

**CITY OF FIRCREST
SPECIAL CITY COUNCIL MEETING MINUTES**

**MARCH 21, 2016
6:00 P.M.**

**COUNCIL CHAMBERS
FIRCREST CITY HALL, 115 RAMSDALL STREET**

CALL TO ORDER, PLEDGE OF ALLEGIANCE AND ROLL CALL

Mayor Matthew Jolibois called the special meeting to order at 6:00 P.M. and led the pledge of allegiance. Councilmembers Blake Surina, Shannon Reynolds, Brett Wittner and Denny Waltier were present. Councilmembers Hunter T. George and Jason Medley were excused. George arrived at 6:30 P.M.

Utility Financial Plan and Rate Outlook Update

Public Works Director stated that tonight's discussion is a follow-up to the presentation made at the January study session and a desire to solicit Council feedback and direction regarding the rate analysis. Wakefield called attention to the following series of questions that had been provided:

1. Is a six-year planning period a good length to step up and fund the programs?
2. Are the utilities sustainable without changes to the rates?
3. Should the capital improvement plans (CIP) be adjusted to help reduce the impacts on rates:
 - a. Keep the CIP projects as adopted and seek to reduce the impact on rates
 - b. Keep the CIP projects and schedule only when funds are available
 - c. Adjust the CIP projects to meet a certain level of funding by adjusting rates
 - d. Consider borrowing for CIP when appropriate in order to reduce the impact on rates
4. Asset Replacement – Consider beginning to fund an asset replacement program to build up over time. Build up over six years?
5. Ending Fund Balance and Reserves
 - a. What level of reserve is adequate for the ending fund balance? Current policy is for 3 months. Keep as is, or make longer (one year, % of fixed assets)?
 - b. Should we consider adding a new Capital Reserve Fund for each utility? This would allow us to set aside specific funds for capital improvements/asset replacement
 - c. Would we use the available fund balance (after meeting ending balance/reserve requirements) to establish the new Capital Reserve Funds?
6. Rate Structure – Another area to consider is adjusting the structure of the rates to generate more revenue for the utility. Is there interest in considering:
 - a. Change sewer rate to flow based?
 - b. Change water rate to base rate and increasing tiers for water use?
 - c. Change to monthly reading and billing?
 - d. If rate adjustments were to be necessary, when is the best time to adjust rates and how often should rates be reviewed and adjusted?

Discussion continued as follows:

- What percentage of the population exceeds the base rate for water usage
- Consider lowering the base rate, but in a way that sustains the utility
- Inflation needs to be taken into consideration

- Previous increases in the sewer rates were implemented primarily to fund long-term loans for capital improvements
- There was a previous suggestion and discussion that there be a reserve consisting of three months of operating expenditures
- A capital improvement element included in the budget and financial plan are considered secured funds and can enable higher scoring in grant applications
- Where are Fircrest's historical rates when compared to inflation, what part of those rates are meant to pay off loans, are the loans paid off, and is that part of the rate now consumed by inflation
- Are rates covering inflation for wages, benefits, supplies, etc.
- Some capital improvements may save money
- When was the last time the rates were raised and for how long can maintenance and operations be supported by rates

Wakefield noted that three scenarios were provided at the previous study session when rates were discussed. He indicated that Scenario A showed a six-year window, starting in 2016, and the cumulative impacts of just covering operations and maintenance (O&M) that were identified for each utility. The scenarios illustrated that the rates would cover O&M for approximately two years before necessitating adjustments to the rates. Wakefield stated that Scenario B, which adds capital improvements, identified that there is a need to adjust rates in 2017 in order to 'pay as you go' for the upcoming projects. Scenario C included O&M, capital improvements, and asset management which has an increased impact to the rate structure in order to be sustainable. Wakefield stated if capital improvements aren't going to be funded, and only O&M is covered by rates, does the City want to 'pay as it goes' or try to flatten out the impact of rates by extending the capital improvements over a longer period of time or utilizing funds available from the ending fund balances. Wakefield further noted that debt was identified in the scenarios.

