

**FIRCREST CITY COUNCIL
SPECIAL MEETING AGENDA**

**MONDAY, OCTOBER 12, 2026
6:00 P.M.**

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

	Pg.
1. CALL TO ORDER	
2. PLEDGE OF ALLEGIANCE	
3. ROLL CALL	
4. <u>PRELIMINARY 2027 BUDGET – 2nd BUDGET WORK SESSION</u>	2
5. ADJOURNMENT	

Join the Zoom:

Dial-in Information: 1-253-215-8782 Webinar ID: 825 2848 0189 Passcode: 718866



PRELIMINARY 2027 BUDGET

2ND BUDGET WORK SESSION

Monday, October 12, 2026

STREET FUND

STORM/STORM CAPITAL FUND

WATER/WATER CAPITAL FUND

SEWER/SEWER CAPITAL FUND

STREET FUND

GOALS

- Continue crack sealing to extend pavement life
- Evaluate new pavement preservation strategies
- Perform street patching citywide
- Maintain street, curb, and intersection markings
- Design and construct east-side Alameda Avenue sidewalks and a bike lane from Emerson to Rosewood
- Partner with University Place on planning the 44th Street West sidewalk, bike lane, lighting, and safety improvements

TRANSFERS

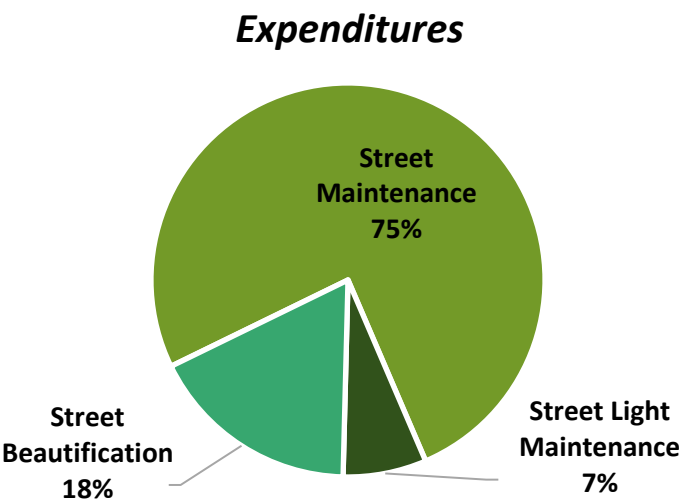
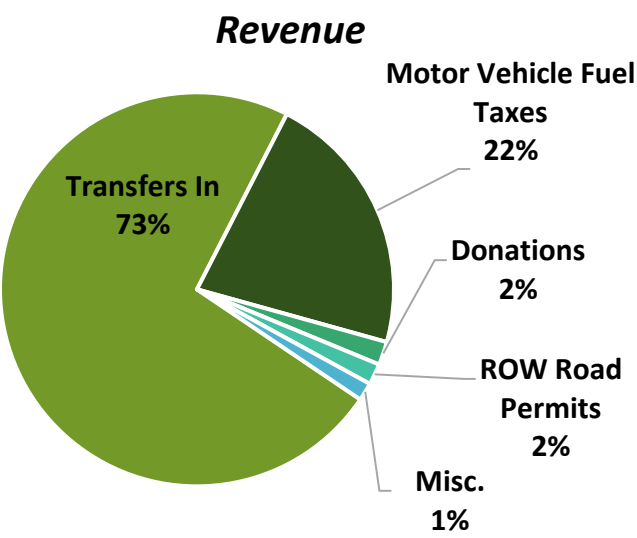
- \$10,000 from General Fund for Street Beautification
- \$266,997 from General Fund for Street Operations (15% Property Tax)
- \$44,106 from General Fund Light Reserves for Street Light Maintenance
- \$100,000 from REET 1 for minor street improvements

STREET FUND: OPERATING ONLY

Operating Revenue		
ROW Road Permits	\$10,000	2%
Motor Vehicle Taxes	\$125,425	22%
Donations	\$11,050	2%
Misc./Interest	\$7,500	1%
Transfer In	\$421,103	73%
Total	\$575,078	100%

Operating Expenditures		
Street Maintenance	\$487,883	76%
Street Light Maintenance	\$44,106	7%
Street Beautification	\$111,897	17%
Total	\$643,868	100%

