



AGENDA

City Council Workshop Meeting

7:00 PM - Tuesday, October 13, 2026

Pasco City Hall, Council Chambers & Microsoft Teams Webinar

Page

1. **MEETING INSTRUCTIONS for REMOTE ACCESS** - Individuals, who would like to provide public comment remotely, may continue to do so by filling out the online form via the City's website (www.pasco-wa.gov/publiccomment) to obtain access information to comment. Requests to comment in meetings must be received by 4:00 p.m. on the day of this workshop.

The Pasco City Council Workshops are broadcast live on PSC-TV Channel 191 on Charter/Spectrum Cable in Pasco and Richland and streamed at www.pasco-wa.gov/psctlive and on the City's Facebook page at www.facebook.com/cityofPasco.

To listen to the meeting via phone, call 1-332-249-0718 and use access code 273049441#

Audio equipment available for the hearing impaired; contact the Clerk for assistance.

Servicio de intérprete puede estar disponible con aviso. Por favor avisa la Secretaria Municipal dos días antes para garantizar la disponibilidad. (Spanish language interpreter service may be provided upon request. Please provide two business day's notice to the City Clerk to ensure availability.)

2. **CALL TO ORDER**
3. **ROLL CALL**
 - (a) **Pledge of Allegiance**
4. **VERBAL REPORTS FROM COUNCILMEMBERS**
5. **ITEMS FOR DISCUSSION WITH OPPORTUNITY FOR PUBLIC COMMENT** – the public may comment on each topic scheduled for discussion, up to 2 minutes per person with a total of 8 minutes per item. If

opposing sides wish to speak, then both sides receive an equal amount of time to speak or up to 4 minutes each side.

- 3 - 31 (a) **Resolution & Ordinance - Washington Traffic Safety Commission (WTSC) Interagency Grant Agree. for DUI OT**
Discussion
- 32 - 112 (b) **Presentation - 2027-2028 Budget**
Discussion
- (c) **Public Comments on Budget**
 - For 25 people x 2 minutes per person or up to an hour total, whichever is greater.
6. **MISCELLANEOUS COUNCIL DISCUSSION**
7. **EXECUTIVE SESSION (10 minutes)**
- a) To consider site selection or acquisition of real estate purchase or lease if likelihood that disclosure would increase price per RCW 42.30.110(1)(b)
8. **ADJOURNMENT**
9. **ADDITIONAL NOTES**
- 113 - 114 (a) **Adopted Council Goals (Reference Only)**

AGENDA REPORT

FOR: City Council September 1, 2026

TO: Harold Stewart, City Manager City Council Workshop
Meeting: 10/13/26

FROM: Brent Cook, Police Chief
Police Department

SUBJECT: Resolution & Ordinance - Washington Traffic Safety Commission
(WTSC) Interagency Grant Agree. for DUI OT (5-minute staff
presentation)

I. ATTACHMENT(S):

Resolution
Ordinance Amending the Budget
Interagency Agreement

II. ACTION REQUESTED OF COUNCIL / STAFF RECOMMENDATIONS:

Discussion

III. FISCAL IMPACT:

Pasco is estimated to receive up to \$19,500 in reimbursement for eligible officer staffing costs associated with High Visibility Enforcement activities. No local match or new position is required.

The estimated \$19,500 allocation is divided as follows:

- Impaired Driving: \$8,000
- Speed Enforcement: \$6,500
- Distracted Driving: \$2,500
- Seat-Belt Enforcement: \$2,500
- Total: \$19,500

The funding is reimbursement-based. The City will incur eligible staffing costs while conducting approved patrol activities and then request reimbursement from WTSC after the work is completed and properly documented. The City will provide vehicles and normal enforcement equipment used during the patrols.

IV. HISTORY AND FACTS BRIEF:

Background:

The Washington Traffic Safety Commission (WTSC) provides federal traffic-safety funding to local law enforcement agencies through regional task forces. The Pasco Police Department participates in Region 14 with other law enforcement agencies in Benton and Franklin Counties.

The funding supports coordinated High Visibility Enforcement patrols focused on impaired driving, speeding, distracted driving, and seat-belt violations. Officers participate in approved enforcement activities, and the City requests reimbursement for eligible personnel costs after the work is completed and documented.

For Federal Fiscal Year 2027, WTSC has allocated \$82,700 to Region 14. Pasco's estimated share is \$19,500, compared with an estimated \$17,500 allocation in the prior year.

Impact (other than fiscal):

The funding allows Pasco Police officers to participate in coordinated regional traffic-safety enforcement activities without creating a new City program or position.

The HVE patrols focus on traffic violations associated with serious and fatal collisions and support efforts to improve roadway safety in the community.

V. DISCUSSION:

Recommendation:

Staff is presenting this item to Council for discussion and direction regarding the proposed \$19,500 WTSC High Visibility Enforcement budget amendment.

Following the workshop discussion, staff will prepare the appropriate ordinance and bring it forward for formal Council consideration at a subsequent meeting.

Constraints (Time or other considerations):

The WTSC funding operates on a federal fiscal-year schedule. The agreement and related budget action should be completed in sufficient time for Pasco to participate in the scheduled 2026–2027 enforcement activities.

Reimbursement is limited to approved work that meets WTSC training, documentation, and reporting requirements.

Next Steps:

Following Council's discussion and direction:

- Staff will finalize the proposed budget amendment ordinance.
- Staff will coordinate the ordinance with the City Attorney and Finance Department.
- The ordinance will be presented to Council for formal consideration at a future meeting.
- Upon approval, the City will recognize and appropriate the \$19,500 WTSC reimbursement funding.
- The Police Department will coordinate eligible patrols through the Region 14 traffic-safety task force.

Alternatives:

Council may provide direction to staff regarding the proposed budget amendment, including requesting additional information or revisions before the ordinance is brought forward for formal consideration.

RESOLUTION NO. ____

**A RESOLUTION OF THE CITY OF PASCO, WASHINGTON,
AUTHORIZING THE CITY MANAGER TO EXECUTE AN INTERAGENCY
AGREEMENT BETWEEN WASHINGTON TRAFFIC SAFETY COMMISSION
AND PASCO POLICE DEPARTMENT FOR TRAFFIC SAFETY EMPHASIS
PATROLS FOR FISCAL YEAR 2026-2027.**

WHEREAS, RCW 39.34, INTERLOCAL COOPERATION ACT, authorizes political subdivisions to jointly exercise their powers, privileges, or authorities with other political subdivisions of this state through the execution of an interlocal cooperative or interagency agreement; and,

WHEREAS, the Washington Traffic Safety Commission (WTSC) has offered grant funding under Assistance Listing #20.608 to support high visibility DUI enforcement, officer development, and community outreach efforts by the Pasco Police Department; and

WHEREAS, the Pasco Police Department has been awarded funding under Interagency Agreement No. ____ in the amount of ____ to carry out dedicated DUI enforcement patrols, officer development, and community outreach activities during the period of ____ through ____; and

WHEREAS, the grant funding will enhance the Police Department's ability to conduct targeted DUI enforcement, mentor officers in impaired driving investigations, and educate the public regarding the dangers of impaired driving; and

WHEREAS, the City Council of the City of Pasco, Washington, has determined that it is in the best interest of the City to enter into the Interagency Agreement with the Washington Traffic Safety Commission to support these public safety efforts.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PASCO, WASHINGTON:

That the City Council of the City of Pasco approves the terms and conditions of the Interagency Agreement between the Washington Traffic Safety Commission and the Pasco Police Department; a copy of which is attached hereto and incorporated herein by reference as **Exhibit A**.

Be It Further Resolved, that the City Manager of the City of Pasco, Washington, is hereby authorized, empowered, and directed to sign and execute said Agreement on behalf of the City of Pasco.

Be It Further Resolved, that this Resolution shall take effect immediately.

PASSED by the City Council of the City of Pasco, Washington, on this ____ day of _____, 2026.

Charles Grimm
Mayor

ATTEST:

APPROVED AS TO FORM:

Gabriela Sanchez
City Clerk

Ogden Murphy Wallace, PLLC
City Attorney

ORDINANCE NO. ____

AN ORDINANCE OF THE CITY OF PASCO, WASHINGTON, AMENDING THE 2026-2027 BIENNIAL OPERATING BUDGET (ORDINANCE NO. 4749), BY PROVIDING SUPPLEMENT THERETO; TO PROVIDE ADDITIONAL APPROPRIATION IN THE CITY'S GENERAL FUND, ALLOCATING FUNDING FOR HIGH VISIBILITY ENFORCEMENT PATROLS THROUGH THE WASHINGTON TRAFFIC SAFETY COMMISSION; PROVIDING FOR SEVERABILITY AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, on December 9, 2024, the Pasco City Council approved Ordinance No. 4749, adopting the 2025–2026 Biennial Operating Budget; and

WHEREAS, the 2025–2026 Biennial Operating Budget has been amended through the mid-biennial budget amendment and by other budget amendments adopted by the City Council; and

WHEREAS, the Washington Traffic Safety Commission ("WTSC") provides federal traffic-safety funding to local law enforcement agencies through regional task forces, and the Pasco Police Department participates in Region 14 with other law enforcement agencies in Benton and Franklin Counties; and

WHEREAS, for Federal Fiscal Year 2027, WTSC has allocated \$82,700 to Region 14 for High Visibility Enforcement activities, with Pasco's estimated share of up to \$19,500 in reimbursement for eligible officer staffing costs; and

WHEREAS, Pasco's estimated \$19,500 allocation consists of \$8,000 for impaired-driving enforcement, \$6,500 for speed enforcement, \$2,500 for distracted-driving enforcement, and \$2,500 for seat-belt enforcement; and

WHEREAS, the funding reimburses eligible officer straight-time or overtime salary and limited employer-paid benefits for approved traffic-safety patrols, with the City completing and documenting the work before requesting reimbursement; and

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF PASCO, WASHINGTON DO ORDAIN AS FOLLOWS:

Section 1. Pursuant to RCW 35A.34.200(1)(d), the following appropriations and revenues are hereby authorized:

Fund	EXPENDITURE	REVENUE
GENERAL FUND	\$19,500.00	\$19,500.00
Total	\$19,500.00	\$19,500.00

Section 2. That the additions in appropriations and expenditures are hereby declared to exist in the above funds for the said uses and purposes as shown above, and the proper City officials are hereby authorized and directed to issue warrants and transfer funds in accordance with the provision of the Ordinance.

Section 3. Except as amended herein, Ordinance No. 4749 as previously adopted heretofore shall remain unchanged.

Section 4. Severability. If any section, subsection, sentence, clause, phrase or word of this ordinance should be held to the invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality thereof shall not affect the validity or constitutionality of any other section, subsection, sentence, clause phrase or word of this ordinance.

Section 5. Corrections. Upon approval by the city attorney, the city clerk or the code reviser are authorized to make necessary corrections to this ordinance, including scrivener's errors or clerical mistakes; reference to other local, state, or federal laws, rules, or regulations; or numbering or referencing of ordinances or their sections and subsections.

Section 6. Effective Date. This Ordinance, being an exercise of a power specifically delegated to the City legislative body, is not subject to referendum, and shall take full force and effect five (5) days after approval, passage, and publication as required by law.

PASSED by the City Council of the City of Pasco, Washington this ____ day of _____, 2026.

Charles Grimm
Mayor

ATTEST:

APPROVED AS TO FORM:

Gabriela Sanchez
City Clerk

Ogden Murphy Wallace, PLLC
City Attorney

Published: _____



INTERAGENCY AGREEMENT BETWEEN THE Washington Traffic Safety Commission

AND

Pasco Police Department

THIS AGREEMENT is made and entered into by and between the Washington Traffic Safety Commission, hereinafter referred to as "WTSC," and SUB RECIPIENT NAME Pasco Police Department, hereinafter referred to as "SUB-RECIPIENT."

NOW THEREFORE, in consideration of the authority provided to WTSC in RCW 43.59 and RCW 39.34, terms, conditions, covenants, and performance contained herein, or attached and incorporated and made a part hereof, the parties mutually agree as follows:

1. PURPOSE OF THE AGREEMENT:

The purpose of this Agreement is to provide funding, provided by the United States Department of Transportation (USDOT) National Highway Traffic Safety Administration (NHTSA) and allowed under the Assistance Listings Catalog of Federal Domestic Assistance (CFDA) numbers 20.600 and 20.616 for traffic safety grant project 2027-HVE-6085-Region 14 HVE, specifically to provide funding for the law enforcement agencies in WTSC Region 14 to conduct straight time or overtime enforcement activities (traffic safety emphasis patrols) as outlined in the Statement of Work (SOW), in support of Target Zero priorities. The Target Zero Manager (TZM) and/or the Law Enforcement Liaison (LEL) shall coordinate the SOW with the SUB-RECIPIENT with the goal of reducing traffic crashes.

WTSC grant 2027-HVE-6085-Region 14 HVE was awarded to the WTSC Region 14 to support collaborative efforts to conduct HVE activities. By signing this agreement, the SUB-RECIPIENT can seek reimbursement for straight time or overtime for approved law enforcement activity expenses incurred as a participant in the region's HVE grant.

2. PERIOD OF PERFORMANCE

The period of performance of this Agreement shall commence upon the date of execution by both parties, but not earlier than October 1, 2026, and remain in effect until September 30, 2027, unless terminated sooner, as provided herein.

3. SCOPE OF WORK

3.1.1 Problem ID and/or Opportunity

Although Washington has experienced encouraging declines in traffic fatalities since the record-high year of 2023, traffic deaths remain substantially above pre-pandemic levels, and risky driving behaviors continue to claim hundreds of lives each year. After reaching 809 fatalities in 2023, the highest annual total since 1990, fatalities declined to 737 in 2024 and an estimated 659 in 2025. Despite this progress,

Washington has not yet returned to pre-COVID fatality levels, and the primary behavioral factors targeted through High Visibility Enforcement remain major contributors to fatal and serious injury crashes.

In 2025 alone:

- 382 fatalities involved an impaired driver.
- 189 fatalities involved speeding.
- 115 fatalities involved distracted driving.
- 122 fatalities involved unrestrained vehicle occupants.
- 103 motorcyclists were killed.
- 160 pedestrians and other active transportation users lost their lives, representing the third-highest annual total on record despite recent declines.

While many traffic safety measures improved during 2024 and 2025, several areas remain concerning. Fatalities involving drivers age 70 and older increased for the second consecutive year, heavy truck-involved fatalities also increased in 2025, and active transportation fatalities continue to remain historically high. In addition, fatal crashes continue to occur statewide, with every county experiencing at least one fatal crash during the previous three-year period.

This project will fund coordinated High Visibility Enforcement mobilizations focused on impaired driving, speeding, distracted driving, occupant protection, motorcycle safety, and pedestrian and bicycle safety. Enforcement activities will be organized through local Target Zero Managers (TZMs), the statewide Law Enforcement Liaison (LEL) network, local Target Zero Task Forces, and the Washington State Patrol to maximize visibility, improve interagency coordination, and reduce crashes caused by high-risk driving behaviors.

3.1.2 Project Purpose and Strategies

This project will fund High Visibility Enforcement (HVE) and Traffic Safety Enforcement Program (TSEP) patrols to prevent impaired driving, distracted driving, seat belt use, speeding, and motorcycle safety. High Visibility Enforcement (HVE) and Traffic Safety Enforcement Program (TSEP) patrols are designed to create deterrence by increasing the expectation of a citation/fine/arrest. Officers may also remove high risk (impaired) drivers when encountered. So together, this countermeasure works by preventing dangerous driving behaviors and stopping those who still decide to engage in those behaviors. Funding and events will be organized by local TZMs, LELs, and their local Target Zero Task Force. Task forces will use local data and professional judgement to determine enforcement priorities for their jurisdictions and will schedule and plan enforcement and outreach activities.

Regional participation in the following National Campaigns is mandatory:

- Impaired driving enforcement during the Holiday DUI campaign (December 2026).
- Distracted driving enforcement during the Distracted Driving campaign (April 2027)
- Seat belt enforcement during the Click It or Ticket campaign (May 2027).
- Impaired driving enforcement during the Summer DUI campaign (August 2027).

These patrols will also be coordinated with the Washington State Patrol (WSP). Target Zero Managers will establish or strengthen relationships with key WSP district personnel to improve interagency



coordination with the WSP.

3.1.3 Requirements for National Mobilizations and Traffic Safety Enforcement Program (TSEP)

3.1.3.1. HVE events will be data informed; based on crash data, anecdotal evidence, and the professional judgement of task force members. WTSC strongly believes in the expertise of local officers to understand the highest priority areas in their communities to focus their efforts.

3.1.3.2. The SUB-RECIPIENT will ensure that all officers participating in these patrols are BAC certified and have received and passed the SFST training.

3.1.3.3. SUB-RECIPIENT will ensure all officers participating in Impaired Driving patrols have received Advanced Roadside Impaired Driving Enforcement (ARIDE) training.

3.1.3.4. WTSC recommends that the SUB-RECIPIENT ensures that officers use TraCS to issue written warnings instead of delivering them verbally. Recording each stop within the TraCS system not only formalizes the warning but also provides valuable information for future reference. This documentation allows subsequent officers to quickly review a driver's prior interactions, fostering greater awareness and continuity in enforcement efforts. By maintaining this record, officers can make more informed decisions during future stops and contribute to a consistent approach in managing driver behavior.

3.1.3.5. Impaired driving enforcement is a multifaceted process, requiring officers to recognize risky driving behaviors, carry out thorough investigations, and handle arrests and processing efficiently. WTSC advises that officers assigned to impaired driving HVE patrols should have completed at least 10 DUI arrests in the past two years. By setting this standard, WTSC ensures that participating officers possess the necessary experience and skills to accurately identify and apprehend impaired drivers during these specialized patrols.

3.1.3.6. SUB-RECIPIENT shall ensure all participating personnel will use the WEMS system provided by the WTSC to record all activities in digital activity logs conducted by their commissioned officers pursuant to the HVE events. Participating officers will fill out all applicable fields of the digital activity log and use the comments field to provide details on irregularities, challenges or other details that would help explain what was encountered during their shift. SUB- RECIPIENT will also ensure all supervisors and fiscal staff have the ability to review and edit those activity logs.

3.1.3.7. If an officer's contacts per hour rate falls below 2.0, the officer must provide a comment explaining the circumstance. However, this requirement does not apply in cases where a DUI arrest has been made.

3.1.4 Project Intent and Best Practice

3.1.4.1. SUB-RECIPIENT is encouraged to help their Region Task Force fulfill the requirement to participate in the four mandatory National Campaigns. (Holiday DUI campaign in December 2026, Distracted Driving campaign in April 2027, Click It or Ticket campaign in May 2027 and Summer DUI campaign in August 2027).

NOTE: Agencies must participate in speed or impaired driving enforcement under this agreement to be eligible to receive funding under the WASPC equipment grant.

3.1.4.2. SUB-RECIPIENT is strongly encouraged to participate in their task force to plan and execute enforcement events.

3.1.4.3. Regional task force will be submitting quarterly progress reports and SUB-RECIPIENT is encouraged to participate to the fullest extent possible. Quarterly progress reports are due January 15, April 15, July 15, and October 15.

3.1.4.4. WTSC encourages participating officers to prioritize violations that directly contribute to the injury and death of road users, such as impaired driving, speeding, distracted driving, non-restraint, etc.

3.1.4.5. SUB-RECIPIENT should promote patrol events through all earned, owned and, if funded, paid media that is available so that the public is made aware of the event before, during, and after the enforcement takes place. It is best practice to translate messages as needed and invite local media involvement in the effort to reach communities in which HVE will occur.

3.1.4.6. SUB-RECIPIENT should strive to actively enforce traffic safety laws focused on collision causing behaviors in priority areas throughout the year outside of HVE events.

3.1.4.7. When participating in motorcycle patrols SUB-RECIPIENT should focus on the illegal and unsafe driving actions of all motor vehicles interacting with motorcycles. This includes speeding, failure to yield to a motorcycle, following too closely to a motorcycle, distracted driving, etc.

3.1.4.8. When participating in motorcycle patrols SUB-RECIPIENT should ensure that enforcement will focus on the illegal and unsafe driving actions of motorcycles that are known to cause serious and fatal crashes. This includes impaired driving, speeding, and following too closely.

3.1.4.9. Performance will be monitored by the regional TZM, LEL, and Task Force, as well as WTSC. WTSC reserves the right to designate specific officers as ineligible for cost reimbursement. This will occur if an officer is determined to not have not met the purpose/intent of this grant in multiple emphasis patrols.

3.1.4.10. Funds can be used to support the mentoring of officers in traffic enforcement. This can be focused on impaired driving, or general traffic enforcement.

For DUI mentorship, WTSC has found it to be best practice to include a mix of instruction and practical experience. The mentor should be a DRE when possible, or a highly effective DUI emphasis patrol officer with a minimum of ARIDE training. Mentor/mentee activities will be pre-approved by the TZM or LEL after the mentee submits their interest. Mentees are eligible to participate in impaired driving HVE patrols without ARIDE certification.

3.1.4.11. Community outreach/collaboration: Funds can be used to pay for traffic safety focused community outreach and collaboration activities. The operational approach for regional community outreach and collaboration activities should be developed at the Task Force level and be approved by the WTSC. WTSC recommends that these activities include an opportunity for the audience to provide feedback on local traffic safety priorities and activities, which ideally will influence the region's plan for traffic safety programming.

3.1.4.12. In order to receive funding from this grant, agencies must participate with the regional traffic safety task force/coalition in the planning efforts for these activities.

