Shaping our community together

CITY OF LACEY

LACEY CITY COUNCIL AGENDA

FEBRUARY 17, 2022
6:00 P.M.
REMOTE ATTENDANCE

The Lacey City Council meeting will be conducted remotely. You may view the Council meeting by watching live using one of following platforms: Live Meetings, YouTube, Facebook, Thurston Community Media, Channel 3 with your local cable provider, or Zoom: https://us02web.zoom.us/webinar/register/WN_pCDEv6yASqG23LcVv92ZYw

The public may listen to the meeting via telephone by dialing toll-free: **(888) 788-0099** or **(877) 853-5247** - when prompted enter Webinar ID **869 6534 1737**

CALL TO ORDER:

1. **PLEDGE OF ALLEGIANCE**

2. **APPROVAL OF AGENDA & CONSENT AGENDA ITEMS***

   A. Council Worksession minutes of January 27, 2022
   B. Council Meeting minutes of February 3, 2022
   C. A motion to approve payment of claims, wages, and transfers for January 27, 2022 through February 10, 2022

**Items listed under the consent agenda are considered to be routine and will be enacted by one motion and one vote. There will be no separate discussion of these items. If discussion is desired, that item will be removed from the Consent Agenda and will be considered separately.*

3. **PUBLIC RECOGNITIONS AND PRESENTATIONS:**

   A. Lacey Youth Council Report (*Alanis Blackburn*)

4. **PUBLIC COMMENT ON ITEMS NOT ON THE AGENDA****

VERBAL PUBLIC COMMENT
Persons wishing to provide verbal public comment on items NOT on the agenda must preregister to speak at https://us02web.zoom.us/webinar/register/WN_pCDEv6yASqG23LcVv92ZYw. *Instructions and access details will be provided once registration is complete. Registration for verbal public comment closes at 4:00 p.m. on February 17, 2022.*

WRITTEN PUBLIC COMMENT
Public comments may also be submitted by email to publiccomment@ci.lacey.wa.us. Written comments will be provided to the City Council electronically prior to the meeting. Comments will not be addressed during the Council meeting; however, comments received will be added to the official record. The commenting period will close at 4:00 p.m. on February 17, 2022.

5. **PUBLIC HEARING:**

6. **PROCLAMATIONS:**

7. Referral from Planning Commission:

A. Multi-Family Parking Standards Amendments (LMC 16.72)* *(Ryan Andrews)*

B. Electric Vehicle Parking Standards Amendments (LMC 16.73)* *(Ryan Andrews)*

8. Referral from hearings Examiner:

9. Resolutions:

A. Resolution No. 1115 – Investment Policy Amendments *(Troy Woo)*

10. Ordinances:

A. Ordinance No. 1614 – Multi-Family Parking Standards Amendments
**Item for consideration under Referral from Planning Commission (7.A)*

B. Ordinance No. 1615 – Electric Vehicle Parking Standards Amendments
**Item for consideration under Referral from Planning Commission (7.B)*

11. Mayor's Report:

A. Reappointment of Chris Leicht to the CAR-PFD Board *(Mayor Ryder)*

B. Appointment of Alan Baum to the Planning Commission *(Mayor Ryder)*

12. City Manager's Report:

A. Contract Award – Arc Flash Hazard Assessment PW 2022-04 *(Ashley Smith)*

13. Standing General Committee:

A. Finance & Economic Development Committee (01.25.2022)
B. General Government & Public Safety Committee (01.25.2022)
C. Land Use & Environment Committee (01.25.2022)
D. Transportation Committee (02.01.2022)

14. Other Business:

15. Boards, Commissions and Committee Reports:

A. *Mayor Andy Ryder*:
1. Mayors' Forum
2. Thurston Chamber Shared Legislative Committee
3. Transportation Policy Board (TPB)

B. *Deputy Mayor Malcolm Miller*:
1. Economic Development Council (EDC)
2. Lodging Tax Advisory Committee (LTAC)
3. Thurston County Coalition Against Trafficking (TCCAT)
4. Thurston Thrives

C. *Councilmember Carolyn Cox:*
1. Climate Action Steering Committee
2. LOTT Clean Water Alliance
3. Regional Housing Council

D. *Councilmember Lenny Greenstein:*
   1. Emergency Medical Services (EMS)
   2. TCOMM911

E. *Councilmember Michael Steadman*:
   1. Community Action Council
   2. Nisqually River Council
   3. Thurston County Law & Justice Council

F. *Councilmember Ed Kunkel*:
   1. Joint Animal Services Commission (JASCOM)
   2. Lacey South Sound Chamber
   3. Olympia-Lacey-Tumwater Visitor & Convention Bureau (VCB)
   4. Solid Waste Advisory Committee (SWAC)

G. *Councilmember Robin Vazquez*:
   1. Intercity Transit Authority
   2. Olympic Region Clean Air Agency (ORCAA)
   3. Thurston Regional Planning Council (TRPC)

16. ADJOURN TO WORKSESSION:

A. Community Workgroup Homeless Response Plan Update (*Rick Walk)*

17. EXECUTIVE SESSION:

A. Real Estate Acquisition pursuant to RCW 42.30.110(1)(b)

18. ADJOURN

MINUTES OF THE JOINT WORKSESSION
LACEY CITY COUNCIL
AND
LACEY PLANNING COMMISSION
THURSDAY, JANUARY 27, 2022
6:00 P.M. – 7:36 P.M.
REMOTE ONLY

To hear the full discussion of a specific topic, or the complete meeting, watch the recorded meeting available on YouTube – https://youtu.be/y4TNwOaoCCU

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

COMMISSIONERS PRESENT: DAVID WASSON (CHAIR), GAIL MADDEN, (VICE-CHAIR), EDDIE BISHOP, PEG EVANS-BROWN (LOGGED ON AT 6:20 P.M.), KYRIAN MACMICHAEL, MARK MININGER, DAPHNE RETZLAFF

STAFF PRESENT: S. SPENCE, S. KELLEY-FONG, D. SCHNEIDER, R. WALK, R. ANDREWS, G. BECK, E. FONTAINE

Mayor Ryder amended the agenda to include agenda item *Future City Council Meetings Times & Location Update*

ACTION: APPROVE AMENDED WORKSESSION AGENDA
MOTION: MOTION MADE, SECONDED AND CARRIED BY COUNCILMEMBERS GREENSTEIN AND KUNKEL

2022 PLANNING COMMISSION WORK PROGRAM

STAFF: RICK WALK, COMMUNITY & ECONOMIC DEVELOPMENT DIRECTOR
GRANT BECK, PLANNING & DEVELOPMENT SERVICES MANAGER
RYAN ANDREWS, PLANNING MANAGER
ACTION: ACCEPT THOSE ITEMS THAT WILL REQUIRE A PLANNING COMMISSION RECOMMENDATION TO COMPRISE THE 2022 PLANNING COMMISSION WORK PROGRAM
MOTION: MOTION MADE, SECONDED AND CARRIED BY MAYOR RYDER AND COUNCILMEMBER GREENSTEIN

