



Feasibility Analysis for a potential Consolidation of Golden Valley Fire District and Yucca Fire District



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Introduction

It is evident that Golden Valley Fire District (GVFD) and Yucca Fire District (YFD) strive to provide the highest level of public safety services to the communities they serve in the most efficient and effective way possible. In this endeavor, James Vincent Group (JVG) has been tasked with providing financial consulting services focused on providing an independent assessment of the financial feasibility of a consolidation between GVFD and YFD. While remaining independent from each district was a critical aspect of this project, it was also essential to work closely with each organization to ensure that study expectations were met.

JVG was engaged by GVFD due to extensive experience working with Arizona based fire districts and projects of this nature.

JVG is a full-service consulting firm with a team of expert professionals who connect with each one of our unique clients through specialized industry insight and refreshing sincerity. We understand that each client is unique and continually spend time asking questions, listening and learning about you, your organization, and goals for success. Our passion for tailoring efficient and productive financial systems helps our clients realize financial strength, long-term financial sustainability and success. We provide our clients with industry leading financial advice and become an integral part of their processes. We are always available to our clients and truly become your trusted financial advisor. Founded in 2010, we have accomplished dynamic growth while maintaining our commitment to provide the highest level of expertise while creating long term relationships with each one of our clients.

As part of our continued focus on excellence and transparency JVG's clients have been recognized by the Government Finance Officers Association through the award of a certificate of achievement for excellence in financial reporting.

The following list of some of our clients illustrates how we have become the trusted financial advisor for multiple fire agencies throughout the state. Some of our clients include:

- City of Casa Grande
- City of Scottsdale
- City of Glendale
- City of Chandler Fire, Health & Medical
- City of Goodyear Fire Department



- Tempe Fire Medical Rescue Department
- Arizona Fire and Medical Authority
- Berthoud Fire Protection District
- Buckeye Valley Fire District
- Copper Canyon Fire
- Corona De Tucson Fire District
- Daisy Mountain Fire&Medical District
- Front Range Fire Consortium
- Front Range Fire District
- Fry Fire District
- Green Valley Fire District
- Heber Overgaard Fire Department
- Mesa Fire and Medical Department
- Northwest Fire District
- Peoria Fire Department
- Pine-Strawberry Fire District
- Pinetop Fire District
- Sedona Fire District
- Sun City Fire Department
- Superstition Fire and Medical District
- Tubac Fire District
- Timber Mesa Fire and Medical District
- Windsor Severance Fire District
- Loveland Rural Fire District

Specifically related to this feasibility study we have provided similar consulting services to Show Low Fire District, Linden Fire District and Lakeside Fire District (now Timber Mesa Fire District), Mountain Vista Fire District (now Golder Ranch Fire District), Wittman Fire District (now part of North County Fire District), Sun Lakes Fire District (now part of South County Fire District), Bullhead City Fire District, Mohave Valley Fire District, Fort Mojave Mesa Fire District and Payson Fire Department.

Throughout this project, JVG has worked collaboratively with the designated project manager to collect the necessary information and data needed to provide a detailed analysis. Our methodology was designed to provide information regarding the long-term feasibility of a potential consolidation of both districts and ultimately enable the Board to make decisions on the future path of this project based on reliable and independent information. This report consists of the following sections.

History and Current Operations

This section discusses the history of both Golden Valley Fire District and Yucca Fire District and how they are currently operating on a standalone basis.

Methodology

This section discusses the client-focused approach used during the project.



Financial Assessments

To gather a clearer understanding of the financial impact of a potential consolidation, JVG has included standalone projections for each organization.

Summary

This section provides an overview of our findings. It outlines some of the key points from the analysis.

History of Districts and Current Operations

Golden Valley Fire District:

Golden Valley Fire District (GVFD) was formally established in 1975 by a group of citizens seeking to form a formal volunteer fire department in Golden Valley, Arizona. Upon formation, the GVFD was tasked with serving residents covering 171 square miles within Mohave County. Since the District's inception through present, the area that GVFD serves has seen significant population growth, which has increased GVFD's coverage area to over 220 square miles, not including out of district coverage areas serviced through various agreements. To meet the demand of the growing population, GVFD transitioned from being a volunteer-based department to employing career firefighters. GVFD provide all-hazard emergency services in including fire prevention, fire suppression, paramedic level emergency medical response, hazardous material response, special operations, technical rescue for high-angle and low-angle rescues, public education and code enforcement for general fire safety.

