

**FIRCREST CITY COUNCIL
SPECIAL MEETING AGENDA**

**TUESDAY, AUGUST 23, 2022
6:00 P.M.**

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

- 1. CALL TO ORDER**
- 2. PLEDGE OF ALLEGIANCE**
- 3. ROLL CALL**
- 4. AGENDA MODIFICATIONS**
- 5. [UTILITY RATES & CAPITAL COSTS DISCUSSION](#)**
- 6. ADJOURNMENT**

Dial to join the Zoom: 253 215 8782
Webinar ID: 857 7769 7009
Passcode: 312044

FIRCREST CITY COUNCIL STUDY SESSION AGENDA SUMMARY

NEW BUSINESS: Water/Sewer Capital and Rates
DATE: 08/23/2022
PRESENTED BY: Colleen Corcoran, Finance Director
 Tyler Bemis, Public Works Director

This report is to look at where the Water and Sewer funds currently stand and what capital projects are needed.

WATER FUND

The following is an early draft for the 2023 Water Budget. These numbers will change before the preliminary budget is submitted to Council at the September 27th meeting.

2023 Budget Assumptions include:

- No revenue from T-Mobil for the high tank rent.
- Revenue from Cingular at high tank
- Revenue from T-Mobil at golf course tank
- Investment interest earnings of 2% of BFB
- Water rate increase of 2%
- COLA increase of 9.5%
- Medical increase of 6%
- Transfer to Capital increased to \$200,000 to match Water System Imp. Plan
- No debt service for 2023. Loan paid off in 2022. P/I payment was approximately \$45,000.

With these assumptions, the change in fund balance is an increase of \$15,000. Estimated EFB is \$354,000.

Table 10-1
 Residential Water Rates Comparison 2021

Residential Water Service	2-Month Bill @ 1,700 cf	Per Month @ 850 cf
University Place – summer	\$113	\$55
University Place – winter	\$105	\$53
Steilacoom	\$101	\$51
Tacoma – summer	\$94	\$46
Tacoma – winter	\$87	\$44
Fircrest	\$59	\$46
Lakewood	\$52	\$39
1 cubic foot equals 7.48 gallons.		

WATER CAPITAL FUND

Capital projects included in the Water Capital Fund for 2023:

- Water main replacement on Rose Street from Contra Costa to Del Monte
- Water main replacement on Yale from Contra Costa to Del Monte

The change in fund balance is a decrease of \$131,000. Estimated EFB is \$70,000.

Table 10-2

Water 10-Year Capital Improvement Program (CIP), 2021-2030

CIP No.	Project	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<i>The individual 2020 cost estimates shown by project are escalated at the bottom of the table to the scheduled year at 4% per year.</i>											
R1	8" Main Replacement Old & Undersized Mains			200,000	200,000	160,000	160,000	160,000		160,000	160,000
L1	12" Main on Summit Ave							122,000	286,000		
F1	Golf Course 0.6 MG Tank recoating			60,000	90,000						
F2	Water Meter Upgrades & Software*	250,000	200,000								
CW1	Comprehensive Plan										70,000
Total Ten-Year CIP - W (\$2020)		250,000	200,000	260,000	290,000	160,000	160,000	282,000	286,000	160,000	230,000
Total Ten-Year CIP W (Escalated)		250,000	216,300	292,500	339,300	194,700	202,500	371,100	391,400	227,700	340,500
Total 10-Year CIP (Escalated)		2,826,000									
Average Annual 2022-2030 (Escalated)		287,000									

SEWER FUND

The following is an early draft for the 2023 Water Budget. These numbers will change before the preliminary budget is submitted to Council at the September 27th meeting.

2023 Budget Assumptions include:

- Investment interest earnings of 2% of BFB
- COLA increase of 9.5%
- Medical increase of 6%
- Transfer to Sewer Capital Fund not changed since 2019
- Increase in sewer treatment cost for China Lake \$31,000 per year
- Increase in sewer treatment cost additional \$171,000 per year
- Tacoma is proposing an 8% increase in their sewer rates

With these assumptions, the change in fund balance is a decrease of \$7,000. Estimated EFB is \$1,177,000.

Sewer Treatment costs verses revenue received for 2018-2021 were:

	<u>Rate/month</u>	<u>Revenue</u>	<u>Expense</u>	<u>over(short)</u>
2018	32.00	1,081,311	1,167,889	(86,578)
2019	33.90	1,134,156	1,142,141	(7,985)
2020	33.90	1,144,623	1,297,996	(153,373)
2021	33.90	1,201,957	1,195,110	6,847
				(241,089)

A rate increase is recommended to recover the increased cost of sewer treatment costs.