Staff provided an overview of the Planning Commission 2022 Work Program. The presentation included the following highlights:

2021 Accomplishments

- Adopted Housing Action Plan Midtown Market Study
- Adopted Updates to the UFMP
- Adopted the Climate Mitigation Plan
- Created a Regional Climate Committee
- Explored regional implementation actions
- Explored local implementation actions
- Waived Fees for low income housing
- Extended the Multi-Family Tax Exemption
- Low Density Zone Consolidation

2021 Development Activity

Land Use Activity

- 2,002 Business Licenses Reviewed
- 272 Tree Reviews
- 62 Pre-Submission Meetings
- 24 Project Review Team Meetings
- 18 Zoning Certification
- 4 Annexations of 717 acres

Building Permits Activity

- 175 Re-Roofs
- 136 Electrical
- 92 Residential Additions
- 88 Mechanical
- 61 Miscellaneous
- 48 Signs
- 34 Plumbing

2021 Economic Development

- Scale Up 200
- Makerspace Grant
- Food Truck Plaza
- Workforce Training
- Recruitment Assistance
- Newsletter/Dashboard
- 102 New Businesses
- 1409 Total Businesses
- Industrial Vacancy Rate – 4.2%
- Retail Vacancy Rate – 5.3%

Looking at 2022 and Beyond

Culture of Continuous Improvement

- Permit Tracking
- Going Digital
- Process Review
- Credit Card Payments

Economic Development

- Depot District Implementation
- Lacey Makerspace
- Workforce Development
- Business Retention & Expansion
- City Economic Analysis
- Project Springboard
- Quiemeth Village

Projects

- Thurston Climate Mitigation Plan
- Housing Action Plan & Strategy
- Regional Planning
- Woodland District Strategic Plan
- Pedestrian & Bike Plan
- Capital Facilities Plan
- Depot District Subarea Plan

Planning Commission Work Program

- Stormwater Manual Update
- Water System Plan Update
- Martin Way Corridor Study
- Capital Facilities Plan
- Low Density Residential
- Parks Plan Update
- Emergency Housing Standards
- Parking Standards

Private Applications

- Carpenter Road Comprehensive Plan Map Amendment
- Update Urban Forestry Management Plan
- Manufactured/Mobile Home Park Zoning District

TOGETHER! HOST HOMES PROGRAM

STAFF: SCOTT SPENCE, CITY MANAGER
ACTION: APPROVE FUND REQUEST IN THE AMOUNT OF $100,000 FOR THE TOGETHER! HOST HOMES PROGRAM
MOTION: MOTION MADE, SECONDED AND CARRIED BY COUNCILMEMBERS GREENSTEIN AND STEADMAN

Scott Spence, City Manager, reviewed a fund request received from TOGETHER! Host Homes Program, in the amount of $100,000.

The program is a community-based, short-term housing response to help meet the needs of unaccompanied high school students in the North Thurston and Tumwater School Districts.

Mayor Ryder thanked Planning Commissioners for their work and dedication and welcomed thoughts and feedback. Planning Commissioners encouraged Council to remember the City's history as a Tree City, and stressed maintaining adequate workforce to support City's growth and function.

FUTURE CITY COUNCIL MEETING TIME & LOCATION UPDATE

STAFF: SCOTT SPENCE, CITY MANAGER
ACTION: INFORMATION ONLY

Scott Spence, City Manager, highlighted recent COVID-19 cases within Thurston County and provided staff's recommendation to put a hold on offering a hybrid model for City Council Meetings. City Council expressed support for the recommendation. Hybrid meeting options will be reviewed after thirty (30) days, at a future Council meeting.

MINUTES OF A REGULAR MEETING OF THE LACEY CITY COUNCIL THURSDAY, FEBRUARY 3, 2022, REMOTE ATTENDANCE

To hear Council's full discussion of a specific topic, or the complete meeting, watch the video-stream available on YouTube – https://youtu.be/Q1PI-nBARz0

CALL TO ORDER

Mayor Ryder called the meeting to order at 6:00 p.m.

1. PLEDGE OF ALLEGIANCE

Mayor Ryder led the Pledge of Allegiance.

Council Present:
Mayor Andy Ryder
Deputy Mayor Malcolm Miller
Councilmember Cox
Councilmember Michael Steadman
Councilmember Ed Kunkel
Councilmember Robin Vazquez

Council Excused:
Councilmember Lenny Greenstein

Staff Present:
Scott Spence, City Manager
Robert Almada, Chief of Police
Jen Burbidge, Parks, Culture & Recreation Director
Scott Egger, Public Works Director
Mary Ann Hardie, Human Resources Director
Shannon Kelley-Fong, Assistance City Manager
Dave Schneider, City Attorney
Rick Walk, Community & Economic Development Department
Troy Woo, Finance Director
Wesley Nguyen, Economic Development Coordinator
Ashley Smith, Capital Projects Engineer
Peri Edmonds, City Clerk

2. APPROVAL OF AGENDA AND CONSENT AGENDA

Consent Agenda Items:

A. Council Worksession minutes of January 13, 2022.
B. Council Meeting minutes of January 20, 2022.
C. A motion to approve payment of claims, wages and transfers for January 13, 2022, through January 26, 2022.

COUNCILMEMBER KUNKEL MOVED TO APPROVE THE AGENDA AND CONSENT AGENDA. COUNCILMEMBER STEADMAN SECONDED. MOTION CARRIED.

3. PUBLIC RECOGNITIONS AND PRESENTATIONS

4. PUBLIC COMMENT ON ITEMS NOT ON THE AGENDA

Verbal Public Comments: The deadline to pre-register to speak was 4:00 p.m. the day of the meeting.

Holly Paxson, Lacey Library Manager, announced the opening of the new Library at Hawks Prairie, 8205 Martin Way East, Lacey, Washington. The grand opening will be held on February 17, 2022, at 10:00 a.m.

Jenny Gessler, Lacey resident, commented on the trash along I-5, car thefts, and criminal activity.

Written Public Comments: The deadline to submit written public comments was 4:00 p.m. the day of the meeting. Written comments are not addressed during the meeting; however, they are added to the official record.

No written public comments were received.

5. PUBLIC HEARING

A. **Tolmie Park Estate ULID 25 Public Hearing:** Peter Brooks, Water Resources Manager, presented the Tolmie Park Estates ULID 25. The formation hearing is to form a utility local improvement district for sewer conversion in the Tolmie Park Estate Neighborhood.

Mayor Ryder opened the Public Hearing Tolmie Park Estate ULID 25 at 6:18 p.m.

No one from the public provided oral testimony.
No written testimony was received.

Mayor Ryder closed the Public Hearing for Tolmie Park Estate ULID 25 at 6:22 p.m.

