



THE CITY OF FIRCREST

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January 1, 2008

Honorable Mayor, Councilmembers and Citizens of Fircrest:

It is my pleasure to present the City of Fircrest 2008 Budget. This document addresses the critical issues and mandates facing Fircrest within the limits of the City's resources. As the principal policy statement, the budget is a tool for management, accounting, communications, and planning decisions. In addition, it provides a financial plan and operations guide for implementing the various City programs and services.

What the City of Fircrest does:

- Protects people, homes, businesses
- Manages impacts of growth
- Builds capital facilities
- Collects garbage and recycling
- Maintains and manages streets
- Provides park and recreation activities
- Manages water, sewer, and storm sewer
- Protects the environment

Strong effort has been made to maximize the level of public services while minimizing the level of debt and maintaining necessary reserves. 2008 operations are to be funded from 2008 revenues. Expenditures and revenues have been budgeted conservatively. The budget includes new construction as follows:

- The second of two commercial buildings in the Emerson Courtyard project,
- Three new in-fill homes,
- Village Square redevelopment project,
- Five short plats and miscellaneous remodels,
- An additional 11 units at Wellington Apartments.

There is no capital in the General Fund budget. Capital is included in the Street, Water, Sewer, Storm, and ERR budgets for necessary infrastructure repairs, equipment and improvements.

Council requested a status quo expenditure budget for 2008. Throughout the budget cost containment has been implemented.

2008 BUDGET OVERVIEW

- Provides services at existing levels.
- Eliminates Pool Manager position.
- Includes the reclassification of Public Works Service Coordinator.
- Includes a pay adjustment for the Temporary Public Works Director.
- Includes a pay adjustment for the Police Chief.
- Includes investment interest at the rate of 4.8%.
- Includes 3.3% COLA for employees.
- Includes 11.8% medical insurance increase.
- Includes a 5% employee contribution for medical premiums.
- Includes an increase in pension rates.
- Increases Municipal Court Judge pay by 3.3%.
- Increases City Attorney/City Prosecutor pay by 3.3%.
- Increases insurance cost by 10% over actual 2007 costs.
- Proposes no increases to fees and charges.
- Includes an increase of \$1.25 to the water base rate.
- Includes an increase of \$4.00 to the sanitary sewer rate.
- Proposes capital expenditures in Street, Water, Sewer, Storm, ERR Funds and Parks Bond Funds.

Local government is a labor-intensive service industry and to maintain expected service levels, meet State mandates, perform required preventive infrastructure maintenance, and complete public works projects, the City must have adequate staffing.

The COLA increase for salaries and wages is based on the Consumer Price Index (CPI-W) for Urban Wage Earners and Clerical Workers. This year the CPI is 3.3% for non-represented and I.B.E.W. represented employees. The current contract for the Police Department expired 12/31/06. The I.B.E.W. contract expires in 2008.

GENERAL FUND

- Includes a 1% increase in property tax revenue plus new construction.
- Transfers 15% of property tax collections to the Street Fund.
- Transfers \$60,000 from General Fund Light money for Street Light Maintenance.
- Transfers \$10,000 for Street Beautification (banners, baskets, traffic islands, & bulb-outs).
- Anticipates swimming pool expenses of \$111,808 and revenue totaling \$73,870.
- 3.7% increase applied to the Fire/EMS contract with Tacoma.
- Includes library reimbursements at the full rate charged by the City of Tacoma.
- Includes funding to publish 5 Town Topics newsletters.
- Includes Time & Temperature Sign advertising/replacement \$650/month payment expiring 2010.

2008
Budgeted revenues:
 \$4,495,045

2007
Budgeted revenues:
 \$4,430,264

2008
Budgeted operating expenditures:
 \$4,495,023

2007
Budgeted operating expenditures:
 \$4,450,144

CITY BOND FUNDS

The City has one bond outstanding: a Limited Tax General Obligation bond. The principal, interest, and reserves of the bond fund follow. The City Hall bond expires in 2008

	Principal	Interest	Other Costs	Ending Reserves
Limited Tax GO Bd. (City Hall)	50,000	1,238	400	28,805

CUMULATIVE RESERVE FUNDS

The City also has a cumulative reserve fund that was set up by ordinance. This fund has emergency reserves set aside for three major funds. A breakdown follows.

General Fund	2,000,000
W/S Fund (Sewer Department)	380,763
Street Fund	150,000
Total	\$2,530,763

A \$500,000 transfer from the General Fund to Cumulative Reserve Fund is budgeted. This will change the total of the Cumulative Reserve Fund to \$3,030,763.

STREET FUND

Transfers in from General Fund include \$209,292 (15% Property Tax); \$60,000 (Street Light Maintenance); and \$10,000 (Beautification).

Capital consists of \$291,000 which is reflective of the year 2008 array of projects as adopted in the 6-Year Capital Improvement Plan:

- Chip seal curb lane of Columbia Street from 67th Avenue to Orchard Street \$11,000
- Perform major pavement patching in various areas of the City \$35,000.
- Reconstruct the south side of Claremont Street from 67th Avenue to Paradise Parkway, including the construction of curbs, gutters, and sidewalks \$245,000.

