; inflation at 4.5%, 3%, and 4%; respectively

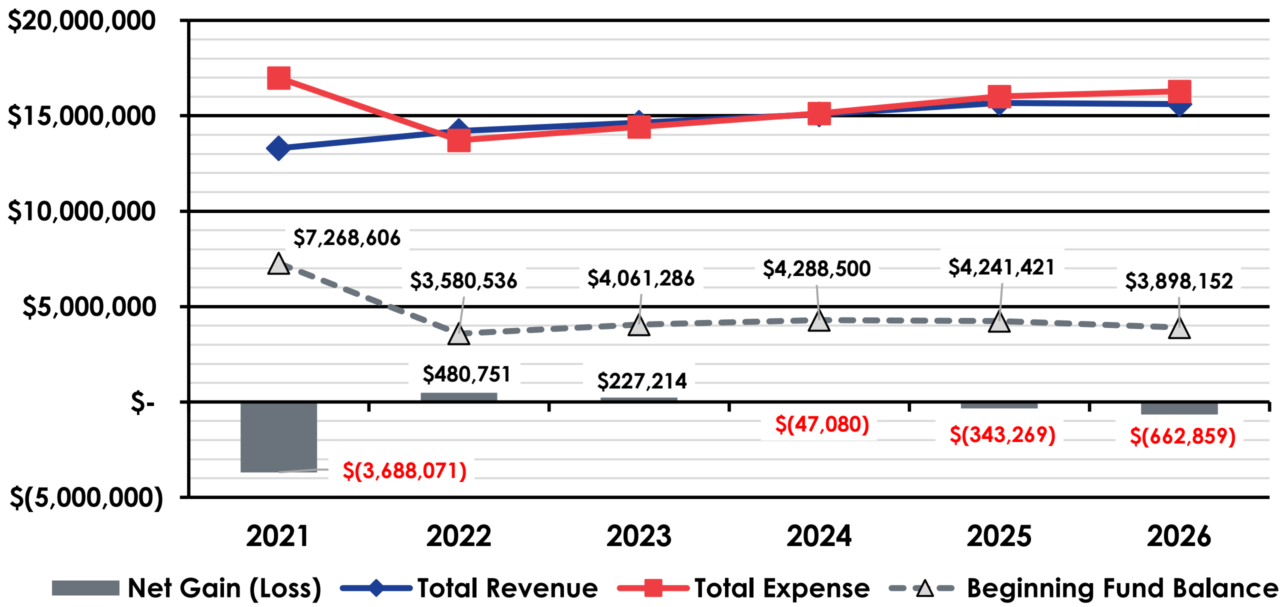
Figure 16: North Willamette Valley Fire District Scenario III Expenditure Forecast, FY 22–26

Expense	2021 Adopted	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast
Personnel Services[1]	8,103,305	8,589,503	9,104,873	9,651,166	10,230,236	10,844,050
Materials & Services[2]	2,414,749	2,414,749	2,487,192	2,561,807	2,638,662	2,717,821
Debt Service	954,664	964,812	1,000,137	1,017,716	1,173,844	666,440
Recurring Expense	**11,472,719**	**11,969,064**	**12,592,202**	**13,230,689**	**14,042,741**	**14,228,311**
Land	0	0	0	0	0	0
Buildings	2,733,140	312,908	326,989	341,704	357,080	373,149
Equipment	1,270,400	219,443	226,027	232,807	239,792	246,985
Apparatus	580,600	499,377	519,353	540,127	561,732	584,201
Non-Recurring Exp[3]	**4,584,140**	**1,031,729**	**1,072,368**	**1,114,638**	**1,158,604**	**1,204,335**
TOTAL EXPENSES:	**16,056,859**	**13,000,794**	**13,664,571**	**14,345,327**	**15,201,345**	**15,432,647**

[1]PS average annual increase has varied from a low of 6.5% for Dayton to highs of 16-17% for Amity, McMinnville and New Carlton
[2]M & S average annual increases have ranged from a low of approximately 5% for Amity and Dundee to highs of 15% for McMinnville and New Carlton
[3]Buildings, Equipment and Apparatus are each sum of historical average expenditures of the departments; inflation at 4.5%, 3% and 4%; respectively

The following figure shows total district revenue, expense, and the net effect on beginning fund balance under the Base Scenario with all partners participating. When expense in any one year exceeds available revenue, there is a net operating loss that must be made up by using the fund balance, thus reducing the available beginning fund balance the following year. Setting the permanent mill levy rate at 1.5 mills provides for a net gain in fund balance in FY 22–24, after which expense begins to increasingly exceed revenues, causing a reduction in fund balance.

Figure 17: North Willamette Valley Fire District Revenue, Expense, and Fund Balance Base Scenario Forecast, FY 22–26



The following figures provide the same analysis for Scenarios I, II-A, and III.

Figure 18: North Willamette Valley Fire District Revenue, Expense, and Fund Balance Scenario I Forecast, FY 22–26

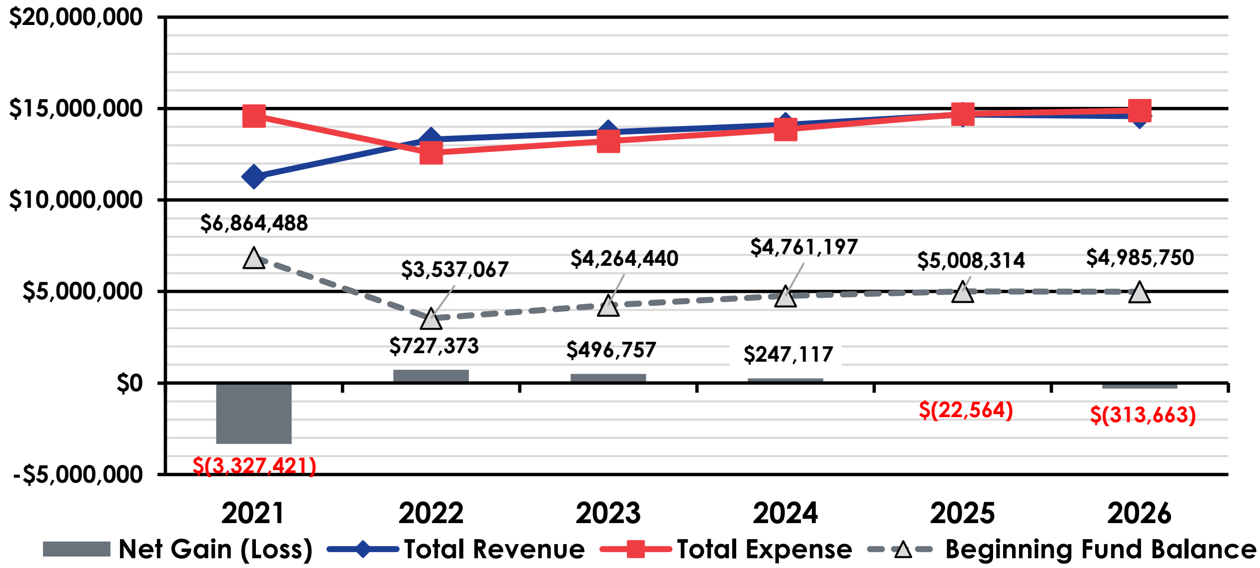


Figure 19: North Willamette Valley Fire District Revenue, Expense, and Fund Balance Scenario II-A Forecast, FY 22–26

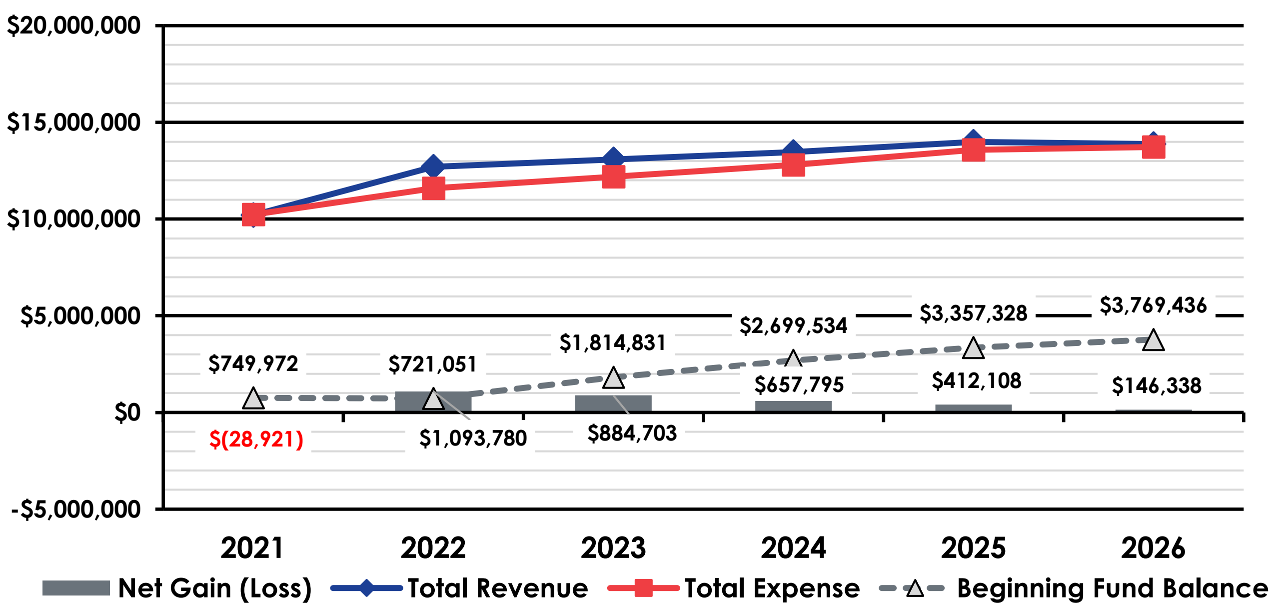
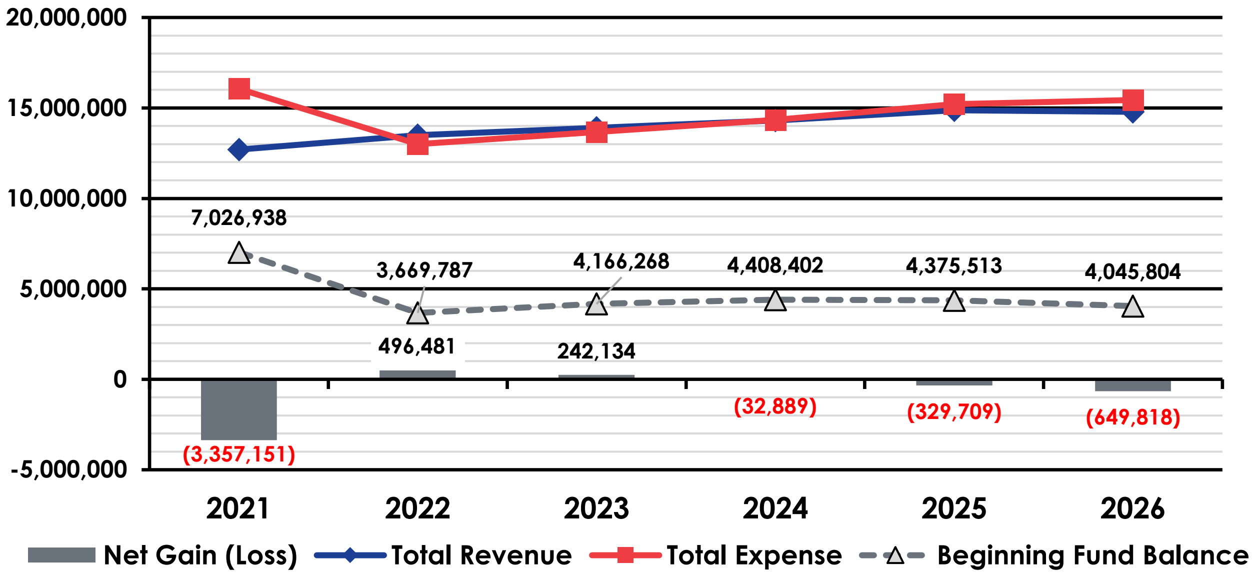