6. PROCLAMATIONS

A. **Black History Month Proclamation:** Mayor Ryder and Council presented the Black History Month Proclamation to Hank Sheegog, Fred U. Harris Lodge.

Norman Butler, Melvin Butler and Gilbert McClary provided comments and thanked Council for the Proclamation.

Mayor Ryder invited Hank Sheegog to provide a full presentation at a future Council Meeting.

7. REFERRAL FROM PLANNING COMMISSION

8. REFERRAL FROM HEARINGS EXAMINER

9. RESOLUTIONS

10. ORDINANCES

A. **Ordinance 1613 – Tolmie Park Estates ULID 25:** Dave Schneider, City Attorney, presented Ordinance 1613 relating to the formation of the Tolmie Park Estate ULID 25.

COUNCILMEMBER KUNKEL MOVED TO APPROVE ORDINANCE 1613 APPROVING THE FORMATION OF TOLMIE PARK ESTATES ULID 25. COUNCILMEMBER STEADMAN SECONDED. MOTION CARRIED.

11. MAYOR'S REPORT

Mayor Ryder commented on the new Lacey Community Foundation and advised there will be a series of meetings set up to talk with community leaders. The Mayor hopes to provide a presentation regarding the foundation at a future meeting.

12. CITY MANAGER'S REPORT

A. **Greg Cuoio Park & Greenways Master Plan:** Jen Burbidge, Parks, Culture & Recreation Director, presented the Greg Cuoio Park and Greenways Master Plan. Ashley Smith, Capital Projects Engineer, and Juliet Vong and Merit Oviir, with HBB Landscape Architecture, also joined the presentation.

The final master plan is a long-term project and staff have identified a phased approach for consideration.

Phase 1A Improvement timelines were provided and included the following:

- Contracts/Notice to Proceed
- SEPA & Environmental Process
- Survey & Trail Alignment
- Design & Permit Submittal
- Advertise & Bidding Process
- Contract Award

- Mobilization & Groundbreaking
- RCO Grant

Staff advised that a budget amendment for design services would be presented to Council in 1-2 months. It was noted that design services typically absorb 25-35% of construction costs.

COUNCILMEMBER KUNKEL MOVED TO APPROVE THE GREG CUOIO PARK & GREENWAYS MASTER PLAN AND AUTHORIZE THE CITY MANAGER TO MOVE FORWARD WITH THE RFP PROCESS FOR PHASE 1A DESIGN SERVICES. COUNCILMEMBER COX SECONDED. MOTION CARRIED.

Mayor Ryder inquired about amending the Lacey Urban Growth Boundary in order to bring the full park property into the Lacey UGA. Staff will review and bring to a future Council meeting for further discussion.

B. **Professional Services Agreement – Thurston EDC BIPOC Training Program:** Rick Walk, Community & Economic Development Director, and Wesley Nguyen, Economic Development Coordinator, presented the Professional Services Agreement with Thurston EDC for the BIPOC Training Program and requested a budget allocation amendment.

MAYOR RYDER MOVED TO AUTHORIZE A BUDGET AMENDMENT TO RE-ALLOCATE THE UNSPENT FUNDS FROM THE 2021 SCALE-UP CONTRACT TO ESTABLISH A BIPOC BUSINESS STARTUP TRAINING PROGRAM AND AUTHORIZE THE CITY MANAGER TO ENTER INTO A CONTRACT WITH THURSTON EDC TO MANAGE THE BIPOC TRAINING PROGRAM. COUNCILMEMBER KUNKEL SECONDED. MOTION CARRIED.

Scott Spence, City Manager, reported the following Interlocal Agreements were signed pursuant to Resolution 1067 and the Interlocal Agreement Approval Process Policy:

- Interlocal Agreement with North Thurston Public Schools for Bus Leases to coordinate with the Recreation Program's day trips.

- Interlocal Agreement with TCOMM911 for telecommunication equipment at a City of Lacey Water Tower, located off 41st Avenue NE & Marvin Rd NE. Under the terms of the agreement, TCOMM911 will no longer charge the City for emergency calls related to Public Works Callouts.

13. STANDING COMMITTEES

14. OTHER BUSINESS

15. BOARDS, COMMISSIONS AND COMMITTEE REPORTS

A. Mayor Ryder
   1. Mayor's Forum – **no report**
   2. Thurston Chamber Shared Legislative Committee – **no report**
   3. Transportation Policy Board – **no report**

B. Deputy Mayor Miller
   1. Economic Development Council (EDC) – **report made**
   2. Lodging Tax Advisory Committee (LTAC) – **no report**
   3. Thurston County Coalition Against Trafficking (TCCAT) – **no report**
   4. Thurston Thrives – **made report**

C. Councilmember Cox
   1. Climate Mitigation Steering Committee – **no report**
   2. LOTT Clean Water Alliance – **no report**
   3. Regional Housing Council – **made report**

D. Councilmember Greenstein
   1. Emergency Medical Services (EMS) – **excused/no report**
   2. TCOMM911 – **excused/no report**

E. Councilmember Steadman
   1. Community Action Council – **made report**
   2. Nisqually River Council – **no report**
   3. Thurston County Law & Justice – **no report**

F. Councilmember Kunkel
   1. Joint Animal Services Commission (JASCOM) – **made report**
   2. Lacey South Sound Chamber – **made report**
   3. Olympia-Lacey-Tumwater Visitor & Convention Bureau (VCB) – **no report**
   4. Solid Waste Advisory Committee (SWAC) – **made report**

G. Councilmember Vazquez
   1. Intercity Transit – **no report**
   2. Olympic Region Clean Air Agency – **no report**
   3. Thurston Regional Planning Council – **no report**

16. ADJOURN

Mayor Ryder adjourned the Council Meeting at 7:44 p.m.

MAYOR: ___________________________________

ATTESTED BY CITY CLERK: __________________

DATE APPROVED: ___________________________

CITY OF LACEY

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LACEY CITY COUNCIL MEETING
February 17, 2022

SUBJECT: **Disbursement Approval**

RECOMMENDATION: **By motion, approve payment of claims, wages, and transfers.**

STAFF CONTACT: Troy Woo, Finance Director TW

ORIGINATED BY: Troy Woo, Finance Department

BACKGROUND:

The action requested of the City Council is by motion to approve payment of claims, wages and transfers for 1/27/2022 through 2/10/2022. The disbursements consist of the following:

Checks:	Week of	Beg. Check No.	End. Check No.	Amount
	1/28/2022	261495	261700	511,898.34
	*1/31/2022	261701	261702	640.64
	2/4/2022	261703	261926	213,358.74

Electronic Transfers:	Week of	Amount
	1/11/2022	16,244.07
	1/27/2022	128,144.19
	1/28/2022	724,480.35
	1/31/2022	53,554.48
	1/31/2022	1,091.65
	*1/31/2022	19,081.72
	*1/31/2022	1,462,796.24
	*1/31/2022	25,038.03
	*1/31/2022	133,703.95
	2/1/2022	104,369.60
	2/3/2022	126.00
	2/4/2022	180,176.11
	2/7/2022	99.50
	2/8/2022	58.25
	2/9/2022	323.00