Decrease in fund balance: (\$178,808)



STREET FUND CAPITAL

CAPITAL REVENUES: \$100,000

- Transfer-In from REET 1: \$100,000

CAPITAL EXPENDITURES: \$110,000

- Minor Street improvements throughout the City funded by REET 1 transfer of \$100,000
- Uncompleted Street projects currently under construction or design in 2026 will carry forward into 2027

STREET FUND ENDING FUND BALANCE

ENDING FUND BALANCE: \$404,962

- Net decrease in Fund Balance for Operating Costs: (\$168,808)
- Net decrease in Fund Balance for Capital Costs: \$(10,000)
- Total net decrease in Fund Balance: \$(178,808)
- Total Ending Fund Balance = \$404,962

STORM DRAIN: OPERATING

GOALS

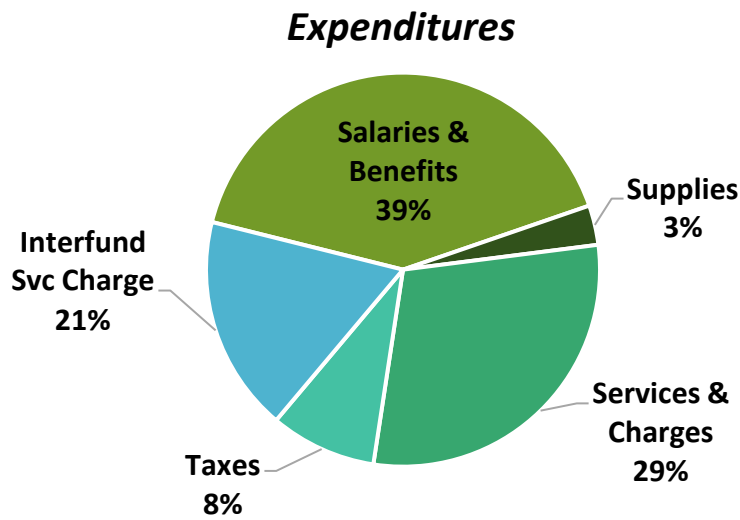
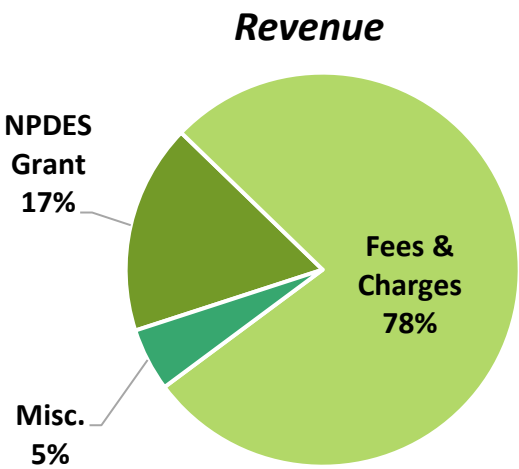
- Inspect all catch basins and clean those that fail inspection.
- Complete the NPDES Annual Report and Stormwater Management Program Plan updates for DOE approval
- Distribute updated water quality handouts to promote stormwater pollution prevention

STORM DRAIN FUND: OPERATING ONLY

Operating Revenue		
NPDES Grant	\$120,000	17%
Fees & Charges	\$540,016	78%
Interest	\$35,933	5%
Total	\$695,949	100%

Operating Expenditures		
Salaries & Benefits	\$210,174	39%
Supplies	\$18,500	3%
Services & Charges	\$152,886	29%
Taxes	\$41,900	8%
Interfund Svc Charge to GF	\$113,037	21%
Total	\$536,496	100%

Operating Revenues Over Operating Expenses:
Net Ending Fund Balance is a decrease of \$159,453
Less \$185,200 Transfer to Capital = \$(25,747)
Total Ending Fund Balance \$639,450



STORM DRAIN CAPITAL FUND

CAPITAL REVENUES: \$328,179

- Transfer-In From Storm Drain Operating Fund: \$185,200
- Pierce County Flood District: \$142,979