3.1.4.13. WTSC also encourages all law enforcement agencies in Washington to utilize WTSC's data analysis resources, such as interactive dashboards and data from a statewide attitudinal survey, as well their regional Target Zero Manager to identify priorities for engaging with the community.

3.1.4.14. WTSC will provide tools for documenting community collaboration activities, such as the WEMS activity log.

3.1.5 NATIONAL AND STATE-WIDE MOBILIZATIONS

Not all agencies are required to participate in all of the mobilizations listed below. However, the region must have some law enforcement participation in all of the mobilizations listed. Dates are tentative and may change when NHTSA publishes their FFY2027 mobilization calendar.

Mobilization Dates

- Holiday DUI December 14, 2026 – January 3, 2027
- Put the Phone Away or Pay April 5 – 12, 2027
- Click It or Ticket May 17 – June 6, 2027
- Ride Safe Ride On (optional if funded) July 2027 (Dates TBD)
- DUI Drive Sober or Get Pulled Over August 11 – September 5, 2027

3.2 PROJECT GOALS

Prevent traffic crashes to reduce traffic related deaths and serious injuries through active, visible, consistent, and targeted traffic law enforcement, law enforcement training, and community outreach. Law enforcement can have a profound effect on traffic safety and this project aims to increase participation to accomplish that.

3.3 COMPENSATION

3.3.1 The Compensation for the straight time or overtime work provided in accordance with this Agreement has been established under the terms of RCW 39.34. The cost of accomplishing the work described in the SOW will not exceed dollar total from amounts listed below. Payment for satisfactory performance shall not exceed this amount unless the WTSC and SUB-RECIPIENT mutually agree to a higher amount in a written Amendment to this Agreement executed by both the WTSC and SUB-RECIPIENT. Comp-time is not considered overtime and will not be approved for payment. All law enforcement agencies who are active members of the Region's traffic safety task force with a fully

executed grant agreement are eligible to participate in this grant.

3.3.2 WTSC will reimburse for personnel straight time or overtime expenses at 150 percent of the officer's normal salary rate plus SUB-RECIPIENT's contributions to employee benefits, limited to the following:

- FICA
- Medicare
- Any portion of L&I that is paid by the employer (SUB-RECIPIENT)
- Retirement contributions paid by the employer (SUB-RECIPIENT) can be included if the contribution is based on a percentage of their hours worked.

Health insurance, or any other benefits not listed above, are not eligible for reimbursement.

The SUB-RECIPIENT will provide law enforcement officers with appropriate equipment (e.g., vehicles, radars, portable breath testers, etc.) to participate in the emphasis patrols.

3.3.3 Funding alterations are permitted as follows: Upon agreement by the regional TZM and all other parties impacted by a proposed budget alteration, the budget category amounts may be increased or decreased without amending this agreement, so long as the total grant award amount does not increase. HVE grant funds should be managed collaboratively by the SUB-RECIPIENT and the TZM.

These alterations must be requested through email communication between the regional TZM and assigned WTSC Program Manager. This communication shall include details of the requested budget modifications and a description of why these changes are needed. The TZM will also send an updated quarterly Operations Plan to the WASPC representative monitoring the project if the budget modification will result in changes to the previously submitted plan.

3.3.4 These funds, designated for salaries and benefits, are intended to pay for the hourly straight time or overtime costs and proportional amounts of fringe benefits of commissioned staff pursuing the activities described in the statement of work. These funds may not be used for any other purpose for example any work required to maintain a law enforcement commission including recertification trainings like firearm qualification. This agreement is expressly designated to fund salaries and benefits. By signing this agreement, SUB-RECIPIENT agrees to supply all necessary equipment and vehicles needed to accomplish the work in the scope of work. WTSC is not responsible for any equipment that is lost, stolen, or destroyed in the execution of the scope of work.

3.3.5 Dispatch: WTSC will reimburse communications officers/dispatch personnel for work on this project providing SUB- RECIPIENT has received prior approval from their region's TZM. This activity must be overtime and only the expenses listed in section 3.2 and its subsections will be reimbursed.

3.3.6 Transport Officers: WTSC will reimburse transport officers for their work on this project providing SUB-RECIPIENT has received approval from their regions TZM. The TZM will work with the regional LEL to determine if need is warranted for the type of HVE activity. This activity must be overtime and only the



expenses listed in section 3.2 and its subsections will be reimbursed.

3.3.7 The law enforcement agency involved will not schedule individual officer overtime shifts for longer than eight hours. WTSC understands there may be instances when more than eight hours are billed due to DUI processing or other reasons and an explanation should be provided on the WEMS Officer Activity Log.

3.3.8 The law enforcement agency involved will ensure that any reserve officer for whom reimbursement is claimed has exceeded his/her normal weekly working hours when participating in an emphasis patrol and is authorized to be paid at the amount requested. Reserve officers may only be paid at the normal hourly rate and not at the 150 percent overtime rate.

3.4 PROJECT COSTS

The WTSC has awarded **\$82,700.00** to the WTSC Region 14 Traffic Safety Task Force for the purpose of conducting coordinated HVE enforcement and community outreach/collaboration activities. The funding must be used for traffic safety purposes in the areas of impaired driving, distracted driving, occupant restraint use, speeding, and motorcycle safety. See the project in WEMS for an updated distribution of funding by specific emphasis area.

By signing this agreement, the SUB-RECIPIENT can seek reimbursement for approved straight time or overtime expenses incurred as a participant in this grant. Funds are expressly designated for staffing activities and may not be used for other expenses that may be incurred, such as vehicle damage, supply replacement, etc. All activity must be coordinated by the region's traffic safety task force and TZM to be eligible for reimbursement.

APPLICABLE STATE AND FEDERAL TERMS AND CONDITIONS:

4. ACTIVITY REPORTS

The SUB-RECIPIENT agrees to have all personnel who work HVE patrols submit a WEMS Officer Activity Log within 24 hours of the end of all shifts worked. These same logs will be associated with invoices as detailed in the "BILLING PROCEDURE" section. Use of the Officer Activity Log in the WTSC's online grant management system, WEMS, is required. Supervisor review and accuracy certification will also be done in WEMS.

5. ADVANCE PAYMENTS PROHIBITED

No payments in advance of or in anticipation of goods or services to be provided under this Agreement shall be made by the WTSC.

6. AGREEMENT ALTERATIONS AND AMENDMENTS

This Agreement may be amended by mutual agreement of the Parties in the form of a written request to amend this Agreement. Such amendments shall only be binding if they are in writing and signed by personnel authorized to bind each of the Parties. Changes to the budget, SUB-RECIPIENT'S Primary



Contact, and WTSC Program Manager can be made through email communication and signatures are not required.

7. ALL WRITINGS CONTAINED HEREIN

This Agreement contains all the terms and conditions agreed upon by the parties. No other understandings, oral or otherwise, regarding the subject matter of this Agreement shall be deemed to exist or to bind any of the parties hereto.

8. ASSIGNMENT

The SUB-RECIPIENT may not assign the work to be provided under this Agreement, in whole or in part, without the express prior written consent of the WTSC, which consent shall not be unreasonably withheld. The SUB-RECIPIENT shall provide the WTSC a copy of all third-party contracts and agreements entered into for purposes of fulfilling the SOW. Such third-party contracts and agreements must follow applicable federal, state, and local law, including but not limited to procurement law, rules, and procedures. If any of the funds provided under this Agreement include funds from NHTSA, such third-party contracts and agreements must include the federal provisions set forth in this Agreement in sections 32 through 40.

9. ATTORNEYS' FEES

In the event of litigation or other action brought to enforce the Agreement terms, each party agrees to bear its own attorney fees and costs.

10. BILLING PROCEDURE

All invoices for reimbursement of HVE activities will be done using the WTSC's grant management system, WEMS. WEMS Officer Activity logs will be attached to invoices, directly linking the cost of the activity to the invoice. Because the activity, approval, and invoicing are all done within WEMS, no back up documentation is required in most cases.

Once submitted by the SUB-RECIPIENT, invoices are routed to the regional TZM for review and approval. The TZM will submit all approved invoices to the WTSC via WEMS within 10 days of receipt.

Payment to the SUB-RECIPIENT for approved and completed work will be made by warrant or account transfer by WTSC within 30 days of receipt of such properly documented invoices acceptable to WTSC. Upon expiration of the Agreement, any claim for payment not already made shall be submitted within 45 days after the expiration date of this Agreement. All invoices for goods received or services performed on or prior to June 30, 2027, must be received by WTSC no later than August 10, 2027. All invoices for goods received or services performed between July 1, 2027 and September 30, 2027, must be received by WTSC no later than November 15, 2027.

11. CONFIDENTIALITY / SAFEGUARDING OF INFORMATION

The SUB-RECIPIENT shall not use or disclose any information concerning the WTSC, or information which may be classified as confidential, for any purpose not directly connected with the administration of this



Agreement, except with prior written consent of the WTSC, or as may be required by law.

12. COST PRINCIPLES

Costs incurred under this Agreement shall adhere to provisions of 2 CFR Part 200 Subpart E.

13. COVENANT AGAINST CONTINGENT FEES

The SUB-RECIPIENT warrants that it has not paid, and agrees not to pay, any bonus, commission, brokerage, or contingent fee to solicit or secure this Agreement or to obtain approval of any application for federal financial assistance for this Agreement. The WTSC shall have the right, in the event of breach of this section by the SUB-RECIPIENT, to annul this Agreement without liability.

14. DISPUTES

14.1. Disputes arising in the performance of this Agreement, which are not resolved by agreement of the parties, shall be decided in writing by the WTSC Deputy Director or designee. This decision shall be final and conclusive, unless within 10 days from the date of the SUB-RECIPIENT's receipt of WTSC's written decision, the SUB-RECIPIENT furnishes a written appeal to the WTSC Director. The SUB-RECIPIENT's appeal shall be decided in writing by the Director or designee within 30 days of receipt of the appeal by the Director. The decision shall be binding upon the SUB-RECIPIENT and the SUB-RECIPIENT shall abide by the decision.

14.2. Performance During Dispute. Unless otherwise directed by WTSC, the SUB-RECIPIENT shall continue performance under this Agreement while matters in dispute are being resolved.

14.3 In the event that either Party deems it necessary to institute legal action or proceedings to enforce any right or obligation under this Agreement, the Parties hereto agree that any such action or proceedings shall be brought in the superior court situated in Thurston County, Washington.

15. GOVERNANCE

15.1. This Agreement is entered into pursuant to and under the authority granted by the laws of the state of Washington and any applicable federal laws. The provisions of this Agreement shall be construed to conform to those laws.

15.2. In the event of an inconsistency in the terms of this Agreement, or between its terms and any applicable statute or rule, the inconsistency shall be resolved by giving precedence in the following order:

15.2.1. Applicable federal and state statutes and rules

15.2.2. Terms and Conditions of this Agreement

15.2.3. Any Amendment executed under this Agreement

15.2.4. Any SOW executed under this Agreement

15.2.5. Any other provisions of the Agreement, including materials incorporated by reference

16. INCOME

Any income earned by the SUB-RECIPIENT from the conduct of the SOW (e.g., sale of publications, registration fees, or service charges) must be accounted for, reported to WTSC, and that income must be applied to project purposes or used to reduce project costs.

17. INDEMNIFICATION

17.1. To the fullest extent permitted by law, the SUB-RECIPIENT shall indemnify and hold harmless the WTSC, its officers, employees, and agents, and process and defend at its own expense any and all claims, demands, suits at law or equity, actions, penalties, losses, damages, or costs of whatsoever kind ("claims") brought against WTSC arising out of or in connection with this Agreement and/or the SUB-RECIPIENT's performance or failure to perform any aspect of the Agreement. This indemnity provision applies to all claims against WTSC, its officers, employees, and agents arising out of, in connection with, or incident to the acts or omissions of the SUB-RECIPIENT, its officers, employees, agents, contractors, and subcontractors. Provided, however, that nothing herein shall require the SUB-RECIPIENT to indemnify and hold harmless or defend the WTSC, its agents, employees, or officers to the extent that claims are caused by the negligent acts or omissions of the WTSC, its officers, employees or agents; and provided further that if such claims result from the concurrent negligence of:

(a) the SUB-RECIPIENT, its officers, employees, agents, contractors, or subcontractors, and
(b) the WTSC, its officers, employees, or agents, or involves those actions covered by RCW 4.24.115, the indemnity provisions provided herein shall be valid and enforceable only to the extent of the negligence of the SUB- RECIPIENT, its officers, employees, agents, contractors, or subcontractors.

17.2. The SUB-RECIPIENT agrees that its obligations under this Section extend to any claim, demand and/or cause of action brought by, or on behalf of, any of its employees or agents in the performance of this agreement. For this purpose, the SUB- RECIPIENT, by mutual negotiation, hereby waives with respect to WTSC only, any immunity that would otherwise be available to it against such claims under the Industrial Insurance provisions chapter 51.12 RCW.

17.3. The indemnification and hold harmless provision shall survive termination of this Agreement.

18. INDEPENDENT CAPACITY

The employees or agents of each party who are engaged in the performance of this Agreement shall continue to be employees or agents of that party and shall not be considered for any purpose to be employees or agents of the other party.

19. INSURANCE COVERAGE

19.1. The SUB-RECIPIENT shall comply with the provisions of Title 51 RCW, Industrial Insurance, if required by law.

19.2. If the SUB-RECIPIENT is not required to maintain insurance in accordance with Title 51 RCW, prior to

the start of any performance of work under this Agreement, the SUB-RECIPIENT shall provide WTSC with proof of insurance coverage (e.g., vehicle liability insurance, private property liability insurance, or commercial property liability insurance), as determined appropriate by WTSC, which protects the SUB-RECIPIENT and WTSC from risks associated with executing the SOW associated with this Agreement.

20. LICENSING, ACCREDITATION, AND REGISTRATION

The SUB-RECIPIENT shall comply with all applicable local, state, and federal licensing, accreditation, and registration requirements and standards necessary for the performance of this Agreement. The SUB-RECIPIENT shall complete registration with the Washington State Department of Revenue, if required, and be responsible for payment of all taxes due on payments made under this Agreement.

21. RECORDS MAINTENANCE

21.1. During the term of this Agreement and for six years thereafter, the SUB-RECIPIENT shall maintain books, records, documents, and other evidence that sufficiently and properly reflect all direct and indirect costs expended in the performance of the services described herein. These records shall be subject to inspection, review, or audit by authorized personnel of the WTSC, the Office of the State Auditor, and federal officials so authorized by law. All books, records, documents, and other material relevant to this Agreement will be retained for six years after expiration. The Office of the State Auditor, federal auditors, the WTSC, and any duly authorized representatives shall have full access and the right to examine any of these materials during this period.

21.2. Records and other documents, in any medium, furnished by one party to this Agreement to the other party, will remain the property of the furnishing party, unless otherwise agreed. The receiving party will not disclose or make available this material to any third parties without first giving notice to the furnishing party and giving them a reasonable opportunity to respond. Each party will utilize reasonable security procedures and protections to assure that records and documents provided by the other party are not erroneously disclosed to third parties.

22. RIGHT OF INSPECTION

The SUB-RECIPIENT shall provide right of access to its facilities to the WTSC or any of its officers, or to any other authorized agent or official of the state of Washington or the federal government, at all reasonable times, in order to monitor and evaluate performance, compliance, and/or quality assurance under this Agreement. The SUB-RECIPIENT shall make available information necessary for WTSC to comply with the right to access, amend, and receive an accounting of disclosures of their Personal Information according to the Health Insurance Portability and Accountability Act of 1996 (HIPAA) or any regulations enacted or revised pursuant to the HIPAA provisions and applicable provisions of Washington State law. The SUB-RECIPIENT shall upon request make available to the WTSC and the United States Secretary of the Department of Health and Human Services all internal policies and procedures, books, and records relating to the safeguarding, use, and disclosure of Personal Information obtained or used as a result of this Agreement.

23. RIGHTS IN DATA

23.1. WTSC and SUB-RECIPIENT agree that all data and work products (collectively called "Work

Product”) pursuant to this Agreement shall be considered works made for hire under the U.S. Copyright Act, 17 USC §101 et seq., and shall be owned by the state of Washington. Work Product includes, but is not limited to, reports, documents, pamphlets, advertisement, books, magazines, surveys, studies, computer programs, films, tapes, sound reproductions, designs, plans, diagrams, drawings, software, and/or databases to the extent provided by law. Ownership includes the right to copyright, register the copyright, distribute, prepare derivative works, publicly perform, publicly display, and the ability to otherwise use and transfer these rights.

23.2. If for any reason the Work Product would not be considered a work made for hire under applicable law, the SUB- RECIPIENT assigns and transfers to WTSC the entire right, title, and interest in and to all rights in the Work Product and any registrations and copyright applications relating thereto and any renewals and extensions thereof.

23.3. The SUB-RECIPIENT may publish, at its own expense, the results of project activities without prior review by the WTSC, provided that any publications (written, visual, or sound) contain acknowledgment of the support provided by NHTSA and the WTSC. Any discovery or invention derived from work performed under this project shall be referred to the WTSC, who will determine through NHTSA whether patent protections will be sought, how any rights will be administered, and other actions required to protect the public interest.

24. SAVINGS

In the event funding from state, federal, or other sources is withdrawn, reduced, or limited in any way after the effective date of this Agreement and prior to completion of the SOW under this Agreement, the WTSC may terminate the Agreement under the "TERMINATION FOR CONVENIENCE" clause, without the 30-day notice requirement. The Agreement is subject to renegotiation at the WTSC's discretion under any new funding limitations or conditions.

25. SEVERABILITY

If any provision of this Agreement or any provision of any document incorporated by reference shall be held invalid, such invalidity shall not affect the other provisions of this Agreement which can be given effect without the invalid provision, if such remainder conforms to the requirements of applicable law and the fundamental purpose of this Agreement, and to this end the provisions of this Agreement are declared to be severable.

26. SITE SECURITY

While on WTSC premises, the SUB-RECIPIENT, its agents, employees, or sub-contractors shall conform in all respects with all WTSC physical, fire, or other security policies and applicable regulations.

27. TAXES

All payments of payroll taxes, unemployment contributions, any other taxes, insurance, or other such expenses for the SUB- RECIPIENT or its staff shall be the sole responsibility of the SUB-RECIPIENT.

28. TERMINATION FOR CAUSE

If the SUB-RECIPIENT does not fulfill in a timely and proper manner its obligations under this Agreement or violates any of these terms and conditions, the WTSC will give the SUB-RECIPIENT written notice of such failure or violation, and may terminate this Agreement immediately. At the WTSC's discretion, the SUB-RECIPIENT may be given 15 days to correct the violation or failure. In the event that the SUB-RECIPIENT is given the opportunity to correct the violation and the violation is not corrected within the 15-day period, this Agreement may be terminated at the end of that period by written notice of the WTSC.

29. TERMINATION FOR CONVENIENCE

Except as otherwise provided in this Agreement, either party may terminate this Agreement, without cause or reason, with 30 days written notice to the other party. If this Agreement is so terminated, the WTSC shall be liable only for payment required under the terms of this Agreement for services rendered or goods delivered prior to the effective date of termination.

30. TREATMENT OF ASSETS

30.1. Title to all property furnished by the WTSC shall remain property of the WTSC. Title to all property furnished by the SUB-RECIPIENT for the cost of which the SUB-RECIPIENT is entitled to be reimbursed as a direct item of cost under this Agreement shall pass to and vest in the WTSC upon delivery of such property by the SUB-RECIPIENT. Title to other property, the cost of which is reimbursable to the SUB-RECIPIENT under this Agreement, shall pass to and vest in the WTSC upon (i) issuance for use of such property in the performance of this Agreement, or (ii) commencement of use of such property in the performance of this Agreement, or (iii) reimbursement of the cost thereof by the WTSC in whole or in part, whichever first occurs.

30.2. Any property of the WTSC furnished to the SUB-RECIPIENT shall, unless otherwise provided herein or approved by the WTSC, be used only for the performance of this Agreement.

30.3. The SUB-RECIPIENT shall be responsible for any loss or damage to property of the WTSC which results from the negligence of the SUB-RECIPIENT or which results from the failure on the part of the SUB-RECIPIENT to maintain and administer that property in accordance with sound management practices.

30.4. If any WTSC property is lost, destroyed, or damaged, the SUB-RECIPIENT shall immediately notify the WTSC and shall take all reasonable steps to protect the property from further damage.

30.5. The SUB-RECIPIENT shall surrender to the WTSC all property of the WTSC upon completion, termination, or cancellation of this Agreement.

30.6. All reference to the SUB-RECIPIENT under this clause shall also include SUB-RECIPIENT's employees, agents, or sub-contractors.

31. WAIVER

A failure by either party to exercise its rights under this Agreement shall not preclude that party from

subsequent exercise of such rights and shall not constitute a waiver of any other rights under this Agreement.

APPLICABLE CERTIFICATIONS AND ASSURANCES FOR HIGHWAY SAFETY GRANTS (23 CFR PART 1300 APPENDIX A):

In all future references to sub-recipients, the term "SUB-RECIPIENT" shall also apply to its agents, employees, sub-contractors, and other participants of Federal financial assistance under such program. SUB-RECIPIENT, its agents, employees, sub-contractors, and other participants will comply with all requirements imposed or pursuant to the Acts, the Regulations, and this Assurance.

32. FEDERAL FUNDING ACCOUNTABILITY AND TRANSPARENCY ACT (FFATA)

In accordance with FFATA, the SUB-RECIPIENT shall, upon request, provide WTSC the names and total compensation of the five most highly compensated officers of the entity, if the entity in the preceding fiscal year received 80 percent or more of its annual gross revenues in federal awards, received \$25,000,000 or more in annual gross revenues from federal awards, and if the public does not have access to information about the compensation of the senior executives of the entity through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 or section 6104 of the Internal Revenue Code of 1986.