Payroll:	Month Ended:	Wages
	*1/31/2022	1,620,165.85

* Disbursements for employee out-of-pocket deductions and employee benefits

Significant Disbursements:

Vendor	Amount	Description
City of Olympia	$ 160,092.00	2022 Police Records Mgmt. Sys. Fee
Lakeside Industries, Inc.	$ 41,754.50	2021 Overlay
Northwest Cascade, Inc.	$ 268,311.79	Hydrogeology Services
Puget Sound Energy	$ 189,338.83	Utilities
T Bailey, Inc.	$ 151,769.86	Hawks Prairie Sister Standpipe
City of Lakewood	$ 50,000.00	2022 S. Sound Military & Communities
Thurston County	$ 68,403.28	2022 Regional Housing Council

LACEY CITY COUNCIL MEETING
February 17, 2022

SUBJECT:	**LMC 16.72 Parking Standards for Multi-Family Uses**
RECOMMENDATION:	**Adopt an ordinance to amend the parking standards for multi-family uses in Lacey Municipal Code 16.72.**
STAFF CONTACT:	Scott Spence, City Manager Rick Walk, Community & Economic Development Director Ryan Andrews, Planning Manager
ORIGINATED BY:	Community and Economic Development Department
ATTACHMENTS:	1. Ordinance No. 1614
FISCAL NOTE:	None.
PRIOR REVIEW:	January 25, 2022 - Land Use Committee September 28, 2021- Land Use Committee

BACKGROUND:

The Planning Commission has recommended amendments to parking standards in LMC 16.72 to address appropriate ratios for multi-family development. The purpose of reviewing and amending the parking standards for multi-family development is to ensure that parking standards are right-sized for the development type and location within Lacey. Also, concerns have been received by the City Council from operators of multi-family complexes that are having difficulty with providing enough on-site parking spaces for their residents.

Currently, Lacey's existing parking standards for multi-family development are a minimum of 1.5 spaces per unit with no maximum number of spaces.

Parking Ratios
There are two primary ways that municipalities regulate parking. One method, which Lacey currently utilizes, is based on the number of spaces per unit. The City of Olympia also uses

this ratio of 1.5 spaces per unit, however, in some zones that have regular transit service, the ratio of 1 space per unit is applied. Within downtown Olympia, no off-street parking is required.

The other method parking ratios are established is based on the unit size depending on the number of bedrooms. For example, the City of Tumwater requires the following:

1 space per unit for studio apartments
1.5 spaces per 1-2 bedroom unit
2 spaces per 3+ bedroom units
1 additional space for every 10 units.

Tumwater allows parking to be reduced 1 space per 1 – 2 bedroom dwelling unit and 1.5 spaces per 3+ bedroom unit if within one-half mile of a transit stop by sidewalk or paved path.

Other similar-sized communities use the similar ratios. Bellingham uses the following:

1 space for each studio
1.5 spaces for each 1-2 bedroom unit.
2 spaces per 3+ bedroom unit

Bellingham also requires one additional parking space for each bedroom over three per unit. Unlike Olympia or Tumwater, there is are no specific allowances for parking in Bellingham's municipal code based on location.

Minimum Parking Preferred Alternative

The Planning Commission is recommending in the draft regulations a transition from a flat 1.5 space per unit requirement to one that is based on the number of bedrooms per unit similar to Tumwater or Bellingham. Using the ratio based on the number of units will be a more accurate way to calculate parking needed.

To give some idea of how this would apply to recent projects, the two example multi-family projects that were shared at the last meeting have been calculated based on the ratio per building type:

Britton Apartments:
One bedroom 156 x 1.5 = 234
Two bedroom 24 x 1.5 = 36
Three bedroom 24 x 2 = 48
318 total required (315 provided)

6th Avenue Apartments:
Studio 121 x 1 = 121
One bedroom 2 x 1.5 = 3
Two bedroom 28 x 1.5 = 42
166 total required (119 provided)

Parking Development Costs

Ensuring parking for multi-family development is right-sized will ensure that City regulations do not inadvertently raise the cost of housing through the development costs associated with constructing more parking than what is needed. It also ensures that land is utilized efficiently and that multi-family projects do not create large parking fields when they are not necessary which reduces the number of leasable units.

As parking ratios increase, so does the likelihood that more land will be required to accommodate the parking as well as the need to structure some or all of the parking if there is not enough land available.

Staff has reached out to local architects who specialize in multi-family development projects who have provided the following estimates for parking depending on the type of parking stall provided:

Surface Parking: $6,000/stall.
Structured Parking (Elevated): $20,000-$25,000/stall
Underground Parking: $30,000-$50,000/stall

Location-Based Parking Reductions
In 2014, the City passed regulations to set optional minimum standards for the required number of parking stalls for all uses except for single-family residential. The regulations allow applicants to provide less parking than the minimum required amount based upon available on-street parking and potential shared parking within walking distance. The City does provide credit to on-street parking spaces in areas where on-street alternatives exist. Staff has drafted additional language to this provision that allows parking reduction for projects within ½ mile of regular (30 minute) transit service and for those projects that provide vehicle share programs. Areas with 30 minute transit service include Lacey Midtown, Martin Way corridor, and the Lacey Crossroads/Lacey Corporate Center area around the intersection of Yelm Highway and College Street.

Planning Commission Recommendation
The Planning Commission conducted a public hearing to take testimony on the draft amendments on November 16, 2021. No written or verbal comments were provided by the public. After the close of the public hearing, the Planning Commission voted unanimously to recommend the draft amendments to LMC 16.72 to the City Council for adoption.

ADVANTAGES:

1. Amending the parking standards for multi-family development will ensure that parking standards are right-sized for the development type and location within Lacey.

DISADVANTAGES:

1. None identified.

ORDINANCE NO. 1614

CITY OF LACEY

AN ORDINANCE RELATED TO PARKING FOR MULTI-FAMILY HOUSING, AMENDING SECTION 16.72.030 AND TABLE 16T-13, ALL OF THE LACEY MUNICIPAL CODE AND APPROVING A SUMMARY FOR PUBLICATION.

WHEREAS, the Planning Commission reviewed parking standards for multi-family developments to consider whether the parking standards are appropriately sized for the development type and location within the city; and

WHEREAS, the Planning Commission developed draft amendments to more accurately calculate parking needed; and

WHEREAS, the Planning Commission conducted a public hearing on the draft amendments on November 16, 2021. No public comments were submitted for consideration; and

WHEREAS, the Planning Commission voted unanimously to recommend draft amendments to Chapter 16.72 of the Lacey Municipal Code to the City Council for adoption; and

WHEREAS, the City Council finds that adoption of the proposed amendments would be in the interest of the citizens of Lacey.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, AS FOLLOWS:

Section 1. Chapter 16.72.030 of the Lacey Municipal Code is hereby amended as follows:

16.72.030 District parking requirements.

A. The requirements for any use not listed herein shall be those of the listed use most similar to the unlisted use. When similarity is not apparent, the enforcing officer and/or the site plan review committee shall determine the minimum and maximum for the unlisted use.

