

MINUTES OF THE LACEY CITY COUNCIL WORKSESSION

THURSDAY, APRIL 13, 2023

6:00 P.M. – 7:50 P.M.

REMOTE AND IN-PERSON

To hear the full discussion of a specific topic, or the complete meeting, watch the recorded meeting available on YouTube:

https://youtube.com/live/OMnLc_1nSm8

COUNCIL PRESENT: MAYOR RYDER, DEPUTY MAYOR MILLER, COUNCILMEMBERS COX, GREENSTEIN, STEADMAN, KUNKEL, AND VAZQUEZ

STAFF PRESENT: R. WALK, S. EGGER, S. KELLEY-FONG, T. WOO, P. EDMONDS

ACTION: APPROVE WORKSESSION AGENDA

MOTION: MOTION MADE, SECONDED, AND CARRIED BY COUNCILMEMBERS GREENSTEIN AND KUNKEL

SOCIAL SECURITY COVERAGE RESOLUTION

STAFF: TROY WOO, FINANCE DIRECTOR

ACTION: INFORMATION ONLY

On December 1, 2022, the Lacey City Council adopted Resolution No. 1123, which was thought to be the first step to correct an administrative error relating to the City's absolute coverage under Section 218 of the Social Security Act, which was thought to be effective on March 1, 1967. However, upon creating the modification to the Washington State's original Section 218 Agreement with the Social Security Administration, a miscommunication between the two entities was discovered.

It was originally thought the corrected effective date within Resolution No. 1123 would allow the change to Washington State's agreement with the Social Security Administration. Instead, the Social Security Administration has communicated that the City is required to provide evidence, such as City Council meeting minutes or statements from the 1967 City Council, clarifying they intended Social Security coverage for February 1967, which is the month prior to joining the State's retirement system. Also, the City's wage reporting and contribution history must be consistent with the purported intended Social Security coverage.

Unfortunately, the City cannot provide any of the required evidence from 1967.

To continue to extend Social Security coverage, a majority vote referendum of the members of the Washington State Retirement Systems Public Employees' Retirement System (PERS) is required. The City has been advised to complete the process during the calendar year 2023. The detailed process was outlined by the majority vote referendum employer checklist included within the meeting packet. An abbreviated summary of the checklist is as follows:

1. Complete and submit Section 218 Coverage Questionnaire.
2. Adopt Resolution authorizing Social Security coverage initiating the referendum process.
3. Provide 90-day notice of referendum to employees.
4. Presentations made to employees by the Washington Department of Retirement Systems and the Social Security Administration.
5. Conduct referendum vote.

Following a *favorable* referendum vote, an agreement for Social Security coverage will be executed and the Social Security Administration will execute a modification to the master agreement with the State of Washington. Social Security coverage, contributions, and withholding will continue as if nothing occurred.

If the referendum vote is *not in favor* of voluntary Social Security coverage, the City will refund Social Security Tax refunds to employees retroactively through 2020 and issue the applicable W-2 and 941X tax forms. In this scenario, employees will have effectively ceased to contribute to Social Security as of December 31, 2019.

Staff will present the resolution authorizing an agreement with the State of Washington relating to Social Security coverage for eligible employees subject to a referendum vote to the City Council on April 20, 2023.

UTILITY BILLING DELINQUENCIES UPDATE

STAFF: TROY WOO, FINANCE DIRECTOR
ACTION: INFORMATION ONLY

At the beginning of 2020, Governor Inslee signed Proclamation 20-23 which prohibited any termination or enforcement of past due utility bills from March 18, 2020, through October 31, 2021, with special provisions until December 31, 2021.

Around this same time, the City endured some challenges with the City's radio meter reading system, online bill pay system, and staffing turnover.

A timeline of the utility delinquency enforcement was provided. The first step will be to deliver an informational letter in late April or early May to customers who are delinquent. The information will walk them through the process and provide information on potential financial aid that is available.

Staff will provide additional updates at future Worksession meetings.

COMMUNITY DEVELOPMENT BLOCK GRANT PROPOSALS

STAFF: SHANNON KELLEY-FONG, ASSISTANT CITY MANAGER

ACTION: INFORMATION ONLY

Shannon Kelley-Fong, Assistant City Manager, presented the 2023 Community Development Block Grant (CDBG) proposals.

The Thurston County CDBG Urban County Consortium ("TC CDBG Consortium") received a total of \$1,206,086 in CDBG funding for 2023. After accounting for Thurston County program administration costs (20%, \$241,217), there remains a total of \$1,054,198 in CDBG funding available for the City to allocate. This total includes \$89,328 in remaining administrative costs for FY 2021. Of this total, the maximum amount that can be allocated to public services is \$180,913, and the minimum that can be allocated to capital projects is \$873,285.

The City received a total of twelve (12) proposals totaling \$2,162,993. Six (6) of the applications were for Public Services with requests totaling \$507,195. The remaining six (6) applications were for Capital Projects with requests totaling \$1,571,798.

At the January 12, 2023, Worksession, the City Council established the following 2023 CDBG funding priorities:

Public Services:

- Attempt to allocate the maximum of 15%
- Fund organizations in or serving Lacey residents

Prioritize Projects Focused On:

- Affordable Housing
- Social Services
- Public Facilities and Infrastructure

With the total requested amounts and limited funding available, it is not possible to fully fund all 2023 applicants. Staff recommended the City Council consider one of the following two options:

Option 1:

Discuss the applications and funding allocations at this meeting or a future City Council meeting. Staff provided a few funding options the City Council could consider.

A. Public Services: Move forward with funding the following public services in full:

Boys and Girls Clubs of Thurston County - Lacey Club Scholarships
Requested Amount: \$50,000

Catholic Community Services SW - The Community Kitchen
Requested Amount: \$11,355

Communication Action Council of Lewis, Mason, and Thurston Counties -
Monarch Children's Justice and Advocacy Center
Requested Amount: \$60,000

Senior Services for South Sound - Home Share Program
Requested Amount: \$21,000

With the remaining \$38,588, partially fund one or two of the remaining public service applications or allocate the funds to capital projects:

OlyMAP – Safer Spaces: Smoke & Fire Mitigation
Requested Amount: \$185,000

Thurston County Council on Aging - Medical Equipment
Bank/Senior News
Requested Amount: \$179,840

B. Capital Projects: Prioritize capital projects to fund, with a focus on affordable housing.

There was Council consensus to move forward with funding public services Option 1.A., with the remaining \$38,588 allocated to capital projects.

Option 2:

Allow all applicants to provide a five- to ten-minute presentation on their respective application and program at the April 20, 2023, City Council meeting. The Council could then deliver funding allocation at their May 11, 2023, Worksession, and take action on the CDBG funding allocations at the May 18, 2023, City Council meeting.

The City Council directed staff to invite the following capital project applicants to attend an upcoming Worksession and provide Council with additional background and information on their funding requests:

Foundation for the Challenged
Homes First
Low Income Housing Institute (LIHI)
Rebuilding Together Thurston County
South Puget Sound Habitat for Humanity

Staff noted a comprehensive evaluation will be performed of the CDBG funding process in advance of the 2025 funding cycle.