33. FEDERAL NONDISCRIMINATION (Title VI, 42 U.S.C. § 2000d et seq.)

Instructions for Lower Tier Certification

33.1. By signing this Agreement, the SUB-RECIPIENT (hereinafter in this section referred to as the "lower tier participant") is providing the certification set out below and agrees to comply with the requirements of 2 CFR part 180 and 23 CFR part 1200.

33.2. The certification in this section is a material representation of fact upon which reliance was placed when this transaction was entered into. If it is later determined that the lower tier participant knowingly rendered an erroneous certification, in addition to other remedies available to the federal government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

33.3. The lower tier participant shall provide immediate written notice to the WTSC if at any time the lower tier participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.

33.4. The terms covered transaction, civil judgement, debarment, suspension, ineligible, participant, person, principal, and voluntarily excluded, as used in this clause, are defined in 2 CFR parts 180 and 1200.

33.5. The lower tier participant agrees by signing this Agreement that it shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart

9.4, debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by WTSC.

33.6. The lower tier participant further agrees by signing this Agreement that it will include the clause titled "Instructions for Lower Tier Certification" including the "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transaction," without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions, and will require lower tier participants to comply with 2 CFR part 180 and 23 CFR part 1200.

33.7. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant is responsible for ensuring that its principals are not suspended, debarred, or otherwise ineligible to participate in covered transactions. To verify the eligibility of its principals, as well as the eligibility of any prospective lower tier participants, each participant may, but is not required to, check the System for Award Management Exclusions website (<https://www.sam.gov/>).

33.8. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

33.9. Except for transactions authorized under paragraph 33.5. of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal government, the department or agency with which this transaction originated may pursue available remedies, including suspension or debarment.

Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transactions

33.10. The lower tier participant certifies, by signing this Agreement, that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal department or agency.

33.11. Where the lower tier participant is unable to certify to any of the statements in this certification, such participant shall attach an explanation to this Agreement.

34. THE DRUG-FREE WORKPLACE ACT OF 1988 (41 U.S.C. 8103)

34.1. The SUB-RECIPIENT shall:

34.1.1. Publish a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the SUB-RECIPIENT's workplace, and shall specify the actions that will be taken against employees for violation of such prohibition.

34.1.2. Establish a drug-free awareness program to inform employees about the dangers of drug abuse in the workplace; the SUB- RECIPIENT's policy of maintaining a drug-free workplace; any available drug counseling, rehabilitation, and employee assistance programs; and the penalties that may be imposed upon employees for drug violations occurring in the workplace.

34.1.3. Make it a requirement that each employee engaged in the performance of the grant be given a copy of the statement required by paragraph 34.1.1. of this section.

34.1.4. Notify the employee in the statement required by paragraph 34.1.1. of this section that, as a condition of employment under the grant, the employee will abide by the terms of the statement, notify the employer of any criminal drug statute conviction for a violation occurring in the workplace no later than five days after such conviction, and notify the WTSC within 10 days after receiving notice from an employee or otherwise receiving actual notice of such conviction.

34.1.5. Take one of the following actions within 30 days of receiving notice under paragraph 34.1.3. of this section, with respect to any employee who is so convicted: take appropriate personnel action against such an employee, up to and including termination, and/or require such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a federal, state, or local health, law enforcement, or other appropriate agency.

34.1.6. Make a good faith effort to continue to maintain a drug-free workplace through implementation of all of the paragraphs above.

35. FEDERAL FUNDING ACCOUNTABILITY AND TRANSPARENCY ACT (FFATA)

In accordance with FFATA, the SUB-RECIPIENT shall, upon request, provide WTSC the names and total compensation of the five most highly compensated officers of the entity, if the entity in the preceding fiscal year received 80 percent or more of its annual gross revenues in federal awards, received \$25,000,000 or more in annual gross revenues from federal awards, and if the public does not have access to information about the compensation of the senior executives of the entity through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 or section 6104 of the Internal Revenue Code of 1986.

36. FEDERAL LOBBYING

36.1. The undersigned certifies, to the best of his or her knowledge and belief, that:

36.1.1. No federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan,

the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.

36.1.2. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, Disclosure Form to Report Lobbying, in accordance with its instructions.

36.1.3. The undersigned shall require that the language of this certification be included in the award documents for all sub- awards at all tiers (including sub-contracts, sub-grants, and contracts under grant, loans, and cooperative agreements), and that all sub- recipients shall certify and disclose accordingly.

36.2. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

37. FEDERAL NONDISCRIMINATION (Title VI, 42 U.S.C. § 2000d et seq.)

37.1. The State highway safety agency [and its SUB-RECIPIENTS] will comply with all Federal statutes and implementing regulations relating to nondiscrimination ("Federal Nondiscrimination Authorities"). These include but are not limited to:

37.1.1. Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq., 78 stat. 252), (prohibits discrimination on the basis of race, color, national origin);

37.1.2. 49 CFR part 21 (entitled Non-discrimination in Federally-Assisted Programs of the Department of Transportation—Effectuation of Title VI of the Civil Rights Act of 1964);

37.1.3. 28 CFR section 50.3 (U.S. Department of Justice Guidelines for Enforcement of Title VI of the Civil Rights Act of 1964);

37.1.4. The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, (42 U.S.C. 4601), (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal-aid programs and projects);

37.1.5. Federal-Aid Highway Act of 1973, (23 U.S.C. 324 et seq.), and Title IX of the Education Amendments of 1972, as amended (20 U.S.C. 1681-1683 and 1685-1686) (prohibit discrimination on the basis of sex);

37.1.6. Section 504 of the Rehabilitation Act of 1973, (29 U.S.C. 794 et seq.), as amended, (prohibits discrimination on the basis of disability) and 49 CFR part 27;

37.1.7. The Age Discrimination Act of 1975, as amended, (42 U.S.C. 6101 et seq.), (prohibits discrimination on the basis of age);

37.1.8. The Civil Rights Restoration Act of 1987, (Pub. L. 100-209), (broadens scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, The Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms "programs or activities" to include all of the programs or activities of the Federal aid SUB-RECIPIENTS, subrecipients and contractors, whether such programs or activities are Federally-funded or not);

37.1.9. Titles II and III of the Americans with Disabilities Act (42 U.S.C. 12131-12189) (prohibits discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing) and 49 CFR parts 37 and 38;

During the performance of this contract/funding agreement, the SUB-RECIPIENT agrees:

37.1.10. To comply with all Federal nondiscrimination laws and regulations, as may be amended from time to time;

37.1.11. Not to participate directly or indirectly in the discrimination prohibited by any Federal non-discrimination law or regulation, as set forth in Appendix B of 49 CFR part 21 and herein;

37.1.12. To permit access to its books, records, accounts, other sources of information, and its facilities as required by the State highway safety office, US DOT or NHTSA;

37.1.13. That, in event a SUB-RECIPIENT fails to comply with any nondiscrimination provisions in this contract/funding agreement, the State highway safety agency will have the right to impose such contract/agreement sanctions as it or NHTSA determine are appropriate, including but not limited to withholding payments to the SUB-RECIPIENT/funding recipient under the contract/agreement until the SUB-RECIPIENT/funding recipient complies; and/or cancelling, terminating, or suspending a contract or funding agreement, in whole or in part; and

37.1.14. To insert this clause, including paragraphs a through e, in every subcontract and subagreement and in every solicitation for a subcontract or sub-agreement, that receives Federal funds under this program.

38. POLITICAL ACTIVITY (HATCH ACT)

The SUB-RECIPIENT will comply with provisions of the Hatch Act (5 U.S.C. 1501-1508), which limit the political activities of employees whose principal employment activities are funded in whole or in part with federal funds.

39. PROHIBITION ON USING GRANT FUNDS TO CHECK FOR HELMET USAGE

The SUB-RECIPIENT will not use 23 U.S.C. Chapter 4 grant funds for programs to check helmet usage or to create checkpoints that specifically target motorcyclists. This Agreement does not include any aspects or elements of helmet usage or checkpoints, and so fully complies with this requirement.

40. STATE LOBBYING

None of the funds under this Agreement will be used for any activity specifically designed to urge or influence a state or local legislator to favor or oppose the adoption of any specific legislative proposal pending before any state or local legislative body. Such activities include both direct and indirect (e.g., “grassroots”) lobbying activities, with one exception. This does not preclude a state official whose salary is supported with NHTSA funds from engaging in direct communications with state or local legislative officials, in accordance with customary state practice, even if such communications urge legislative officials to favor or oppose the adoption of a specific pending legislative proposal.

41. CERTIFICATION ON CONFLICT OF INTEREST

GENERAL REQUIREMENTS

41.1. No employee, officer or agent of the SUB-RECIPIENT who is authorized in an official capacity to negotiate, make, accept or approve, or to take part in negotiating, making, accepting or approving any subaward, including contracts or subcontracts, in connection with this grant shall have, directly or indirectly, any financial or personal interest in any such subaward. Such a financial or personal interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or personal interest in or a tangible personal benefit from an entity considered for a subaward.

41.2. Based on this policy:

41.2.1. The SUB-RECIPIENT shall maintain a written code or standards of conduct that provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents. The code or standards shall provide that the SUB- RECIPIENT’s officers, employees, or agents may neither solicit nor accept gratuities, favors, or anything of monetary value from present or potential sub-awardees, including contractors or parties to subcontracts and establish penalties, sanctions or other disciplinary actions for violations, as permitted by State or local law or regulation.

41.2.2. The SUB-RECIPIENT shall maintain responsibility to enforce the requirements of the written code or standards of conduct.

DISCLOSURE REQUIREMENTS

41.3. No SUB-RECIPIENT, including its officers, employees or agents, shall perform or continue to perform under a grant or cooperative agreement, whose objectivity may be impaired because of any related past, present, or currently planned interest, financial or otherwise, in organizations regulated by NHTSA or in organizations whose interests may be substantially affected by NHTSA activities.

41.3.1. The SUB-RECIPIENT shall disclose any conflict of interest identified as soon as reasonably possible, making an immediate and full disclosure in writing to WTSC. The disclosure shall include a



description of the action which the recipient has taken or proposes to take to avoid or mitigate such conflict.

41.3.2. NHTSA will review the disclosure and may require additional relevant information from the recipient. If a conflict of interest is found to exist, NHTSA may (a) terminate the award, or (b) determine that it is otherwise in the best interest of NHTSA to continue the award and include appropriate provisions to mitigate or avoid such conflict.

41.3.3. Conflicts of interest that require disclosure include all past, present or currently planned organizational, financial, contractual or other interest(s) with an organization regulated by NHTSA or with an organization whose interests may be substantially affected by NHTSA activities, and which are related to this award. The interest(s) that require disclosure include those of any SUB-RECIPIENT, affiliate, proposed consultant, proposed subcontractor and key personnel of any of the above. Past interest shall be limited to within one year of the date of award. Key personnel shall include any person owning more than a 20 percent interest in a SUB-RECIPIENT, and the officers, employees or agents of a recipient who are responsible for making a decision or taking an action under an award where the decision or action can have an economic or other impact on the interests of a regulated or affected organization.

42. DESIGNATED CONTACTS

The following named individuals will serve as designated contacts for each of the parties for all communications, notices, and reimbursements regarding this Agreement:

The Contact for the SUB- RECIPIENT is:

Matthew Decker
Lieutenant
Deckerm@pasco-wa.gov
509-727-8538

The Contact for WTSC is:

Mark Medalen
WTSC Program Manager
mmedalen@wtsc.wa.gov
360-725-9878

AUTHORITY TO SIGN

The undersigned acknowledge that they are authorized to execute this Agreement and bind their respective agencies or entities to the obligations set forth herein.

IN WITNESS WHEREOF, the parties have executed this Agreement.

SUB-RECIPIENT:



Signature

Printed Name

Title

Date

WASHINGTON TRAFFIC SAFETY COMMISSION

Name: Mark Medalen
Title: Program Manager

Date

AGENDA REPORT

FOR: City Council October 6, 2026
TO: Harold Stewart, City Manager City Council Workshop
FROM: Kevin Hebdon, Finance Director Meeting: 10/13/26
Finance
SUBJECT: Presentation - 2027-2028 Budget

I. ATTACHMENT(S):

Budget Message
2027-2028 Budget Presentation

II. ACTION REQUESTED OF COUNCIL / STAFF RECOMMENDATIONS:

Discussion

III. FISCAL IMPACT:

N/A

IV. HISTORY AND FACTS BRIEF:

The City is developing its 2027–2028 biennial budget amid a structural General Fund imbalance, with ongoing expenses growing faster than ongoing revenues. In recent years, reserves have been used to help maintain existing services, but continued reliance on one-time funds is not sustainable.

Staff reviewed expenses, identified efficiencies and potential reductions, and developed multiple scenarios using different levels of service reductions, reserves and revenue. The proposed budget reflects that work and includes significant impacts to staffing and City services.

V. DISCUSSION:

Honorable Mayor and City Council, Pasco residents, business owners/operators, and interested parties:

I am pleased to present you the City of Pasco's preliminary biennial budget for the years 2027-2028. Staff developed this budget in furtherance of the adopted City Council Goals, Citizen Satisfaction Survey, and consideration for a sustainable financial future. If adopted, this budget would bring the General Fund close to structural balance for the first time in several years, with no use of reserves in 2027 and \$2.5 million in 2028. In the last two biennium's, the City planned to use an average \$6.5 million per year in reserves to balance the budget. This proposal builds on hard choices the City Council has already made and adopting it will require more. This message explains why the proposal is necessary, what it would do, and the decisions now before Council.

General Fund Budget at Glance

General Fund	2026 Projected*	2027 Proposed	2028 Proposed
Revenues	\$78.64M	\$79.97M	\$80.30M
Expenditures	\$85.77M	\$80.05M	\$82.07M
Planned use of reserves	\$7.13M	\$0.08M	\$1.77M

How We Got Here

Pasco is one of the fastest-growing cities in Washington. With about 82,900 residents, we are now nearly the size of Kennewick and larger than Richland. Growth brings opportunity, but it also brings more calls for service, more streets and parks to maintain, and more demand for every City department.

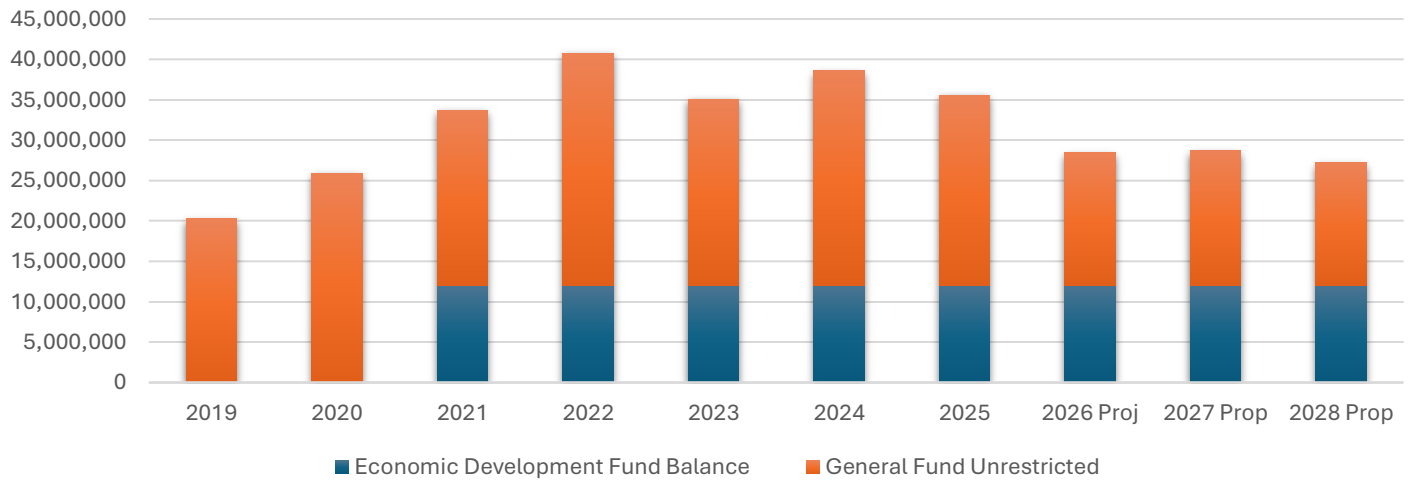
In the 2023–2024 budget, the City added 52.4 General Fund positions. Those additions were based on strong projections for retail growth, anchored by major commercial development and the businesses it was expected to attract. High interest rates, inflation, loss of a major prospective retailer, and a cooling economy slowed that growth. Sales tax, our largest General Fund revenue, leveled off to \$20.1 million in 2022. Spending, meanwhile, continued to rise. The gap was filled with reserves since 2023; that path is not sustainable.

General Fund Reserves

The graph below shows the reserve growth and usage in the last seven years and anticipated balance at the end of this biennium. Government Finance Officers Association (GFOA) recommends a minimum of two months operating expenses (\$13.4 million) and best practice of 3-6 months of operating expenses (\$20-40M) for all local governments. It is also important to note that by end of this biennium the reserves will be at the minimum recommended reserves. A \$12 million transfer was made from General Fund to Economic Development Fund in 2021 for a land purchase to accommodate needed land capacity for the Process Water Reuse Facility being constructed. The purchase fell through last minute and the funds have been kept in the Economic Development Fund with a plan to purchase land. With a new revenue source available to purchase such land, the \$12 million could be used for other purposes with Council action. However, with the discussions around a potential Softball field purchase, staff will be asking for more clarity and direction on this topic in coming months.

Even with the significant cuts proposed in this recommended budget, the City would still be looking to use reserves in 2028; a fact highlighting the systemic revenue challenge for cities in Washington State where property taxes revenues are restricted to an increase of 1%, but expenses increase more rapidly.

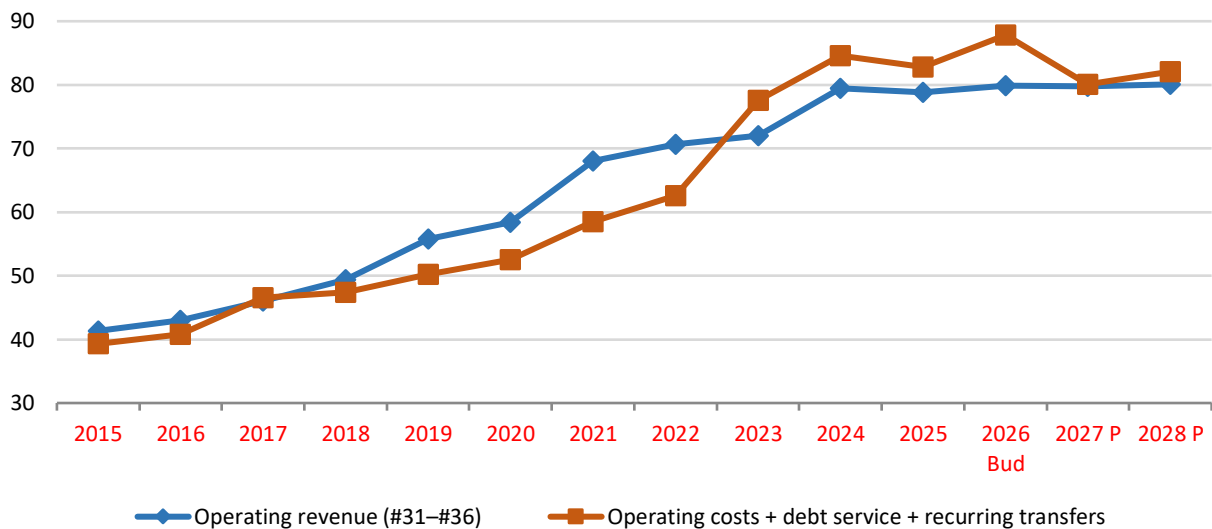
Uncommitted Fund Balance



The Big Picture: Ongoing Revenue vs. Ongoing Costs

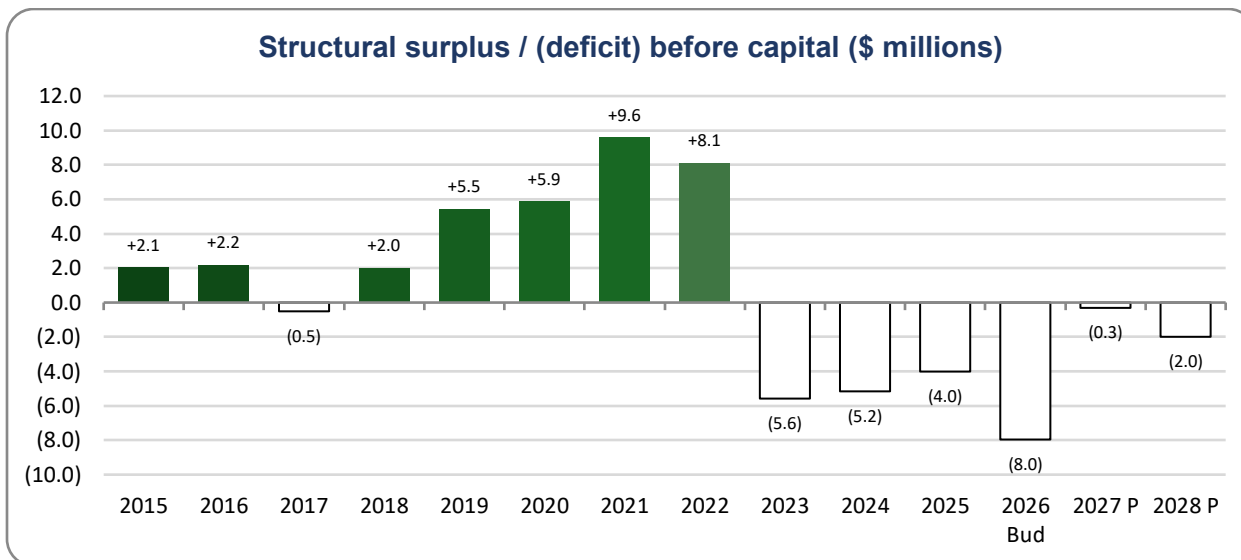
The clearest way to see the problem is to separate ongoing activity from one-time capital and bond activity.