SEWER CAPITAL FUND

Capital projects included in the Sewer Capital Fund for 2023:

- Pipe bursting on 100 block of Farallone and Eldorado \$200,000
- 44th Street Lift Station construction \$450,000

The change in fund balance is a decrease of \$446,000. Estimated EFB is \$484,000.

Focus moving forward will be on back yard pipe bursting projects. In order to fund these the transfer from the Sewer Fund needs to increase.

Attachment(s): Water/Sewer 2023 Budget Estimates

WATER CHANGE IN FUND BALANCE REPORT

Operating Revenues	1,212,250
Operating Expenses	(997,229)
Operating Revenues Over/(Under) Operating Expenditures	215,021
Less Transfer Out	(200,000)
Change in Fund Balance	15,021

WATER FUND SUMMARY REPORT

RESOURCES

Undesignated Beginning Fund Balance	339,211
Operating Revenues	1,212,250
Total Resources with Beginning Fund Balance	1,551,461

EXPENDITURES

Operating Expenses	997,229
Transfer Out	200,000
Undesignated Ending Fund Balance	354,232
Total Expenditures with Ending Fund Balance	1,551,461

WATER FUND REVENUE

BARS	Description	2020 Actual	2021 Actual	2022 Budget	2023 Budget
308-51-04-25	Beginning Fund Balance	289,348	296,083	314,952	339,211
	Total Fund Balance	289,348	296,083	314,952	339,211
333-93-42-00	Department of Health Grant	0	0	0	0
	Total Intergovernmental Revenues	0	0	0	0
343-40-00-00	Sale of Water	1,046,111	1,077,001	1,071,000	1,120,000
343-40-00-01	Service Connections	16,111	0	1,800	1,800
343-40-00-02	Setup Fees	1,287	1,638	1,500	1,500
343-40-00-03	Penalties	3,470	237	12,000	12,000
	Total Charges for Goods and Services	1,066,980	1,078,876	1,086,300	1,135,300
361-11-04-25	Investment Interest	1,917	499	250	6,800
362-50-00-05	Rent City Property/High Tank	54,591	63,686	55,000	32,350
362-50-00-06	Rent City Property/Golf Tank	34,768	37,853	35,000	37,000
369-10-00-03	Court Ordered Judgements- Water		0	0	0
369-90-04-25	Other Misc. Revenue	375	180	500	500
369-92-04-25	Backflow	225	270	300	300
	Total Misc. Revenues	91,876	102,488	91,050	76,950
372-00-04-25	Insurance Recovery				
379-00-04-25	Capital Contributions/Tap Fees				
	Total Capital Contributions	0	0	0	0
TOTAL RESOURCES		1,448,204	1,477,446	1,492,302	1,551,461

WATER	2022 Budget	In(de)crease	2023 Budget
Salaries & Wages			
Salaries & Wages	252,000	21,980	273,980
Overtime	6,850	0	6,850
Seasonal & Casual Labor	6,400	0	6,400
Personnel Benefits	116,380	7,395	123,775
Contract Benefits	700	0	700
Supplies			
Office Supplies	500	0	500
Fluoride	6,000	0	6,000
Operating Supplies	25,000	0	25,000
Chlorine	5,000	1,000	6,000
Small Tools & Minor Equipment	2,700	0	2,700
Services & Charges			
Professional Services	12,000	(2,000)	10,000
Advertising	200	0	200
Water Testing	7,500	0	7,500
Communication	4,000	1,000	5,000
Postage	2,500	0	2,500
Travel	1,000	1,000	2,000
Land Rental/Water Tank	16,080	240	16,320
Operating Rentals-Copier Mach.	850	0	850
Interfd Land Rental	20,615	1,960	22,575
Utility Services/Building	3,200	0	3,200
Utility Services/Pumping	70,000	0	70,000
Dumping Fees	5,000	(3,500)	1,500
Repairs & Maintenance	21,500	0	21,500
Interfd ERR Replacement	29,014	0	29,014
Interfund ERR Repairs & Maint	11,300	0	11,600
Miscellaneous	500	0	500
State Operating Permit	500	0	500
Registration & Tuition	1,000	2,000	3,000
Dues,Memberships,Subscriptions,Licenses	1,975	0	1,975
Printing & Binding	1,800	0	1,800
Judgements	1,000	0	1,000
Mailing Service	4,000	0	4,000
Intergovt & Other Interfund Pmt.			
State Excise Tax	54,000	1,000	55,000
City Utility Tax	85,680	3,920	89,600
Debt Service			
Principal Loan Payment	44,218	(44,218)	0
Interest PWTF	1,105	(1,105)	0
Interfund Pmt. For Svcs.			
Interfd Service Charges	178,690	0	178,690
Transfers			
Transfers Out	108,160	91,840	200,000
Total	1,108,917	82,512	1,191,729