CAPITAL EXPENDITURES: \$195,200

- Upgrade stormwater and sewer utilities in the alley between Summit and Farallone, from Princeton to Stanford, with costs shared among funds, including \$100,000 from the Stormwater Fund
- Provide design, planning, and engineering services for capital projects

NET EFFECT ON ENDING FUND BALANCE: \$132,979

Capital Revenues: \$328,179

Capital Expenditures: (\$195,200)

Total net increase on Ending Fund Balance \$132,979

Total Ending Fund Balance \$1,004,253

Total Storm Operating and Capital EFB \$1,509,579

WATER FUND: OPERATING

GOALS

- Continue water conservation outreach and public education
- Inspect and clean reservoirs to maintain water quality and reliable storage
- Repair aging fire hydrants and replace two in 2027
- Complete and distribute the 2026 Consumer Confidence Report to meet DOH requirements
- Conduct an internal water rate study to assess financial sustainability and guide rate decisions

WATER RATE

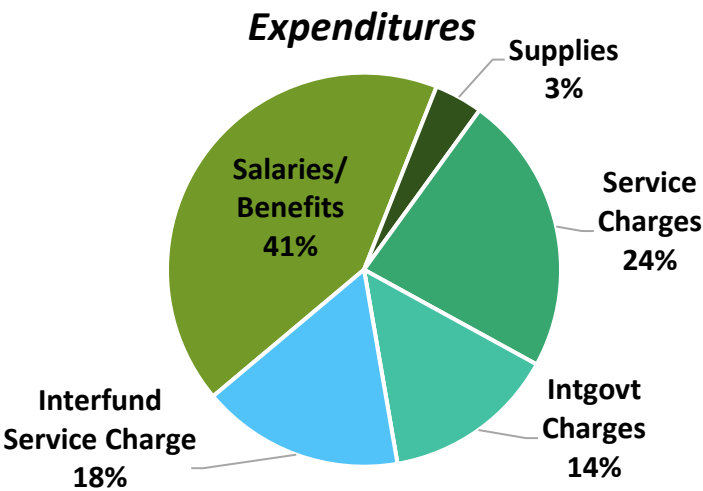
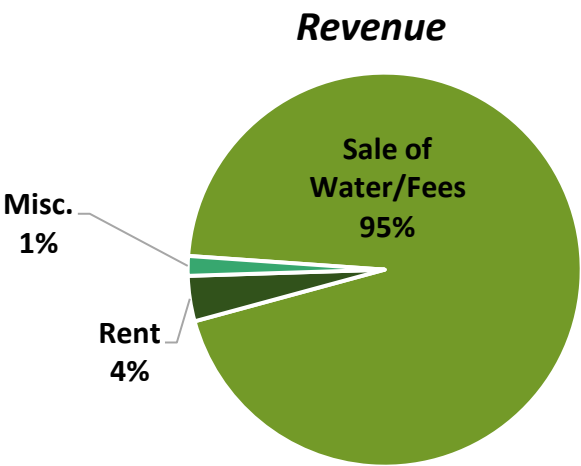
- 3% proposed increase to the water rate.

WATER FUND: OPERATING ONLY

Operating Revenue		
Sale of Water & Fees	\$1,229,054	95%
Rent on Tanks	\$48,322	4%
Misc.	\$20,936	1%
Total	\$1,298,312	100%

Operating Expenditures		
Salary/Benefits	\$498,913	41%
Supplies	\$32,500	3%
Service Charges	\$286,083	24%
Intergov Charges	\$162,823	14%
Debt Payments	\$0	0.0%
Interfund Service Charge	\$212,111	18%
Total	\$1,183,429	100%

Operating Revenues Over Operating Expenses:
Net Ending Fund Balance increase of \$114,883
With \$200,000 Transfer to Capital decrease = \$85,117
Total EFB \$391,863



WATER CAPITAL FUND

CAPITAL REVENUES: \$200,000

- Transfer-In From Water Operating Fund: \$200,000

CAPITAL EXPENDITURES: \$169,722

- **Yale Street Water Main:** Budget \$150,000 to replace the 2-inch main with a 6-inch main, improving capacity, reliability, flow, and pressure. Refine costs as design progresses.
- **Wellhouse #4:** Postpone replacement until 2028 to prioritize Yale Street and spread capital costs. Continue condition monitoring and necessary maintenance.