Ongoing revenue vs. ongoing costs (\$ millions)



\$ in Millions	'15	'16	'17	'18	'19	'20	'21	'22	'23	'24	'25	'26 Bud	'27 Prop	'28 Prop
Operating revenue	41.3	43.0	46.0	49.4	55.7	58.4	68.1	70.7	72.0	79.5	78.8	78.5	79.7	80.1
Operating expense	37.2	38.5	44.0	45.5	46.2	47.7	53.8	58.1	70.9	75.9	72.7	75.4	69.1	71.1

\$ in Millions	'15	'16	'17	'18	'19	'20	'21	'22	'23	'24	'25	'26 Bud	'27 Prop	'28 Prop
Debt service	0.8	1.2	1.2	1.2	1.3	2.4	1.9	2.6	3.8	5.5	5.5	5.1	5.6	5.6
Recurring transfers	1.2	1.1	1.4	0.7	2.7	2.4	2.7	1.8	2.8	3.2	4.7	4.8	5.4	5.4
Structural result	2.0	2.2	(0.5)	2.0	5.5	5.9	9.6	8.1	(5.6)	(5.2)	(4.0)	(6.8)	(0.3)	(2.0)
Capital & land transfers	3.4	6.0	1.0	0.2	1.5	8.9	19.1	2.0	9.2	12.1	14.1	0.4	—	—
GO bond proceeds	9.1	—	—	—	20.2	—	—	—	12.3	39.3	—	—	—	—

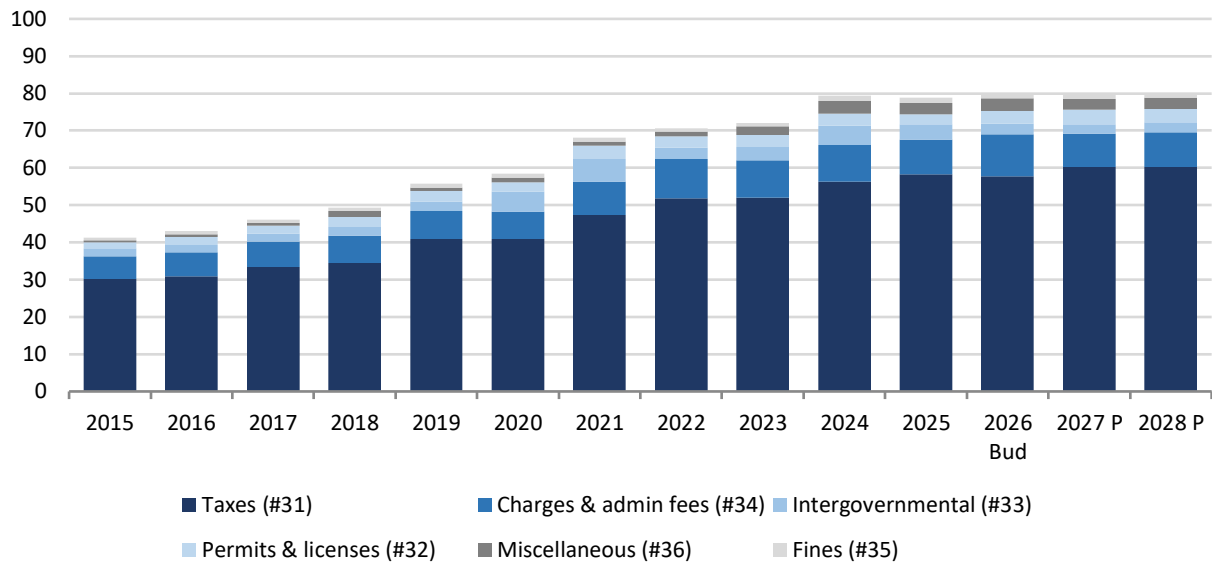


In 2018, City swept its banked property tax capacity of \$1.8M to build three new fire stations. During 2019-2024, there were significant construction projects like Amazon, Darigold, schools, that brought one time Construction Sales Tax revenue to the City. Until 2023, the General Fund generated ongoing surpluses. Those surpluses, and the reserve they built, were used to pay for fire stations, the \$12M Council-approved land purchase transfer to the Economic Development fund mentioned previously, and other capital projects.

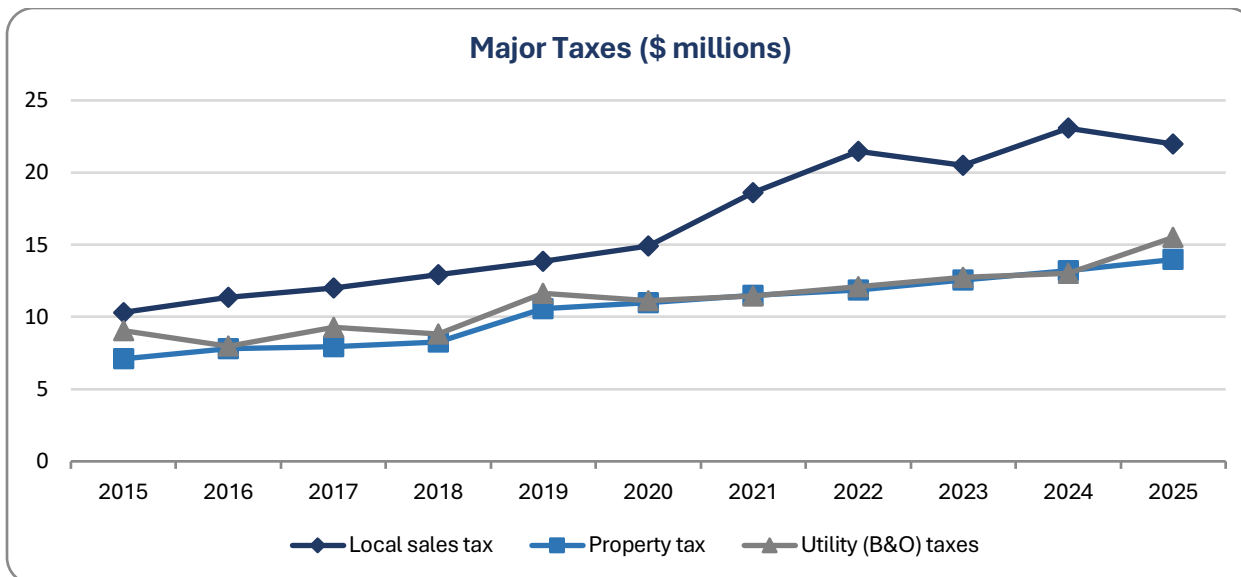
In 2023, the City added 53.4 General Fund positions increasing costs \$12.8M in a single year. In the same period, all agencies began experiencing higher inflation caused by the pandemic, resulting in significant labor, supplies, services, and capital cost increases; in many cases inflation was much higher than the general inflation. Revenue grew only \$1.3M during this same period. The General Fund has run an ongoing deficit every year since.

The Big Picture: Operating Revenues

Operating revenue by roll-up, excluding bonds and loans (\$ millions)



\$ millions	'15	'16	'17	'18	'19	'20	'21	'22	'23	'24	'25	'26 Proj	'27 Prop	'28 Prop
Taxes	30.2	31.0	33.3	34.5	41.0	41.0	47.4	51.8	52.0	56.2	58.2	59.2	60.2	60.3
Permits & licenses	1.7	2.0	2.2	2.6	2.8	2.6	3.6	2.9	3.2	3.3	2.5	3.0	3.9	3.6
Intergovernmental	2.1	2.1	2.1	2.4	2.6	5.4	6.2	3.1	3.7	5.0	4.3	2.9	2.6	2.6
Charges & fees	6.0	6.3	6.9	7.3	7.4	7.3	8.8	10.6	10.0	10.0	9.3	9.9	9.0	9.3
Fines & penalties	0.8	0.7	0.8	0.9	1.0	1.0	1.1	1.0	0.9	1.4	1.3	1.1	1.2	1.2
Miscellaneous	0.5	0.8	0.7	1.6	1.0	1.2	1.0	1.3	2.3	3.4	3.2	2.4	2.9	3.1
Operating revenue	41.3	43.0	46.0	49.4	55.7	58.4	68.1	70.7	72.0	79.5	78.8	78.5	79.7	80.1
Loan Proceeds	0.2	—	(0.2)	—	2.0	1.7	0.8	3.4	0.3	(0.5)	(2.7)	—	—	—
#39 Bonds & other	9.2	1.1	0.6	0.4	21.5	0.2	0.8	2.6	15.2	43.1	1.6	0.1	0.2	0.2



Taxes

- **Sales tax** grew steadily from \$10.3M (2015) to \$13.9M (2019), then surged to \$21.5M by 2022. It peaked at \$23.1M in 2024 and fell to \$22.0M in 2025. Staff projects revenues to be \$20.7M in 2027 and \$20.1M in 2028.

Sales tax is the General Fund’s largest revenue stream and includes regular Retail Sales Tax, as well as Criminal Justice and Public Safety Sales Tax. The latter two taxes are mandated to provide public safety services to the residents of Pasco, while the regular retail tax funds all general services. Since 2014, sales tax revenues have trended upward, averaging more than 5% growth annually. This growth has been fueled by new construction and supported by a expanding commercial inventory, auto, and large equipment sales. Even during the COVID pandemic, the City received strong sales revenue due to increased activity in construction and vehicles sales. It should be noted City has high exposure to industries like vehicle sales that are sensitive to national economic trends like recession and interest rates. City needs to ensure that it is properly mitigating for the negative trends in future by maintaining healthy reserves.

- **Property tax** grew from \$7.1M (2015) to \$14.0M (2025). The largest step was 2019 (+\$2.3M). when the property tax increases that were deferred/banked for nearly two decades were implemented, increasing the annual property tax allocation by nearly \$1.8M. State law limits property tax revenue to 1% a year plus new construction.

A major challenge faced by the City is to manage the real world increases in the costs of providing essential services and increasing demands with the limitations of Initiative 747 (I-747). I-747 limits yearly property tax increases to the lessor of 1% (excluding new construction) or the Implicit Price Deflator (IPD). This means that even though the City’s assessed valuation has been increasing significantly, the increase in property tax revenue across the City cannot follow the same trajectory. Property tax revenue for the City has been increasing higher than 1% due to new construction; however, a recession could significantly affect future revenues.

- **Utility (B&O) taxes** grew from about \$9.1M (2015) to \$15.5M (2025). Council also increased the utility tax rate from 8.5% to 10% for City owned utilities in 2026. Cable and telephone taxes continue to decline.

An 8.5% tax on gross revenues of all public utilities is paid to the City on a monthly basis by system users. The City’s Water, Sewer, Irrigation, Stormwater, and Reuse utilities are subject to utility tax at 10% rate.

Companies who provide natural gas, electricity, phone, cable, and garbage services in the City limits pay 8.5%. The General Fund receives 88.23% of utility tax revenues collected, the Street Fund receives 2.35%, and the Overlay Fund receives 9.42%.

Permits and Licenses

Permits and licenses grew from \$1.7M (2015) to a peak of \$3.7M in 2021, then fell to \$2.5M in 2025 as development slowed. Plan check fees followed the same pattern, peaking at \$1.5M in 2021 and falling to \$0.6M. Staff are currently conducting a comprehensive development fees study. The study's initial results indicate the City is subsidizing 50% of development fees it could charge to developers. This recommended budget includes raising permit fees to reduce the 50% subsidization to 20%, resulting in approximately an additional \$1.3 million in general fund revenue.

Grants and Intergovernmental

This roll-up held at about \$2.1–2.6M from 2015 to 2019. It more than doubled in 2020–2021 with one-time federal pandemic aid (\$2.8M and \$2.6M), then fell back. It is budgeted at \$2.6M in 2027–2028, about where it was a decade ago.

Charges and Admin Fees

Charges grew from \$6.0M (2015) to a peak of \$10.6M (2022). The largest item is interfund administrative charges to other funds, which grew from \$2.2M to about \$3.2M. Engineering CIP chargebacks peaked at \$2.9M in 2024, and police service reimbursements grew to \$1.3M in 2025. The drop in 2027 reflects Public Works Engineering charges moving out of the General Fund; the cost for Engineering team is also removed from the General fund.

Fines and Miscellaneous

Fines are stable at about \$0.8-1.4M. Miscellaneous revenue grew mainly from investment interest, which rose from about \$0.1M a year prior to 2022 to \$1.4M in 2025. That interest is earned on reserves and bond proceeds, so it will fall as those balances are spent.

Loans and Bond Receipts

These are one-time financing sources, not ongoing revenue. They include GO bond proceeds (2015, 2019, 2023 and 2024), interfund loan repayments (mostly 2019–2022), and asset sales. They inflate total revenue in the years received and should not be used to judge whether the budget is balanced.

The Big Picture: Operating Expenses

\$ millions	'15	'16	'17	'18	'19	'20	'21	'22	'23	'24	'25	26 proj	'27 Prop	'28 Prop
#51 Wages	18.2	18.0	20.2	21.3	22.1	22.7	24.3	26.9	31.8	35.0	34.1	33.3	29.6	30.7
#52 Benefits	6.9	6.9	7.4	7.5	7.9	7.8	8.3	8.9	10.5	11.7	11.4	13.3	11.6	12.3
#53 Supplies	1.3	1.3	1.3	1.4	1.2	1.4	1.9	2.0	2.8	2.3	1.3	1.3	4.2	3.9
#54 Services	10.8	12.1	14.8	15.1	15.0	15.5	19.0	19.8	24.4	25.9	25.2	27.5	23.5	24.1
#56 Capital outlay	0.1	0.3	0.2	0.2	0.2	0.3	0.2	0.6	1.4	1.0	0.7	0.4	0.1	0.0
#57 Principal	0.5	0.8	0.8	0.8	0.8	1.3	0.8	1.3	2.4	3.3	1.6	1.8	2.4	2.5
#58 Interest	0.3	0.4	0.4	0.4	0.5	1.1	1.1	1.4	1.4	2.2	3.8	3.3	3.2	3.1
Total	38.1	39.7	45.2	46.6	47.5	50.1	55.7	60.8	74.7	81.4	78.2	80.9	74.7	76.7

Wages

Wages rose from \$18.2M in 2015 to \$35.0M in 2024, up 92%. Growth averaged 4.9% a year from 2015 to 2019 but accelerated to 8.2% a year from 2022 to 2025. The largest growth was in 2023 (+\$4.9M), when 53.4 General Fund positions were added. Overtime peaked at \$2.4M in 2023-2024 and has since fallen to \$1.9M. The proposal reduces wages to \$29.6M in 2027, \$4.5M below 2025 actual and \$7.1M below the 2026 budget.

Benefits

Benefits grew only 3-4% a year through 2022, then 8.8% a year from 2022 to 2025. Key drivers:

- Employer medical premiums rose from \$3.5M (2022) to \$4.0M (2025). Through September 2026, they are already \$4.5M, signaling a sharp 2026 increase.
- Employer medical premiums rose from \$3.9M (2023) to \$6.0M (2026 Forecasted)
- Workers' compensation rose from \$0.5M to \$1.4M (+162%).
- Deferred compensation contributions doubled, from \$0.7M to \$1.4M.

Supplies

Supplies were steady at about \$1.3–1.4M from 2015 to 2020, peaked at \$2.8M in 2023, and fell back to \$1.3M in 2025. This category has already been reduced and is too small to close the gap.

Services

Services more than doubled, from \$10.8M (2015) to \$25.9M (2024). Drivers include organizational services (\$2.7M to \$3.8M since 2022), legal services (\$1.0M to \$1.8M), insurance premiums (\$0.9M to \$2.0M, and \$2.3M through September 2026), and new long-term lease costs for police and fire vehicles and equipment (\$1.7M in 2025). At times, the cost outpaces general inflation significantly. For example, cost for voter registration and file maintenance cost increased by 300%, increasing from \$94K to \$312K.

Capital outlay

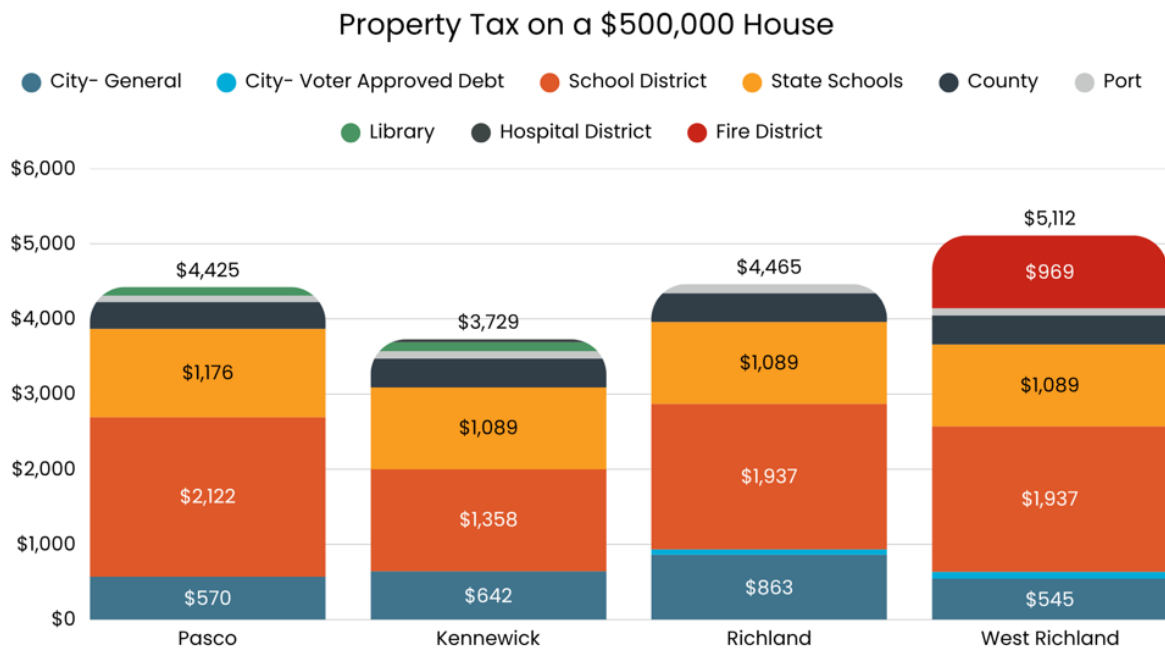
Equipment, servers and other capital outlay are small and one-time, generally \$0.1-0.3M a year, with a peak of about \$1.4M in 2023. They are budgeted at only \$0.1M in 2027.

Debt service

Each bond issue has added a new layer of annual debt service: about \$0.8M in 2015, \$2.4M after the 2019 bonds, and \$5.5M after the 2023 and 2024 bonds. Bond interest alone rose from \$0.2M (2015) to \$3.8M (2025). Debt service is budgeted at \$5.6M a year in 2027 and 2028 and must be paid before any service.

A Revenue Structure That Lags Our Neighbors

Pasco's revenue challenge is structural. Our property tax rate is the lowest of the three Tri-Cities, even though our assessed valuation is highest. While the City’s portion of the property tax collection remains one of the lowest to comparable cities, the graph below gives a complete picture of the property taxes that property owners pay in City of Pasco. It illustrates as why Pasco property owners feel they are taxed proportionally to other cities and expect similar level of services; however, the portion of property tax coming to the City is lower than the other cities, impacting our ability to provide same level of service.



Our sales tax base is smaller than Kennewick's, partly because more of our economy is agricultural and industrial rather than retail. However, important to remember that our sales tax has nearly doubled in the last decade and Pasco has ability to grow similarly in the next decade with prudent governance.

City (Data from 2024)	Population	Assessed Valuation	Levy Rate	Property Tax	Sales Tax	Combined
Pasco	82,500	12,331,147,293	\$1.08	\$13.3M	\$20.5M	\$33.8M
Kennewick	84,750	11,625,611,226	\$1.33	\$15.4M	\$28.0M	\$43.4M
Richland	63,320	11,675,343,501	\$1.78	\$20.8M	\$17.0M	\$37.8M

Together, property and sales tax bring Pasco about \$410 per resident. Kennewick collects about \$512 per resident and Richland about \$597. If Pasco's revenue matched Kennewick's, the City would have roughly \$9.6 million more each year to serve residents.

Pasco has experienced rapid growth over a prolonged period that has transformed the City into a dynamic and vibrant community of over 82,000 people. Today Pasco is a regional hub of commerce with a diverse population, quickly rising education levels and household incomes. As part of this transformation, Pasco has experienced changing demographics, infrastructure challenges, increased demands for services in all sectors: social, education, emergency response, utilities, transportation, etc. Limited growth in revenue and increasing demand in services has strained the City's finances, but the community is still expected to grow and the City government is regulatorily required to plan for this growth.