Figure 20: North Willamette Valley Fire District Revenue, Expense, and Fund Balance Scenario III Forecast, FY 22–26

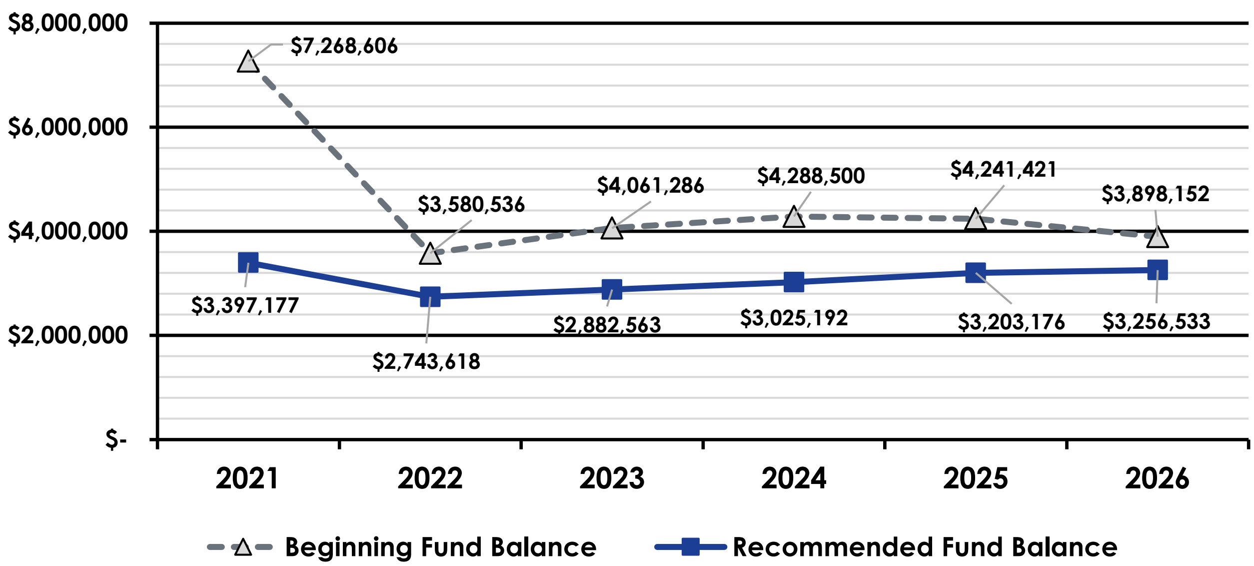


The Government Financial Officers Association (GFOA) provides guidance on how to account for fund balance and how much is recommended for various purposes.[4] Specifically, GFOA recommends that governments maintain at least two months or just under 17% of operating revenues or expenditures at a minimum, depending upon fiscal year and timing of tax revenue collection and cash flow. A slightly more conservative 20% is recommended as the target for each new district. The following figure shows the impact of the forecast permanent millage rate on the North Willamette Valley Fire District beginning fund balance versus the 20% recommended beginning fund balance under the Base Scenario.

[4] http://www.gfoa.org/fund-balance-guidelines-general-fund.

The North Willamette Valley Fire District beginning fund balance in this scenario is maintained above the recommended amount in each of the five years of the forecast and rises in years two and three, after which the increase in expenses begins to outpace the rise in revenue and fund balance must make up the difference. This reduces subsequent beginning fund balance, which still does not drop below the recommended amount. However, this trend suggests that either future expenses would need to be reduced or the district would need to consider an optional adopted millage presented for a vote of district taxpayers. The leadership of the new district would need to monitor the actual trajectory of all these factors to ensure that the new district remains on sound financial footing.

Figure 21: North Willamette Valley Fire District Base Scenario Forecast versus Recommended Beginning Fund Balance, FY 22–26



The following figures show the same fund balance analysis for Scenarios I, II-A, and III for comparison with the Base Scenario using all potential partners.

Figure 22: North Willamette Valley Fire District Scenario I Forecast versus Recommended Beginning Fund Balance, FY 22–26

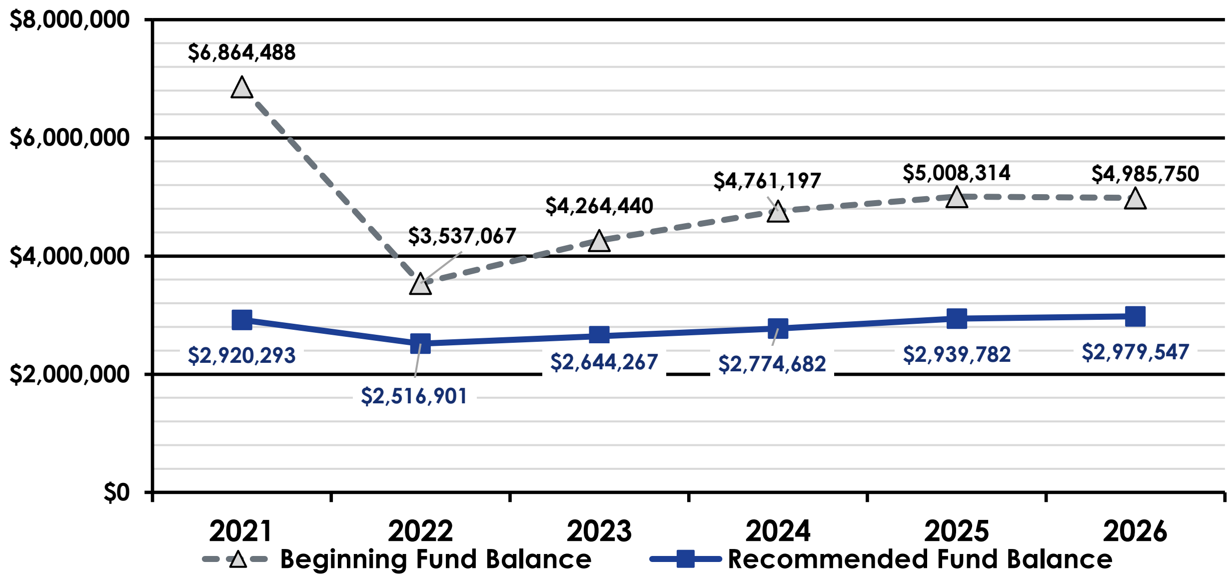


Figure 23: North Willamette Valley Fire District Scenario II-A Forecast versus Recommended Beginning Fund Balance, FY 22–26