B. For conditional uses, as identified and described in Chapter 16.66 LMC, the parking requirement shall be as provided in that chapter or as determined by the site plan review committee.

C. Residential District. Off-street parking requirements for residential districts are located in Table 16T-13.

D. Commercial, Community Office and Industrial Uses.

1. General Parking Standards--Parking Standard Table.

a. In the several commercial, industrial, community office, and mixed use districts, off-street parking requirements shall be as shown in Table 16T-13; provided, that all of the property is controlled by a single person or corporation, or written agreements for shared parking, acceptable to the city, are filed with the enforcing officer.

b. Phased Reduction of Maximum Parking Standards. One technique for transportation demand management (TDM) is to reduce maximum allowable parking spaces. This can be done by slowly phasing down the maximum allowable number of parking spaces over a period of years. This technique has advantages of reducing vehicle trips and conserving urban commercial land that can be used for other purposes. However, this technique has the potential to have a significant adverse impact on the jurisdiction's economic development if other reasonable forms of alternative transportation are not available. This technique should be periodically revisited to consider its viability but should not be implemented until its viability for Lacey is established.

c. Minimum Optional Guidelines and Maximum Standards. To promote parking reduction, the optional minimum guideline serves as a suggested parking number but is not mandatory for automobiles except for single-family residential development. Applicants ~~will be~~are encouraged to provide less automobile parking than the minimum listed whenever possible based upon being located within ½ mile of a fixed transit route with 30-minute headway or less,~~TDM~~ available on-street parking, ~~potential~~ shared parking within walking distance, on-site vehicle sharing programs, and other factors. The minimum number listed for bicycle parking shall be provided as indicated in the table for both commercial and residential development.

IF ~~T~~the number of parking spaces ~~needed to serve a project must~~ is less than the minimum required, this shall be demonstrated at the time of application to the site plan review committee based upon a parking plan~~ considering TDM techniques and other relevant factors~~. Upon justification to the satisfaction of the committee, whatever number of parking spaces agreed upon shall be the number required, and this shall be an enforceable condition of the approval.

The maximum parking standards may be increased if the site plan review committee finds compelling reasons to do so. Such determination shall be at the sole discretion of the committee based upon such factors as unique site or use requirements, historical data of a particular use or other relevant factors indicating additional parking is necessary to properly serve a use or uses at a site.

Shared parking agreements are encouraged if the physical relationship between the premises is within convenient walking distance and makes such sharing possible.

2. If more parking spaces than the maximum permitted by Table 16T-13 exist on the subject property, an owner/developer may lease those excess spaces or convert excess spaces into LID facilities where feasible, such as permeable paving or bioretention, until conformance with Table 16T-13 is reached.

a. Shared parking is particularly encouraged when:

(1) The total number of parking spaces provided is sufficient to meet expected demand; or

(2) The uses are operating during different hours and number of spaces needed for all uses at any one time are satisfied. If permitted, the total number of spaces for a shared arrangement should be no greater than the maximum number of spaces permitted for all uses operating at the same time.

b. Where adjoining parking facilities of two or more ownerships are developed and designed as one parking facility, a reduction of required parking spaces may be permitted based upon the increased potential opportunity for shared parking and other parking reduction techniques.

c. The continuation of joint or shared facilities should be assured by a sufficient legal document such as a covenant or reciprocal easement agreement or by participation in a local improvement district or parking association. Joint or shared parking associated with multi-tenant retail and commercial uses will be considered to be a shared parking facility. Lease agreements will satisfy the requirement for a sufficient legal document. However, any new tenant whose parking requirement reduces the total parking available in the shared parking facility below seventy-five percent of the requirements for all uses sharing the facility will be required to provide additional parking.

d. For large projects where a traffic study is required under Chapter 14.21 LMC (Traffic Mitigation and Concurrency) and the proposal has one hundred or more employees, a comprehensive TDM strategy may be proposed to achieve a reduction in minimum parking listed in the parking table. Additionally, a bonus credit towards transportation impact fees may be awarded for reducing parking area pursuant to this section. The reduction in parking permitted and the incentive bonus shall be commensurate with the permanence, effectiveness and demonstrated reduction in off-street parking demand effectuated by such alternative programs.

Alternative programs that may be considered by the enforcing officer and/or site plan review committee under this provision include, but are not limited to, the following:

(1) Private vanpool operation;

(2) Transit/vanpool fare subsidy;

(3) Imposition of a charge for parking;

(4) Provision of subscription bus services;

(5) Flexible work hour schedule;

(6) Capital improvements for transit services;

(7) Preferential parking for carpools/vanpools;

(8) Participation in the ride-matching program;

(9) Reduction of parking fees for carpools and vanpools;

(10) Establishment of a transportation coordinator position to implement carpool, vanpool and transit programs;

(11) Bicycle parking facilities including associated shower and changing facilities;

(12) Compressed work week;

(13) Telecommuting;

(14) Advancements in technology including autonomous vehicles;

(15) Other techniques and strategies approved by the site plan review committee.

e. Parking reduction under this subsection (D)(2) must provide information regarding the administration of the program to the site plan review committee. The information must include:

(1) Address each individual TDM strategy as part of the transportation impact analysis;

(2) Provide the city with an estimate of peak hour employees as part of their site plan review application and traffic impact analysis;

(3) Provide estimated parking occupancy rates for the development as part of the transportation impact analysis showing average weekday use;

(4) Demonstrate how TDM strategies will be used to minimize the need for parking.

3. The city is hereby authorized to develop parking requirements specific to certain geographic locations or districts rather than individual sites by pooling parking supply in desired locations. Any parking requirements established as part of these programs may deviate from the typical standards contained herein and would be binding on the properties within these locations.

E. Transportation Demand Management Incentives. The site plan review committee shall determine whether the applicant can receive a traffic impact mitigation fee reduction for implementation of TDM strategies that reduce parking needs. Such incentives will be as listed in the following schedule as well as any traffic mitigation credit allowed under LMC 14.21.030. The incentive bonus is as follows:

1. Any developer who builds at the minimum amount of parking allowed shall receive a five percent trip reduction in the calculation of traffic impacts.

2. Any developer who builds at or below the minimum and includes significant strategies from subsection (D)(2)(d) of this section is eligible for an additional five percent trip reduction bonus.