NET EFFECT ON ENDING FUND BALANCES: \$30,278

Capital Revenue: \$200,000

Capital Expenditures: \$169,722

Net increase to Ending Fund Balance: \$30,278

Total Ending Fund Balance \$425,430

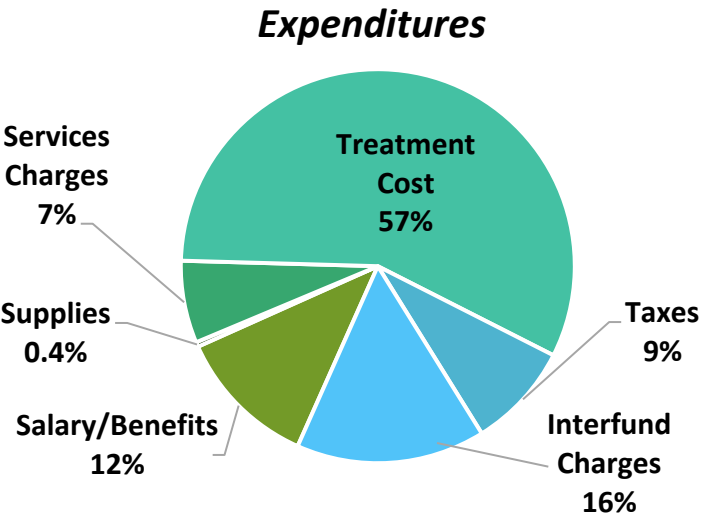
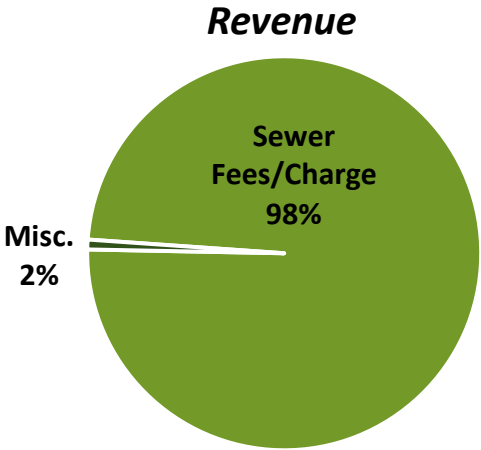
Total Water Operating and Capital EFB: \$817,293

SEWER FUND: OPERATING ONLY

Operating Revenue		
Sewer Fees & Charges	\$2,925,400	98%
Misc. Revenue	\$48,797	2%
Total	\$2,974,197	100%

Operating Expenditures		
Salary/Benefits	\$306,088	12%
Supplies	\$10,100	0.4%
Service Charges	\$177,836	7%
Treatment Cost	\$1,500,000	57%
Taxes	\$228,161	9%
Interfund Service Charge	\$408,236	16%
Total	\$2,630,422	100%

Operating Revenues Over Operating Expenses:
Net Ending Fund Balance increase of \$343,774
With \$280,000 Transfer to Capital and \$311,675 Debt Service
payment decrease of (\$247,900)
Total EFB \$1,393,557



SEWER CAPITAL FUND

CAPITAL REVENUES: \$290,000

- Capital Contribution/Tap Fees: \$10,000
- Transfer In From Sewer Operating Fund: \$280,000

CAPITAL EXPENDITURES: \$249,522

- **Sewer & Stormwater Upgrades:** Improve utilities in the alley between Summit and Farallone, from Princeton to Stanford, with a \$150,000 Sewer Fund contribution and additional funding from other funds
- **Project Engineering:** Budget \$10,000 for project engineering and I&I Program updates, including smoke testing, with \$40,000 in 2026 carryover to be added through the first 2027 budget amendment.
- **Pipe Bursting:** Set aside funds pipe bursting and other projects as needed

NET EFFECT ON ENDING FUND BALANCE: \$40,478

- Capital Revenues: \$290,000
- Capital Expenditures: \$249,522
- Net increase to Ending Fund Balance: \$40,478
- Total Ending Fund Balance \$767,914
- Total Operating and Capital EFB \$2,161,471



To: Mayor and Councilmembers
From: Allison Deskins, Finance Director
Date: October 12, 2026
Subject: 2027 Preliminary Budget Workshop

Questions/comments from the October 5th Budget Workshop:

- **What is the history of the library card reimbursement program?**

The table below summarizes library card reimbursements since 2022. Current library card costs are \$39 for six months and \$78 for a full year.