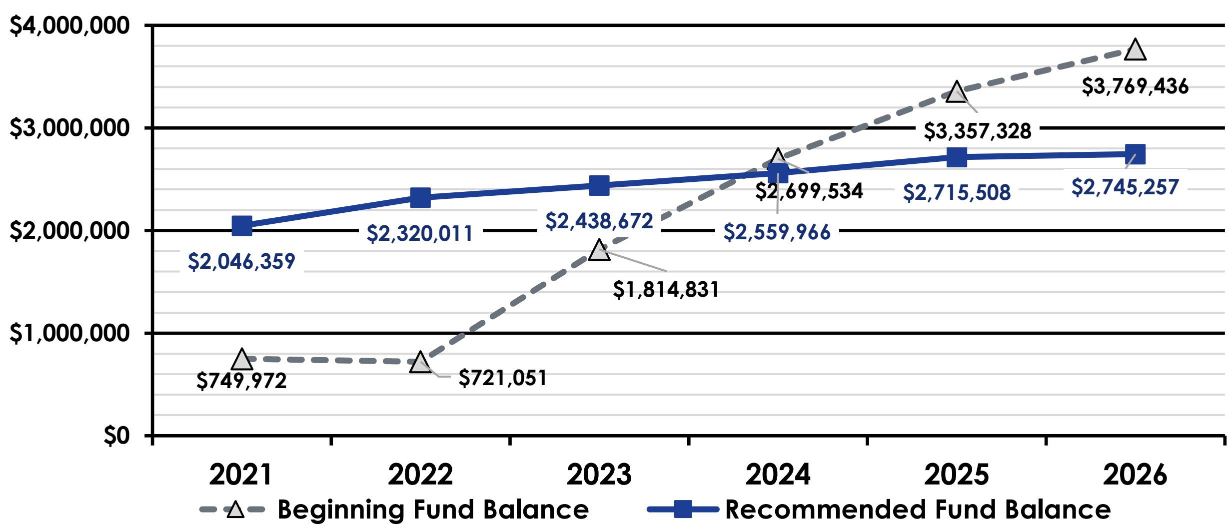
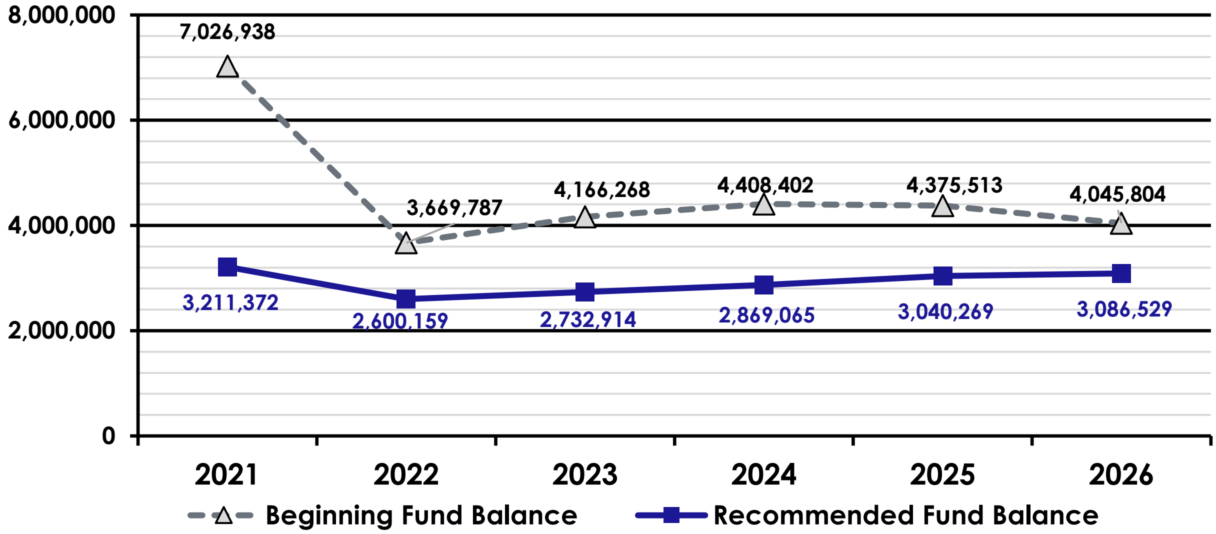


Figure 24: North Willamette Valley Fire District Scenario III Forecast versus Recommended Beginning Fund Balance, FY 22–26



FINANCIAL IMPACT OF STAFFING ADDITIONS

The above analysis for the North Willamette Valley Fire District can be considered the minimum mill rate case for comparison purposes under each of the four partnering scenarios. To test the ability to add additional operations staff, a model was prepared using the minimum permanent mill rate of 1.5 mills for the Base Scenario, 1.67 mills for Scenario I, 1.8 mills for Scenario II-A and 1.5 mills for Scenario III, with a maximum millage rate of 2.0 mills per $1,000 taxable assessed value for all four scenarios.

ESCI has previously identified the need to add 5 to 7 additional positions for the recommended relief factor for the North Willamette Fire Protection District under the Base Scenario with all partners participating. To account for these increased resources and long-term financial sustainability for this service level, the maximum 2.0 mills permanent rate per $1,000.00 taxable income/value should be considered in any partnering scenario.

The following figure shows the estimated potential additional full-time equivalent (FTE) operational positions that could be added under the minimum necessary mill rate as outlined above for the Base Scenario (a 1.5 mill permanent levy) and shown here as Option #2 and under Option #3 which provides for a maximum permanent levy of 2.0 mills.

To develop this table, an estimated average total compensation cost for an operational position was developed. Based on the salary and benefit data provided in the initial study and a review of the potential partners, an average total compensation cost for a uniformed position in FY 21 is estimated at $128,750. This is a composite of all uniformed positions through Battalion Chief and is not necessarily reflective of a specific position. This is merely used as a sensitivity indicator. This FY 21 cost for an FTE is escalated at 3% per year in line two of the table. Line three of the table is the total Personnel Services cost for the North Willamette District in FY 21, while the FY 22 amount is the first-year cost of Personnel Services for the new district if total compensation is increased by 3% only.

Option #2 is the minimum necessary mill rate case outlined above with a 6% annual increase in Personnel Services costs (3% for total compensation increases and 3% for other growth). Line five of the table shows the difference between the 3% compensation increase (Option #1) and the 3% plus growth or minimum mill rate case (Option #2) increase of 6%. The difference between the two cases is the amount of recurring expense that could be used to hire additional staff. Based upon the annual total compensation in line two, the next line shows the total number of staff that could, theoretically, be hired each year of the forecast at the minimum mill rate of 1.5 mills under the Base Scenario. The incremental cost is the cost that year of hiring the positions while the cumulative cost escalates the prior year costs by 3% and adds the new positions.

For comparison, the permanent millage rate was increased to 2.0 mills and the same analysis was performed. In the minimum case with a 1.5 mill permanent levy with a 6% annual growth rate in Personnel Services, the district could hire approximately 2 FTE per year through FY 26 for a total of approximately 10 new positions over the period and still provide for an annual 3% growth in total compensation in the Base Scenario. In the maximum 2.0 mill permanent levy case, the number of personnel that could potentially be hired increases to approximately 8 FTE per year through FY 24, dropping to 3 FTE and then 2 FTE for the following two years, respectively. This envisions annual growth rates in Personnel Services costs of 16% for FY 22–23, 12% for FY 24, and 6% for FY 25–26. While there are many assumptions that went into this model, it does give an indication that the district could achieve a desired goal of significantly increasing staffing while living within a 2.0 mill permanent levy and still provide for a 3% annual growth in total compensation.

Figure 25: North Willamette Valley Fire District Base Scenario Forecast Under Alternative Mill Levy and Personnel Services Growth Options, FY 22–26

Expense	2021 Adopted	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast
Est PS Total Comp Increase	1.03	1.03	1.03	1.03	1.03	1.03
Avg Line Position Total Comp	128,750	132,613	136,591	140,689	144,909	149,257
PS Option #1 (3%, 1.5 mills)	**8,314,364**	**8,563,795**	**8,820,709**	**9,085,330**	**9,357,890**	**9,638,627**
PS Option #2 Min Case (6%, 1.5 mills)	**8,314,364**	**8,813,226**	**9,342,019**	**9,902,541**	**10,496,693**	**11,126,495**
Excess over Base Recurring	0	249,431	521,311	817,211	1,138,803	1,487,868
Potential Additional FTE	0	1.8	2.0	2.0	2.0	2.0
Incremental Cost	0	238,703	273,182	281,377	289,819	298,513
Cumulative Cost	0	238,703	519,045	815,994	1,130,292	1,462,714
PS Option #3 (Variable, 2.0 mills)	**8,314,364**	**9,644,662**	**11,187,808**	**12,530,345**	**13,282,166**	**14,079,096**
Excess over Base Recurring	0	1,080,867	2,367,099	3,445,015	3,924,276	4,440,469
Potential Additional FTE	0	8.0	8.0	8.0	3.0	2.0
Incremental Cost	0	1,060,900	1,092,727	1,125,509	434,728	298,513
Cumulative Cost	0	1,060,900	2,185,454	3,376,526	3,912,550	4,328,440

The following three figures represent the same staffing analysis for Scenarios I, II, and III for comparison with the Base Scenario.

Figure 26: North Willamette Valley Fire District Scenario I Forecast Under Alternative Mill Levy and Personnel Services Growth Options, FY 22–26

Expense	2021 Adopted	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast
Estimated PS Total Comp Increase	1.03	1.03	1.03	1.03	1.03	1.03
Average Line Position Total Comp	128,750	132,613	136,591	140,689	144,909	149,257
PS Option #1 (3%, 1.67 mills)	**7,563,105**	**7,789,998**	**8,023,698**	**8,264,409**	**8,512,341**	**8,767,712**
PS Option #2 Base Case (6%, 1.67 mills)	**7,563,105**	**8,016,891**	**8,497,905**	**9,007,779**	**9,548,246**	**10,121,141**
Excess over Base Recurring	0	226,893	474,207	743,370	1,035,905	1,353,429
Potential Additional FTE	0	1.6	1.8	1.8	1.9	2.0
Incremental Cost	0	212,180	245,864	253,239	275,328	298,513
Cumulative Cost	0	212,180	464,409	731,581	1,028,856	1,358,234
PS Option #3 (Variable, 2.0 mills)	**7,563,105**	**8,773,202**	**9,825,986**	**10,612,065**	**11,248,789**	**11,923,716**
Excess over Base Recurring	0	983,204	1,802,288	2,347,656	2,736,447	3,156,005
Potential Additional FTE	0	7.4	5.8	3.5	2.2	2.2
Incremental Cost	0	981,333	792,227	492,410	318,800	328,364
Cumulative Cost	0	981,333	1,803,000	2,349,500	2,738,785	3,149,313

Figure 27: North Willamette Valley Fire District Scenario II-A Forecast Under Alternative Mill Levy and Personnel Services Growth Options, FY 22–26

Expense	2021 Adopted	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast
Estimated PS Total Comp Increase	1.03	1.03	1.03	1.03	1.03	1.03
Average Line Position Total Comp	128,750	132,613	136,591	140,689	144,909	149,257
PS Option #1 (3%, 1.8 mills)	**7,266,401**	**7,484,393**	**7,708,925**	**7,940,193**	**8,178,398**	**8,423,750**
PS Option #2 Base Case (6%, 1.8 mills)	**7,266,401**	**7,702,385**	**8,164,528**	**8,654,400**	**9,173,664**	**9,724,084**
Excess over Base Recurring	0	217,992	455,603	714,207	995,266	1,300,333
Potential Additional FTE	0	1.6	1.7	1.8	1.8	1.8
Incremental Cost	0	212,180	232,204	253,239	260,837	268,662
Cumulative Cost	0	212,180	450,750	717,512	999,874	1,298,532
PS Option #3 (Variable, 2.0 mills)	**7,266,401**	**8,138,369**	**8,952,206**	**9,489,338**	**10,058,699**	**10,662,221**
Excess over Base Recurring	0	653,976	1,243,281	1,549,146	1,880,300	2,238,470
Potential Additional FTE	0	4.9	4.2	1.9	1.9	2.0
Incremental Cost	0	649,801	573,682	267,308	275,328	298,513
Cumulative Cost	0	649,801	1,242,977	1,547,575	1,869,329	2,223,922