The Big Picture: Recommended Solution to the Structural Deficit

City of Pasco is providing services that it can no longer afford to provide. This recommended budget implements difficult decisions to cut many services in public safety, parks, recreation, streets, permitting and planning are now necessary to rebalance the General Fund to projected revenues, without further depleting reserves or increasing taxes on citizens. While activity in Broadmoor area will help, even when fully built, it will not generate enough new revenue to mitigate the current deficit levels. Further increases in interest rates and inflation could slow down housing and other economic activities. Additionally, the City has drawn down on its reserve fund balance for the past four consecutive years. Council has directed me to balance the budget to ensure City's financial sustainability. I directed staff to bring back recommendations that cut 20% of their respective General Fund department budget, amounting to nearly \$14.6M. Each department head met that directive. A difficult prioritization effort followed, but unfortunately, almost all cuts had to be accepted to bring forth a balanced budget. Some areas like Municipal Court, Human Resources and Safety were not reduced significantly because their size and regulatory requirements which cannot be met if staffing and resources are reduced further, or there are significant operational impacts if the programs were reduced.

The proposed budget includes significant cuts to positions

- **41 FTE reduction Citywide** under the no-reserves scenario, even after accounting for 8 required Sewer Utility positions
- **Police:** 22 FTE reductions — 18 commissioned, 2 non-commissioned and 2 management positions
- **Fire:** 15 FTE reductions — 14 staff and 1 management position

- Additional position reductions in **Community & Economic Development, City Manager's Office, Finance, Parks & Recreation and Information Technology**

Reduction of services

- **Public Safety:** Close one fire station and remove an engine and medic unit; reduce Police support operations and lobby hours; close the Lewis Street and Alderwood police stations; and reduce community engagement and other programs
- **Parks & Recreation:** Close **Memorial Aquatic Park year-round**; discontinue the Senior Center and after-school programs; remove portable restrooms from parks and recreation facilities; and reduce parks and open-space maintenance
- **Community Events:** Discontinue City-supported events including **Fiery Foods Festival, Grand Old 4th Parade and Fireworks, Cinco de Mayo, Winterfest, Music & Movies, Memorial Day, Veterans Day and Spooky Hall**
- **Development & Code Enforcement:** Longer permit wait times and reduced Code Enforcement responsiveness

Staffing

The table below shows the City of Pasco's historical full-time equivalent (FTE) allocations. For 2025–2026 and 2027–2028, it separates authorized FTEs from budgeted FTEs to identify positions that have been, or are proposed to be, frozen.

This proposed budget reduces nearly 49 FTEs across all funds and adds 8 FTEs to the Sewer Utility to meet Department of Ecology minimum staffing requirements, for a net reduction of nearly 41 FTEs. Fire Department reductions appear in two funds, the General Fund and the Ambulance Fund. Human Resources, Parks and Recreation, and Public Works are also split across multiple funds. The table excludes positions reimbursed through the Pasco Public Facilities District; additional work is needed to properly reflect the position allocation for PPFD activities.

FTE Allocation								
General Fund-Departments	2021	2022	2023	2024	2025-2026		2027-2028	
					Auth	Budget	Auth	Budget
City Council	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Municipal Court	15.85	15.85	17.85	17.85	17.85	15.85	18.00	15.85
City Manager	5.00	5.00	9.00	9.00	9.50	8.50	9.50	6.50
Human Resources	5.50	6.50	7.00	7.00	7.00	6.00	7.00	6.00
Police	92.00	96.00	110.00	110.00	114.00	108.00	114.00	86.00
Fire	38.00	38.50	47.50	47.50	47.00	44.50	47.00	38.20
Parks & Recreation	23.55	24.55	30.55	30.55	30.55	27.55	30.55	27.00
Information Technology	11.00	11.00	14.40	14.40	14.40	13.40	14.40	10.40
Facilities	5.00	5.00	9.00	9.00	9.00	7.00	9.00	7.00
City Clerk	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Finance	17.05	19.05	21.55	21.55	21.55	18.55	22.30	17.30
Community & Economic Development	25.00	28.00	32.00	32.00	32.00	29.00	32.00	26.00
Engineering & PW Admin	10.65	13.65	16.65	16.65	15.80	15.80	0.25	0.25
Sub-Total General Fund	257.60	272.10	324.50	324.50	327.65	303.15	313.00	249.50
Other Funds								
Streets	7.50	7.50	7.50	7.50	7.67	7.67	16.64	15.64
CDBG	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

Martin Luther King Center	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.00
Ambulance	43.75	44.25	56.85	56.85	57.35	56.85	56.60	47.40
ARPA	0.00	1.00	0.50	0.50	0.50	0.50	0.50	0.50
Animal Shelter Operations	0.00	0.00	20.00	20.00	22.00	22.00	22.00	21.50
Cemetery	1.50	1.50	1.50	1.50	2.00	2.00	2.00	2.00
Senior Center	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.00
Economic Development	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Water/Sewer Utility	63.36	65.36	78.86	79.86	78.93	77.99	95.16	95.16
Equipment RR	6.69	6.69	10.19	10.19	9.30	8.30	9.30	6.95
Internal Medical Insurance	0.50	0.50	1.00	1.00	1.00	1.00	1.00	1.00
Sub-Total Other Funds	127.25	130.75	180.35	181.35	182.70	180.26	207.15	193.15
Total, City-wide	384.85	402.85	504.85	505.85	510.35	483.41	520.15	442.65

**Staff is conducting a full audit of temporary, seasonal, and part-time employees for compliance with state and federal laws. Staff will present a revised headcount once the audit is completed, including the headcount approved for PFD later if needed.*

Summary for General Fund

For most of the past decade, the City's General Fund lived within its means. From 2015 to 2022, ongoing revenue exceeded ongoing costs by a combined \$35 million, and that strength helped Pasco build new police and fire stations and invest in strategic land. Since 2022, that picture has changed. Revenue growth slowed from about 8% a year to under 4%, as sales tax leveled off and federal pandemic aid ended. Costs continued to grow at nearly 8% a year, driven by staffing added in 2023, rising benefit costs, and debt payments that are now nearly seven times what they were in 2015. Since 2023, the City has drawn on reserves every year to cover the gap. That cannot continue. Because wages and benefits make up nearly two-thirds of General Fund operating costs, and debt payments are fixed, closing a gap of this size requires reducing positions and services.

Ambulance Services

Access to sustainable, reliable, and efficient ambulance service for its residents, businesses and visitors has been a top priority for the Council and the community. The needs and structure of this fund are unique; as in, this is a highly regulated area with high equipment standards, constantly increasing and sometimes widely fluctuating costs for medical supplies, and a specialized workforce requiring significant ongoing training and advanced certifications. Furthermore, the fund shares much of its resources with Fire services which is funded out of General Fund.

The Ambulance Fund pays for the City's emergency medical services and ambulance transport. It is funded mainly by the monthly ambulance utility fee, transport fees, and the federal Ground Emergency Medical Transportation (GEMT) program. The General Fund also provides a \$420,000 annual subsidy.

It is important to note that the fund experiences a high population of Medicare, Medicaid and uninsured patients. In the case of Medicare and particularly Medicaid, this demographic composition results in lower reimbursement revenue from the federal government as compared to private insurance reimbursement. These lower reimbursements, coupled with the high number of uninsured patients, have an adverse impact on revenues to the fund, which in turn has necessitated increases in monthly rates. During the 2019-2020 biennium, Washington State and ambulance service providers have made considerable progress in implementing the Ground Emergency

Medical Transport (GEMT) program, which in part provides reimbursement to local ambulance providers for service to Medicaid patients, including transport. 70% of the calls for services received by City's Fire/Ambulance department are ambulance related. Historically, City has subsidized the fund directly and indirectly. Directly, in form of a \$420,000 annual subsidy that gets transferred from General to Ambulance Fund; this is a regulatory requirement. Indirectly; by funding much of the personnel and infrastructure needed to sustain the Ambulance fund. In the past decade, City has actively implemented measures like evaluating ambulance utility fee on a regular basis, proportionately charging high demand users, offsetting expenses with grant programs like GEMT etc. to increase the financial independence and sustainability of this fund.

During its most recent rate study, Council guided staff to implement the policy of the fund sustaining itself up to 80% of its costs; allowing for a 20% subsidy from General Fund. This allowed staff to move personnel, supplies and services costs from General Fund to Ambulance Fund in this biennium. As a conservative measure, Firefighters and Paramedic positions are budgeted with a 60/40 split between Ambulance and General Fund; getting close to the policy goal of 80%.

\$ Millions	2022	2023	2024	2025	2026 Proj.	2027 Prop.	2028 Prop.
Ambulance utility fee	5.58	5.84	6.27	6.90	10.27	10.00	10.30
Transport fees, net of Medicare discounts	1.51	2.25	2.61	2.25	2.58	2.50	2.70
GEMT, net of discounts	3.66	2.14	2.90	3.26	2.4	3.80	3.80
Federal grants (DHS)	0.01	0.92	1.09	1.12	0.00	0.00	0.00
General Fund subsidy & other transfers	0.43	0.57	0.56	0.94	0.45	0.42	0.42
Total revenue	11.33	11.81	13.61	14.57	15.70	16.76	17.26
Total expense	10.40	12.45	13.78	14.45	13.65	15.59	16.24
Net result	0.92	(0.64)	(0.18)	0.13	2.05	1.18	1.02

The Big Picture: Operating Revenues

Ambulance Utility Fee: The fund has stabilized after two years in the deficit. It ran deficits of \$0.64M in 2023 and \$0.18M in 2024. It is projected to end 2026 with a \$1.1M surplus, and surpluses of \$1.2M in 2027 and \$1.0M in 2028. The turnaround is driven by Council's recent rate increase. Council raised the ambulance utility fee to account for inflation, the added cost of operating more fire stations, and the fund's reliance on the federal GEMT

program. Utility fee revenue rose from \$6.9M in 2025 to \$10.0M in 2027, and it is the fund's largest and most stable revenue source.

GEMT: GEMT is a significant source of revenue but an uncertain one. Net GEMT revenue has ranged from \$2.1M to \$3.7M a year and is budgeted at \$3.8M, about 23% of fund revenue. Because it depends on federal Medicaid rules and annual reconciliations, it can change with little notice. The rate increase was designed in part to reduce this risk. GEMT helps us mitigation the transport revenue is eroded by Medicare discounts. Gross transport fees grew from \$2.5M to \$5.8M (2022–2025), but Medicare discounts grew faster, from \$1.0M to \$3.6M. Bad debt adds \$0.2–0.7M a year.

Federal Grant: SAFR grant to fund Station 85 has ended.

The Big Picture: Operating Expenses

Personnel costs make up for more than 75% of the funds expenses, and this cost continues to climb. Wages and overtime grew from \$5.4M (2022) to \$10.7 (2025); with overtime expenses averaging nearly \$700K in the last five years. Workers' compensation rose from \$160k to \$700k and employer medical premiums from \$0.65M to \$1.53M. The 2027-2028 budget includes a distinct reduction of \$1.8-1.9M a year in negative budget adjustments to wages and benefits.

The Big Picture: Policy and Its Impact

The reduction in personnel costs in ambulance fund is related to our proposal to reduce the number of fire-station. This option is separate and distinct from the policy decision to move the Ambulance fund to be more self-reliant. While this is not the desired option, staff have evaluated the call volumes and response times and believe that we can still serve the community at NFPA standards. However, there will be impact to such action in the response to overlapping calls, response times, overtime cost, and increased reliance on mutual aid for significant events. It is rare for a community to close a fire station; most cities relocate a fire station as development patterns and population distribution changes. City could, at a later time, open this Fire Station at a different location when the funding situation is improved. Closing of a Fire Station reduces 12 FTEs, equipment costs like fire trucks and ambulances, utilities, supplies etc. The impact on the community and our staff is significant, including the timeline to open a new Station and train and recruit new Firefighters. However, the financial challenge of the City makes this difficult option an important one to consider.

Street Fund

Pasco's streets are among the most visible services the City provides. Every resident, business and visitor depends on them. This section of the 2027–2028 Proposed Budget describes the condition of the Street Fund, the changes proposed for the coming biennium, and the challenges that remain.

The Big Picture: Operating Revenues

The Street Fund pays for day-to-day street maintenance, including pavement repair, striping, signs, traffic signals and street lighting. For years, it has relied on revenue sources that do not grow with the City:

- Motor vehicle fuel tax, the fund's largest dedicated revenue, has been flat at about \$1.0 million a year since 2022. The state distributes it on a per-gallon basis, so it does not rise with inflation and falls as vehicles become more fuel-efficient.
- Franchise fees have declined by more than half, from \$355,000 in 2022 to \$170,000 in 2025.
- Utility tax transfers from the General Fund have grown modestly, from \$220,000 to about \$360,000.

Meanwhile, Pasco has kept growing, adding new streets, signals and streetlights that must be maintained. The fund ran deficits of \$58,000 in 2023 and \$487,000 in 2024, and is projected to end 2026 about \$350,000 short. General Fund has provided subsidy to this fund over the years, including a \$1.0 million subsidy in 2025.

\$ Millions	2022	2023	2024	2025	2026 Proj.	2027 Prop.	2028 Prop.
Motor vehicle fuel tax	0.97	0.99	0.96	0.96	0.96	1.10	1.10
Franchise fees & permits	0.38	0.33	0.31	0.19	0.19	0.26	0.26
Interfund maintenance charges	0.62	0.63	0.62	0.68	0.75	1.25	1.27
General Fund subsidy	—	—	—	1.00	—	1.00	1.00
Utility tax & other transfers	0.53	0.28	0.31	0.36	0.36	0.36	0.36
Total revenue	2.51	2.29	2.24	3.41	2.30	4.01	4.02
Total expense	2.47	2.35	2.72	3.13	2.65	4.00	3.99
Net result	0.04	(0.06)	(0.49)	0.28	(0.35)	0.01	0.03

The Big Picture: Operating Expenses

The proposed budget balances the Street Fund in both years, with total revenue and expense of about \$4.0 million a year. Key changes include:

- Engineers move to the funds they serve. As part of a citywide change, all engineers are moving out of the General Fund and into the funds whose work they support. The Street Fund will host the engineers who have historically worked on transportation infrastructure. As a result, personnel costs in the Street Fund rose from about \$0.9 million in 2025 to about \$1.8 million in 2027, net of budget adjustments.
- Reimbursement for capital work. When these engineers work on capital projects, the projects and other funds will reimburse the Street Fund for their time. The proposed budget includes about \$500,000 a year in reimbursements from capital projects, in addition to existing interfund maintenance charges.
- Clearer cost of operations. Placing staff in the funds they serve makes the true cost of each program visible. Council and the community will be able to see what it costs to operate and engineer the street system, separate from General Fund services.
- A continued General Fund subsidy of \$1.0 million a year. Street fund has proposed reduction of some staff that will have limited impact to crew work.
- From Council direction on October 5th Council Meeting, some but not significant, cost from this fund will be bore by Transportation Benefit District fund.

The Big Picture: Policy and Its Impact

There is no margin for error. The fund is balanced by only \$6,000 in 2027 and \$33,000 in 2028. A cold winter, a signal failure or higher electricity costs could push it into deficit. The \$1.0 million annual subsidy competes directly with police, fire, parks and other General Fund services. The budget assumes engineers will charge their capital project time to the projects they support. If capital work slows or is delayed, the Street Fund will absorb more of their cost. Streetlight electricity is budgeted at \$393,000 in 2027, up from \$268,000 in 2022. Employer medical premiums and insurance continue to climb. With new funding structure that provides for transparency in service cost, staff recommends the budget as is prepared with continued monitoring and discussion on how this fund can be stabilized for future. Important to note that much of Street services are in similar positions and are heavily subsidized by General Fund.

Conclusion

The 2027–2028 preliminary budget reflects a difficult but necessary step toward a more sustainable financial future for the City of Pasco. For several years, the City has used reserves to maintain services as ongoing costs grew faster than ongoing revenues. That approach provided time and helped limit immediate impacts to the community, but it cannot be sustained indefinitely. The proposed budget substantially reduces that reliance on reserves and moves the General Fund closer to structural balance.

Getting there requires difficult choices. The City has reviewed expenses from the ground up, evaluated staffing, contracts, vehicles and other major costs, and considered where efficiencies could be achieved. However, a financial gap of this size cannot be addressed through efficiencies alone. Because personnel represents a significant share of General Fund operating costs and many other expenses are fixed or necessary to maintain services, the preliminary budget includes reductions that would affect positions, programs and service levels.

These are not reductions we take lightly, nor should their inclusion in the preliminary budget diminish the value of the employees or services affected. Our employees have helped Pasco serve a rapidly growing community through a period of significant change, and the services they provide matter. At the same time, we have a responsibility to present a budget that recognizes the resources available to the City and what it will take to provide those services sustainably over the long term.

There is no scenario that resolves this challenge without tradeoffs. Greater reductions would have greater impacts on employees and services. Greater use of reserves could reduce those impacts in the near term but would leave fewer resources available for future needs. Additional ongoing revenue could preserve services but would carry its own impacts for residents and businesses. Those are policy choices that must ultimately be considered by the City Council on behalf of the community.

The preliminary budget is therefore not the end of the conversation. It provides Council and the community with a clear picture of the City's financial position, the choices available, and the consequences associated with those choices. As Council reviews the proposal, staff will continue to provide the information and analysis necessary to support informed decisions and will communicate openly with employees and the community as that process moves forward.

Pasco remains a growing and resilient community with significant opportunities ahead. The decisions made through this budget process will help determine how we continue providing essential services, investing in our community and positioning the City for the future. Our responsibility is not simply to balance the next budget, but to put Pasco on a financial path that can be sustained for the years ahead.



Pasco City Council

Budget Presentation

October 13th, 2026





The Budget Story

- 01** Municipal Budgeting Overview
- 02** Council Priorities
- 03** Budget Pressures
- 04** Revenues & Expenses Projections
- 05** Scenario #1
- 06** Additional Scenarios & Options
- 07** Other Funds
- 08** Council Direction & Path Forward

Municipal Budgeting 101

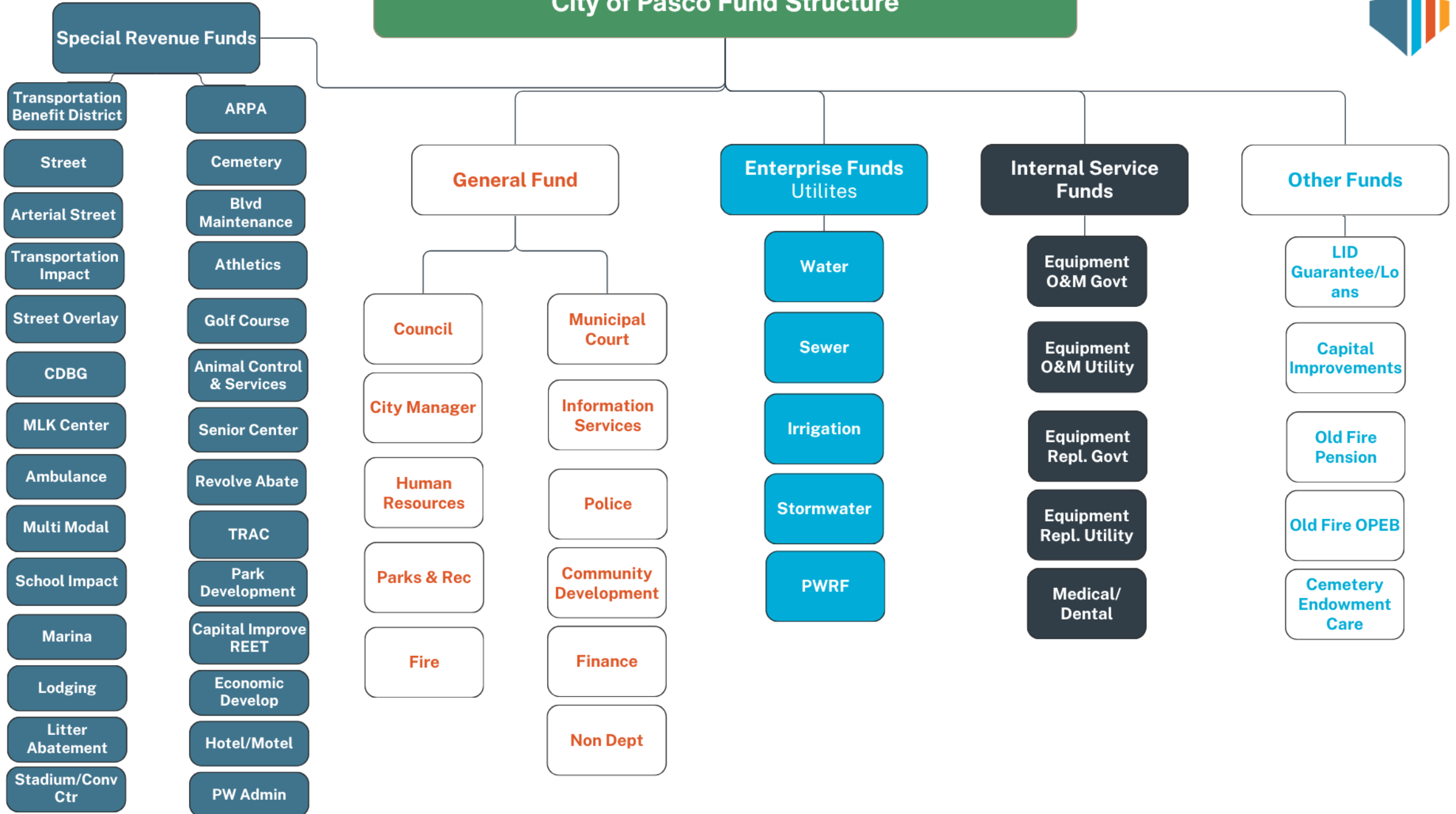
- Five Major Funds
- Each Fund Has Its Own Revenue Sources
- Each Fund Has Spending Rules
- Funds are Not Interchangeable
- All Funds Support City Services

By keeping funds separate and using them as intended, the City maintains financial transparency, meets legal requirements and ensures long-term stability for essential services.