Mohave County, which GVFD's service area resides in, is the fifth largest county in the United States in terms of land mass. However, the county is considered to have one of the lowest population densities in the United States, meaning the county is extremely rural with residents, communities and business spread far apart from each other. Considering the demographics and geographics of Mohave County, there are communities and businesses in remote areas that aren't able to either afford a full-time fire and medical service operation, do not reside in a location that is readily serviced by a preexisting fire and medical service operation or require additional assistance for their fire and medical service operation. As a result, GVFD has been contracted by various entities located outside their set coverage areas to provide fire and medical services. The contracts, or Inter Government Agreements (IGAs) and mutual aid agreements, allow GVFD to provide service outside their boundaries while receiving compensation. As of Fiscal Year 2023, GVFD has agreements in places to provide fire and medical services to the following entities:



- Griffith Energy
- Black Mountain Energy
- Yucca Fire District
- Northern Arizona Fire District

At present, GVFD has three fully staffed fire stations that are strategically placed with the GVFD's service area to ensure the public's needs are met.

Yucca Fire District:

Yucca Fire District (YFD) was formally established in 1974 as a volunteer-based fire district. Upon formation, YFD was tasked with serving residents that covered 124 square miles, which included areas of Buckeye, Havasu, Golden Spike, National Old Trails and Haviland. The entire coverage area for YFD is located in Mohave County. The area in which YFD serves is extremely remote and has only 275 residents that reside in the district, which are primarily senior citizens. Considering the low population within the district, YFD has a low assessed value base to levy property tax revenue. As such, the District is unable to afford an internally developed fire and medical operation to serve the residents of the district. Furthermore, the district is unable to assemble a group of volunteer firefighters from the community due to the aging population.

Considering the issues facing YFD, the District has in place an IGA with GVFD to ensure the residents of the YFD are receiving fire and medical services. Based on the IGA, GVFD manages all operational aspects of YFD, including the Fire Chief of GVFD serving as the Fire Chief of YFD, annual budget setting, finance operation, fleet and facility management and most importantly staffing operations. At current, YFD paid on call (POC) personnel will staff the sole fire station of YFD fifteen days a month with two resources that consist of a paramedic and EMT. The coverage currently being received by YFD is all that can be afforded with the annual revenues of YFD. GVFD management tries to strategically staff the fire station during the busiest times. In the event of an incident taking place within the YFD district when there is no coverage, GVFD will respond to these calls. For GVFD's services, YFD pays a monthly management fee to GVFD.



Methodology

Throughout this project we have spent considerable amounts of focused time working collaboratively with members of the Golden Valley Fire District (GVFD) team to collect information needed to provide a detailed analysis. We understand that although our independent position is an important aspect of this project another integral aspect is you, the client. You bring to the table a deep understanding of the goals, challenges and requirements. Your comments and constructive input have proven to be an invaluable component to this project.

The JVG approach to this analysis, as with all of our client-based services, is to thoroughly understand the needs and capabilities of GVFD and YFD. The methodology employed utilized our team's experts, who have collective knowledge and proficiency in the areas under review, and who understand how to document, assess, analyze, and implement solutions that will best meet your needs. Our methodology was designed to provide a comprehensive review of the options for cost-effective approaches that increase levels of services, financial stability, workforce efficiency and reliability and was focused specifically on providing a detailed and independent assessment of the financial feasibility of a potential consolidation involving GVFD and YFD.

After gaining a clear understanding of the goals and vision for this project, JVG proceeded to the data collection phase. During this phase, JVG gathered critical information from various members of the GVFD and YFD team. Some of the information collected included:

- Last 4 years of detailed revenues and expenses for GVFD and YFD;
- Audited financials for the last 3 fiscal years for both GVFD and YFD;
- Current budgets for both GVFD and YFD;
- Current wage and benefit package with breakdown of where employees are for each district;
- Operational models, current practices, and industry standards; and
- Historical assessed value for GVFD and YFD

After all of the information was collected, the JVG team spent time documenting the information using various formats and analyzing different scenarios to determine their potential effect on long term financial sustainability and on the feasibility of a potential consolidation. Through a process of review, assessment and feedback, we have provided an independent financial assessment of the feasibility of a consolidation including GVFD and YFD. By working with the JVG team, GVFD and YFD are hereby provided with a study that will enable leadership to make decisions based on reliable, expert and independent financial information.