Figure 28: North Willamette Valley Fire District Scenario III Forecast Under Alternative Mill Levy and Personnel Services Growth Options, FY 22–26

Expense	2021 Adopted	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast
Est PS Total Comp Increase	1.03	1.03	1.03	1.03	1.03	1.03
Avg Line Position Total Comp	128,750	132,613	136,591	140,689	144,909	149,257
PS Option #1 (3%, 1.5 mills)	**8,103,305**	**8,346,404**	**8,596,796**	**8,854,700**	**9,120,341**	**9,393,951**
PS Option #2 Min Case (6%, 1.5 mills)	**8,103,305**	**8,589,503**	**9,104,873**	**9,651,166**	**10,230,236**	**10,844,050**
Excess over Base Recurring	0	243,099	508,077	796,466	1,109,895	1,450,099
Potential Additional FTE	0	1.8	2.0	2.0	2.0	2.0
Incremental Cost	0	238,703	273,182	281,377	289,819	298,513
Cumulative Cost	0	238,703	519,045	815,994	1,130,292	1,462,714
PS Option #3 (Variable, 2.0 mills)	**8,103,305**	**9,399,834**	**10,903,807**	**12,212,264**	**12,945,000**	**13,721,700**
Excess over Base Recurring	0	1,053,430	2,307,011	3,357,564	3,824,659	4,327,749
Potential Additional FTE	0	8.0	8.0	8.0	3.0	2.0
Incremental Cost	0	1,060,900	1,092,727	1,125,509	434,728	298,513
Cumulative Cost	0	1,060,900	2,185,454	3,376,526	3,912,550	4,328,440

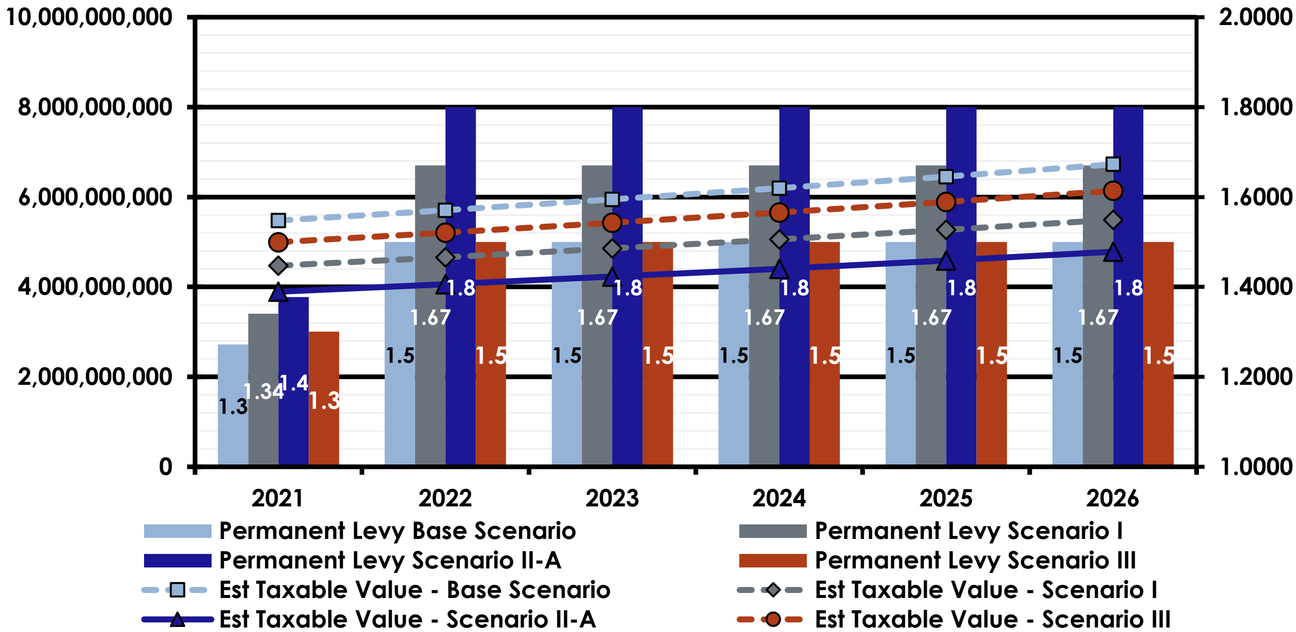
FINANCIAL COMPARISON OF PARTNERING SCENARIOS

The following two figures compare the financial implications of four different partnering strategies that have and could be considered for the North Willamette Valley Fire Protection District. The Base Scenario is that originally presented by ESCI comprised of the following partners: Amity Fire District (AFD), Dayton Fire District (DFD), the City of Dundee (DDF) and the Dundee Rural Fire Protection District (DRFPD), Lafayette Fire District (LFD), the City of McMinnville (MFD) and the McMinnville Rural Fire Protection District (MRFPD), and the New Carlton Fire District (NCFD). Upon further discussion, the original partners decided that they are not yet willing or able to join to form a district. Therefore, this scenario is no longer viable but is merely shown as a comparison since it was presented in the original study.

Scenario I, while potentially viable but considered less likely is comprised of the Amity Fire District (AFD), Lafayette Fire District (LFD), the City of McMinnville (MFD) and the McMinnville Rural Fire Protection District (MRFPD), and the New Carlton Fire District (NCFD). Scenario II-A is considered more likely than partnering Scenario I and is comprised of only the Amity Fire District (AFD), the City of McMinnville (MFD) and the McMinnville Rural Fire Protection District (MRFPD. A third scenario, added later and considered the most likely partnering scenario, differs little from the Base Scenario with only the Dayton Fire District (DFD) not participating. A fourth scenario with only the City of McMinnville and McMinnville Rural Fire Protection District was recently modeled and is discussed in a separate, following section of the report since it uses updated FY 21 budget data and is not compared to the other scenarios.

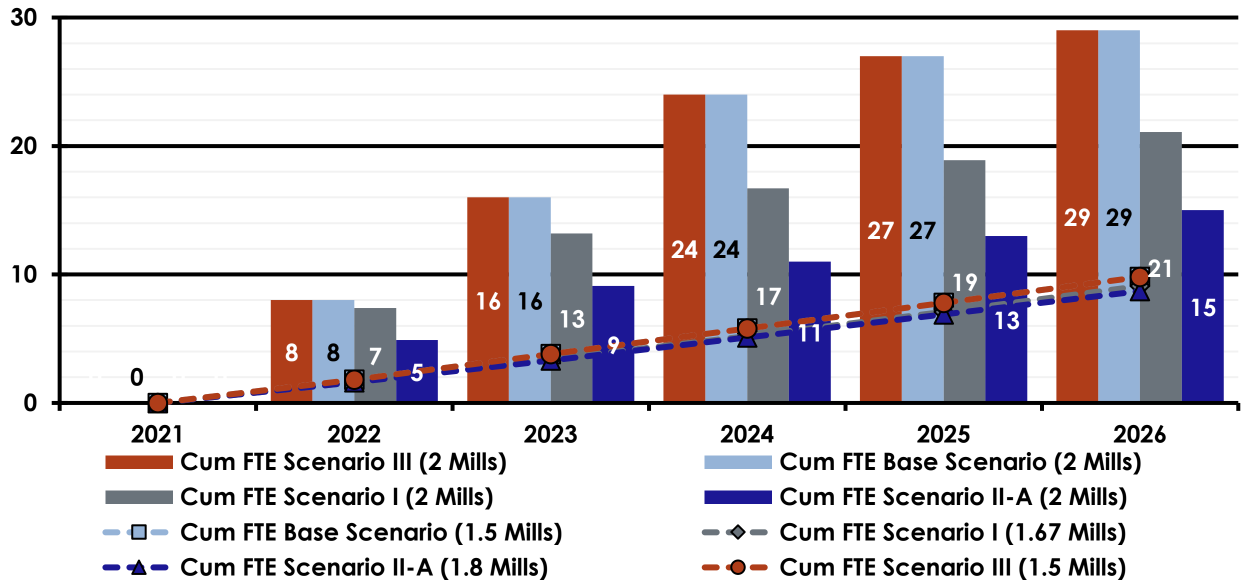
The next figure shows the total taxable value available to the potential district as well as the minimum permanent mill levy needed to sustain recurring operations in each of the four scenarios. The largest expenditure budget is that found in the McMinnville Fire Department which therefore has the largest impact on revenue needed for sustainment. As total taxable value declines with fewer partners, the bulk of the expenditures remain thus requiring an increasing minimum permanent mill rate to sustain operations. In both the Base Scenario and Scenario III, the minimum necessary mill rate is 1.5 mills, while in Scenario II-A, with only the three partner agencies, it rises to 1.8 mills. This is necessitated by a decrease in available taxable value of almost $1.8 billion.

Figure 29: Comparison of North Willamette Valley Fire District Permanent Levy and Taxable Values under Four Separate Partnering Scenarios, FY 22–26



The next figure compares the ability of the North Willamette Fire Protection District to hire additional staff under the four scenarios presented using the original financial data and assumptions. The dashed lines for each scenario represent the cumulative FTE that can be added by FY 26 under the minimum mill rate case outlined above; 1.5 mills, 1.67 mills, and 1.8 mills for the Base Scenario and Scenario III, Scenario I, and Scenario II-A, respectively. In the minimum millage case, there is very little difference in the cumulative number of staff that can be added by FY 26, which averages very close to 9 FTE in all four scenarios. However, when the maximum permanent mill rate is increased to 2 mills, the cumulative FTE is significantly different in the four scenarios, almost double between Scenario II-A and the Base Scenario. The Base Scenario and Scenario III are identical. In Scenario II-A the district could expect to add at least 15 FTE by FY 26.

