

Riverdale Fire District

Tax Measure Review - Measure 26-241

November 7, 2023 Election



OVERVIEW

Type of Measure	Local Option Levy - Renewal
Ballot Title	26-241
Tax Impact	A five-year operating levy of \$0.5000 per \$1,000 of assessed value beginning in FY 24-25.
Estimated \$ Raised	\$2.3 million for five years
Purpose	To pay for contract costs related to emergency fire and medical services
Hearing Date and Time	October 19, 2023 at 7:00 pm

MEASURE SUMMARY

Riverdale Rural Fire Protection District No. 11J is seeking voter approval for a local option levy of \$0.5000 per \$1,000 of assessed value. The previous levy of the same amount will expire in 2024, the current tax year. This new levy would be effective from FY 2024-25 to FY 2028-29.

Summary from Request for Ballot Title

This measure continues the five-year local option levy initially adopted November 5, 2002. This measure authorizes the Board of Directors to levy taxes needed for the annual cost of emergency services provided to Riverdale residents. The district presently operates with the aid of a five-year local option levy which expires June 30, 2024. This measure continues the local option levy, which is \$0.50 per \$1,000 for five years beginning 2024-2025. The tax is necessary to pay the contract costs for emergency fire and medical services.

The estimated local option taxes over five years are:

2024-2025: \$438,673
2025-2026: \$451,639
2026-2027: \$465,209
2027-2028: \$479,186
2028-2029: \$493,583

The estimated total tax raised over five years if the maximum levy is assessed would be \$2,328,081.

The Board of Directors intends to levy taxes each year only in an amount that meets the District's needs for emergency services. Although the current levy allows the levy of \$0.50 per \$1,000 of assessed value, the amount levied each year under the current levy has been \$0.25 per \$1,000 of assessed value for 2019-2020 through 2023-2024.

BACKGROUND

The district, organized under ORS Chapter 478, is governed by five board members elected to four-year terms. Board members serve without compensation. The district owns no property or equipment and contracts with the City of Lake Oswego for services. The district has no employees.

Riverdale Fire District serves an unincorporated area in southwest Multnomah County along the Willamette River between Portland and Lake Oswego and extends into Clackamas County.

Riverdale RFPD 11J	2019-20	2020-21	2021-22	2022-23
Assessed Value in Millions	\$792.6	\$818.2	\$844.4	\$871.5
Real Market Value (M-5) in Millions	\$1,175.9	\$1,140.1	\$1,240.3	\$1,301.6
Property Tax Rate Extended:				
Operations	\$1.2361	\$1.2361	\$1.2361	\$1.2361
Local Option for Operations	\$0.2500	\$0.2500	\$0.2500	\$0.2500
Total Property Tax Rate	\$1.4861	\$1.4861	\$1.4861	\$1.4861
Measure 5 Loss	\$-758	\$-1,405	\$-1,618	\$-1,552

The district's permanent property tax rate limit of \$1.2361 is not sufficient to pay for the fire service contract. As a result, the district has relied on a series of local option levies since 1999.¹

The 0.5000 rate was first approved by voters for FY 2014-15. The district previously had a local option levy at \$0.43 (43 cents) per \$1,000.

The levy was last approved by voters in May 2019 for a five-year period (through FY 2023-24). The district has authority to levy up to \$0.5000 per thousand but has historically levied less. Since FY 2014-15, the district has levied \$0.2500 per thousand each year. The district's stated goal is to only levy the amount the district deems necessary to meet operational goals and maintain the desired fund balance.

¹ Note: The ballot summary provided by the district (shared on p.1) states 2002 as the initial adoption of the local option levy. Election results and property tax records show the first collection of the local option levy rate occurred in FY 1999-2000. The initial local option levy passed by 60% in November 1998.

Riverdale Fire Adopted Budget for FY 22-24

	1st Year 22-23	2nd Year 23-24	Total 2 Year Period 22-24
<u>Resources</u>			
Beginning Fund Balance	1,410,000	1,337,500	1,410,000
Property Taxes	1,224,000	1,260,720	2,484,720
Interest	10,000	10,000	20,000
Total Resources	2,644,000	2,608,220	3,914,720
<u>Requirements</u>			
Lake Oswego Fire Contract	1,219,000	1,264,000	2,483,000
Insurance and Bonds	5,000	5,000	10,000
Professional Services	5,000	5,000	10,000
Elections & Publications	1,500	1,500	3,000
Supplies	1,000	1,000	2,000
Contingencies	75,000	75,000	150,000
Ending Fund Balance	1,337,500	1,256,720	1,256,720
Total Requirements	2,644,000	2,608,220	3,914,720

The district budgets on a biennial basis. The total budget for FY 2022-24 is \$3.9 million.