<i># of cards reimbursed</i>	2022	2023	2024	2025	2026 YTD
Half -Year	12	16	19	17	22
Full -Year	151	172	178	199	149
Total Reimbursement Cost	\$10,503	\$13,061	\$14,603	\$16,185	\$12,246

- **How much of our EMS Levy revenues cover our EMS services?**

The table below compares EMS revenue with the combined cost of our Tacoma Fire and EMS contracts. In the 2027 budget, EMS levy revenue represents approximately 85% of the total contract cost, compared with approximately 66% in 2026. The remaining \$134,848 will need to be funded from other City revenues.

	EMS Levy revenue	Tacoma Fire contract	Tacoma EMS contract	Total contract cost	Levy as % of total	Amount remaining to fund
2022	555,560	171,226	554,700	725,926	76.5%	170,366
2023	562,711	232,848	562,040	794,888	70.8%	232,177
2024	566,672	284,528	615,352	899,880	63.0%	333,207
2025	579,404	272,884	590,170	863,054	67.1%	283,649
2026	585,230	279,443	604,354	883,797	66.2%	298,567
2027 Budget	782,533	290,062	627,319	917,381	85.3%	134,848

- **Following the end of the Ruston Court contract, how many cases will Fircrest continue to handle, and what revenue is anticipated from those cases?**

City Manager Masko and City Attorney Eide are actively working to determine the remaining caseload and associated revenue. This is not a straightforward calculation, and several factors require further review. We hope to have more definitive answers soon.

- **How is the City of Tacoma’s non-compete payment calculated, and is supporting documentation available?**

Section 18 of Ordinance No. 1270 bases the payment on the prior year’s gross electric utility revenues from customers within Fircrest, using a 6% rate or a higher applicable rate specified in the ordinance. Payments are made in four equal quarterly installments, with a calculation form required for each payment. Finance is requesting the calculations and supporting documentation for the past two years to verify the amounts received and ensure documentation accompanies future payments.

- **Why doesn’t the increase in Community Events salaries match the decrease in Recreation salaries?**

Moving the Community Event Specialist out of Recreation removes \$59,873 in 2027 salary costs. However, compared with the 2026 budget, salary increases (including the transferred position’s 3.8% CPI-W increase) and added custodial time offset part of that reduction. This leaves Recreation salaries \$29,004 lower than in 2026.

What changed in Recreation?	Amount
Savings from moving the position at its 2027 salary	\$59,873
Less: 3.8% CPI-W increase included in the transferred salary	(\$2,200)
Less: increases in remaining staff salaries (3.8% CPI-W)	(\$25,834)
Less: added custodial time	(\$2,835)
Actual reduction from the 2026 Recreation budget	\$29,004