Figure 30: Comparison of North Willamette Valley Fire District Cumulative Staffing and Mill Rate Options under Three Separate Partnering Scenarios, FY 22–26



COMPARISON OF PARTNERING SCENARIO II-A USING ORIGINAL VERSUS UPDATED FINANCIAL INFORMATION

The preceding analysis and discussion compared various North Willamette Valley District partnering strategies using financial data provided by each partner under the original ESCI study. Historical revenue and expenditure data were available only through FY 19. Data for both FY 20 and FY 21 were from adopted budgets. Further, taxable assessed data for each partner was only available for FY 20, and FY 21 taxable values were estimated using historical data from Yamhill County. Recently (mid-late fiscal year 2021), the potential partners in Scenario II-A, provided actual revenue and expenditure data for FY 20 and amended FY 21 budget data. FY 21 taxable values were also available for McMinnville and McMinnville Rural Fire Protection District. FY 21 values for the Amity Fire District were not available; therefore, the same process discussed above was used to estimate the FY 21 values.

The following discussion compares the modeling results for Scenario II-A with the updated financial data to those using the data available at the time of the original study and presented in the preceding comparison with other partnering scenarios. This update is only provided for Scenario II as that is considered most likely to proceed. Thus, the three potential partners are interested in the most up-to-date analysis.

FY 21 Data Update

The following figures compare Scenario II-A partner individual and composite revenues and expenditures used in the analysis above and with revised FY 21 data. The following two figures show expense in the original and updated models, respectively. Recurring expenses in the updated FY 21 figures are slightly lower while capital is higher with total expenses approximately $300,000 higher in the update.

Figure 31: Scenario II-A Original FY 21 Partner Expenses

Expense	Agency			
	AFD	MFD	MRFPD	Total
Personnel Services	30,780	7,235,621	0	7,266,401
Materials and Services	386,387	1,459,057	83,208	1,928,652
Debt Service	312,212	115,291	0	427,503
Recurring Expense	**729,379**	**8,809,969**	**83,208**	**9,622,556**
Land	0	0	0	0
Buildings	109,140	0	0	109,140

Equipment	0	413,100	42,000	455,100
Apparatus	0	45,000	0	45,000
Non-Recurring Expense	**109,140**	**458,100**	**42,000**	**609,240**
TOTAL EXPENSES:	**838,519**	**9,268,069**	**125,208**	**10,231,796**

Figure 32: Scenario II-A Updated FY 21 Partner Expenses

Expense	Agency			
	AFD	MFD	MRFPD	Total
Personnel Services	30,780	7,231,780	0	7,262,560
Materials and Services	386,387	1,459,057	35,495	1,880,939
Debt Service	312,212	115,291	0	427,503
Recurring Expense	**729,379**	**8,806,128**	**35,495**	**9,571,002**
Land	0	0	0	0
Buildings	131,384	137,375	0	268,759
Equipment	234,000	413,100	0	647,100
Apparatus	0	45,000	0	45,000
Non-Recurring Expense	**365,384**	**595,475**	**0**	**960,859**
TOTAL EXPENSES:	**1,094,763**	**9,401,603**	**35,495**	**10,531,861**

The next two figures show revenue in the original and updated models, respectively. Current year tax revenue for AFD is estimated by ESCI based upon historical average annual increases rather than on the revised FY 21 budget figure, which appears to be unrealistic given increased taxable values and steady long-term increases at the same millage rate. The estimated amount is approximately $100,000 more than adopted. MFD revenues are also higher by approximately $100,000. Non-recurring revenue and fund balance for AFD together are higher by approximately $310,000. Combined resources for the partners for FY 21 in the update are approximately $500,000 more than the model based upon the original data.

Figure 33: Scenario II-A Original FY 21 Partner Revenues

Resources	Agency			
	AFD	MFD	MRFPD	Total
Taxes—Current Year	695,423	4,590,175	504,939	5,790,537
Taxes—Prior Year	15,000	-	23,936	38,936
Interest/Earnings	4,000	15,200	15,000	34,200

Charges for Services	0	3,668,000	0	3,668,000
Other	0	228,000	0	228,000
Recurring Revenue	**714,423**	**8,501,375**	**543,875**	**9,759,673**
Grants	5,000	0	0	5,000
Sale of Surplus	500	0	0	500
Reimb/Conflagration	68,500	252,000	0	320,500
Miscellaneous	1,000	116,202	0	117,202
Non-Recurring Revenue	**75,000**	**368,202**	**0**	**443,202**
Beginning Fund Balance	**49,096**	**0**	**700,876**	**749,972**
TOTAL RESOURCES:	**838,519**	**8,869,577**	**1,244,751**	**10,952,847**

Figure 34: Scenario II-A Updated FY 21 Partner Revenues

Resources	Agency			
	AFD	MFD[3]	MRFPD[3]	Total
Taxes—Current Year[1]	800,340	4,661,708	489,181	5,951,229
Taxes—Prior Year	15,000	-	12,000	27,000
Interest/Earnings	4,000	15,200	13,350	32,550
Charges for Services[2]	0	3,821,000	0	3,821,000
Other[4]	0	137,000	0	137,000
Recurring Revenue	**819,340**	**8,634,908**	**514,531**	**9,968,779**
Grants	34,556	0	0	34,556
Sale of Surplus	500	0	0	500
Reimb/Conflagration[5]	68,500	252,000	0	320,500
Miscellaneous	1,000	116,202	300	117,502
Non-Recurring Revenue	**104,556**	**368,202**	**300**	**473,058**
Beginning Fund Balance	**334,277**	**0**	**780,314**	**1,114,591**
TOTAL RESOURCES:	**1,258,173**	**9,003,110**	**1,295,145**	**11,556,428**

The following figures compare FY 21 taxable values in the original model and using the available updated data. In the original scenario, the FY 20 values were provided by the partners and increased by the past average annual increase of 4.2% experienced in Yamhill County. Updated FY 21 values were provided for MFD and MRFPD and are shown in Figure . These values increased by 12.5% and 17.7%, respectively, which is significantly higher than the annual historical average for the county. As a reminder, the operating millage is not an actual millage. Rather, this is a calculated millage based upon estimated current year tax support less debt service costs. Since the estimated current tax revenue is higher in updated figures for AFD, the calculated mill rate to support that revenue is higher given that the estimated taxable value is the same in both instances.

Figure 35: Scenario II-A Original FY 21 Partner Taxable Values

Item	Agency			
	AFD	MFD	MRFPD	Total
FY 20 Taxable Value	419,503,634	2,820,653,990	496,980,994	3,737,138,618
FY 21 Estimated TV	437,122,787	2,939,121,458	517,854,196	3,894,098,440
Operating Support	383,211	4,474,884	504,939	5,363,034
Operating Millage	0.8767	1.5225	0.9751	1.3772
Oper Millage Change	0.5006	(0.1453)	0.4022	-
Debt Service Support	312,212	115,291	0	427,503
Debt Service Millage	0.7142	0.0392	-	0.1098
DS Millage Change	(0.6045)	0.0706	0.1098	-

Figure 36: Scenario II-A Updated FY 21 Partner Taxable Values

Item	Agency			
	AFD	MFD	MRFPD	Total
FY 20 Taxable Value	419,503,634	2,820,653,990	496,980,994	3,737,138,618
FY 21 Taxable Value[1]	437,122,787	3,306,700,184	609,309,450	4,353,132,421
Operating Support	488,128	4,546,417	489,181	5,523,726
Operating Millage	1.1167	1.3749	0.8028	1.2689
Oper Millage Change	0.1522	(0.1060)	0.4661	-
Debt Service Support	312,212	115,291	0	427,503
Debt Service Millage	0.7142	0.0349	-	0.0982
DS Millage Change	(0.6160)	0.0633	0.0982	-

[1]Amity FY 21 TV estimated using staff reported FY 20 value x historical increase rate of 4.2%; McMinnville and McMinnville RFPD are as reported by staff for FY 21

Comparison of FY 22–26 Expenditure Forecasts

The following figures compare the FY 22–26 forecast for the three partners under Scenario II-A with the updated FY 21 data shown above and include the impact of the FY 20 actual data on historical expense trajectory. Revenues are higher in the update due to much higher FY 21 taxable values. Both models use an annual increase of 4.2% for FY 22–26, but the higher FY 21 starting values provide a significant increase to the permanent millage at the same 1.8 mill rate. The Personnel Services numbers are higher because there is more available recurring revenue at the same millage rate.

Figure 37: Scenario II-A FY 22–26 Forecast Expenses—Original FY 21 Partner Values

Expense	2021 Adopted	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast

Personnel Services	7,266,401	7,702,385	8,164,528	8,654,400	9,173,664	9,724,084
Materials & Services	1,928,652	1,928,652	1,986,512	2,046,107	2,107,490	2,170,715
Debt Service	427,503	964,812	1,000,137	1,017,716	1,173,844	666,440
Recurring Expense	**9,622,556**	**10,595,849**	**11,151,177**	**11,718,223**	**12,454,998**	**12,561,238**
Land	0	0	0	0	0	0
Buildings	109,140	0	0	0	0	0
Equipment	455,100	219,443	226,027	232,807	239,792	246,985
Apparatus	45,000	784,764	816,155	848,801	882,753	918,063
Non-Recurring Expense	**609,240**	**1,004,207**	**1,042,181**	**1,081,608**	**1,122,544**	**1,165,048**
TOTAL EXPENSES:	**10,231,796**	**11,600,057**	**12,193,358**	**12,799,831**	**13,577,542**	**13,726,287**

Figure 38: Scenario II-A FY 22-26 Forecast Expenses—Updated FY 21 Partner Values

Expense	2021 Adopted	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast
Personnel Services	7,262,560	8,424,570	9,435,518	10,284,715	10,901,797	11,555,905
Materials & Services	1,880,939	1,880,939	1,937,367	1,995,488	2,055,353	2,117,013
Debt Service	427,503	964,812	1,000,137	1,017,716	1,173,844	666,440
Recurring Expense	**9,571,002**	**11,270,321**	**12,373,022**	**13,297,919**	**14,130,994**	**14,339,358**
Land	0	0	0	0	0	0
Buildings	268,759	9,845	10,288	10,751	11,235	11,741
Equipment	647,100	160,706	165,527	170,493	175,607	180,876
Apparatus	45,000	433,025	450,346	468,360	487,095	506,579
Non-Recurring Expense	**960,859**	**603,576**	**626,161**	**649,604**	**673,937**	**699,195**
TOTAL EXPENSES:	**10,531,861**	**11,873,897**	**12,999,184**	**13,947,523**	**14,804,931**	**15,038,553**

Using the FY 20 actual versus FY 20 adopted budget figures provides another year of actual data that can be used to develop historical trajectory and/or average annual expenditures in the various categories. The average annual spending through FY 20 was used as a starting point for the FY 22 forecast. For example, using the new data, the FY 22 updated figures for Buildings, Equipment and Apparatus are higher by $9,845, lower by $58,737, and lower by $351,739, respectively. Since capital costs are treated like a recurring expense in the forecast, this provides a net $400,000 that can be spent on Personnel.

