

**FIRCREST CITY COUNCIL
SPECIAL MEETING AGENDA**

**MONDAY, OCTOBER 30, 2023
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. PRELIMINARY 2024 BUDGET – 4th BUDGET WORK SESSION**
- 6. ADJOURNMENT**

Join the Zoom:

Dial-in Information: 1-253-215-8782 Webinar ID: 846 0410 8850 Passcode: 094822

Memo

To: Mayor and Councilmembers
From: Colleen Corcoran, Finance Director
CC: Dawn Masko, City Manager
Date: October 30, 2023
Re: 2024 Preliminary Budget Discussion Mtg #4

Changes from Preliminary Budget Spreadsheet

- General Fund Changes from 10/23/24 meeting-see attached.

Request: More information on water increase including a 4.5% increase based on CPI.

- See attached memo "Water Rate Increase Discussion".
- See attached rate comparison chart.

Water Meter Exchange Program

- See attached memo "Water Meter Exchange Program".
- Program to be completed in-house.

ARPA review

- See attached memo "ARPA Used in 2024 Budget".

**General Fund
Adjustments to the 2024 Preliminary Budget**

	<u>2024 Preliminary</u>	<u>Adjustment</u>	<u>2024 Adjusted</u>
Designated/Light	449,446		449,446
Designated/44th & Alameda	498,395		498,395
Designated Fund Balance ARPA	320,669	(17,000)	303,669
Undes Beginning Fund Balance	<u>3,296,210</u>		<u>3,296,210</u>
Total Beginning Fund Balance	4,564,720	(17,000)	4,547,720
Taxes	4,135,511		4,135,511
Licenses & Permits	575,000	6,000	581,000
Intergovernmental Revenues	364,955		364,955
Charges for Goods & Services	1,518,199	42,160	1,560,359
Fines & Forfeits	203,800		203,800
Miscellaneous	615,740	26,000	641,740
			0
Total Operating Revenue	7,413,205	74,160	7,487,365
TOTAL GENERAL FUND RESOURCES	11,977,925	57,160	12,035,085
Legislative	86,615		86,615
Judicial	430,797		430,797
Administration	414,100		414,100
Finance	395,910		
Salaries & Wages		32,920	
Benefits		5,960	
Total Finance			434,790
Legal	281,500		281,500
Other Employee Benefits	2,500		2,500
Non-Departmental	143,484		143,484
Personnel	37,915		37,915
Facilities	642,285	3,000	645,285
Information Systems	136,400		136,400
Civil Service Commission	5,010		5,010
Police	2,218,839		2,218,839
Fire/EMS	830,658		830,658
Jail	30,500		30,500
Building Inspection	147,195		
Dues, Memberships, Subscriptions		(395)	
Total Building			146,800
Emergency Management	10,765		10,765
Physical Environment	15,570		15,570
Planning	185,180		
Dues, Memberships, Subscriptions		460	
Total Planning			185,640
Health	2,185		2,185
Recreation	544,519		
Salaries & Wages		59,320	
Benefits		43,515	

**General Fund
Adjustments to the 2024 Preliminary Budget**

	2024 <u>Preliminary</u>	<u>Adjustment</u>	2024 <u>Adjusted</u>
Total Recreation			647,354
Library	10,000		10,000
Community Events	57,500	5,000	62,500
Swimming Pool	308,035		308,035
Parks	338,837		338,837
Total	7,276,299	149,780	7,426,079
Operating Transfer/Street Beautification	10,000		10,000
Operating Transfer/Property Tax	257,594		257,594
Total Operating Cost	7,543,893	149,780	7,693,673
Rollover ARPA used for Police Officer	67,612		67,612
Rollover banked property tax used for Police Officer	65,143		65,143
ARPA used for Finance Timesheet Program	0	12,600	12,600
Rollover from 2023 for Accountant I position	0	38,880	38,880
Revenue over (under) Operating Expenses	2,067	(24,140)	(22,073)
Facilities	70,300		70,300
Info Systems	5,000		5,000
Police	20,000	7,200	27,200
Total Capital	95,300	7,200	102,500
Transfer to Street Lt. Maint. From Desg Lt.	51,205		51,205
Total Transfers Out	51,205	0	51,205
Undes Ending Fund Balance	1,212,834	(7,020)	1,205,814
Reserved for Cash Flow	1,925,000		1,925,000
Designated/Light	398,241		398,241
Designated/44th & Alameda	498,395		498,395
Designated/ARPA	253,057	(92,800)	160,257
Total Ending Fund Balance	4,287,527	(99,820)	4,187,707
TOTAL GENERAL FUND BUDGET	11,977,925	57,160	12,035,085