City of Pasco Fund Structure



Municipal Budgeting 101

General Fund

- *Funded by:* Primarily property taxes, sales taxes, utility taxes, permits, fees and other general revenues.
- *Spent on:* Core City services, including Police, Fire, Parks & Recreation, Community Development, Municipal Court and general City administration.

Special Revenue Funds

- *Funded by:* Revenues that are designated for a specific purpose, including taxes, grants, fees and other restricted revenue sources.
- *Spent on:* The specific service or purpose

for which the revenue was collected, such as streets, ambulance services, animal services, park development and other programs.

Enterprise Fund (Utilities)

- *Funded by:* Primarily rates and charges paid by utility customers.
- *Spent on:* Operating, maintaining and improving Water, Irrigation, Sewer, Stormwater and Process Water Reuse services and infrastructure.



Municipal Budgeting 101

Internal Service Funds

- *Funded by:* Charges paid by City departments for services provided internally.
- *Spent on:* Shared internal services such as vehicle maintenance, equipment replacement and employee medical/dental insurance.

Other Funds

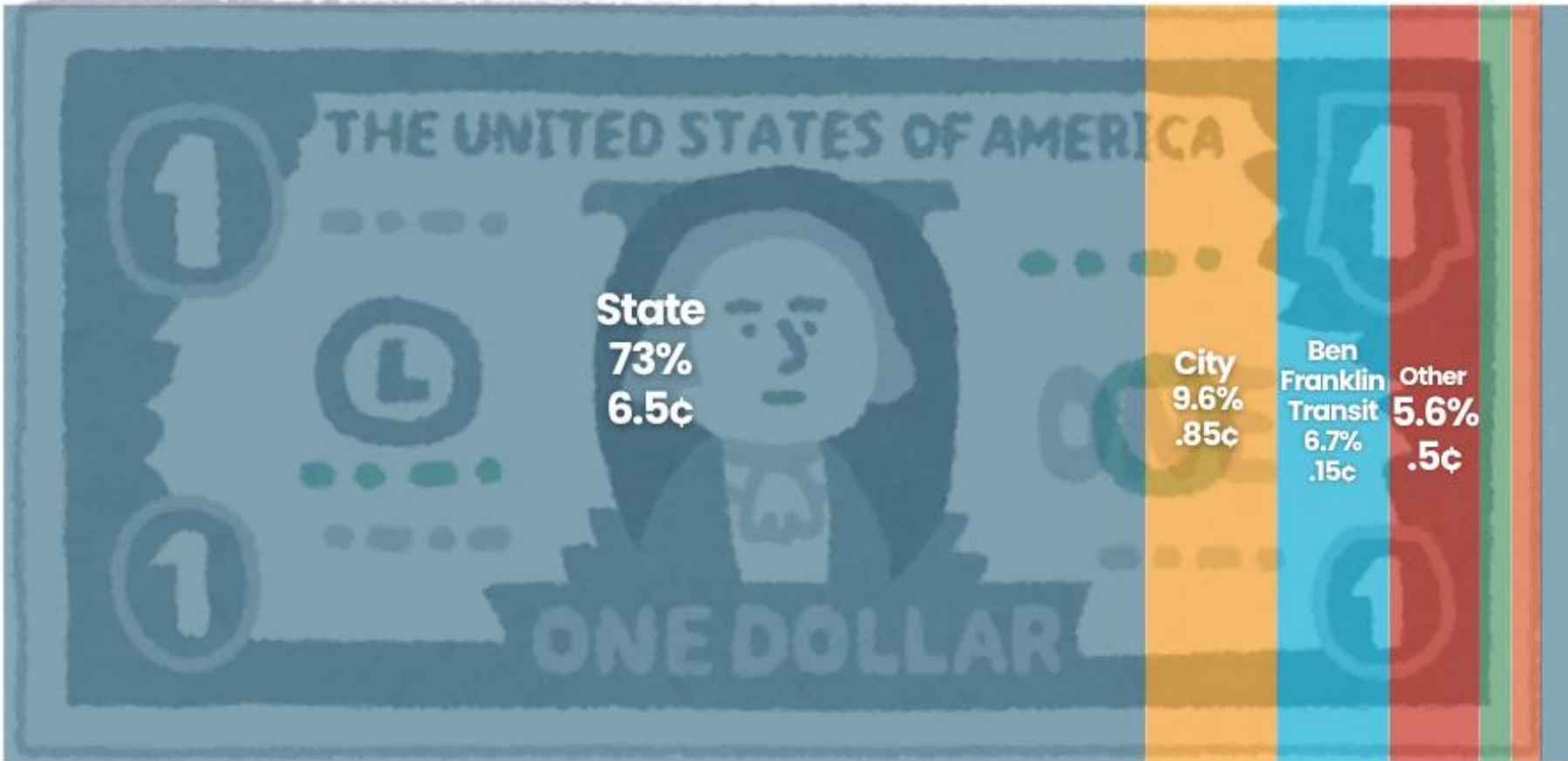
- *Funded by:* Dedicated revenues, transfers, investment earnings or other sources depending on the fund.
- *Spent on:* Specific purposes such as capital projects, debt obligations, old fire pension/OPEB obligations and long-term cemetery care.



Current Sales Tax Breakdown

Where Does Pasco's Sales Tax Go?

Of the 8.9¢ collected in sales tax on every \$1 taxable purchase:



Total — 8.9¢ = 100% of the sales tax collected

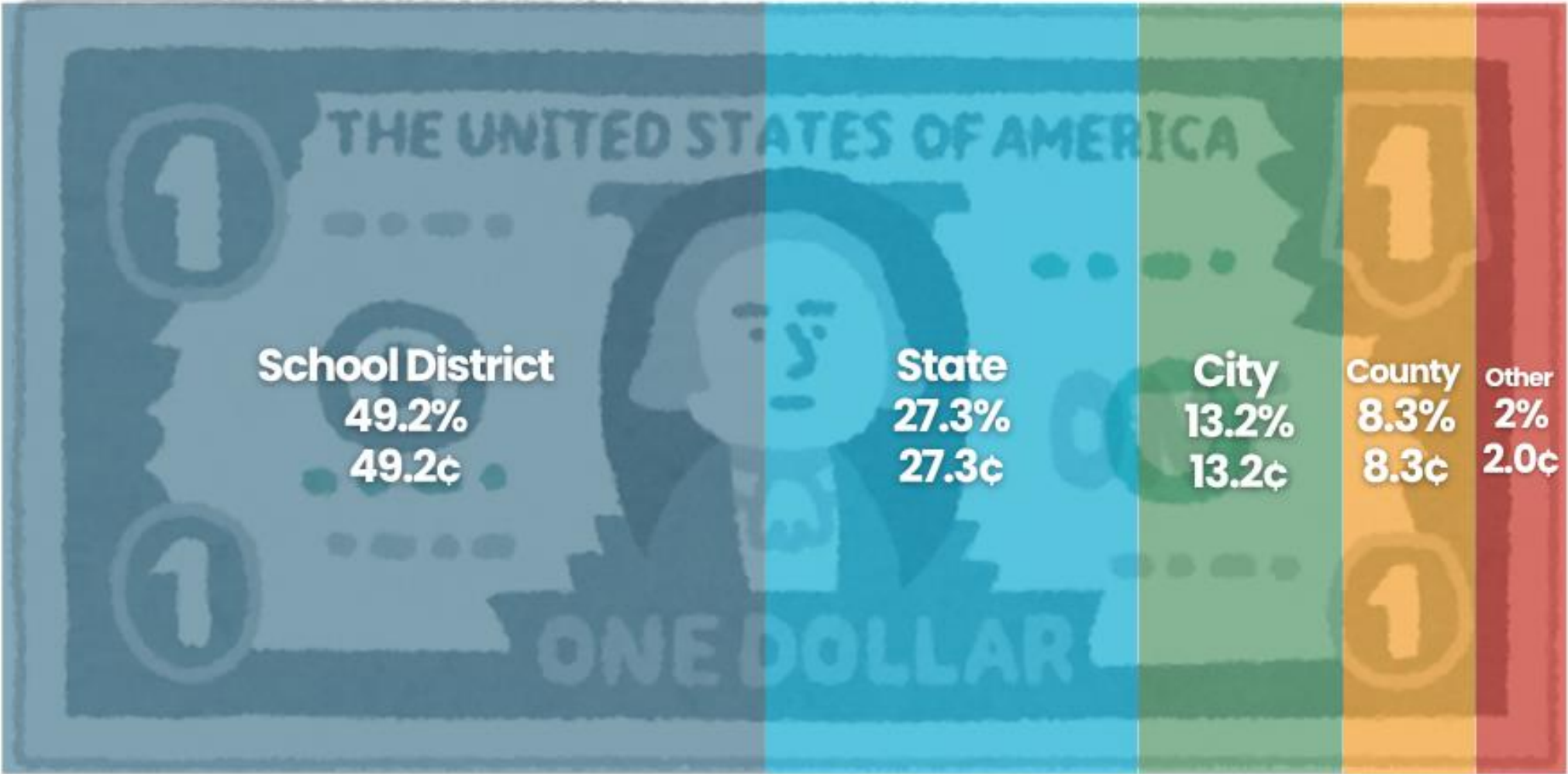
Transportation Benefit District- 1/10 of a percent coming in 2027



Current Property Tax Breakdown

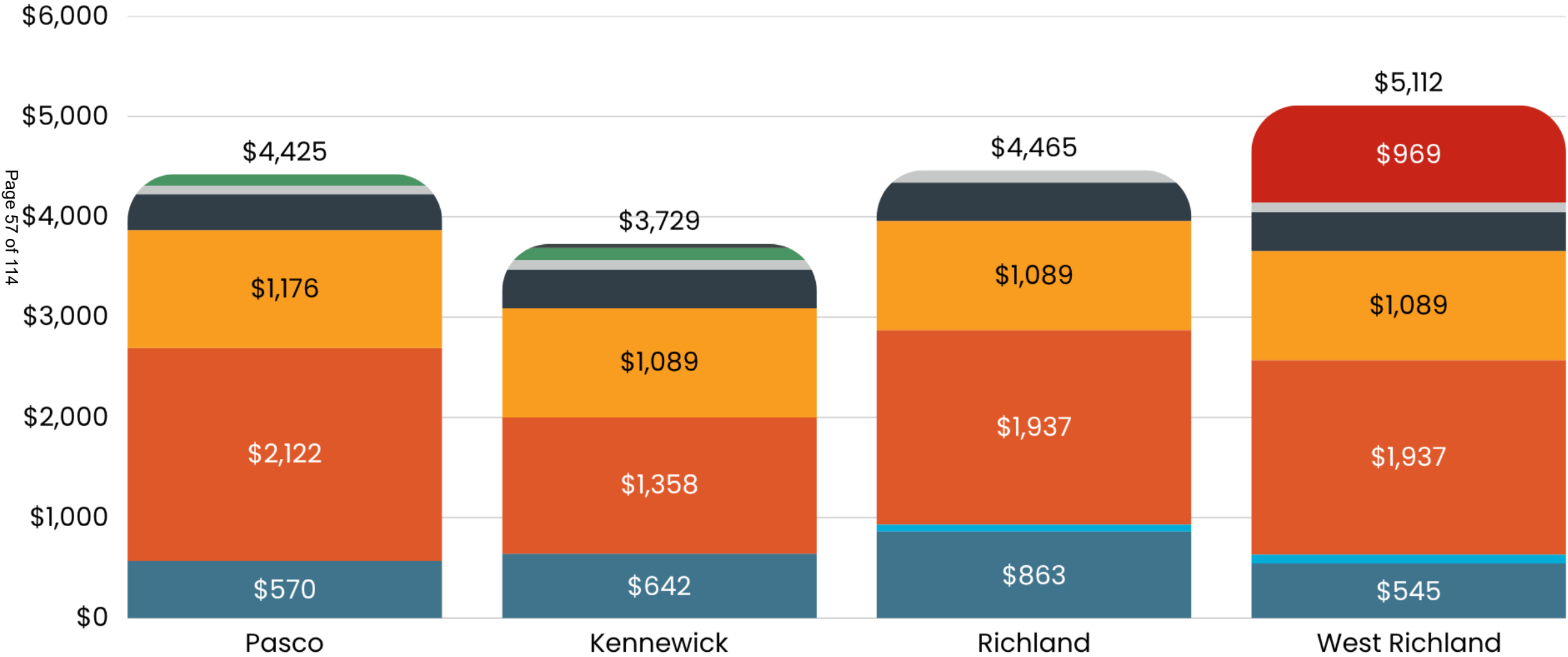
Where does Pasco's Property Tax Go?

For every \$1 of property tax, the approximate breakdown is:



Property Tax on a \$500,000 House

- City- General
- City- Voter Approved Debt
- School District
- State Schools
- County
- Port
- Library
- Hospital District
- Fire District



Community Funding Costs

Frequency	Entity	Description	Amount	Funding Source	Total
Annual	TRIDEC	Hanford Community Fund Assessment	\$22,000.00	Econ. Deve.	\$22,000.00
Annual	BFCOG	Local Match Annual Assessment & Operational Base Annual Assessment	\$57,084.00	Econ. Deve.	\$57,084.00
Annual	BFCOG	Tri-City Regional Public Facilities District	\$2,200.00	Econ. Deve.	\$2,200.00
Annual	First Night Tri-Cities	Annual Event Sponsorship	\$3,700.00	Econ. Deve.	\$3,700.00
Annual	TC Regional Chamber of Commerce	Annual Leader Level Investment	\$6,000.00	Econ. Deve.	\$6,000.00
Annual	AWC	Annual Membership	\$67,048.00	Econ. Deve.	\$67,048.00
Monthly	TRIDEC	Shoreline Reconveyance 1/6th Agreement (\$3-7k monthly)	\$5,000.00	Econ. Deve.	\$60,000.00
Quarterly	Pasco Chamber of Commerce	Membership Dues & Event Support (LTAC)	\$9,750.00	LTAC	\$39,000.00
Quarterly	TRIDEC	Industrial Recruitment Participant Agreement Resolution 4439	\$7,500.00	Econ. Deve.	\$30,000.00
Monthly	Visit Tri-Cities	Monthly Contract Dues (LTAC)	\$19,632.80	LTAC	\$235,593.60
					\$522,625.60

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FTE Allocation- General Fund

FTE Allocation									
General Fund-Departments	2021	2022	2023	2024	2025-2026		2027-2028		
					Auth	Budget	Auth	Budget	
City Council	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	
Municipal Court	15.85	15.85	17.85	17.85	17.85	15.85	18.00	15.85	
City Manager	5.00	5.00	9.00	9.00	9.50	8.50	9.50	6.50	
Human Resources	5.50	6.50	7.00	7.00	7.00	6.00	7.00	6.00	
Police	92.00	96.00	110.00	110.00	114.00	108.00	114.00	86.00	
Fire	38.00	38.50	47.50	47.50	47.00	44.50	47.00	38.20	
Parks & Recreation	23.55	24.55	30.55	30.55	30.55	27.55	30.55	27.00	
Information Technology	11.00	11.00	14.40	14.40	14.40	13.40	14.40	10.40	
Facilities	5.00	5.00	9.00	9.00	9.00	7.00	9.00	7.00	
City Clerk	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	
Finance	17.05	19.05	21.55	21.55	21.55	18.55	22.30	17.30	
Community & Economic Development	25.00	28.00	32.00	32.00	32.00	29.00	32.00	26.00	
Engineering & PW Admin	10.65	13.65	16.65	16.65	15.80	15.80	0.25	0.25	
Sub-Total General Fund	257.60	272.10	324.50	324.50	327.65	303.15	313.00	249.50	



FTE Allocation- Other Funds

Other Funds									
Streets	7.50	7.50	7.50	7.50	7.67	7.67	16.64	15.64	
CDBG	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	
Martin Luther King Center	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.00	
Ambulance	43.75	44.25	56.85	56.85	57.35	56.85	56.60	47.40	
ARPA	0.00	1.00	0.50	0.50	0.50	0.50	0.50	0.50	
Animal Shelter Operations	0.00	0.00	20.00	20.00	22.00	22.00	22.00	21.50	
Cemetery	1.50	1.50	1.50	1.50	2.00	2.00	2.00	2.00	
Senior Center	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.00	
Economic Development	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	
Water/Sewer Utility	63.36	65.36	78.86	79.86	78.93	77.99	95.16	95.16	
Equipment RR	6.69	6.69	10.19	10.19	9.30	8.30	9.30	6.95	
Internal Medical Insurance	0.50	0.50	1.00	1.00	1.00	1.00	1.00	1.00	
Sub-Total Other Funds	127.25	130.75	180.35	181.35	182.70	180.26	207.15	193.15	
Total, City-wide	384.85	402.85	504.85	505.85	510.35	483.41	520.15	442.65	

*Staff is conducting a full audit of temporary, seasonal, and part-time employees for compliance with state and federal laws. Staff will present a revised headcount once the audit is completed, including the headcount approved for PFD later if needed.



2027-2028

**Council Priorities from the
Strategic Retreat**

Council Priorities from Strategic Planning Session

- Look for efficiencies before reducing services
 - Evaluate workload along with staffing
 - Be strategic about vacancies
 - Protect Public Safety
 - Determine an appropriate role for reserves
- Continue investing where doing so reduces future costs

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2027-2028 Budget Pressures & Trends

Budget Pressure: External Factors

- Inflation and rising cost of goods and services
 - Increasing utility, fuel and technology costs
 - Construction and materials cost increases
- Population growth and increased demand for services
- Property tax revenue limitations under Washington law
- Revenue growth not keeping pace with expenses
- State and federal mandates and regulatory requirements
- Community expectations for services and infrastructure
- Limited public appetite for increased taxes and fees
- Increases to borrowing costs and its impact to real estate
- **Debt Costs Increased** – Investments in facilities

and infrastructure added ongoing debt-service obligations

- **The Gap Became Structural** – Ongoing expenses are now exceeding ongoing revenues, meaning one-time reserves cannot provide a long-term solution



Budget Pressures: Internal Factors

- Employee wages and market competitiveness
- Rising health insurance and benefit costs
- Maintaining appropriate staffing levels
- Maintaining current service levels
- Aging City facilities, infrastructure and equipment
- Deferred maintenance and replacement needs
- Growth in workload and demand for City services
- Maintaining adequate financial reserves
- Previous use of reserves to balance operating needs
- Need to invest in and retain existing employees

*Pasco did not arrive here because of one project, expense or decision. **Several years of rising costs, slower revenue growth and increased service demands created an ongoing imbalance that now must be addressed.***



Employee Compensation & Market Competitiveness

As the City considers significant budget reductions, we must balance financial sustainability with our ability to recruit and retain the workforce needed to provide City services.

- Market competitiveness
- Recruitment and retention
- COLAs vs targeted market adjustments
- Internal Equity and pay compression
- Affordability

Wage freeze consideration

A wage freeze may provide short-term savings, but impacts vary across employee groups and classifications. Freezing compensation can widen existing market gaps; increase pay compression and create larger catch-up adjustments in future years.



Pasco vs State & National Budget Trends

Pasco is not alone:

- Costs are growing faster than many traditional municipal revenues.
- Employee wages and benefits are more expensive as cities compete for qualified staff.
- Aging infrastructure requires greater investment in maintenance and replacement.

Inflation continues to increase the cost of materials, equipment, construction and contracted services.

- Federal pandemic-era funding has ended, leaving cities to absorb ongoing costs locally.
- Nationally, only 45% of surveyed city finance officers expected to be better able to meet their fiscal needs in FY2026 than the year before. (NLC 2025)



Frozen/Unfunded Positions from 2025-2026 Biennium

- Over 26 FTEs were frozen from the 2025-2026 from various departments and majority of the frozen positions directly reduced General Fund expenses.
- Two of the positions were management positions.
- Nine of the positions were union.
- All positions were frozen via attrition.