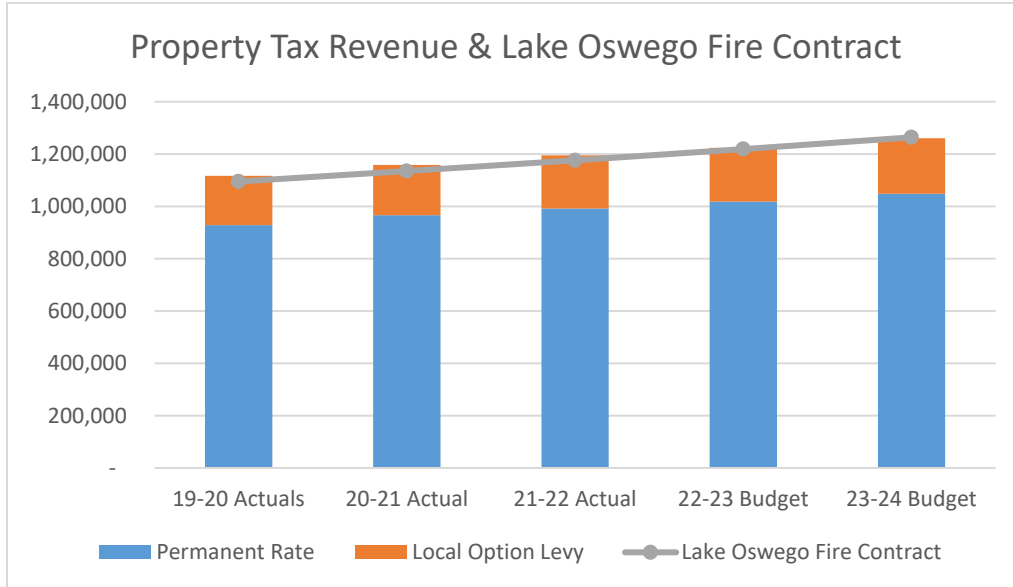
The current contract with the City of Lake Oswego was approved in 2019 and expires in 2024. Expenditures for FY 23 increased 4% from the previous year due to rising costs for fire services, as outlined in the contract agreement. Contracted fire services are also budgeted to increase by 4% between FY 23 and FY 24.

MEASURE ANALYSIS

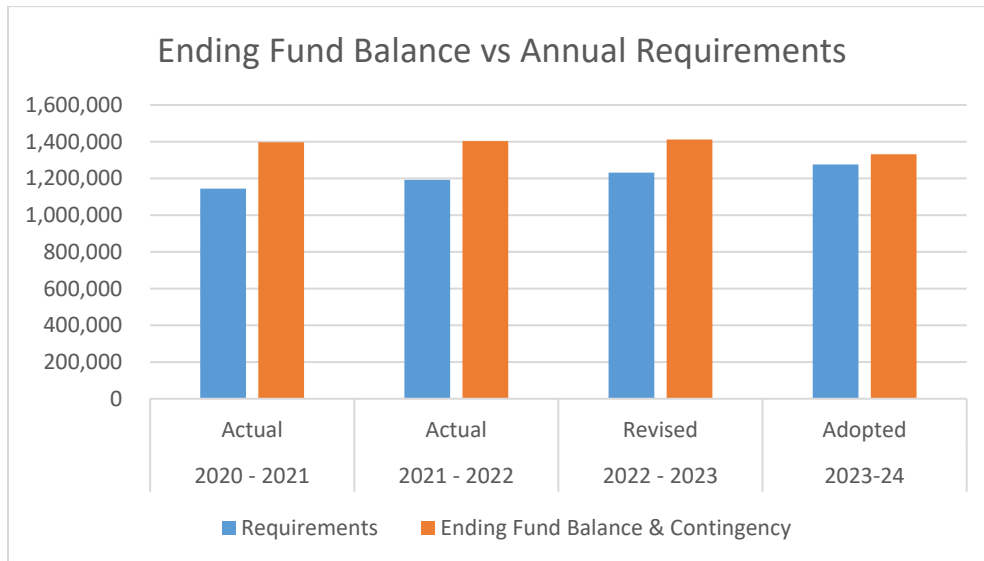
Over the five-year period of the proposed local option levy, the levy would amount to roughly \$2.3 million additional taxes imposed. This estimated amount is net of discounts, delinquencies, and compression. Compression impacting the levy historically has been minimal (\$672 in levy compression for FY 22-23).

As noted earlier in this review, the district asks voters for the authority to levy \$0.5000 per \$1,000, but in practice levies \$0.2500 per \$1,000. If the district continues that trend, the estimated amount of levy taxes imposed for the five-year period would be roughly \$1.2 million.

The primary purpose of the levy is to fund the fire protection services contract with Lake Oswego. As can be seen in the following chart, without the local option levy, the district does not have sufficient property tax revenue to cover that cost.



The district budgets on a biennial basis and the contract for fire protection services is budgeted at \$2.5 million for 2022-24.² Permanent rate tax revenue is budgeted at about \$2.1 million, leaving a gap of roughly \$440,000 to be covered by the local option levy, approximately \$220,000 per year. At the \$0.2500 per \$1,000 rate, the district is budgeted to receive at least that annual amount.



The district has long held a policy of keeping reserves more than equal to annual requirements. The district’s intent, as per the FY 22-24 Budget Message, is to maintain “a significant balance in the pool account so that it can meet its obligations. That would include any budget shortfall if,

² For the purposes of this review, the biennial 22-24 budget is split out annually to show comparison with prior year actuals. As a result, it appears the fire contract will exceed property tax revenue in FY 23-24, but the over the total two year budgeted period the property tax revenue exceeds the fire contract by over \$1,700 (see budget on previous page).

for example, the special levy is not renewed when it expires.” Given that the difference in budgeted permanent rate revenue and Lake Oswego contract costs is roughly \$220,000 per year, it would take years for the current fund balance of \$1.4 million to be spent in the event the local option levy is not approved.

The average Multnomah County property in the Riverdale Fire District has an assessed value of \$941,156 and is currently paying \$1,163 in permanent rate property taxes to the district. With the local option levy in place, the average property owner in the district pays an estimated additional \$471 in local option levy property taxes.³

³ Multnomah County 2022-23 Taxing District Values document, M50 values. Does not include Clackamas County households. <https://www.multco.us/assessment-taxation/reports-and-data>