WATER CAPITAL CHANGE IN FUND BALANCE REPORT

Capital Contributions	4,000
Transfers In	200,000
Less Capital Expenditures	<u>(334,880)</u>
Change in Fund Balance	<u>(130,880)</u>

WATER CAPITAL FUND SUMMARY REPORT

RESOURCES

Undesignated Beginning Fund Balance	200,838
Capital Contributions	4,000
Transfers In	<u>200,000</u>
Total Resources with Beginning Fund Balance	<u>404,838</u>

EXPENDITURES

Capital Expenses	334,880
Designated Ending Fund Balance-ARPA Funds	
Undesignated Ending Fund Balance	<u>69,958</u>
Total Expenditures with Ending Fund Balance	<u>404,838</u>

WATER CAPITAL FUND - 426

BARS	Description	2020 Actual	2021 Actual	2022 Budget	2023 Budget
308.51.04.26	Beginning Fund Balance	208,092	0	168,827	200,838
308.31.04.26	Restricted BFB-Water-ARPA	0	0	14,962	0
	Total Fund Balance	208,092	0	168,827	200,838
332.92.10.02	ARPA Funds	0	0	700,000	0
334.04.20.02	State Grant from Dept of Commerce	118,747	0	0	0
	Total State Grants	118,747	0	700,000	0
368.10.04.26	Capital Contributions/Tap Fees	79,200	0	4,000	4,000
	Total Capital Contributions	79,200	0	4,000	4,000
397.00.00.11	Transfer In from Water Fund	115,679	0	108,160	200,000
397.00.00.13	Transfer In from REET 2	0	0	0	0
	Total Transfer In	115,679	0	108,160	200,000
TOTAL RESOURCES		521,718	0	980,987	404,838

CAPITAL DETAILED BUDGET

	2022 Budget	In(de)crease	2023 Budget
Salaries & Wages			
Salaries & Wages	14,000	(220)	13,780
Personnel Benefits			
Personnel Benefits	6,000	425	6,425
Other Improvements	330,000	320,000	650,000
Project Engineering	90,000	(80,000)	10,000
Building Improvements	0	0	0
Machinery & Equip	0	0	0
Total	440,000	240,205	680,205

CAPITAL BUDGET NARRATIVE

Other Improvements include:

- \$200,000 for pipe bursting projects on 100 block of Farallone and El Dorado.
- \$450,000 to upgrade the lift station at 44th St W.

Project Engineering includes 10,000 for engineering services related to the above projects.

SEWER CHANGE IN FUND BALANCE REPORT

Operating Revenues	3,007,800
Operating Expenses	(2,562,254)
Operating Revenues Over/(Under) Operating Expenditures	445,546
Debt Service	(222,272)
Transfer Out	(230,000)
Change in Fund Balance	(6,726)

SEWER FUND SUMMARY REPORT

RESOURCES

Undesignated Beginning Fund Balance	617,764
Reserved for Cash Flow	565,500
Operating Revenues	3,007,800
Total Resources with Beginning Fund Balance	4,191,064

EXPENDITURES

Operating Expenses	2,562,254
Debt Service	222,272
Transfer Out	230,000
Reserved for Cash Flow	565,500
Undesignated Ending Fund Balance	611,038
Total Expenditures with Ending Fund Balance	4,191,064

SEWER FUND REVENUE

BARS	Description	2020 Actual	2021 Actual	2022 Budget	2023 Budget
308-51-04-30	Reserved for Cash Flow	565,500	0	565,500	565,500
308-51-04-30	Beginning Fund Balance	514,265	0	471,220	617,764
	Total Fund Balance	1,079,765	0	1,036,720	1,183,264
343-50-00-00	Sewer Revenues	2,717,907	0	2,717,000	2,958,000
343-50-00-01	Service Connections	4,200	0	1,100	1,100
343-50-00-02	Setup Fees	518	0	600	600
343-50-00-03	Penalties	7,243	0	24,000	24,000
	Total Charges for Goods and Services	2,729,867	0	2,742,700	2,983,700
361-11-04-30	Investment Interest	10,681	0	1,000	23,600
369-90-04-30	Other Misc. Revenue	1,316	0	500	500
369-94-04-30	Reimbursements	0	0	0	0
	Total Misc. Revenues	11,997	0	1,500	24,100
TOTAL RESOURCES		3,821,629	0	3,780,920	4,191,064