Comparison of Revenue, Expense, and Fund Balance

The following figures compare revenue, expense, and impact on fund balance using previous and revised data. In both cases, the proposed permanent mill rate of 1.8 mills provides an excess of revenue over expense, although there is convergence by FY 26 and beyond that point, expenses will either need to be reduced or revenue increased. In both cases, fund balance increases rapidly but then begins to level off as expense approaches revenue by FY 26. Fund balance starts higher in the updated model and grows to just over $700,000 larger by FY 26. In both cases, the available fund balance begins to exceed the recommended 20% fund balance amount by FY 24, with the updated model reaching that figure in FY 23.

Figure 39: Scenario II-A FY 22–26 Revenue, Expense, and Fund Balance— Original FY 21 Partner Values

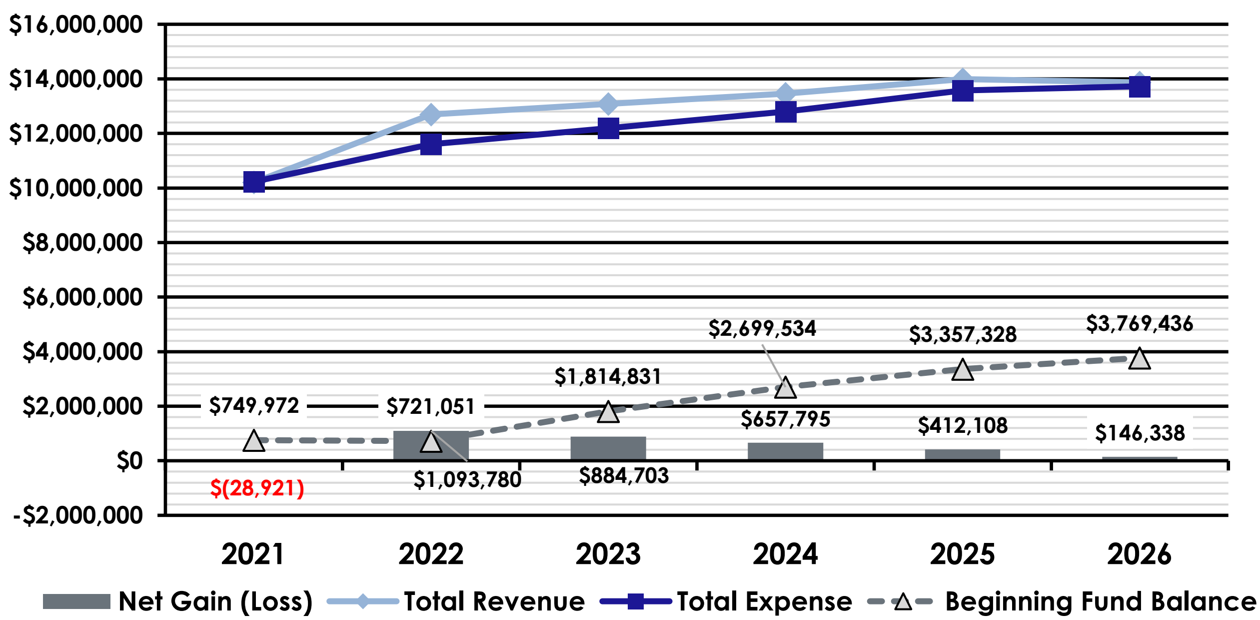
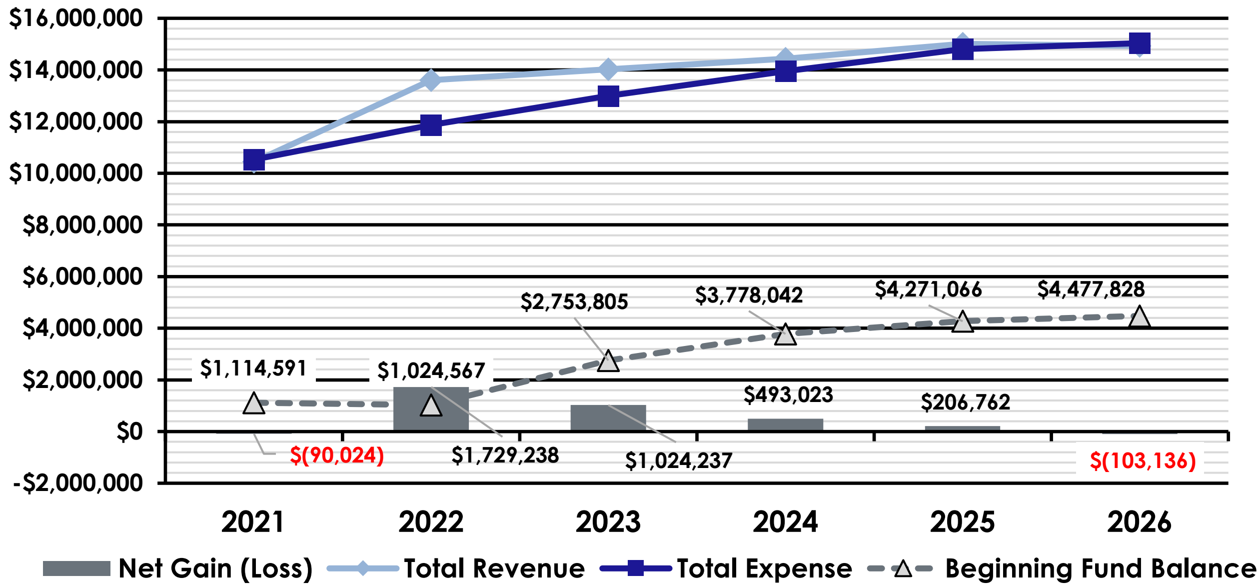


Figure 40: Scenario II-A FY 22–26 Revenue, Expense and Fund Balance—Updated FY 21 Partner Values



Comparison of Scenario II-A Potential FTE Growth

Probably the most significant change between models in Scenario II-A is the impact of the updated data on the ability to add more FTE, both in the base 1.8 mill case and in the higher, 2.0 mill case as seen in the two following figures. In both models, the model contemplates a 3% increase in total compensation, after which any additional recurring revenue capacity is used to add FTE using the personnel cost assumptions discussed above. Under Option #2 in the original model, the annual increase in Personnel Services is 6% per year which enables the district to add 8.7 cumulative FTE by FY 26. Using the updated data under Option #2, the district can add 21 total FTE by FY 26. In this case, the annual increases in Personnel Services are variable at 16% for FY 22–23, 12% for FY 24, 9% for FY 25, and 6% for FY 26. The lower capital costs and higher revenues at the same mill rate add the additional capacity.

Figure 41: Scenario II-A Potential FTE Growth (FY 22–26)—Original FY 21 Partner Values

Expense	2021 Adopted	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast
Estimated PS Total Comp Increase	1.03	1.03	1.03	1.03	1.03	1.03
Average Line Position Total Comp	128,750	132,613	136,591	140,689	144,909	149,257
PS Option #1 (3%, 1.8 mills)	**7,266,401**	**7,484,393**	**7,708,925**	**7,940,193**	**8,178,398**	**8,423,750**
PS Option #2 Base Case (6%, 1.8 mills)	**7,266,401**	**7,702,385**	**8,164,528**	**8,654,400**	**9,173,664**	**9,724,084**

Excess over Base Recurring	0	217,992	455,603	714,207	995,266	1,300,333
Potential Additional FTE	0	1.6	1.7	1.8	1.8	1.8
Incremental Cost	0	212,180	232,204	253,239	260,837	268,662
Cumulative Cost	0	212,180	450,750	717,512	999,874	1,298,532
PS Option #3 (Variable, 2.0 mills)	**7,266,401**	**8,138,369**	**8,952,206**	**9,489,338**	**10,058,699**	**10,662,221**
Excess over Base Recurring	0	653,976	1,243,281	1,549,146	1,880,300	2,238,470
Potential Additional FTE	0	4.9	4.2	1.9	2.0	2.0
Incremental Cost	0	649,801	573,682	267,308	289,819	298,513
Cumulative Cost	0	649,801	1,242,977	1,547,575	1,883,820	2,238,848

Figure 42: Scenario II-A Potential FTE Growth (FY 22–26)—Updated FY 21 Partner Values

Expense	2021 Adopted	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast
Estimated PS Total Comp Increase	1.03	1.03	1.03	1.03	1.03	1.03
Average Line Position Total Comp	128,750	132,613	136,591	140,689	144,909	149,257
PS Option #1 (3%, 1.8 mills)	**7,266,401**	**7,484,393**	**7,708,925**	**7,940,193**	**8,178,398**	**8,423,750**
PS Option #2 Base Case (Variable, 1.8 mills)	**7,266,401**	**8,424,570**	**9,435,518**	**10,284,715**	**10,901,797**	**11,555,905**
Excess over Base Recurring	0	940,177	1,726,593	2,344,522	2,723,399	3,132,155
Potential Additional FTE	0	7.0	5.6	4.0	2.2	2.2
Incremental Cost	0	928,288	764,909	562,754	318,800	328,364
Cumulative Cost	0	928,288	1,721,045	2,335,431	2,724,294	3,134,387
PS Option #3 (Variable, 2.0 mills)	**7,266,401**	**8,424,570**	**9,772,501**	**10,945,201**	**11,930,269**	**12,646,085**
Excess over Base Recurring	0	940,177	2,063,576	3,005,008	3,751,871	4,222,335
Potential Additional FTE	0	7.0	8.0	6.3	4.5	2.3
Incremental Cost	0	928,288	1,092,727	886,338	652,092	343,290
Cumulative Cost	0	928,288	2,048,863	2,996,667	3,738,659	4,194,109

As expected, the district would also be able to hire more FTE under the 2.0 mill model using the updated financial data. In the original model, the district could hire 15 FTE, while in the second model, the district can hire a cumulative of 28 FTE by FY 26.