GENERAL FUND CHANGE IN FUND BALANCE REPORT

Operating Revenues	7,487,365
ARPA used for Police Officer (rollover from 2023)	67,612
ARPA used for Finance Timesheet Program	12,600
Rollover from 2023 for Accountant I position	38,880
Banked Property Tax for Police Officer (rollover from 2023)	65,143
Operating Expenses	(7,693,673)
Operating Revenues Over/(Under) Operating Expenditures	(22,073)
Less Transfer Out to St. Lt. Maint. from Lt. Fund Balance	(51,205)
Less Capital Expenditures From General Fund	(39,300)
Less Capital Expenditures From 44th St Fund Balance	0
Less Capital Expenditures From General Fund-ARPA	<u>(63,200)</u>
Total Net Change in Total General Fund Balances	(175,778)

GENERAL FUND SUMMARY REPORT

RESOURCES

Assigned Beginning Fund Balance-Light	449,446
Assigned Beginning Fund Balance-44th Alameda	498,395
Restricted Beginning Fund Balance-ARPA	303,669
Unassigned Beginning Fund Balance-Reserved for Cash Flow	1,925,000
Unassigned Beginning Fund Balance	1,371,210
Operating Revenues	<u>7,487,365</u>
Total Resources with Beginning Fund Balance	<u>12,035,085</u>

EXPENDITURES

Operating Expenses	7,693,673
Transfer Out to Street for St. Lt. Maint./Cap from Lt. Fund Balance	51,205
Capital Expenditures From General Fund	39,300
Capital Expenditures From 44th St Fund Balance	0
Capital Expenditures From General Fund-ARPA	63,200
Assigned Ending Fund Balance-Light	398,241
Assigned Ending Fund Balance-44th Alameda	498,395
Restricted Ending Fund Balance-ARPA	160,257
Unassigned Ending Fund Balance-Reserved for Cash Flow	1,925,000
Unassigned Ending Fund Balance	<u>1,205,814</u>
Total Expenditures with Ending Fund Balance	<u>12,035,085</u>

FIRCREST CITY COUNCIL STUDY SESSION AGENDA SUMMARY

NEW BUSINESS: Water Rate Increase Discussion
DATE: 10/30/2023 Budget Study Session #4
PRESENTED BY: Colleen Corcoran, Finance Director

This report looks at the impact of a rate increase of 4.5% in 2024, and a 2% increase in 2025 and 2026 to the average customer using 1,400 cf. and 2,800 cf. It will also evaluate the Ending Fund Balance in the Water funds.

WATER OPERATING FUND

The 2024 Budget includes operating revenue of \$1,222,950 and operating expenses of \$1,011,845 and a \$200,000 transfer-out to Capital for an increase to EFB of \$11,105. The 2024 estimated EFB is \$130,492. The recommended amount of operating reserves should be three months. For the 2024 Budget that amount should be \$252,961 (\$122,469 short).

WATER CAPITAL FUND

The 2024 Budget includes capital revenue of \$4,000 and the transfer-in from the operating fund of \$200,000. Capital expense is \$429,375 for a decrease to EFB of \$225,375. The 2024 estimated EFB is \$88,613.

Capital projects for 2024 include:

- Water main replacement on South Orchard Street from Holly Drive to Regents Blvd.
- Water's portion of a building alarm system.
- An emergency generator for Well #6/7.

The combined change in EFB is a decrease of \$236,480. Estimated EFB is \$219,105.

5-YEAR PROJECTION 2024-2028

Assumptions:

- Revenue: No rate increases
- Expenditures: 5% per year.
- Capital expenditures for 2024 are from the 2024 Preliminary Budget. The Water Comprehensive Plan was used for the years 2025-2028. The coating of the water tank was shifted from 2023/2024 to 2025/2026.
- The Ending Fund Balance is the combined EFB for Water Fund and Capital Fund.