Financial Assessments

To gather a clearer understanding of the financial impact of a potential consolidation, JVG has also completed and included projections for both districts if they were to standalone moving forward.

Golden Valley Fire District (GVFD)

The assumptions used during the standalone projections for Golden Valley Fire District include the following information. These assumptions were calculated through a combination of an analysis of historical actual trends, current budgets and knowledge of similar districts throughout the state. While conducting an analysis of historical trends JVG often uses both averages and compounded annual growth rate (CAGR). Using CAGR allows for a smoothing of historical data, reduces the effect of volatility and provides a steady inflator, or deflator, that can be used in the projections. Some of the assumptions used include:

- Assessed value increasing between 4.00% and 4.50% annually. This is based on analysis of historical trends and CAGR analysis;
 - Tax rate beginning at \$3.50 in Fiscal Year 2024 and increasing to \$3.75 for Fiscal Year 2025 through 2029.
 - FDAT Increasing yearly based on the annual increases to assessed value.
- Nontax revenue increasing 3.0% annually;
- Personnel costs increasing 5.5% annually;
- Administration expenses increasing 1.0% annually;
- Operational, communication, facility, vehicle and equipment expenses increasing 5.0% annually;
- Capital outlay expenses based on current and future needs;
- Debt services based on current debt schedule and in 2027 financing for a new fire engine; and
- No significant change to employee wages or benefits.

The following table provides a five-year projection of revenues and expenses for Golden Valley Fire District. The assumptions listed above were used to create these projections and although JVG understands that it is possible to use worst case and best-case scenarios, JVG has used projections that are based on historical data and industry projections.



5 Year Golden Valley Fire District projections Summary

Revenue	2024	2025	2026	2027	2028	2029
Real Estate	2,292,238	2,566,488	2,681,980	2,795,964	2,907,802	3,024,115
Fire District Assistance Tax	271,767	283,997	296,776	309,389	321,765	334,636
Non Tax Levy Revenues	960,267	989,075	1,018,748	1,049,310	1,080,789	1,113,213
Total Revenue	\$ 3,524,272	\$ 3,839,560	\$ 3,997,504	\$ 4,154,663	\$ 4,310,357	\$ 4,471,963
Expenses						
Personnel Expenses	2,681,967	2,829,475	2,985,096	3,149,276	3,322,487	3,505,223
Administration Expenses	104,126	105,167	106,219	107,281	108,354	109,437
Operational Expenses	57,531	60,407	63,428	66,599	69,929	73,425
Facility/Vehicle & Equipment	342,589	359,719	377,705	396,590	416,419	437,240
Communication Expenses	109,278	114,742	120,479	126,503	132,828	139,469
Debt Service	79,918	79,918	71,909	238,908	238,908	238,908
Total Expense	\$ 3,375,408	\$ 3,549,428	\$ 3,724,835	\$ 4,085,157	\$ 4,288,925	\$ 4,503,704
Beginning Fund Balance	\$ 1,285,706	\$ 1,071,591	\$ 1,261,723	\$ 1,434,392	\$ 1,403,898	\$ 1,325,330
Capital Outlay	(362,979)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
Net from Operations	\$ 148,864	\$ 290,132	\$ 272,669	\$ 69,506	\$ 21,432	\$ (31,741)
Ending Fund Balance	\$ 1,071,591	\$ 1,261,723	\$ 1,434,392	\$ 1,403,898	\$ 1,325,330	\$ 1,193,589
Golden Valley Assessed Valuation	65,492,512	68,439,675	71,519,460	74,559,037	77,541,399	80,643,055
Tax Rate	\$ 3.5000	3.7500	3.7500	3.7500	3.7500	3.7500



Yucca Fire District (YFD)

The assumptions used during the standalone projections for Yucca Fire District include the following information. These assumptions were calculated through a combination of an analysis of historical actual trends, current budgets and knowledge of similar districts throughout the state. While conducting an analysis of historical trends JVG often uses both averages and compounded annual growth rate (CAGR). Using CAGR allows for a smoothing of historical data, reduces the effect of volatility and provides a steady inflator, or deflator, that can be used in the projections. Some of the assumptions used include:

- Assessed value increasing between 4.00% and 4.50% annually. This is based on analysis of historical trends and CAGR analysis;
 - Tax rate beginning at \$3.50 in Fiscal Year 2024 and increasing to \$3.75 for Fiscal Year 2025 through 2029.
 - FDAT Increasing yearly based on the annual increases to assessed value.
- Nontax revenue increasing 3.0% annually;
- Personnel costs increasing 5.5% annually;
 - Baseline includes current staffing model under the Golden Valley IGA;
- Administration expenses increasing 1.0% annually;
- Operational, communication, facility, vehicle and equipment expenses increasing 5.0% annually; and
- No significant change to employee wages or benefits.