3. Additional bonuses will be allowed under the provisions of LMC 14.21.030.

Section 2. Table 16T-13 of the Lacey Municipal Code is hereby amended as follows:

Use	Unit Measure	Optional Min	Max	Required Bicycle Parking Spaces

Use	Unit Measure	Optional Min	Max	Required Bicycle Parking Spaces
BUSINESS PARK				
General business park[1]	Per 1,000 square feet	2	4	See offices
COMMERCIAL				
Banks	Per 1,000 gross square feet	2	3	See offices
Billiard halls	Per table	1	2	1 per 20 auto stalls. Minimum of 4
Bowling alleys	Per alley	3	5	1 per 20 auto stalls. Minimum of 4
Commercial recreation	Per 1,000 square feet	3	5	1 per 20 auto stalls. Minimum of 4
Daycare, preschools, nursery schools	Per teacher plus one drop-off loading area per 7 students	0.5	1	1 per 25 auto stalls. Minimum of 1
Hotels, motels	Per room or suite	1	2	See retail
Medical offices	Per 1,000 square feet of GFA	2	4	See offices
Mini storage	Per 100 units or a minimum of 3 spaces plus 2 for permanent on-site managers	1		None
Mortuaries, funeral homes	Per 4 seats	1	2	None
Neighborhood commercial shopping area	Per 1,000 square feet	1	2	See retail
Office building	Per 1,000 square feet of GFA			1 per 15 auto stalls. Minimum of 2
	• With on-site customer service	2	4	
	• Without on-site customer service	1.5	3	
Regional shopping centers, food and drug stores	Per 1,000 square feet of GFA	3	6	See retail
Restaurants	Per 100 square feet of dining area	1	4	See retail
Retail	Per 1,000 gross square feet	3	6	1 per 20 auto stalls.

Use	Unit Measure	Optional Min	Max	Required Bicycle Parking Spaces
				Minimum of 2
Retail in mixed use development[2]	Per 1,000 gross square feet	2	4	See retail
Service stations (mini marts are retail uses)	Per employee plus per service bay	0.5	1	None
INDUSTRIAL				
General industrial	Greatest number of employees on a single shift plus one square foot of parking for each square foot of display area plus one space for each vehicle owned, leased or operated by the company	0.5	1	See offices
Warehouse	Per 1,000 square feet of GFA plus	1		None
	Per 400 square feet of GFA used for office or display area	1		
INSTITUTIONAL				
Convalescent facilities, nursing homes	Per 2 patient beds	1	3	See offices
Hospital	Per bed	0.5	1	See offices
Libraries	Per 200 square feet of GFA	0.5	1	1 per 20 auto stalls. Minimum of 2
Schools, elementary and junior high	Per classroom and office	1	1.5	1 per classroom
Schools, senior high	Per classroom and office plus per each 5 students of designated capacity	1	2	1 per five auto stalls. Minimum of 2
PLACES OF ASSEMBLY				
Places of assembly without fixed seats	Per 1,000 square feet of GFA[3]	10	11	1 per 25 auto stalls. Minimum of 2

Use	Unit Measure	Optional Min	Max	Required Bicycle Parking Spaces
Places of worship	Per 4 seats	1	2	1 per 40 auto stalls. Minimum of 4
Stadiums, auditoriums, gymnasiums, theaters[4]	Per 4 seats of the permitted assembly occupants.	1	1.5	1 per 25 auto stalls. Minimum of 4
RESIDENTIAL				
Accessory dwelling unit	Per dwelling unit	1		None
Single-family	Per dwelling unit	2[6]		None
Duplexes	Per dwelling unit	2		None
Multifamily structures	Per each studio unit Per each one or two-bedroom unit Per each three or more bedroom unit~~Per dwelling unit~~	1~~.5~~ 1.5 2		1 per 10 auto stalls. 2 minimum per building
Manufactured home subdivision	Per dwelling unit	2		None
Manufactured home parks[5]	Per dwelling unit	1.5		None
Rooming houses, lodging houses, bachelor or efficiency units	Per occupant	1	3	None
Senior citizen apartments	Per 3 dwelling units	1	2	See multifamily

1 When calculating need, a lower ratio of five-tenths per one thousand square feet of GFA can be justified when a covenant is attached to the property that limits the occupancy load to ninety-five percent of the parking stalls available. In addition, the SPRC may authorize a parking ratio up to five spaces per one thousand square feet of GFA if the need can be demonstrated.

2 If retail space in a mixed-use development exceeds forty percent of the gross floor area of the development, the retail use parking requirements of this section apply to the entire space.

3 Gross square feet does not include enclosed or covered areas used for off-street parking or loading, mechanical floor areas or covered public spaces.

4 School and/or public facility parking spaces may be used provided the facilities are on the same or contiguous parcels within three hundred feet of the theater or auditorium.

5 In manufactured home parks, the parking spaces in excess of one per manufactured home may be grouped in shared parking areas.

6 For single-family residential development, a minimum of two parking spaces is required.

The following notes apply to all of the above uses:

•Minimum automobile spaces listed in the table are optional guidelines provided in LMC 16.72.030(D)(1)(c) (optional minimum guidelines). Minimum parking spaces for bike parking are mandatory.

Parking ratios for mixed use development projects shall be determined by calculating the percentage of GFA by use multiplied by the appropriate parking ratio for each use plus a five percent parking reduction for two uses, ten percent parking reduction for three uses and fifteen percent parking reduction for four or more uses.

•Parking spaces provided as part of the above/below grade parking amenity identified in Table 14T-12 shall be exempt from all maximum parking requirements.

•All major employers or major worksites, as defined by RCW 70.94.524, shall designate at least five percent of auto spaces as carpool spaces. These spaces must be located as close to the main employee entrance as possible and shall be called out on the site plan.

•Where adjacent roads are designed for on-street parking and approved by the public works director, parking credit may be given for on-street parking.

Section 3. SEVERABILITY. If any section, sentence, clause or phrase of this ordinance should be held to be invalid by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause or phrase of this ordinance.

Section 4. CORRECTIONS. The City Clerk and the codifiers of this ordinance are authorized to make necessary corrections to this ordinance including, but not limited to, the correction of scrivener's/clerical errors, references, ordinance numbering, section/subsection numbers and any references thereto.

Section 5. The Summary attached hereto is hereby approved for publication.

PASSED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, at a regularly-called meeting thereof, held this 17th day of February, 2022.

CITY COUNCIL

By:______________________
Mayor

Approved as to form:

____
City Attorney

Attest:

____
City Clerk

SUMMARY FOR PUBLICATION

ORDINANCE NO 1614

CITY OF LACEY

The City Council of the City of Lacey, Washington, passed on February 17, 2022, Ordinance No. 1614 entitled “AN ORDINANCE RELATED TO PARKING FOR MULTI-FAMILY HOUSING, AMENDING SECTION 16.72.030 AND TABLE 16T-13, ALL OF THE LACEY MUNICIPAL CODE AND APPROVING A SUMMARY FOR PUBLICATION.