To: Mayor and City Council

From: Allison Deskins, Finance Director

Date: October 12, 2026

Subject: Water Rate Increase

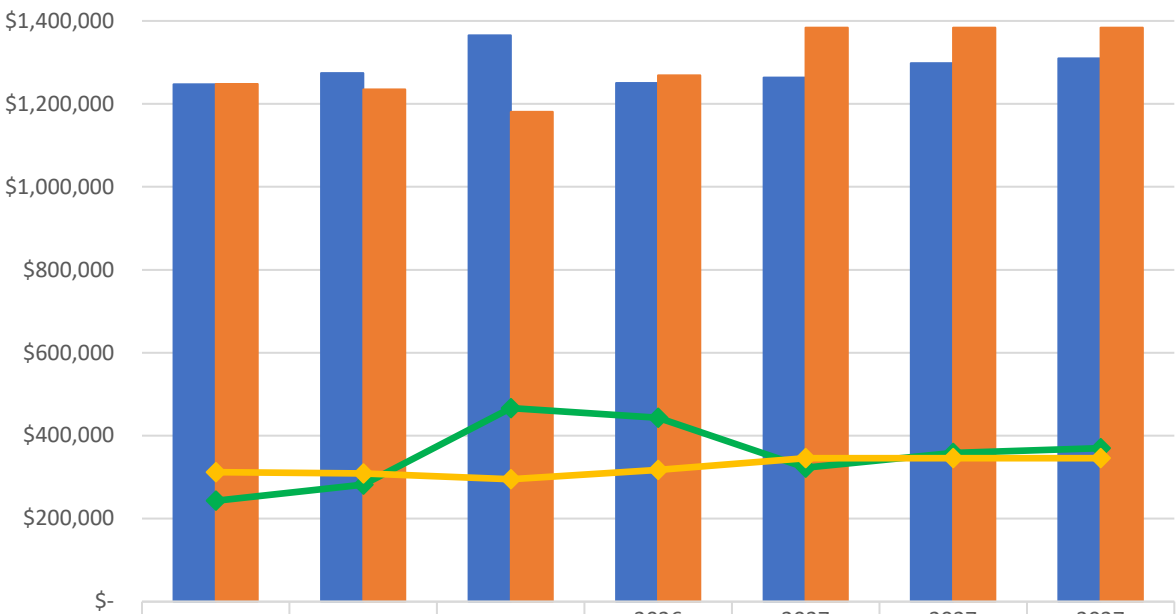
This memorandum outlines the proposed 3% rate increase for the Water Utility. The City of Fircrest is proposing a 3% adjustment to water rates as part of the 2027 budget to support ongoing system maintenance and infrastructure investment. This moderate increase results in only a minimal impact to customers while ensuring the City continues to provide reliable, high-quality water service. The following comparison illustrates how Fircrest’s proposed rates remain competitive with neighboring jurisdictions.

The Council has previously authorized 3.0% water rate increase in 2026, 3.0% water rate increase in 2025, a 4.5% increase in 2024 and a 2.0% increase in 2023 and 2022. Prior to 2022, there had not been a rate increase since 2019.

Single Family Residential		2022	2023	2024	2025	2026	2027 Proposed
Base Rate		\$37.74	\$38.49	\$40.22	\$41.43	\$42.67	\$43.95
Tier 1	0 – 1,000 cf	\$0.0109	\$0.0113	\$0.0118	\$0.0122	\$0.0126	\$0.0129
Tier 2	1,001 – 4,000 cf	\$0.0163	\$0.0169	\$0.0177	\$0.0182	\$0.0187	\$0.0193
Tier 3	4,001+ cf	\$0.0272	\$0.0288	\$0.0301	\$0.0310	\$0.0319	\$0.0329
Rate Increase		2.00%	2.00%	4.50%	3.00%	3.00%	3.00%

City Financial Policies establish a goal of maintaining reserves equal to at least three months of adopted operating expenditures. The chart below compares the Water Operating Fund’s ending fund balance with that reserve target. Without a rate increase, the projected ending fund balance for 2027 is \$323,322, approximately \$22,535 below the target. The proposed 3% increase is projected to generate approximately \$35,171 in additional revenue, bringing the year-end fund balance to \$358,494—approximately \$12,637 above the three-month reserve target. Although reserves would still decline during 2027, the increase would help preserve funds for unanticipated repairs while staff evaluates the utility’s long-term financial needs.

WATER OPERATING FUND - CASH FLOW BALANCES



	2023 Actual	2024 Actual	2025 Actual	2026 Projected	2027 Budget*	2027 Budget**	2027 Budget***
Revenue	\$1,246,810	\$1,274,036	\$1,364,993	\$1,250,348	\$1,263,141	\$1,298,313	\$1,310,036
Expense	\$1,247,773	\$1,235,069	\$1,180,526	\$1,268,864	\$1,383,429	\$1,383,429	\$1,383,429
Ending Fund Balance	\$243,189	\$282,156	\$466,624	\$443,611	\$323,322	\$358,494	\$370,218
Target Reserve	\$311,943	\$308,767	\$295,131	\$317,216	\$345,857	\$345,857	\$345,857
Difference	\$(68,754)	\$(26,611)	\$171,492	\$126,395	\$(22,535)	\$12,637	\$24,360

*without proposed 3% rate increase
**with proposed 3% rate increase
***with proposed 4% rate increase

The chart below shows the rates based on a 2.0%, 3.0%, 4.0%, and 5.0% increase with the recommended 3.0% rate highlighted.