PARTNERING SCENARIO II-B WITH UPDATED FINANCIAL INFORMATION

The preceding section compared Scenario II-A using the original study financial data with models using updated FY 21 financial data for the City of McMinnville and McMinnville RFPD. Partial FY 21 data were available for the FY 21 Amity budget and several assumptions were made regarding corresponding taxable value. In more recent discussions among the partners, another potential partnering scenario was presented which is Scenario II-A without Amity (Scenario II-B). Therefore, the model was run using the updated FY 21 budget and taxable values provided by staff. This model can be compared to Scenario II-A above using updated financial information to understand the impact of deleting Amity as a partner.

The next two figures show individual and composite partner revenue and taxable values.

Figure 43: Scenario II-B Updated FY 21 Partner Revenues

Resources	Agency		
	MFD[3]	MRFPD[3]	Total
Taxes—Current Year	4,661,708	489,181	5,150,889
Taxes—Prior Year	-	12,000	12,000
Interest/Earnings	15,200	13,350	28,550
Charges for Services	3,821,000	0	3,821,000
Other	137,000	0	137,000
Recurring Revenue	**8,634,908**	**514,531**	**9,149,439**
Grants	0	0	0
Sale of Surplus	0	0	0
Reimb/Conflagration	252,000	0	252,000
Miscellaneous	116,202	300	116,502
Non-Recurring Revenue	**368,202**	**300**	**368,502**
Beginning Fund Balance	**0**	**780,314**	**780,314**
TOTAL RESOURCES:	**9,003,110**	**1,295,145**	**10,298,255**

Figure 44: Scenario II-B Updated FY 21 Partner Taxable Values

Item	Agency		
	MFD	MRFPD	Total
FY 20 Taxable Value	2,820,653,990	496,980,994	3,317,634,984
FY 21 Taxable Value[1]	3,306,700,184	609,309,450	3,916,009,634

Operating Support	4,546,417	489,181	5,035,598
Operating Millage	1.3749	0.8028	1.2859
Oper Millage Change	(0.0890)	0.4831	-
Debt Service Support	115,291	0	115,291
Debt Service Millage	0.0349	-	0.0294
DS Millage Change	(0.0054)	0.0294	-

[1]FY 21 TV as reported by staff for McMinnville and McMinnville RFPD

The following three figures show the forecast expense, revenue, and taxable values with operating millage for the two partners in Scenario II-B.

Figure 45: Scenario II-B FY 22-26 Forecast Expenses—Updated FY 21 Partner Values

Expense	2021 Adopted	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast
Personnel Services	7,231,780	8,388,865	9,395,529	10,241,126	10,855,594	11,506,929
Materials and Services	1,494,552	1,494,552	1,539,389	1,585,570	1,633,137	1,682,131
Debt Service	115,291	0	0	0	0	0
Recurring Expense	**8,841,623**	**9,883,417**	**10,934,917**	**11,826,696**	**12,488,731**	**13,189,061**
Land	0	0	0	0	0	0
Buildings	137,375	2,878	3,008	3,143	3,285	3,433
Equipment	413,100	160,706	165,527	170,493	175,607	180,876
Apparatus	45,000	433,025	450,346	468,360	487,095	506,579
Non-Recurring Exp	**595,475**	**596,609**	**618,881**	**641,996**	**665,987**	**690,887**
TOTAL EXPENSES:	**9,437,098**	**10,480,026**	**11,553,798**	**12,468,693**	**13,154,718**	**13,879,947**

Figure 46: Scenario II-B FY 22-26 Forecast Revenue—Updated FY 21 Partner Values

Resources	2021 Adopted	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast
Taxes—Current Year	5,150,889	7,344,868	7,653,352	7,974,793	8,309,734	8,658,743
Taxes—Prior Year	12,000	12,504	13,029	13,576	14,147	14,741
Interest/Earnings	28,550	28,836	29,124	29,415	29,709	30,006
Charges for Services	3,821,000	3,859,210	3,897,802	3,936,780	3,976,148	4,015,909
Other	137,000	138,644	140,308	141,991	143,695	145,420
Recurring Revenue	**9,149,439**	**11,384,061**	**11,733,615**	**12,096,556**	**12,473,433**	**12,864,819**
Grants	0	32,611	32,600	32,600	32,600	32,600
Sale of Surplus	0	12,541	12,400	12,400	12,400	12,400
Reimb/Conflagration	252,000	290,189	290,000	290,000	290,000	290,000

Miscellaneous	116,502	79,384	80,000	80,000	80,000	80,000
Non-Recurring Revenue	**368,502**	**414,724**	**415,000**	**415,000**	**415,000**	**415,000**
Beginning Fund Balance	**780,314**	**861,157**	**2,179,916**	**2,774,733**	**2,817,596**	**2,551,311**
TOTAL RESOURCES:	**10,298,255**	**12,659,942**	**14,328,531**	**15,286,289**	**15,706,029**	**15,831,131**

Figure 47: Scenario II-B FY 22-26 Forecast Taxable Value and Operating Mill Rates—Updated FY 21 Partner Values

Item	2021	2022	2023	2024	2025	2026
	Adopted	Forecast	Forecast	Forecast	Forecast	Forecast
Estimated Taxable Value	3,916,009,634	4,080,482,039	4,251,862,284	4,430,440,500	4,616,519,001	4,810,412,799
Permanent Levy Amount	5,035,598	7,344,868	7,653,352	7,974,793	8,309,734	8,658,743
Permanent Levy Rate	1.2859	1.8000	1.8000	1.8000	1.8000	1.8000
Debt Levy Amount	115,291	0	0	0	0	0
Debt Levy Rate	0.0294	0.0000	0.0000	0.0000	0.0000	0.0000
Total Levy Amount	5,150,889	7,344,868	7,653,352	7,974,793	8,309,734	8,658,743
Total Millage	1.3153	1.8000	1.8000	1.8000	1.8000	1.8000

Revenue, Expense, and Fund Balance

The following figures show revenue, expense, and impact on fund balance for the Scenario II-B partners using the revised FY 21 budget data. The proposed permanent mill rate of 1.8 mills provides an excess of revenue over expense through FY 24 after which expense exceeds revenue at an increasing rate and expenses will either need to be reduced or revenue increased. Fund balance increases through FY 24 then levels off and begins to decline at an increasing rate. Available fund balance initially increases rapidly to meet the recommended 20% amount but begins to drop back below that by FY 26.

Figure 48: Scenario II-B FY 22–26 Revenue, Expense and Fund Balance—Updated FY 21 Partner Values

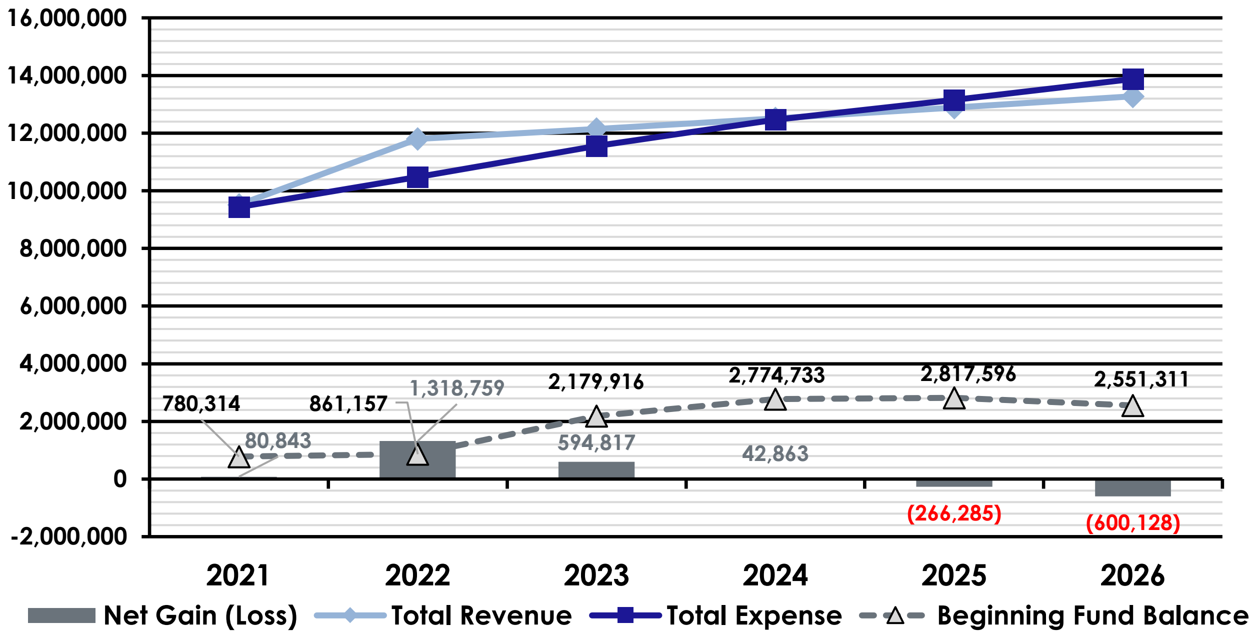
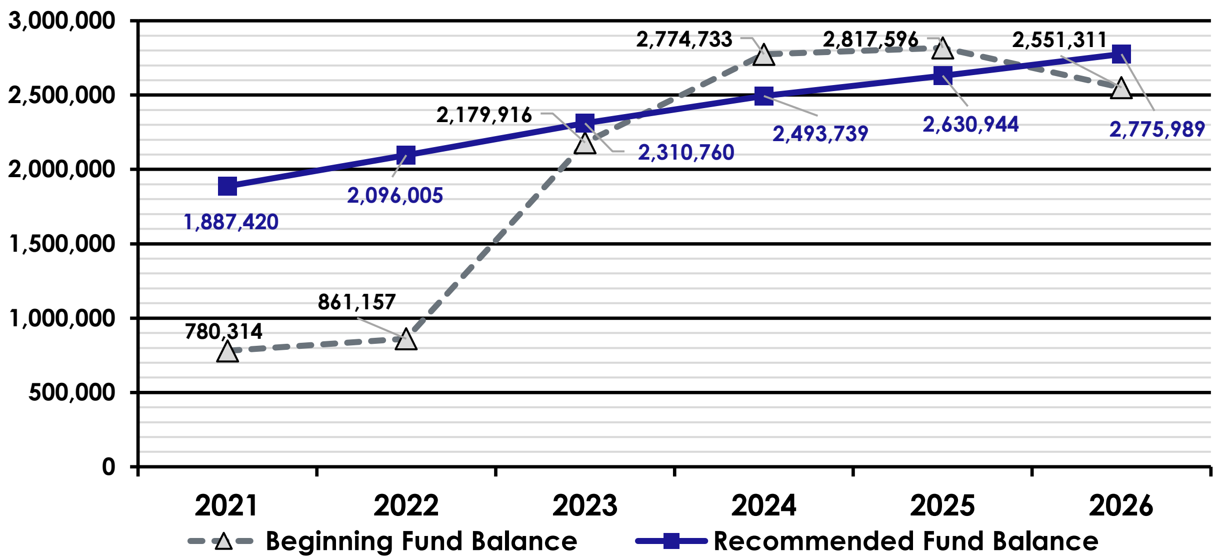