The main points of the Ordinance are described as follows:

1. The Ordinance amends sections 16.70.030 of the Lacey Municipal Code, related to parking for multi-family housing.

2. The Ordinance amends Table 16T-13 of the Lacey Municipal Code.

3. The Ordinance approves this Summary for Publication.

A copy of the full text of this Ordinance will be mailed without charge to any person requesting the same from the City of Lacey.

Published: February 21, 2022.

LACEY CITY COUNCIL MEETING
February 17, 2022

SUBJECT:	**LMC 16.73 Parking Standards for Electric Vehicles**
RECOMMENDATION:	**Adopt an ordinance to amend the parking standards for electric vehicles in Lacey Municipal Code 16.73.**
STAFF CONTACT:	Scott Spence, City Manager Rick Walk, Community & Economic Development Director Ryan Andrews, Planning Manager
ORIGINATED BY:	Community and Economic Development Department
ATTACHMENTS:	1. Ordinance No. 1615
FISCAL NOTE:	None.
PRIOR REVIEW:	January 25, 2022 - Land Use Committee September 28, 2021 - Land Use Committee

BACKGROUND:

A priority implementation item within the Thurston Climate Mitigation Plan is to establish code requirements for electric vehicle parking. Currently, Lacey does have municipal code standards for electric vehicle infrastructure, however, the code is optional and does not require electric vehicle parking. The draft regulations would require electric vehicle parking stalls be installed for certain land uses in new development or large parking lot expansions.

According to the Thurston Climate Mitigation Plan (TCMP), transportation is where local government actions can affect the largest greenhouse gas reductions. Today the building sector is the largest source of emissions, however, this source will be substantially reduced by state legislation and building codes. This leaves transportation as the area where local governments can make the biggest difference by influencing what, where, and how much people drive. As of April 2020, there are 2,162 registered electric vehicles in Thurston County, however, these numbers are expected to increase exponentially given Zero Emission Vehicle standard adopted in by the legislature in 2020 which will push auto companies toward offering a greater range of electric vehicles to consumers. The number one action (action T3.1) identified in the transportation section of the TCMP is to require large commercial and residential buildings to dedicate a percentage of parking sports for electric vehicle charging.

Other jurisdictions in Thurston County have not yet adopted electric vehicle charging requirements. By Lacey taking early action, coordination can occur through the regional climate mitigation planning group to potentially establish these as regionally agreed upon standards.

<u>Ratio of EV Stalls to Standard Stalls</u>

Staff researched other development codes for similar-sized cities around the Puget Sound area which require electric vehicle parking. Most of the codes establish thresholds for when electric vehicle parking is required associated with new development or remodels/expansion. The regulations also require a number of stalls based on the underlying use of the building and the size of the parking lot. Most ratios are between 1% and 10% of the total number of stalls being dedicated to electric vehicles. The higher ratios are for multi-family residential uses where demand will be higher than lower demand areas like commercial and industrial uses.

The draft regulations generally follow the standards established by other municipalities. One exception is for general commercial uses (retail, restaurants, etc.) which would not be required to install electric vehicle stalls at the recommendation of the Planning Commission. These uses have high turnover where users would have limited time to charge a vehicle. These types of uses also mostly cater to local residents who would have opportunity to charge at home. These types of uses would be able to install electric vehicle parking stalls voluntarily.

<u>What Triggers New EV Stalls?</u>

The draft regulations require EV stalls with new development and for parking lots that are expanded by more than 50%. This is consistent with the regulations of other jurisdictions that have similar requirements. Some jurisdictions also require EV stalls when substantial alterations or remodels are completed. The Planning Commission has reviewed this potential requirement and is recommending that building remodels not trigger EV stalls because of the potential cost associated with reconfiguring an existing parking lot to accommodate EV spaces. EV stalls can be installed in existing parking areas voluntarily at any time.

<u>Which Location and Types of Uses Should Have Charging?</u>

When considering standards for EV parking, the Planning Commission has considered that some land uses would be more appropriate than others when it comes to longer term parking that would benefit from the time needed to charge a vehicle. Those land uses are listed below that would be the most appropriate for EV charging stations which are also reflected in the draft regulations:

- Medical Campus
- Higher Education
- Public Sector
- Leisure Destination
- Multi-Family Apartment

Type of Charger Required

The draft regulations would require a Level 2 charger. Level 2 or 3 is a typical requirement in the context of commercial, office, and multi-family residential. Single family homes already have Level 1 charging with a standard 120V wall outlet.

Charging level	Voltage	Typical power	Electric vehicle miles of range per charging hour	Location
Level 1	120 V AC	1.2-1.4 kW AC	3-4 miles	Primarily home and some workplace
Level 2	208 V-240 V AC	3.3-6.6 kW AC	10-20 miles	Home, workplace, and public
DC fast	400 V-1,000 V DC	50 kW or more	150-1,000 miles	Public, frequently intercity

Note: AC = alternating current; DC = direct current; kW = kilowatt; V = volt

Design Standards

Minor edits have been made to the existing code requirements for design standards for EV charging facilities. The edits have been made to allow as much flexibility as possible for the location, signage, management, and configuration of the stalls on a site.

Cost of Installation

Costs can vary depending on scale. Level 1 charging for residential is a simple wall outlet, which could be upgraded to a Level 2 for a few hundred dollars if there is space on the electrical panel. If a single family home panel needs upgrading the costs can get up to a few thousand dollars, mostly due to hiring a licensed electrician.

For installing standalone pedestal chargers, the cost goes up due to labor and materials.

Level	Type	Chargers per pedestal	Per-charger cost
Level 1	Non-networked	One	$813
Level 1	Non-networked	Two	$596
Level 2	Non-networked	One	$1,182
Level 2	Non-networked	Two	$938
Level 2	Networked	One	$3,127
Level 2	Networked	Two	$2,793
DC fast	Networked 50 kW	One	$28,401
DC fast	Networked 150 kW	One	$75,000
DC fast	Networked 350 kW	One	$140,000

Building and Energy Code Requirements

Section 429 of the 2018 International Building Code, which has been adopted by the City of Lacey, requires that all Group B (business uses which include retail and restaurants), Group R-1 hotel and motel only, and Group R-2 (multi-family) occupancies install electric vehicle charging infrastructure in 5% of parking spaces for any new building. These standards require that the infrastructure be installed including space in electrical rooms and panels to accommodate the stalls and the conduit and raceway within the parking area.

Recommendation

The Planning Commission conducted a public hearing to take testimony on the draft amendments on November 16, 2021. No written or verbal comments were provided by the public. After the close of the public hearing, the Planning Commission voted unanimously to recommend the draft amendments to LMC 16.73 to the City Council for adoption.

ADVANTAGES:

1. Having standards related to electric vehicle parking and charging stations is consistent with the Thurston Climate Mitigation Plan for clean transportation.