	2022 Budget	In(de)crease	2023 Budget
Salaries & Wages			
Salaries & Wages	185,300	15,500	200,800
Overtime	7,500	0	7,500
Seasonal & Casual	1,500	0	1,500
Personnel Benefits		0	
Personnel Benefits	83,300	5,565	88,865
Contract Benefits	700	0	700
Supplies			
Office Supplies	1,000	0	1,000
Operating Supplies	5,000	(1,000)	4,000
Small Tools & Minor Equipment	1,600	0	1,600
Services & Charges			
Professional Services	12,000	0	12,000
Advertising	250	0	250
Communication	4,000	0	4,000
Postage	2,000	0	2,000
Travel	500	0	500
Operating Rentals-Copier Mach.	850	0	850
Interfd Land Rental	21,780	2,070	23,850
Utility Services/Building	3,000	100	3,100
Utility Services/Pumping	23,000	0	23,000
Dumping Fees	2,000	(1,000)	1,000
Repairs & Maintenance	31,000	9,500	40,500
Interfd ERR Replacement	29,015	0	29,015
Interfund Repairs & Maint	11,300	300	11,600
Miscellaneous	1,000	0	1,000
Registration & Tuition	500	0	500
Dues,Memberships,Subscriptions	600	400	1,000
Printing & Binding	1,500	(1,000)	500
Judgements	1,000	0	1,000
Mailing Service	3,500	(700)	2,800
Intergovt & Other Interfund Pmt.			
Sewage Treatment	1,348,000	202,000	1,550,000
State Excise Tax	47,800	2,200	50,000
City Utility Tax	156,000	9,000	165,000
Interfund Pmt. For Svcs.			
Interfd Service Charges	332,824	0	332,824
Transfers & Other Cost Allocations			
Principal Loan Payment	263,870	(45,655)	218,215
Interest Loan Payment	49,938	(45,881)	4,057
Transfer to Sewer Capital Fund	230,000	0	230,000
Total	2,863,127	151,399	3,014,526

SEWER CAPITAL CHANGE IN FUND BALANCE REPORT

Capital Contributions	4,000
Transfer In	230,000
Capital Expenses	<u>(680,205)</u>
Change in Fund Balance	<u>(446,205)</u>

SEWER CAPITAL FUND SUMMARY REPORT

RESOURCES

Undesignated Beginning Fund Balance	930,460
Capital Contributions	4,000
Transfer In	<u>230,000</u>
Total Resources with Beginning Fund Balance	<u>1,164,460</u>

EXPENDITURES

Capital Expenses	680,205
Undesignated Ending Fund Balance	<u>484,255</u>
Total Expenditures with Ending Fund Balance	<u>1,164,460</u>

SEWER CAPITAL FUND - 432

BARS	Description	2020 Actual	2021 Actual	2022 Budget	2023 Budget
308-51-04-32	Beginning Fund Balance	1,394,771	0	1,071,947	930,460
	Total Fund Balance	1,394,771	0	1,071,947	930,460
379-00-04-32	Capital Contributions/Tap Fees	90,000	0	4,000	4,000
397-00-00-12	Transfer In	230,000	230,000	230,000	230,000
	Total Revenue	320,000	230,000	234,000	234,000
TOTAL RESOURCES		1,714,771	230,000	1,305,947	1,164,460

DEPARTMENT: Public Works
DIVISION: Sewer Capital Fund
PROGRAM: N/A

PROGRAM DESCRIPTION

Function: The Sewer Capital Fund is funded by transfers from the Sewer Fund and performs capital projects necessary for the operation and maintenance of the wastewater collection/conveyance system in the City. The system consists of approximately 23 miles of sewer mains of various sizes and seven sewer lift stations.

What we do: Perform capital upgrades and repairs consistent with the adopted Comprehensive Plan documents, comply with the City’s adopted Wastewater Pretreatment Program.

GOALS AND WORK PLAN

2022 Completed:

- Lift station upgrades at Estate Place
- Engineer design for the 44th Street W lift station.
- Backyard sewer main pipe bursting project on Annapolis.

New for 2023:

- Backyard sewer main pipe bursting projects on 100 block of Farallone and El Dorado.
- Construction of the 44th Street lift station.

TOTAL PROGRAM OBJECT BUDGET

Program Object	2020 Actual	2021 Actual	2022 Budget	2023 Budget
10 Salaries & Wages	3,742	13,830	14,000	13,780
20 Personnel Benefits	1,158	4,655	6,000	6,425
60 Capital Outlays	184,698	449,960	420,000	660,000
Total	189,599	468,445	440,000	680,205

CAPITAL DETAILED BUDGET

	2022 Budget	In(de)crease	2023 Budget
Salaries & Wages			
Salaries & Wages	14,000	(220)	13,780
Personnel Benefits			
Personnel Benefits	6,000	425	6,425
Other Improvements	330,000	320,000	650,000
Project Engineering	90,000	(80,000)	10,000
Building Improvements	0	0	0
Machinery & Equip	0	0	0
Total	440,000	240,205	680,205

CAPITAL BUDGET NARRATIVE

Other Improvements include:

- \$200,000 for pipe bursting projects on 100 block of Farallone and El Dorado.
- \$450,000 to upgrade the lift station at 44th St W.

Project Engineering includes 10,000 for engineering services related to the above projects.