General Fund-Departments	2025-2026	
	Auth	Budget
City Council	7.00	7.00
Municipal Court	17.85	15.85
City Manager	9.50	8.50
Human Resources	7.00	6.00
Police	114.00	108.00
Fire	47.00	44.50
Parks & Recreation	30.55	27.55
Information Technology	14.40	13.40
Facilities	9.00	7.00
City Clerk	2.00	2.00
Finance	21.55	18.55
Community & Economic Development	32.00	29.00
Engineering	15.80	15.80
Sub-Total General Fund	327.65	303.15
Other Funds		
Streets	7.67	7.67
CDBG	1.00	1.00
Martin Luther King Center	0.45	0.45
Ambulance	57.35	56.85
ARPA	0.50	0.50
Animal Shelter Operations	22.00	22.00
Cemetery	2.00	2.00
Senior Center	1.50	1.50
Economic Development	1.00	1.00
Water/Sewer Utility	78.93	77.99
Equipment RR	9.30	8.30
Internal Medical Insurance	1.00	1.00
Sub-Total Other Funds	182.70	180.26
Total, City-wide	510.35	483.41



Finishing 2026

- **Overall General Fund Budget:**
Approximately \$84.2 million in 2026
- **2026 Actuals:**
Current revenues and expenditures are being tracked against the amended budget as the year closes
- **Reserves Used to Balance the Budget:**
Approximately \$6 million in reserves were budgeted annually during the current biennium to maintain existing services
- **Projected Ending Reserve Balance:**
Approximately \$16.1 million at the end of 2026
- **Looking Ahead:**
The 2027–2028 budget must reduce reliance on reserves and bring ongoing revenues and expenses closer into balance





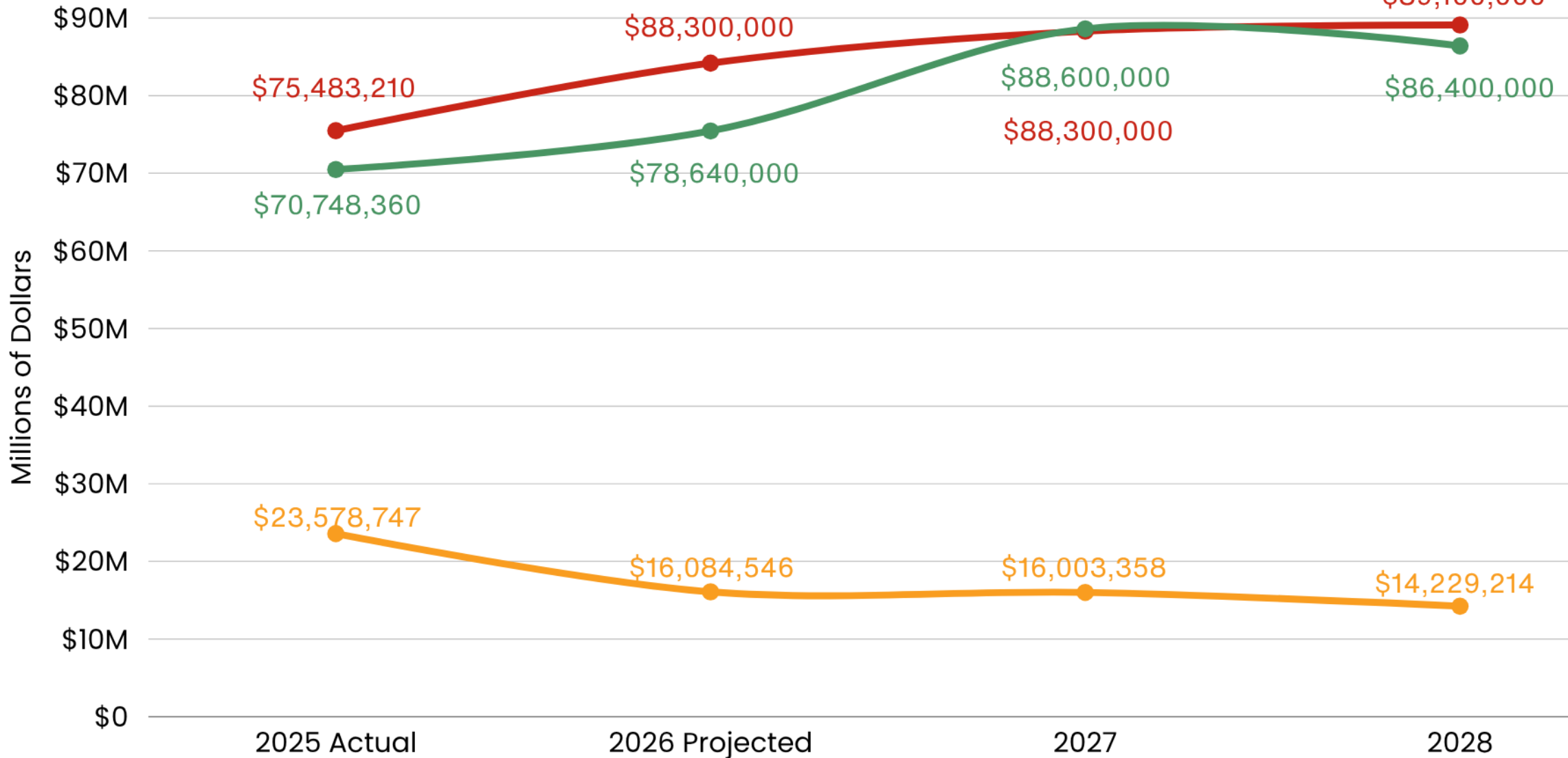
2027-2028

**Projections for General,
Ambulance, & Street Funds:
Revenues & Expenses**

Revenues, Expenses & Fund Balance

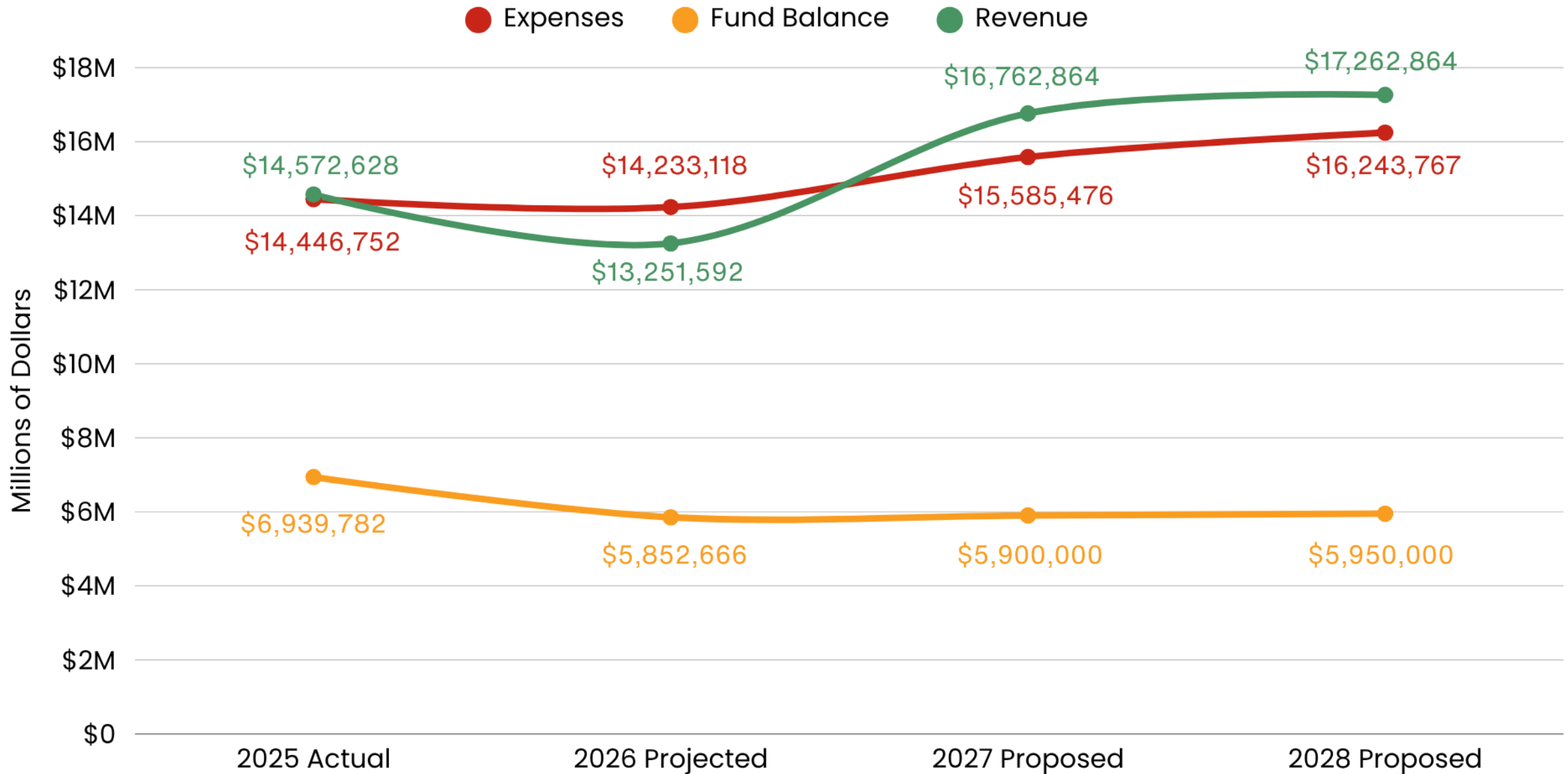
General Fund 2025-2028

Expenses Fund Balance Revenue



Revenues, Expenses & Fund Balance

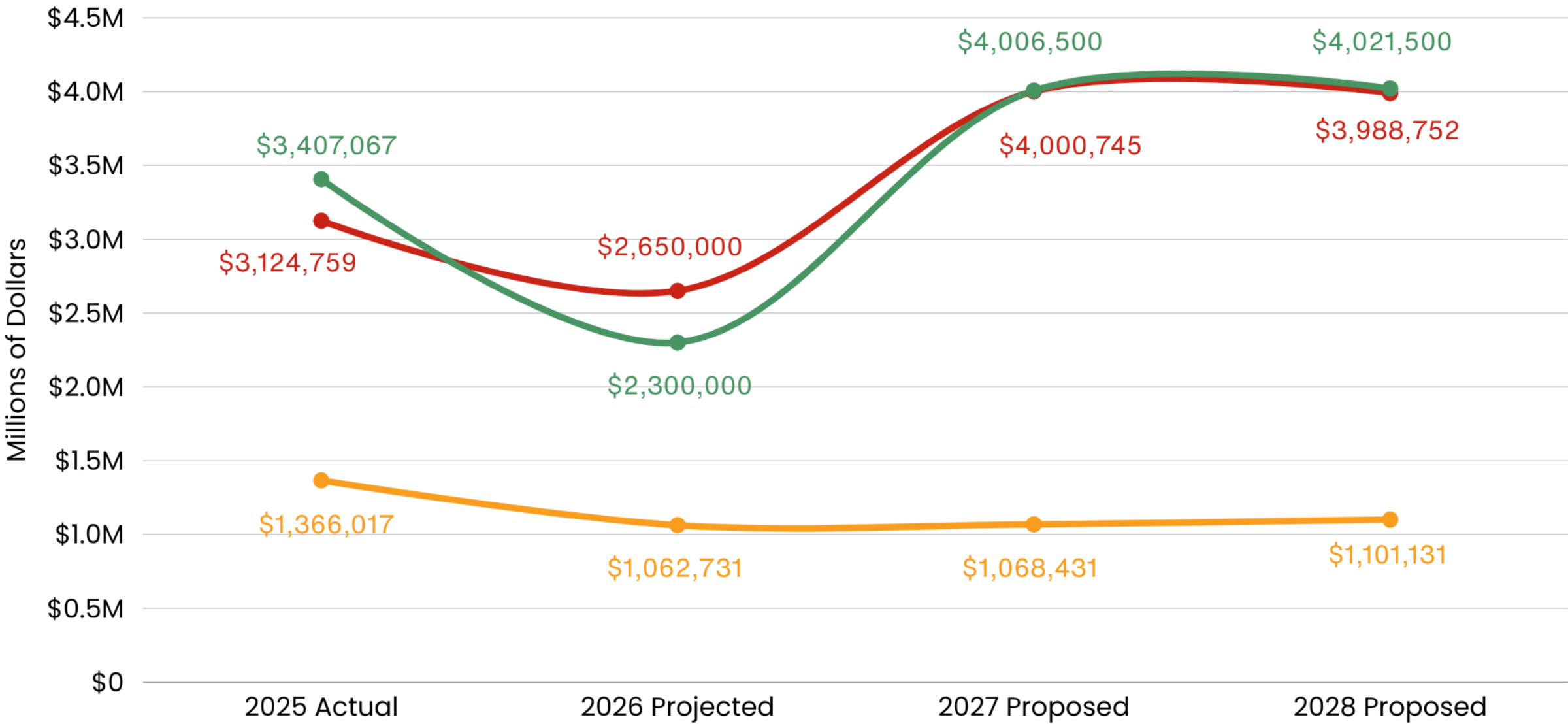
Ambulance Fund 2025-2028



Revenues, Expenses & Fund Balance

Street Fund 2025-2028

Expenses Fund Balance Revenue



GFOA Standards & Bonding Capacity

- **Pasco Standard:** Maintain at least 2 months of General Fund operating expenses
- **GFOA Minimum: 2 months**
- **Best Practice:** 3-6 months
- **Not Statutorily Required:** Reserve levels are a financial policy and best practice, not a state-mandated minimum
- **Financial Safety Net:** Provides flexibility for emergencies, revenue declines and unexpected costs
- **Supports Creditworthiness:** Strong reserves are one factor considered by credit-rating agencies and lenders
- **Protects Borrowing Ability:** Financial strength can help the City access financing at more favorable rates

- **Using Reserves Has Tradeoffs:** Drawing them down can reduce financial flexibility and potentially increase future borrowing costs

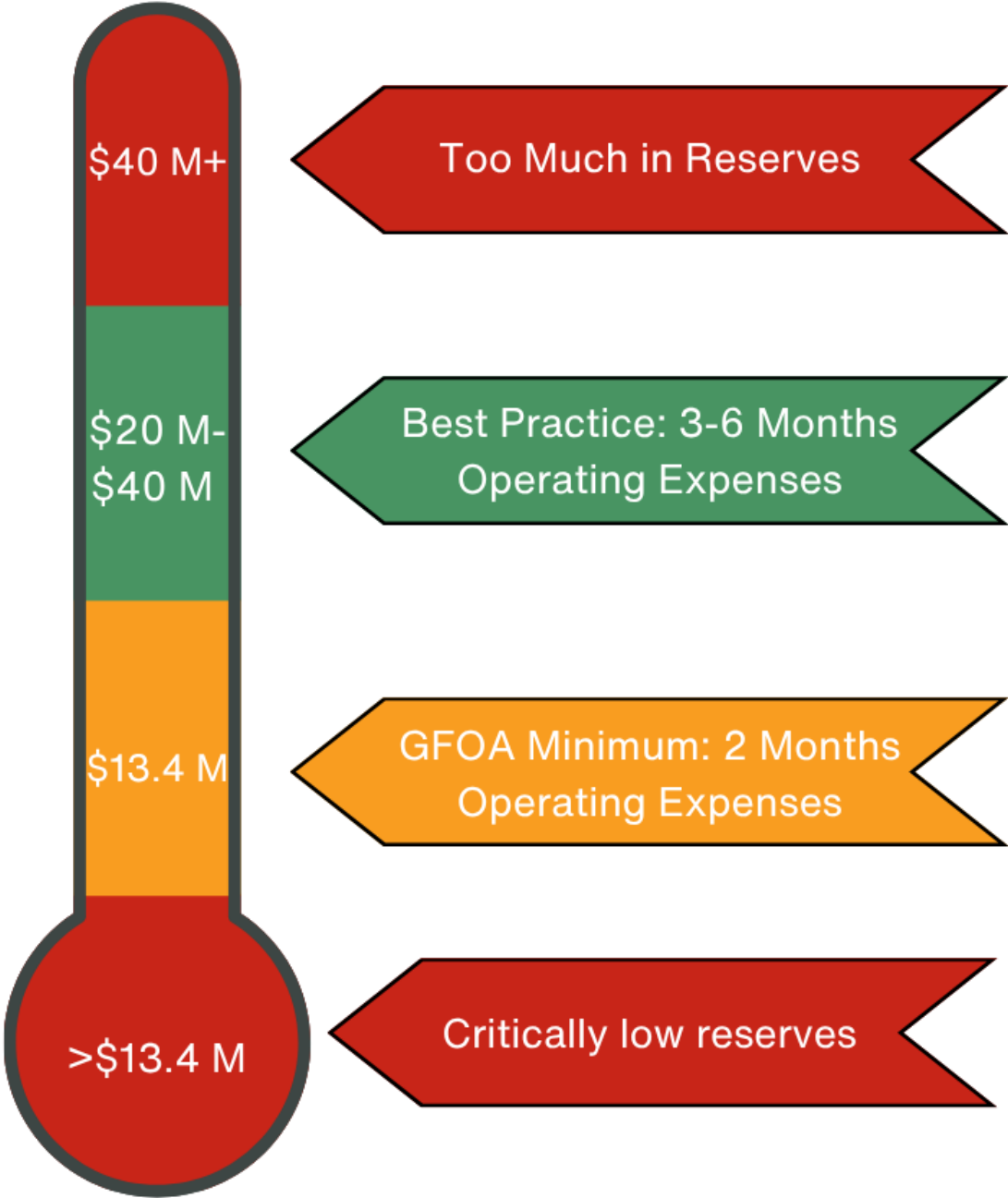


Reserves Thermometer

- **Projected General Fund Expenses:** \$80.5 M
- **One Month General Fund Operating Expenses:** \$6.708 M

Establishing a Reserves Policy (Restricted Reserve)

- **Supports Financial Strength:** Maintains creditworthiness and favorable borrowing costs
- **Provides Greater Stability:** Protects against economic downturns, emergencies and unexpected revenue or expenditure changes
- **Creates Clear Guardrails:** Defines when reserves may be used and how they should be replenished
- **Staff Recommendation:** Establish a **3–6 month reserve policy** and formally adopt it by ordinance



How We Built the Scenarios

- **Zero-Based Budgeting (ZBB)**
Reviewed expenses from the ground up
- **WAW Initiative**
Identified efficiencies and opportunities to work differently in Labor, Vehicle & Contract Assessments
- **Department Review**
Asked management to identify potential **20% General Fund reductions**
- **Line-by-Line Review**
Evaluated proposed reductions and their impacts
- **Scenario Development**
Built multiple scenarios using different levels of reductions, reserves and revenue
- **Impact Analysis**

Considered effects on employees, services and the community

- **Bottom line:** *The scenarios presented to Council are the result of multiple rounds of review, not across-the-board cuts.*





2027-2028 Scenario #1 Using \$0 in Reserves

Scenario #1- No Reserves Used

2027	Amount
Revenue	\$88.6M
Expense	\$88.3M
Reserves - Surplus	\$255K

2028	Amount
Revenue	\$86.4M
Expense	\$89.1M
Reserves - Deficit	\$2.7M



Staffing Impact

- Reduces staffing across all funds by more 50 FTE.
 - This excludes addition of 8 FTEs for Sewer Utility that is regulatorily required and paid by ratepayers.
- Reduces FTEs:
 - Police – 22 (2 Mgmt.)
 - Fire – 15 (1 Mgmt.)
 - IT – 3 (1 Mgmt.)
 - CED – 3
 - Finance – 2
 - Parks & Recreation – 2
 - City Manager’s Office – 2
 - PW – 1.5 throughout various funds

FTE Allocation				
General Fund-Departments	2025-2026		2027-2028	
	Auth	Budget	Auth	Budget
City Council	7.00	7.00	7.00	7.00
Municipal Court	17.85	15.85	18.00	15.85
City Manager	9.50	8.50	9.50	6.50
Human Resources	7.00	6.00	7.00	6.00
Police	114.00	108.00	114.00	86.00
Fire	47.00	44.50	47.00	38.20
Parks & Recreation	30.55	27.55	30.55	27.00
Information Technology	14.40	13.40	14.40	10.40
Facilities	9.00	7.00	9.00	7.00
City Clerk	2.00	2.00	2.00	2.00
Finance	21.55	18.55	22.30	17.30
Community & Economic Development	32.00	29.00	32.00	26.00
Engineering	15.80	15.80	0.25	0.25
Sub-Total General Fund	327.65	303.15	313.00	249.50
Other Funds				
Streets	7.67	7.67	16.64	15.64
CDBG	1.00	1.00	1.00	1.00
Martin Luther King Center	0.45	0.45	0.45	0.00
Ambulance	57.35	56.85	56.60	47.40
ARPA	0.50	0.50	0.50	0.50
Animal Shelter Operations	22.00	22.00	22.00	21.50
Cemetery	2.00	2.00	2.00	2.00
Senior Center	1.50	1.50	1.50	1.00
Economic Development	1.00	1.00	1.00	1.00
Water/Sewer Utility	78.93	77.99	95.16	95.16
Equipment RR	9.30	8.30	9.30	6.95
Internal Medical Insurance	1.00	1.00	1.00	1.00
Sub-Total Other Funds	182.70	180.26	207.15	193.15
Total, City-wide	510.35	483.41	520.15	442.65



Scenario #1 No Reserves Used: Department Impacts- CED

- **Total Department Budget: \$5,839,047**
- **Development Fee Increase: \$1.38M**
- **Department Reduction: \$1,209,585 (20%)**
- **Service Impacts**
 - Increase development fees to 80% Cost Recovery (currently recovering 50%)
 - Increased permit wait time
 - Decrease Code Enforcement responsiveness/ case resolution effectiveness
- **Employee Impacts**
 - FTE Reductions: 3 Staff
- **What will we do with the remaining budget?**
 - Continue to carry out our core mission in facilitating development applications
 - Create efficiencies in operational processes across the organization
 - Continue to streamline the development review process
 - Municipal Code updates to improve clarity and efficiency
 - Prioritize nuisance and life-safety code enforcement cases with Council input and available resources



Scenario #1 No Reserves Used: Department Impacts- CMO

- **Total Department Budget: \$3,282,668**
- **Department Reduction: \$324,322 (10%)**
- **Service Impacts**
 - LEAN process improvement
 - Advertising
 - 2028 special elections
 - Other legal services
 - Broadmoor Development Service
 - Federal Legislative Liaison
- **Employee Impacts**
 - FTE Reductions: 2 Staff
 - Continuing education, conferences, professional memberships
 - Reduced executive recruitment
 - Reduced Council clothing, supplies, catering & travel
 - Employee moral: awards, recognition programs
- **What will we do with the remaining budget?**
 - Prioritize core Citywide communications and essential public information
 - Increase use of earned media, organic social media and City-owned communication channels
 - Focus community engagement efforts, including outreach to Spanish-speaking residents
 - Maintain essential City Council and executive support
 - Use in-house resources where possible to reduce reliance on advertising, consultants and contracted services
 - Streamline internal processes and use existing technology to maintain essential services with fewer resources