Tier / Usage (cf)	Increase	Current Base	New Base	Current Usage Charge	New Usage Charge	Total Before	Total After	Δ \$/Bill	\$/Month	\$/Year
Tier 1 (1 000 cf)	2%	42.67	43.52	12.57	12.82	55.24	56.34	1.10	0.55	6.63
	3%	42.67	43.95	12.57	12.94	55.24	56.89	1.66	0.83	9.94
	4%	42.67	44.38	12.57	13.07	55.24	57.45	2.21	1.10	13.26
	5%	42.67	44.80	12.57	13.19	55.24	58.00	2.76	1.38	16.57
Tier 2 (3 000 cf)	2%	42.67	43.52	50.06	51.06	92.73	94.58	1.85	0.93	11.13
	3%	42.67	43.95	50.06	51.56	92.73	95.51	2.78	1.39	16.69
	4%	42.67	44.38	50.06	52.06	92.73	96.44	3.71	1.85	22.25
	5%	42.67	44.80	50.06	52.56	92.73	97.36	4.64	2.32	27.82
Tier 3 (5 000 cf)	2%	42.67	43.52	100.73	102.75	143.40	146.27	2.87	1.43	17.21
	3%	42.67	43.95	100.73	103.76	143.40	147.71	4.30	2.15	25.81
	4%	42.67	44.38	100.73	104.76	143.40	149.14	5.74	2.87	34.42
	5%	42.67	44.80	100.73	105.77	143.40	150.57	7.17	3.59	43.02

The table below compares Fircrest’s current and proposed residential water bills with those of surrounding jurisdictions at three water usage levels. With the proposed 3% increase, Fircrest’s water bills remain competitive with neighboring utilities.

City / Season	Base / Fixed Charges—Two Months	Usage Rate per CCF	1,000 cf	3,000 cf	5,000 cf
Steilacoom	\$55.42	\$4.00	\$95.42	\$175.42	\$255.42
University Place - Summer	\$82.82	\$3.837–\$4.796, tiered	\$121.19	\$217.11	\$313.03
University Place - Winter	\$82.82	\$3.84	\$121.19	\$197.93	\$274.67
Lakewood	\$51.47	\$2.56–\$3.48, tiered	\$56.59	\$116.99	\$186.59
Tacoma – Summer	\$63.94	\$2.977–\$3.721, tiered	\$93.71	\$168.13	\$242.55
Tacoma – Winter	\$63.94	\$2.98	\$93.71	\$153.25	\$212.79
Fircrest (+3%)	\$43.95	\$1.29–\$3.29, tiered	\$56.89	\$95.51	\$147.71
Fircrest (Current)	\$42.67	\$1.26–\$3.19, tiered	\$55.24	\$92.73	\$143.40

Comparison assumes a 5/8-inch residential meter and usage evenly distributed over two months. Usage rates are rounded for display; calculations use underlying rates and applicable tiers. Lakewood’s fixed charges include the first 800 cf of water.

As a small city, Fircrest recognizes the impact that rising costs have on residents and strives to keep utility rate adjustments modest. The Water Utility's operating costs continue to increase, including a 3.8% CPI-W salary adjustment in the 2027 budget. Proposed 2027 increases include electricity adjustments of 8.1%–10.8% from Tacoma Power and natural gas adjustments of 13.32%–16.84% from Puget Sound Energy, subject to approval. The proposed 3% water rate increase balances these cost pressures with the goal of limiting the financial impact on residents. It will help maintain the projected year-end fund balance above the City's three-month reserve target while keeping residential water bills competitive with neighboring utilities. Staff will continue evaluating long-term operating and capital needs through the planned internal rate study.

If the Council supports the rate increase, a public hearing must be held prior to its adoption. The Council can set a date for a public hearing at the November 10th City Council meeting, which will allow for sufficient time for the required public notice. Following the public hearing, an ordinance will be presented to the Council for adoption. If adopted, the rate increase would take effect with the February 1st utility billing cycle, and the increase will be reflected in the April 2027 utility statement.

Please let me know if you have any questions or require additional information on this topic. Thank you.