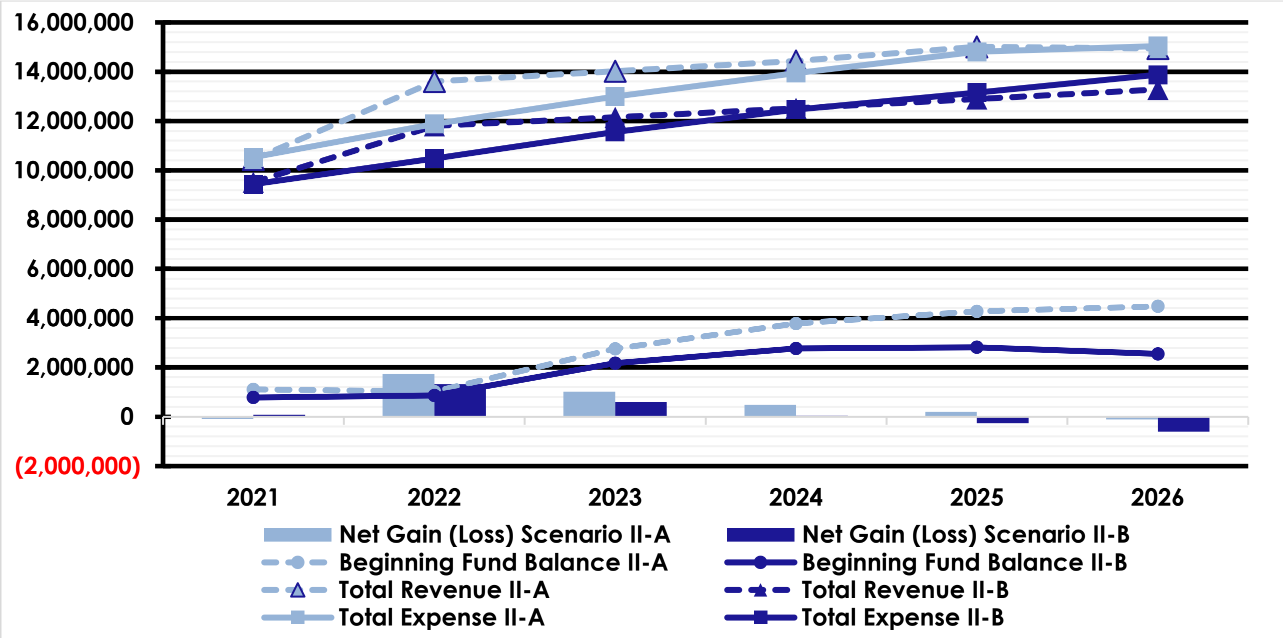
Figure 49: Scenario II-B FY 22–26 Available Versus Recommended Fund Balance—Updated FY 21 Partner Values



Comparison of Scenario II-A and II-B Revenue, Expense, and Fund Balance

The following figure shows the impact that removing the Amity Fire District from Scenario II-A has on the partnership (Scenario II-B). Although revenue is greater in Scenario II-A by $1.8 million in FY 22 increasing to $2 million in FY 25, total expense is also greater by $1.4 million in FY 22 increasing to $1.65 million by FY 25. The difference results in a net decrease in beginning fund balance of $410,000 in FY 22 to almost $500,000 by FY 26.

Figure 50: Comparison of Scenario II-A and Scenario II-B FY 22–26 Revenue, Expense and Fund Balance



The most important consideration for the Scenario II-B partners is that the loss of Amity as a potential partner has no significant adverse impact on the ability of the remaining partners to add staff or on the relationship of projected to recommended fund balance. In either case, at an operating mill levy of 1.8 mills, the partnership can add 21 FTE cumulatively by FY 26 and fund balance will be well above the recommended 20% amount. In Scenario II-A operating loss will be near $100,000 while in Scenario II-B operating loss will be closer to $600,000 by FY 26. The table for Scenario II-B in the following figure follows the same format as that shown for the other scenarios with respect to the impact of adding additional FTE through FY 26. As stated, in the base case with a 1.8 mill permanent levy in Scenario II-B the district could add 21 FTE by FY 26 and up to 29 FTE at a maximum mill rate of 2.0.

Figure 51: Scenario II-B Potential FTE Growth (FY 22–26)—Updated FY 21 Partner Values

Expense	2021 Adopted	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast
Estimated PS Total Comp Increase	1.03	1.03	1.03	1.03	1.03	1.03
Average Line Position Total Comp	128,750	132,613	136,591	140,689	144,909	149,257
PS Option #1 (3%, 1.8 mills)	**7,231,780**	**7,448,733**	**7,672,195**	**7,902,361**	**8,139,432**	**8,383,615**
PS Option #2 Base (Variable, 1.8 mills)	**7,231,780**	**8,388,865**	**9,395,529**	**10,241,126**	**10,855,594**	**11,506,929**
Excess over Base Recurring	0	940,131	1,723,333	2,338,765	2,716,162	3,123,314
Potential Additional FTE	0	7.0	5.6	4.0	2.2	2.2

Incremental Cost	0	928,288	764,909	562,754	318,800	328,364
Cumulative Cost	0	928,288	1,721,045	2,335,431	2,724,294	3,134,387
PS Option #3 (Variable, 2.0 mills)	**7,231,780**	**8,388,865**	**9,731,083**	**10,898,813**	**11,879,706**	**12,592,489**
Excess over Base Recurring	0	940,131	2,058,888	2,996,452	3,740,274	4,208,874
Potential Additional FTE	0	7.0	8.0	6.3	4.5	2.3
Incremental Cost	0	928,288	1,092,727	886,338	652,092	343,290
Cumulative Cost	0	928,288	2,048,863	2,996,667	3,738,659	4,194,109

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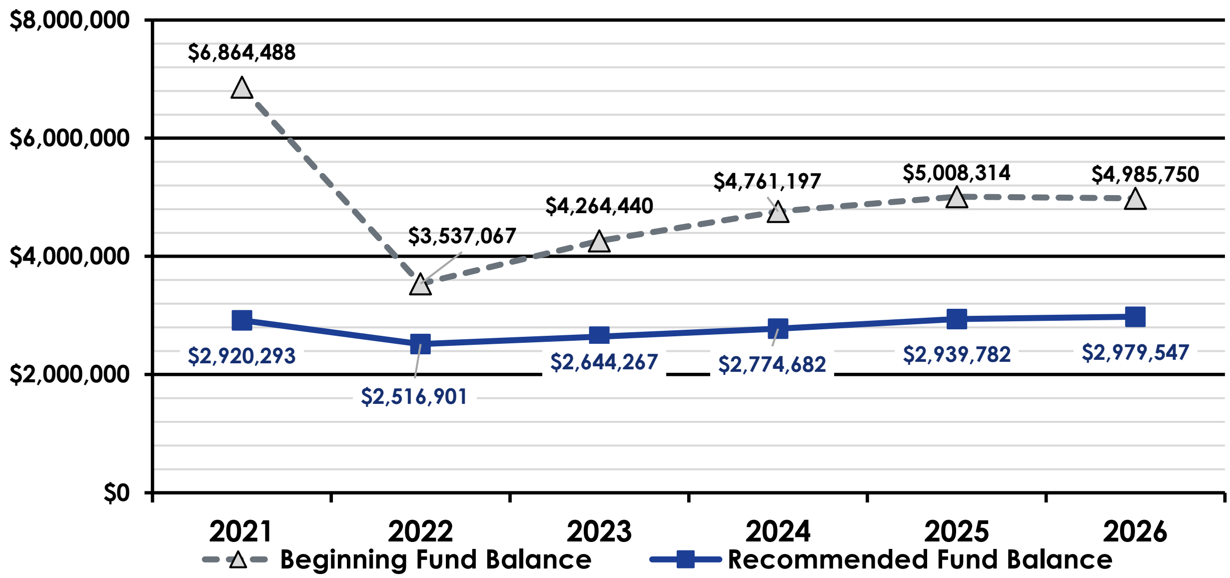
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$2,979,547
2021
2022
2023
2024
2025
2026
Beginning Fund Balance
Recommended Fund Balance