Funding for 2008 Improvements is from REET and Designated Diverted County Road Tax money.

Reserves will be increased by \$27,009.

2008	2007
Budgeted revenues (with transfers):	Budgeted revenues (with transfers):
\$740,662	\$1,324,855
2008	2007
Budgeted expenditures with Capital:	Budgeted expenditures with capital:
\$713,653	\$1,286,312

WATER/SEWER FUND

Water Department

Capital improvement includes \$630,000 for a new 12-inch water main in Alameda Avenue from Greenway Avenue to Claremont Street and tie-ins to existing mains west on Claremont Street and south on Alameda Avenue. Also included is \$105,000 for the completion of the Telemetry System to monitor wells and tanks and \$15,000 for service transfers from old mains to new mains.

An interfund loan is included in the budget in order to maintain reserves. Reserves will be increased by \$82,330.

A water rate increase of \$1.25 to the base rate is included.

2008
Budgeted revenues:
(With loans and capital contributions)
\$1,666,840

2007
Budgeted revenues:
(With loans and capital contributions)
\$1,075,520

2008
Budgeted expenditures with capital:
\$1,584,510

2007
Budgeted expenditures with capital:
\$956,515

Sewer Department

Capital improvements include \$105,000 for completion of an expanded Telemetry System to monitor Lift Stations; \$520,000 for improvements to Contra Costa pump station, including a permanent generator, and \$130,000 for completion to correct cross connections.

Machinery & Equipment increase includes \$7,000 for a small video camera for use in 4-inch sewers to locate sewer connections and to identify pipe condition, \$3,500 as the Sewer Fund's share of a steam cleaner/pressure washer for washing equipment, and \$4,000 for the Sewer Fund's share of a "hoe pack" compactor attachment for the backhoe.

Reserves will be decreased by \$734,326.

A sewer rate increase of \$4.00 is included.

2008
Budgeted revenues:
(With loans and capital contributions)
\$1,714,810

2007
Budgeted revenues:
(With loans, capital contributions, REET)
\$1,638,600

2008
Budgeted expenditures with capital:
\$2,449,136

2007
Budgeted expenditures with capital:
\$2,263,550

STORM SEWER FUND

Capital Improvements consists of \$18,000 for ongoing upgrades to the existing storm water conveyance and treatment system including replacement of up to five catch basins and associated piping at various locations.

Machinery & Equipment costs includes \$7,000 for a portable GPS Field Station to be used in mapping the City's storm drainage system.

Reserves will be decreased by \$97,122. A rate increase is necessary in the future.

2008
Budgeted revenues:
\$289,030

2007
Budgeted revenues:
\$288,220

2008
Budgeted expenditures with capital:
\$386,152

2007
Budgeted expenditures with capital:
\$340,558

EQUIPMENT RENTAL AND REPLACEMENT FUND

The Equipment Rental and Replacement Fund provides a central fund from which to acquire and replace needed vehicles and equipment having a value in excess of \$1,000. Each department is annually charged a year's replacement contribution toward the replacement of their equipment. Thus, when a piece of equipment has expended its useful life, funds should be available for its replacement.

The purchases budgeted in Equipment Rental and Replacement in 2008 consists of:
Police: \$1,500 for the replacement purchase of a new display radar unit.
Legislative: \$1,500 for the purchase of a new computer for the Council office.
Non-Department: \$1,300 for the purchase of a cordless phone receiver for the front desk.

SUMMARY

In summary, the 2008 Budget is balanced. The 2008 Budget includes programs and services that Council and citizens expect. Department managers have been conservative in planning their budgets and all departments have tried to balance available funds with expected service levels. They have also implemented cost containment wherever and whenever possible. Council's request to have a status quo expenditure budget has been used as a budget guideline.

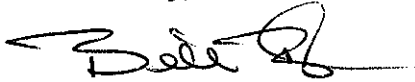
The Staff has tried to assure accuracy; however, it should be kept in mind that unanticipated economic, legislative, or operational events may occur which would cause projections to be inaccurate.

There are factors imposing real limits on the City's future ability to respond to community needs and wants. The Strategic 5-Year Financial Plan has been used to serve as a guide through severe General Fund reductions associated with the elimination of the State Motor Vehicle Excise Tax, loss of sales tax equalization funding, and an annual restriction of 1% of property tax levy increases. The plan also addresses the extensive Public Works infrastructure repairs and improvements that have been identified. Economic sustainability is needed to continue the ability to provide quality services and amenities. Due to being predominately residential and the loss of state shared revenues, there is a need to grow and diversify the City's revenue base. While revenue limitations

on Fircrest are significant, by clearly targeting resources and visioning for the future, the City will be able to continue quality services at a basic level to meet community needs.

This budget is the result of many hours of preparation and financial projections by department managers and their staff who all worked exceptionally hard to have a balanced budget. On behalf of the entire City staff we thank you Council and citizens for all your help and the opportunity to be of service to the City of Fircrest.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Brandon", with a long horizontal flourish extending to the right.

Bill Brandon
City Manager

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