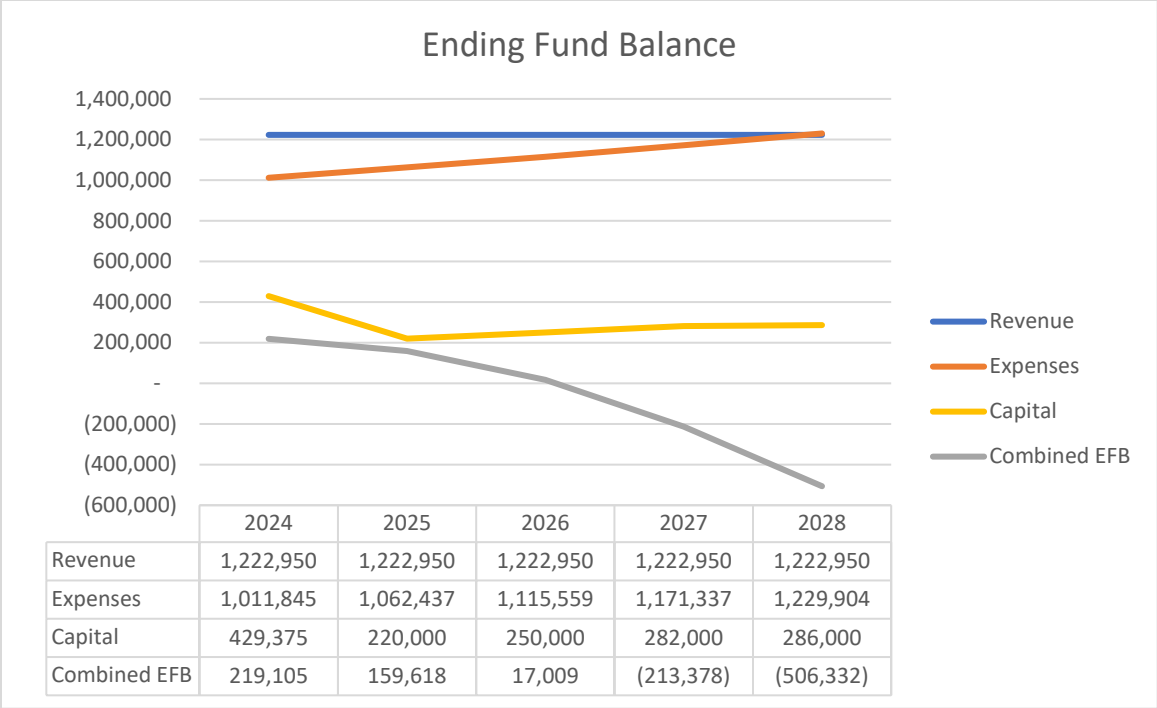


Table 9-4 | Planned Improvements Implementation Schedule

ID Num	Description	Estimated Project Cost	20-Year Schedule of Improvements										
			Planned Year of Project and Estimated Cost in 2020 (x\$1,000)										
		(2020 x\$1,000)	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031-2040
WATERMAIN REPLACEMENT													
R1	8" Watermain Replacement of Old & Undersized Mains	\$1,950			\$200	\$200	\$160	\$160	\$160		\$160	\$160	\$750
FIRE FLOW													
L1	12" Watermain on Summit Avenue	\$408							\$122	\$286			
L2	8" Watermain on Eldorado Avenue	\$435											\$435
FACILITIES													
F1	Golf Course 0.6 MG Tank Recoating	\$150			\$60	\$90							
F2	Water Meter Upgrades and Software for Meter Reading Changes	\$450	\$250	\$200									
F3	Weathervane Zone Pump Station Firm Capacity Improvements	\$650											\$650
CITYWIDE PROGRAM													
CW1	Comprehensive Plan	\$140										\$70	\$70
Total Annual Cost (note - average cost per year is shown for years beyond 2030)		\$4,183	\$250	\$200	\$260	\$290	\$160	\$160	\$282	\$286	\$160	\$230	\$1,905

RATE INCREASE

The council has asked to see what the cost of a 4.5% increase for a homeowner who uses 2,800 cf. of water. That amount would be \$80.21 per billing (2 months).

The council also wanted to see the effect of a three year increase of 4.5% for 2024, with an additional 2% per year for 2025 and 2026. See below.

		4.50%	2024	2%	2025	2%	2026
	<u>Current</u>	<u>Increase</u>	<u>Rate</u>	<u>Increase</u>	<u>Rate</u>	<u>Increase</u>	<u>Rate</u>
1,400 cf	56.55	2.54	59.09	1.19	60.28	1.20	61.48
2,800 cf	80.21	3.67	83.88	1.55	85.43	1.84	87.27
Annual Increase		52,570		23,365		23,365	

The effect of the above rate increases on the combined operating and capital ending fund balance would be as follows:

Combined	EFB	Increase	EFB
2024	219,105	52,570	273,699
2025	159,618	23,365	185,008
2026	17,009	23,365	42,400

The above amounts are for water only. Storm drain is 35.19 and sewer is \$154.24 per two-month billing cycle.

- The combined rate for 1,400 cubic feet with a 4.5% increase is \$248.51.
- The combined rate for 2,800 cubic feet with a 4.5% increase is \$273.30.
- The city gives a low-income discount of 25% on the flat service portion of the bill or \$56.69.

STAFF SUGGESTION

After looking at the above information, a water rate increase is necessary to maintain the fund in a prudent manner. Staff suggestion is to increase water rates by the CPI-W June to June rate of 4.5% for 2024 only. A one-year increase will allow time to further evaluate the Water Fund.

If a rate increase is desired, a public hearing needs to be held which needs to be set and advertised. At a meeting after the public hearing takes place, an ordinance will be brought to the Council for adoption. The rate increase would take effect with the Feb 1st billing cycle. This increase will be on the April statement.