Katy Isaksen, Isaksen & Associates, provided an overview of a chart that Wakefield distributed showing Fircrest's rates compared to other jurisdictions in the area. Isaksen stated it is desirable to put together a rate structure that meets Fircrest's character and fits the needs. Isaksen noted it would be beneficial if Council would indicate its desire for timing of rate increases in order to avoid drastic impacts on the customers.

Further discussion ensued as follows:

- A six-year planning period seems to be a good length to step up and fund the programs
- More information is needed to determine if the utilities are sustainable without changes to the rates
- The capital improvement plans and asset replacement should be adjusted to help reduce the impacts on rates
- The rate structure should be adjusted gradually if rates are going to be raised
- It is pretty clear that rate adjustments are going to be necessary and the idea of not funding capital improvement projects is scary
- Money should be set aside to fund capital projects
- Gradual adjustments to increases is desirable and should be implemented as soon as possible
- A low income program is available for Fircrest seniors if they meet Tacoma's criteria for low income

- A base rate/flat rate is ideal and then include an increase for increased usage
- Sewage treatment costs that are going up 6% per year will have a great impact on the sewer department's rates
- How have Fircrest's rates compared with inflation
- Figure out what can be reduced to offset a rate increase
- This data should be made available to the public, and on the website, once there is going to be specific discussions about rate increases

Presentation and discussion on Fircrest Community Center and Fircrest Community Pool Feasibility Study

Parks and Recreation Director Grover stated that Stan Lotking, principal, and his team from A|R|C Architects were present to make a presentation of initial findings and preliminary designs for the Community Center and pool. Grover turned the meeting over to Lotking. Lotking highlighted the following additional members of the team: Emily Wheeler, principal; Matthew Philbrook, designer; Bruce Dees & Associates, landscape architects; AHBL, civil engineers; PCS, structural engineers; Travis Fitzmorris, electrical; Interface, mechanical; and Counsilman – Hunsaker, cost estimator and pool consultant. Lotking stated they started working with the City of Fircrest approximately four months ago and were hired to work on a feasibility study for the Community Center and Community Pool. He noted they looked at design options for possible redevelopment of the existing pool and Community Center as well as being tasked with doing the design of one new building. Lotking stated the team has looked at the Community Center and pool and made some important initial analyses that will be developed further as the design is presented to them and would then enable engineering. Lotking stated they met with city staff and a citizen representative in the programming for the Community Center and the pool. Lotking stated that tonight is the first Council meeting and there will be a public meeting next week, followed by another public and Council meeting scheduled in May. Lotking presented a power point presentation with an analysis of the existing building, followed by the programming and floor plans that evolved for the addition and renovation options, a discussion about the pool program and the way the pool design has evolved. Lotking discussed the history of Fircrest and design influences, noting that Fircrest was influenced by the Olmstead brother's work. Lotking stated that the Stanford Campus Plan was a common theme that was used in the City Beautiful Movement, noting that the areas around Spring Lake looked like they were designed with that theme in mind. He further noted that the original building really spoke to a time when modern architecture in the Northwest was becoming prevalent and ideas about modern architecture were influencing design region-wide. Lotking highlighted Walter Widmeyer, the architect that designed the Community Center, a clinic in Fircrest, and his own house in Fircrest, which is a beautiful example of modern northwest architecture. Lotking stated the design team is trying to maintain some of that original architecture. Lotking noted that soils tests have demonstrated that the water level is minus three feet; so in designing the new pool, it would need to be designed to stay in the ground when it is emptied which will be part of the design effort. Lotking indicated the proposed diving board provides enjoyment and has less of the liability issues.

Surina left Council chambers at 7:30 P.M.

Lotking finished the presentation with perspective views of three options of building additions and renovations. He noted they would propose that the building and pool be built in two phases, so that a

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new Community Center would be operational before the existing building is torn down. Lotking indicated that cost estimates would be provided in the future.

Lotking stated if Council is comfortable with the overall scope and pictures presented tonight for the different options, the next step would be to involve the engineers so that enough information and engineering can be prepared to assist with budget estimates.

ADJOURNMENT

Moved by Reynolds, seconded by George, to adjourn the meeting at 7:58 P.M. Ayes: Reynolds, Wittner, Jolibois, George, Waltier and Medley. Noes: None. Excused: Surina. Motion carried.



Matthew Jolibois, Mayor



Lisa Keely, City Clerk