Scenario #1 No Reserves Used: Department Impacts- Finance

- **Total Department Budget: \$1,860,663** (excludes Utility Billing that is supported by the Utility Funds)
- **Department Reduction: \$402,531 (21.6%)**
- **Service Impacts**
 - Professional Services
 - Financial System Training
 - Banking Efficiencies
- **Employee Impacts**
 - FTE Reductions: 2 Staff
 - Delays in supporting and responding to internal and external customers
- **What will we do with the remaining budget?**
 - We have prioritized meaningful professional development opportunities for all staff in a budget friendly way
- Finance will continue to provide the following services to the community and internal departments:
 - Accounts Receivable & Payable
 - Payroll
 - Budgets, Financial Forecasting/Reporting, & Audits
 - Asset & Cash Management (Banking)
 - Debt Service
 - Utility & misc Billing & Receipting
 - General Accounting & Compliance



Scenario #1 No Reserves Used: Department Impacts- Fire

- **Total Department Budget: \$11,539,806**
- **Department Reduction: \$2,211,680 (19%)**
- **Service Impacts**
 - Close one station (remove engine & medic unit)
 - Vehicle & Machinery Program
 - HAZMAT Team
 - Community Outreach Program
 - Extrication tools
 - Darkhorse Emergency Software
 - Fire Impact Fee consultant
 - Strategic Plan development
 - First Due software
 - Chaplaincy services
- **Employee Impacts**
 - FTE Reductions: 14 Staff & 1 Management
 - Reduce operational overtime
 - Remove IMT overtime
- Reduce Technical Rescue Team training overtime
- Reduce Water Rescue Team training overtime
- Remove Peer Support & Fitness Programs
- Remove Fire Training: Journeyman Academy, Pump Academy, Tri-Cities Regional Academy, truck training
- Defer ARFF training costs to the Port of Pasco
- **What will we do with the remaining budget?**
 - Provide core 911 Fire and EMS services
 - Maintain BCES / SECOMM dispatch and 800MHz and microwave radio systems
 - Maintain basic fire and EMS equipment and provide required maintenance and service needs
 - Maintain required PPE (fire, active shooter, EMS)
 - Maintain minimum required fire and EMS training



Scenario #1 No Reserves Used: Department Impacts- HR

- **Total Department Budget: \$1,594,457**
- **Department Reduction: \$122,270 (.07%)**
- **Service Impacts**
 - Reduced legal capacity may slow bargaining, grievances, Civil Service and complex employee matters as HR prioritizes the highest-risk issues.
 - More investigations and high-risk HR matters handled internally.
 - Reduced executive recruitment support may extend hard-to-fill positions.
 - Personnel file conversion will continue more slowly as existing HR staff absorb the work alongside core HR responsibilities.
- **Employee Impacts**
 - FTE Reductions: 0
- **What will we do with the remaining budget?**
- Core HR, benefits, leave, recruitment and compliance
- Labor relations, bargaining and grievance support
- Performance management and compensation resources
- HR support for Citywide organizational changes



Benefits Funds

Total 2027 Budget: \$12,538,656

Primary function: Funds medical, prescription, and dental benefits for eligible employees, retirees, and covered family members.

2027 budget drivers:

- Current 2026 funding level, adjusted for expected healthcare and prescription-drug cost trend
- Continued reserve rebuilding and repayment of the \$6.5 million interfund loan
- Stop-loss insurance, plan administration, and large-claim volatility

Constraints:

- A self-funded plan pays actual claims as they occur; a few high-cost claims can materially change annual costs
- The July report reflects favorable early experience, not a final-year forecast
- Disputes over plan interpretation can affect the City's ability to apply coverage rules and manage plan costs consistently.



Scenario #1 No Reserves Used: Department Impacts- IT

- **Total Department Budget: \$5,004,884**
- **Department Reduction: \$784,595 (15%)**
- **Service Impacts**

- Software programs (Monday.com, caselle, Tableau)
- E-Recycling
- Hardware NAS Upgrade
- Reduced Printers

Employee Impacts

- FTE Reductions: 1 Management & 2 Staff
- Training and on-site tech support

- **What will we do with the remaining budget?**
 - Sustain essential operations and support critical infrastructure needs: maintaining existing systems, addressing unavoidable break fix issues, supporting cybersecurity requirements, and funding foundational modernization efforts that reduce long term costs and operational risk. As

resource constraints remain, spending will focus on stability, efficiency, and tools that improve service delivery without adding significant ongoing workload.

- Prioritize High Priority requests and essential day to day operations to ensure core services remain reliable and secure. Process improvement and foundational stabilization will be a major focus, such as citywide file cleanup, standardization of systems and procedures, and expanding automation opportunities using currently available tools and AI.
- Special requests, non urgent issues that do not interrupt work, and requests for new systems that are not considered essential may not be accommodated at this time. To protect staff capacity and safeguard critical operations, after hours support may need to be limited to essential break fix situations only.



Scenario #1 No Reserves Used: Department Impacts-Municipal Court

Total Department Budget: \$2,335,629

Department Reduction: \$0

Why no Municipal Court reductions?

- **Already Managing a Significant Caseload**
The Court is currently challenged to keep pace with existing workload
- **Reductions Could Shift Costs Elsewhere**
Court reductions can create additional workload and costs for Police and other parts of the criminal justice system
- **Programs Help Prevent Repeat Issues**
Probation and other Court programs support accountability and reduce recurring demands on City services
- **Potential Public Safety Impacts**
Reducing programs such as graffiti

enforcement and probation could contribute to increased calls for service and other downstream impacts

- **Limited Net Savings**
Savings within the Court could be offset by increased costs elsewhere in the City



Scenario #1 No Reserves Used: Department Impacts- Parks & Rec

Total Department Budget: \$8,002,459

Department Reduction: \$2,054,366 (25%)

Service Impacts

- Stop Fiery Foods Festival, GO4 Parade, GO4 Fireworks Event, Cinco de Mayo, Winterfest, Music & Movies, Memorial Day, Veteran's Day, Wreaths Across America & Spooky Hall
- Close Memorial Aquatic Park year round
- Park Usability: All portable bathrooms from parks & recreation facilities removed
- Stop Programs: Senior Center & After School
- Downtown: stop Farmers Market, PSK & Clean-Up Services
- PROS Plan update (do in-house)
- Fence rental for Columbia property

Employee Impacts

- FTE reductions: 3 Staff

What will we do with the remaining budget?

- Parks & open space maintenance (reduced)
- Cemetery services
- Community facility rentals
- Softball Complex
- Sports fields management
- Adult & youth athletics
- Youth/adult/senior programming (reduced)
- Pasco Aquatic Center operation



Scenario #1 No Reserves Used: Department Impacts- Police

Total Department Budget for 2027: \$31,701,078

Department Reduction for 2027: \$5,310,703 (17%)

Service Impacts

- Transition Field Operations (FOD) to a 12-hour shift
- Response time impact
- Reduce Support Operations and Lobby Hours
- Accreditation programs
- Axon "Draft One" service
- Do not replace two retiring K9s
- Community engagement programs
- No Citizen Academy
- Limit use of car washes
- Flock program
- Close Lewis Street & Alderwood area stations
- Public Records Request Delays

Employee Impacts

- 22 FTE Reductions: 18 Commissioned, 2 Non-Commissioned, and 2 Management.
- All outside training

What will we do with the remaining budget?

- Respond to and manage 911 or emergency calls for service.
- Direct operational resources toward essential department and City objectives.
- Investigate crimes and complete required reports, including arrest, evidence, property, accident, offense, and investigative documentation.
- Serve and enforce civil processes and court orders; execute arrest and search warrants.



Scenario #1 No Reserves Used: Department Impacts- PW

Total Department Budget:

PW Streets: \$5M (Gen Fund subsidy: \$1M/year)

Fleet (Equipment Rental): \$2.8M

Department Reduction:

PW Street \$1.3M (26% reduction)

Fleet (Equipment Rental): \$184,000 (7%)

Service Impact

STREET

- Deferred studies: Ped/bike Masterplan +Traffic study for US 12
- Reduced Snow and Ice supplies
- Reduced street sign and signal repair supplies
- Limited traffic analyses
- Eliminate grant application efforts
- Eliminated paid training/travel
- Eliminated traffic calming program
- No overtime authorized except for emergency response

FLEET ER

- Limited outsourced repairs
- No asphalt patching truck
- Reduced tools, parts and small equipment

Employee Impacts

- FTE Reductions: 3 Staff & 1.5 Management

What will we do with the remaining budget?

- Crack Seal program
- Striping and signage (reduced)
- Potholes repair
- Limited sidewalk repair program
- Snow and ice response (Reduced)
- Safe and functioning vehicles/equipment in fleet



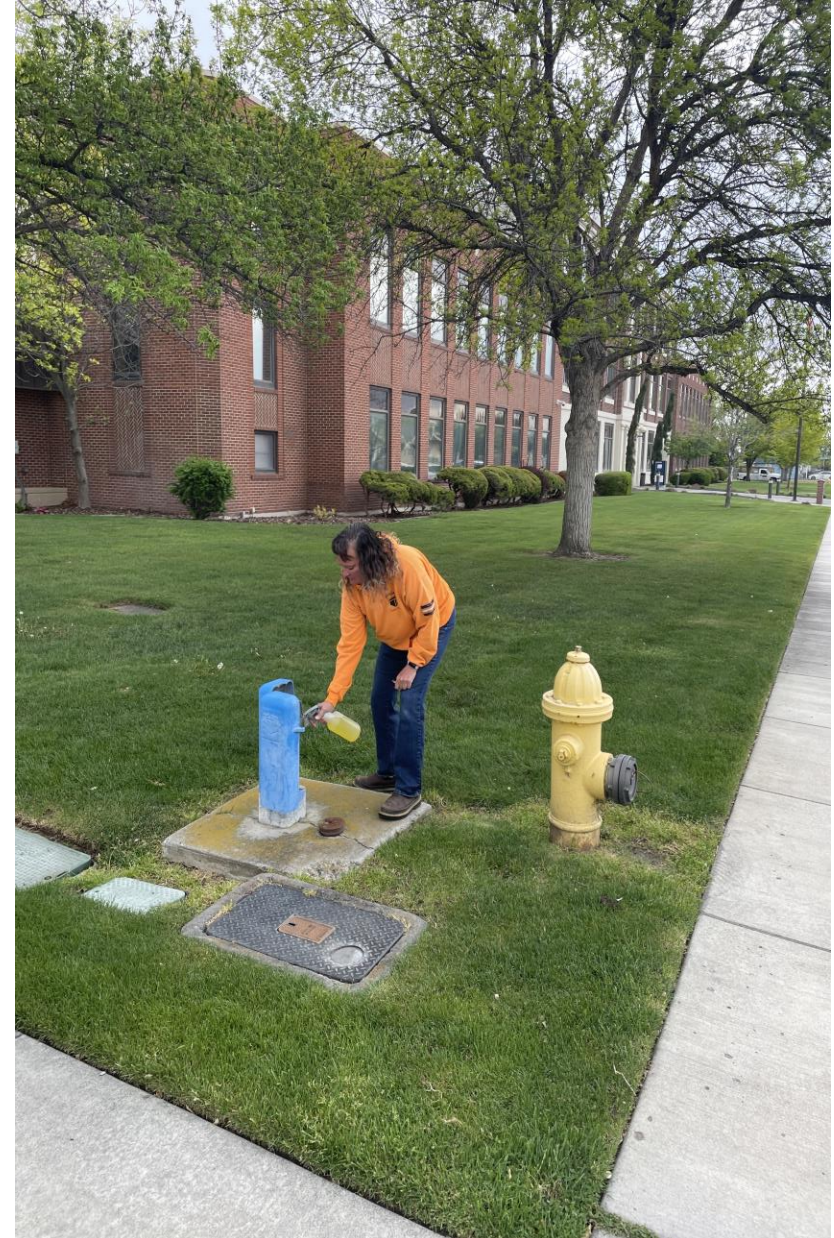


2027-2028 Enterprise Funds

Enterprise Funds

- **Water Utility Budget: \$26,535,000**
Primary function: Treatment and Distribution of Potable water
- **Sewer Utility Budget: \$16,316,000**
Primary function: Collection and Treatment of Municipal wastewater
- **PWRF Budget: \$34,973,000 Subsidy needed: \$9,700,000**
Primary function: Collection and Treatment of Process Water from Food Processing Industries
- **Irrigation Budget: \$3,855,000**
Primary function: Provide filtered water for irrigation during warmer months
- **Stormwater Budget: \$2,675,000**
Primary function: Manage stormwater runoff

Enterprise Funds and Capital Funds will be discussed at the Council Meeting on October 19th.





2027-2028 Special Fund- Ambulance

Budget Strategies- Ambulance Fund

- Ambulance Utility Rate
 - 80% Total EMS Cost Recovery
 - \$420,000 General Fund Subsidy per RCW 34.21.766(4)(i)
- Ground Emergency Medical Transport (GEMT)
- Wage Restructure
 - 60% Ambulance Fund / 40% General Fund

Rate	2026	2027	2028	2029	2030
Monthly Rate	\$28.17	\$29.57	\$31.03	\$32.55	\$34.12



Ambulance Utility Rate

Account	2025 Actual	2026 Amended	2027 Proposed	2028 Proposed
Monthly Utility Fee	\$ 6,898,560.41	\$ 6,000,000.00	\$ 10,000,000.00	\$ 10,300,000.00
Transport Fee	\$ 5,799,288.90	\$ 5,400,000.00	\$ 5,700,000.00	\$ 5,900,000.00



- Provides Medicaid Reimbursements
- Not included in the 80% Total EMS Cost Recovery

Amount	2026	2027	2028	2029	2030
Projected	\$3,016,730	\$5,000,000	\$5,000,000	\$5,150,000	\$5,304,500



Wage Restructure- Ambulance Fund

Account	2025 Actual	2026 Amended	2027 Proposed	2028 Proposed
Wages	\$ 7,203,893.55	\$ 7,341,838.00	\$ 8,240,506.00	\$ 8,623,042.00
Overtime	\$ 829,561.08	\$ 441,061.00	\$ 830,475.00	\$ 896,971.00



Major Expenses- Ambulance Fund

- EMS Billing
- Required EMS training
- EMS supplies and equipment
- Medical Program Director Services
- Franklin County Emergency Management Services
- Resource Navigator Program



Scenario #1 No Reserves Used: Implementation

Revenue: \$88,600,000

Expenses: \$88,300,000

Total Budget Reduction: \$14,634,705 (16%)

Cost of Unfunded Positions

If positions are unfunded effective **January 1, 2027**, there will be **one-time and related costs associated with implementation**, including:

- **Employee Leave Payouts**
Payment of eligible accrued leave balances
- **Collective Bargaining Impacts**
Costs or obligations resulting from required labor negotiations
- **Unemployment Costs**
Potential unemployment benefit expenses
- **Severance & Final Pay**
Applicable severance and other required compensation
- **Retirement Incentives**
Potential costs associated with incentives used to

reduce workforce impacts





2027-2028

Additional Scenarios & Options for Consideration

Potential Cost Savings & Revenue Options

- **Increase CED Development Fees up to 100% Cost Recovery**

- **HB 2015: Public Safety Sales Tax**

- Council-authorized 0.1% sales and use tax
- Revenue restricted to public safety purposes
- **Estimated Pasco revenue: estimated \$2.3 million annually**

- **Property Tax Levy Lid Lift**

- Pasco's 2026 general levy rate: **\$1.14 per \$1,000 AV**
- Voters can authorize an increase above the City's normal annual levy-growth limit
- Amount/rate would be established in the ballot measure
- Statutory levy limits and other property-tax limitations still apply

- **Fire Protection District / RFA**

- Could shift fire-service funding from the City's

General Fund to a separate fire-service taxing entity

- Could reduce City General Fund responsibility for fire services
- Requires a separate governance, funding and voter-approval process
- City's available property-tax levy capacity would also be affected

- **Metropolitan Park District**

- Separate taxing district dedicated to parks and recreation
- Could shift some parks and recreation costs outside the General Fund
- Requires voter approval
- State law provides levy authority of **up to \$0.75 per \$1,000 AV** through two regular levies (\$0.50 + \$0.25), subject to applicable property-tax limits.





2027-2028

Scenarios #2: \$3M in Reserves

Scenario #2- \$3M in Reserves:

2027	Amount
Revenue	\$88.6M
Expense	\$91.6M
Reserves – Deficit	\$3.0M

2028	Amount
Revenue	\$86.4M
Expense	\$92.1M
Reserves - Deficit	\$5.7M



Scenario #2- \$3M in Reserves

- **Unfunded Positions:** 41.5 FTE (3.5 Mgmt.)
- **Services & Programs added back into the budget (not a complete list):**
 - HR:
 - Automation of performance evaluation
 - Parks & Rec:
 - GO4 Parade
 - Fire:
 - Vehicle Machinery Program
 - Peer Support Program
 - HAZMAT Team
 - Off duty Technical & Water Rescue trainings
 - Extrication Tools
 - Police:
 - Alternate 12-Hour Schedule for Police
 - Towing/destruction of boats & RVs
 - Outside training
 - Axon "Draft One" service
- Reduces FTEs:
 - Police – 17
 - Fire – 14
 - IT – 2
 - CED – 2
 - Finance – 1
 - Parks & Recreation – 2
 - City Manager's Office – 2
 - PW – 1.5 throughout various funds





2027-2028

Scenarios #3: \$4M in Reserves

Scenario #3- \$4M in Reserves:

2027	Amount
Revenue	\$88.6M
Expense	\$92.5M
Reserves – Deficit	\$3.9M

2028	Amount
Revenue	\$86.4M
Expense	\$93.4M
Reserves - Deficit	\$7.0M



Scenario #3- \$4M in Reserves

- **Unfunded Positions:** 37.5 FTE (3 Mgmt.)
- **Services & Programs Added Back Into the Budget, plus most options from Scenario #2:**
 - HR:
 - Compensation software
 - Parks & Rec:
 - Farmers Market
 - Fire:
 - Peer Fitness Program
 - Darkhorse Emergency & First Due Software
 - Fire Impact Fee Consultant
 - Chaplaincy Services
 - Police:
 - Transition to an 8-Hour Schedule for Police
 - Police accreditation programs
 - Community engagement programs
- Reduces FTEs:
 - Police – 15
 - Fire – 14
 - IT – 1
 - CED – 2
 - Finance – 1
 - Parks & Recreation – 2
 - City Manager's Office – 1
 - PW – 1.5 throughout various funds





2027-2028

Scenarios #4: \$5M in Reserves

Scenario #4- \$5M in Reserves:

2027	Amount
Revenue	\$88.6M
Expense	\$93.5M
Reserves – Deficit	\$4.9M

2028	Amount
Revenue	\$86.4M
Expense	\$93.4M
Reserves - Deficit	\$7.0M



Scenario #4- \$5M in Reserves

- **Unfunded:** 34.5 FTE
- **Services & Programs Added Back Into the Budget, plus most items from Scenario #3:**
 - Public Works:
 - Pavement rating assessment
 - Street signs installation
 - Fire:
 - Apprenticeship Pump Training
 - Police:
 - Transition to a 10:40 Schedule for Police patrol
 - Police accreditation programs
 - Towing/destruction of boats & RVs
- Reduces FTEs:
 - Police – 11
 - Fire – 15
 - IT – 1
 - CED – 2
 - Finance – 1
 - Parks & Recreation – 2
 - City Manager's Office – 1
 - PW – 1.5 throughout various funds



Scenario Comparisons 2027

Scenarios	FTEs Unfunded	Expenses	General Fund Use
#1- No Reserve Use	55	\$88.3M	+\$255,000
#2- \$3M Reserves	47	\$91.6	-\$3.0M
#3- \$4M Reserves	39.5	\$92.5	-\$3.9M
#4- \$5M Reserves	34.50	\$93.5	-\$4.9M





Questions & Discussion

2024-2025 City Council Goals

QUALITY OF LIFE

Promote a high-quality of life through quality programs, services and appropriate investment and re- investment in community infrastructure.

FINANCIAL SUSTAINABILITY

Enhance the long-term viability, value, and service levels of services and programs.

COMMUNITY TRANSPORTATION NETWORK

Promote a highly functional multi-modal transportation system.

COMMUNITY SAFETY

Implement targeted strategies to reduce crime through strategic investments in infrastructure, staffing, and equipment.

ECONOMIC VITALITY

Promote and encourage economic vitality.

CITY IDENTITY

Identify opportunities to enhance City of Pasco identity, cohesion, and image.

2024-2025

METAS DEL CONCEJO MUNICIPAL

CALIDAD DE VIDA

Promover una alta calidad de vida a través de programas, servicios y inversión apropiada y reinversión en la comunidad infraestructura comunitaria.

SOSTENIBILIDAD FINANCIERA

Promover viabilidad financiera a largo plazo, valor, y niveles de calidad de los servicios y programas.

RED DE TRANSPORTE DE LA COMUNIDAD

Promover un sistema de transporte multimodal altamente funcional.

SEGURIDAD DE NUESTRA COMUNIDAD

Implementar estrategias específicas para reducir la delincuencia por medios de inversiones estratégicas en infraestructura, personal y equipo.

VITALIDAD ECONOMICA

Promover y fomentar vitalidad económica.

IDENTIDAD COMUNITARIA

Identificar oportunidades para mejorar la identidad comunitaria, la cohesión, y la imagen.