The following table provides a five-year projection of revenues and expenses for YFD. To provide the projections it was essential to make assumptions on both the revenue and expenses. The assumptions listed above were used to create these projections and although JVG understands that it is possible to use worst case and best-case scenarios, JVG has used projections that are based on historical data and industry projections.



5 Year Yucca Fire District Projections Summary

Revenue	2024	2025	2026	2027	2028	2029
Real Estate	251,415	281,495	294,162	306,664	318,931	331,688
Fire District Assistance Tax	26,709	27,911	29,167	30,406	31,623	32,888
Non Tax Levy Revenues	16,239	16,726	17,228	17,745	18,277	18,826
Total Revenue	\$ 294,363	\$ 326,132	\$ 340,557	\$ 354,815	\$ 368,831	\$ 383,401
Expenses						
Personnel Expenses	157,939	166,625	175,790	185,458	195,658	206,420
Administration Expenses	21,895	22,114	22,335	22,558	22,784	23,012
Operational Expenses	56,410	59,231	62,192	65,302	68,567	71,995
Facility/Vehicle & Equipment	59,780	62,769	65,907	69,203	72,663	76,296
Communication Expenses	10,339	10,856	11,399	11,969	12,567	13,195
Debt Service	-	-	-	-	-	-
Total Expense	\$ 306,363	\$ 321,595	\$ 337,623	\$ 354,490	\$ 372,240	\$ 390,918
Beginning Fund Balance	\$ 249,733	\$ 237,733	\$ 242,270	\$ 245,204	\$ 245,529	\$ 242,120
Capital Outlay	-	-	-	-	-	-
Net from Operations	<u>\$ (12,000)</u>	<u>\$ 4,537</u>	<u>\$ 2,934</u>	<u>\$ 325</u>	<u>\$ (3,409)</u>	<u>\$ (7,517)</u>
Ending Fund Balance	\$ 237,733	\$ 242,270	\$ 245,204	\$ 245,529	\$ 242,120	\$ 234,603
Yucca Assessed Valuation	7,183,283	7,506,531	7,844,325	8,177,708	8,504,817	8,845,009
Tax Rate	\$ 3.5000	3.7500	3.7500	3.7500	3.7500	3.7500



Consolidated District

There are a few types of fire district partnerships. Those allowed under Arizona law are Joint Powers Authority, Shared Services under and Intergovernmental Agreement or Merger/Consolidation. JVJ was asked to look at the feasibility of a consolidation. The assumptions used during the following analysis include:

- Yucca Fire District would consolidate into Golden Valley Fire District;
- Revenue and expenses stemming from Mutual aid agreements between Golden Valley Fire District and Yucca Fire District would be eliminated;
- The consolidated assessed valuation growth increasing between 4% and 4.5% annually. This is based on analysis of historical trends and compounded annual growth rate (CAGR).
 - A combined tax rate of \$3.50 in Fiscal Year 2024 and increasing to \$3.75 in Fiscal Years 2025 through 2029.
- Nontax revenue increase of 3.0%.
- FDAT Increasing yearly based on the annual increases to assessed value.
- Personnel costs increasing at 5.50% annually. There was no significant change to employee wages or benefits. GVFD staffing remained consistent with its current staffing model. The two, 24-hour positions 15 days a month currently staffed at YFD are projected in the consolidation utilizing GVFD POC wage scales.
- Administration expenses increasing 1.0% annually;
 - JVJ analyzed each districts' current costs and projected using prior experience with similar organizations. Some of the reductions include:
 - Legal fees
 - Auditing fees
 - Professional services
- Operational, communication, facility, vehicle and equipment expenses increasing 5.0% annually;
- Capital outlay expenses based on current and future needs; and
- Debt services based on current debt schedule and in 2027 financing for a new fire engine.