2024 Budget Study Session

October 30, 2023

<u>Residential Water Service</u>	<u>2-Month Ave. Bill @ 1400 cf</u>	<u>Per Month @ 700 cf</u>
University Place - Summer	\$114.34	\$57.17
University Place - Winter	\$102.14	\$55.66
Steilacoom	\$100.10	\$50.05
Tacoma-Summer	\$88.28	\$44.14
Tacoma-Winter	\$85.94	\$42.97
Lakewood	\$66.41	\$33.21
Fircrest-current	\$56.55	\$28.28
Fircrest-2%	\$63.09	\$31.55
Fircrest-4%	\$70.11	\$35.06
Fircrest-4.5%	\$71.79	\$35.90

Memo

To: Mayor and Councilmembers
From: Tyler Bemis, Public Works Director
CC: Dawn Masko, City Manager
Date: October 24, 2023
Re: Water Meter Exchange Program Discussion

Honorable Mayor and Councilmembers,

At the October 16, 2023, Budget Study Session, Council requested to see a variety of options to expedite the Water Meter Exchange Program. Concern was voiced by a few Councilmembers as to the progress of the project. The message was received and heard loud and clear to address this concern immediately. Many factors come into play when managing a department with limited staff. I, myself can reflect and learn from the past couple years and prioritize this project to see it through completion. Please see the options below:

Water Meter Exchange Installation Options:

1. Utilization of internal staff

The sole objective of this plan is to complete the Meter Exchange Program in calendar year 2024. Jeff Davis and I collaborated to identify different options and came up with the plan to dedicate Sal and Jim to meter exchange only, focusing on a minimum of 3 days per week. Creative scheduling will mitigate potential impacts to daily operations. Vacations, sick leave, inclement weather, or emergency operations will also impact scheduling. Daily operations that could see minimal impact are various work orders, sweeping, and field inspections. If an emergency presents itself such as a Sewer back up or Water Main break, staff will transition to “all hands on deck” to respond accordingly.

The total remaining meters to be exchanged are 1,316 which equates to 46% completion. Most of the remaining meters to be exchanged are standard residential 5/8” meters. The larger multi-family and commercial meters also remain and require additional efforts and outreach. The goal would be to install 10-15 meters per day. If staff were to install meters at a minimum of 3 days per week this project could be completed in as early as 6-7 months and as late as 10-12 months. Understanding that some days may only produce 5 meters exchanged and some could be in upwards of 20 exchanged. Throughout the process, stats will be analyzed to determine if additional support is needed. Summer months typically provide an opportunity to exchange more meters with the addition of Summer Hires and the cooperation of weather.

The three below options will require added administrative oversight and supervision with the potential for increased costs. These options can also be supplemented to the above option, if determined through analyses.

2. Hire 2-3 “temporary” Maintenance Worker’s (Union or Non-Union will have to be determined)

This option could provide for a training ground to build up potential staff to replace future retiring Utility Staff. Along with the utilization of temporary staff, 1 current Utility Service Person would need to support with on-site supervision, communication with residents and cataloging of new assets with the GPS unit. The plan would be to employ the temporary staff for a maximum of 5 months. One MW I employed for 5 months equates to approx. \$26,000, based on the 2023 Teamsters Wage Table plus 4.5%. If temporary staff are hired under the “seasonal” classification, the 5-month cost would be approx. \$16,700 per employee. I have reached out to the Teamsters to confirm viability of this and identify if temporary staff can be hired under the Maintenance Worker I title and pay. The potential to train and expose new workers to the Utility Department is of great value.

3. Contract with Correct Equipment (meter vendor)

Correct Equipment has meter install teams. I have reached out to get a bid to install the remaining meters in the City.

4. Contract with Pape & Sons (see price breakdown)

Pape provided a rate of \$263.14 per hour that includes two workers and a truck. This option is not the most cost effective but would most likely be the best option to complete this project as soon as possible. Additionally, utility staff would still need to catalog each meter with the GPS unit.

- Foreman - \$115.73/hr
- Pipelayer - \$86.91/hr
- Service Truck - \$60.50/hr

ARPA USED IN 2024 BUDGET

Beg Balance		303,669
Finance		
Timesheet Program	12,600	
Total Finance		(12,600)
Facilities		
City Hall Alarm System	20,000	
City Hall Entry Columns	11,000	
Court HVAC (used \$17k in 2023)	-	
Total Facilities		(31,000)
Info Systems		
Network Equip	5,000	
Total IS		(5,000)
Police		
Rollover for Police Officer #10	67,612	
Rifle noise suppression canisters	6,600	
Shields (2)	20,600	
Total Police		(94,812)
Total Used in 2024	143,412	
		Remaining 160,257
Other Potential Uses		
Centinaial Celebration		
Furniture Upgrade		
HVAC City Hall, PWF,Police		
Whittier Park Plan		