The feasibility study suggests the possibility of realizing significant savings through the consolidation of the two fire districts. These potential savings are contingent upon the identification and elimination of redundant professional services. Furthermore, the more streamlined management of resources under a unified entity is expected to enhance operational efficiencies, leading to additional potential savings. The following prospective cost reductions were considered in the study:

- Administration expenses show a decrease of approximately \$19,000.
- Facility/Vehicle & Equipment expenses show decrease of approximately \$8,000.

The following table provides a five-year projection of revenues and expenses for the consolidated district. To provide the projections it was essential to make assumptions on both the revenue and expenses. The assumptions listed above were used to create these projections and although JVJ understands that it is possible to use worst case and best-case scenarios, JVJ has used projections that are based on historical data and industry projections.

5 Year Consolidated District Projections Summary						
Revenue	2024	2025	2026	2027	2028	2029
Real Estate	2,543,653	2,847,983	2,976,142	3,102,628	3,226,733	3,355,802
Fire District Assistance Tax	298,476	311,907	325,943	339,796	353,388	367,523
Non Tax Levy Revenues	936,798	964,902	993,849	1,023,665	1,054,375	1,086,006
Total Revenue	\$ 3,778,927	\$ 4,124,792	\$ 4,295,934	\$ 4,466,088	\$ 4,634,495	\$ 4,809,331
Expenses						
Personnel Expenses	2,842,350	2,998,680	3,163,607	3,337,605	3,521,174	3,714,838
Administration Expenses	106,626	107,692	108,769	109,857	110,955	112,065
Operational Expenses	65,882	69,176	72,635	76,266	80,080	84,084
Facility/Vehicle & Equipment	394,492	414,217	434,928	456,674	479,508	503,483
Communication Expenses	117,817	123,707	129,893	136,387	143,207	150,367
Debt Service	79,918	79,918	71,909	238,908	238,908	238,908
Total Expense	\$ 3,607,085	\$ 3,793,390	\$ 3,981,740	\$ 4,355,698	\$ 4,573,831	\$ 4,803,745
Beginning Fund Balance	\$ 1,535,439	\$ 1,344,302	\$ 1,575,705	\$ 1,789,899	\$ 1,800,290	\$ 1,760,953
Capital Outlay	(362,979)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
Net from Operations	\$ 171,842	\$ 331,402	\$ 314,194	\$ 110,390	\$ 60,664	\$ 5,586
Ending Fund Balance	\$ 1,344,302	\$ 1,575,705	\$ 1,789,899	\$ 1,800,290	\$ 1,760,953	\$ 1,666,540
District Assessed Valuation	72,675,795	75,946,206	79,363,785	82,736,746	86,046,216	89,488,064
Tax Rate	\$ 3.500	3.7500	3.7500	3.7500	3.7500	3.7500



Summary

Public safety agencies throughout the nation are continually trying to provide increased levels of service with less. Arizona fire districts are not immune to these challenges, and many are analyzing ways to continue to provide the level of service required by the communities they serve while facing continued financial limitations. Throughout this project, it has been clear that each organization is willing to work together and is focused on serving their communities in the most efficient and effective way possible.

The goal of this study was to provide a detailed and independent assessment of the feasibility of a potential consolidation between Golden Valley Fire District (GVFD) and Yucca Fire District (YFD). Our methodology was designed to provide a comprehensive review of the options and enable decisions on the future path of this project to be based on reliable and independent information.

The study illustrates that with the assumptions used, both agencies can continue to stand alone, under current operational models and be financially sustainable. It is important to note that while the standalone model remains sustainable for the five-year projections, each agency realizes a decrease in operational surplus and eventually some yearly operational deficits mainly due to expense inflators outpacing revenue inflators.

The study has shown that consolidation is financially feasible and using the assumptions discussed throughout this document the analysis shows the consolidation may provide savings to the residents of GVFD and YFD. In addition to the projected financial savings, there are other potential benefits to the consolidation when compared to the stand-alone model. These include but are not limited to:

- An increase in the service level provided to each community could be realized through one set of standardized operating guidelines, one set of standardized policies and one consistent response system;
- A potential increase in the depth of service realized by increased staffing levels with greater staff flexibility and capability;
- An ability to reduce duplicative efforts; and
- The potential to better balance demands for increased services.