2. Electric vehicle parking stalls attracts customers who need charging options along the I-5 corridor.

DISADVANTAGES:

1. Requiring electric vehicle parking and charging stations may increase development costs.

ORDINANCE NO. 1615

CITY OF LACEY

AN ORDINANCE RELATED TO PARKING FOR ELECTRIC VEHICLE CHARGING, AMENDING SECTIONS 16.73.030, 16.73.035, 16.73.040, ADDING NEW SECTION 16.73.032, AND ADDING TABLE 16T-86, ALL TO THE LACEY MUNICIPAL CODE AND APPROVING A SUMMARY FOR PUBLICATION.

WHEREAS, as of April, 2020, there are 2,162 registered electric vehicles in Thurston County, and that number is expected to increase greatly; and

WHEREAS, the number one action identified in the transportation section of the Thurston Climate Mitigation Plan is to require large commercial and residential buildings to dedicate a percentage of parking spo~~r~~ts for electric vehicle charging; and

WHEREAS, Standards for electric vehicle charging are currently optional under the Lacey Municipal Code; and

WHEREAS, the Planning Commission developed draft amendments to the Lacey Municipal Code to require EV standards in certain applications;

WHEREAS, the draft amendments developed by the Planning Commission closely follow similar standards established by other municipalities; and

WHEREAS, the Planning Commission conducted a public hearing on the draft amendments for electric vehicle parking on November 16, 2021. No public comments were submitted for consideration; and

WHEREAS, the Planning Commission voted unanimously to recommend the draft amendments to Chapter 16.73 of the Lacey Municipal Code to the City Council for adoption; and

WHEREAS, the City Council finds that adoption of the proposed amendments would be in the interest of the citizens of Lacey.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, AS FOLLOWS:

Section 1. Section 16.73.030 of the Lacey Municipal Code is hereby amended as follows:

16.73.030 Where Permitted.

A. Zones Allowed. “Electric Vehicle charging stations” shall be considered an allowed use in association with a primary permitted use in every zoning designation;

~~B. Compatibility. For land use compatibility purposes, the charging activity should be proportionate to the associated permitted use; “Electric vehicle charging station(s)” shall be permitted in association with a single family use designed to serve the occupants of the home with a level 1 or 2 charging level. Whereas, charging station(s) installed in a parking lot at a commercial destination, or located in a vehicle service station in close proximity to Interstate 5, is expected to have intensive use and will be permitted to have multiple “fast charging stations” to serve expected demand.~~

~~C~~B. Battery Exchange Stations. “Battery exchange stations” are permitted in any commercial, industrial or mixed use zone. Provided, all other requirements for the building or space the use occupies can be satisfied, such as design review, fire code and building code requirements. This use is specifically prohibited in exclusively residential zones or zones designated OSI for environmentally sensitive reasons.

Section 2. There is hereby added to the Lacey Municipal Code a new section, 16.73.032, to read as follows:

16.73.032 Required Facilities.

A. Electric vehicle charging station(s) level 2 or higher shall be provided for the land uses in Table 16T-86 provided that one of the following occurs:

1. A new building or a new off-street parking facility is developed;
2. The parking capacity of an existing building, site, or parking facility is increased by more than fifty percent. The fifty percent threshold shall be cumulative over the most recent five years, including calculations of all previously exempt expansions.

Section 3. There is hereby added to the Lacey Municipal Code a new Table, 16T-86, to read as follows:

1.

TABLE 16T-86

Required Number of Electric Vehicle Charging Stations

Land Use Type	**Percentage of Parking Spaces***

Multi-family Residential, 10 or more units	**10%**
Lodging	**10%**
Office, institutional, municipal, medical	**3%**
Industrial	**1%**
Recreational/entertainment/cultural	**1%**

*** Percentage shall rounded to the nearest whole number of spaces. For example, if 2.4 spaces are calculated, 2 spaces would be required. If 2.6 spaces are calculated, 3 spaces would be required. For percentages equaling 0.5 spaces or less, no spaces are required.**

Section 4. Section 16.73.035 of the Lacey Municipal Code is hereby amended as follows:

16.73.035 Process for Review for Battery Exchange Stations.

~~A. New Residential Construction. If associated with new residential construction, installation of a charging station shall be processed in association with the underlying permit(s).~~

~~B. Retrofitting Single-Family Residential. If retrofitting a single family home for a charging station, an electrical permit shall be required.~~

~~C. Retrofitting a Commercial Site, Multifamily Residential or Community Site in a Residential Land Division.~~

~~1. SPR Required If Impacts Identified. If the director of community and economic development determines that retrofitting for a charging station(s) in an existing commercial, multifamily, or community site in a residential land division could significantly impact parking, landscaping, signing, drainage or other public interest~~

~~concerns, that proposal will be reviewed and approved through the city site plan review (SPR) process (Chapter 16.84 LMC).~~

~~2. Exempted If No Impacts Identified. If the director of community and economic development determines a retrofit will not adversely impact any issues of public interest, the proposal may be exempted from SPR requirements.~~

~~3. Site Plan Required for Evaluation. To determine if the application will be processed through SPR or exempted, the applicant shall submit a site plan showing the location and scope of the proposal.~~

~~4. Electrical Permit Required. All applications, exempted or requiring SPR, shall also require an electrical permit.~~

~~D. Battery Exchange~~. If the facility includes a battery exchange station, or is associated with a new commercial activity requiring SPR approval, the application shall be reviewed and approved through SPR (Chapter 16.84 LMC).

Section 5. Section 16.73.040 of the Lacey Municipal Code is hereby amended as follows:

16.73.040 Design Criteria and Guidelines.

A. ~~Design criteria for commercial and multifamily development or common/community owned areas of a residential development:~~ The following criteria ~~should~~ shall be applied to electric charging facilities:

~~1. Number required. This is an option improvement. No minimum number of stalls applies. Provided, if electric vehicle stalls are reserved for electric vehicles, care should be taken to ensure enough spots are available for all of a site's parking needs.~~

~~2~~1. Generally. Location and layout of electric vehicle parking is expected to vary based on the design and use of the primary parking lot. It is expected flexibility will be required to provide the most convenient and functional service to users. Standards and criteria should be considered guidelines and flexibility should be allowed when alternatives can better achieve objectives for provision of this service.

~~3~~2. Signage to identify. Each charging station space should be posted with signage indicating the space is only for electric vehicle charging purposes. Days and hours of operations should be included if time limits or tow away provisions are to be enforced by the owner.

~~4. Signage to find. Installation of wayfinding signs at the parking lot entrance and at appropriate decision points to effectively guide motorists to the charging station space(s).~~

~~5~~3. Maintenance. Charging station equipment should be maintained in all respects, including the functioning of the charging equipment.

~~6~~4. Accessibility. Where Charging Station equipment is provided within an adjacent pedestrian circulation area, such as a sidewalk or accessible route to the building entrance, charging equipment should be located so as to not interfere with accessibility requirements of WAC 51-50-005.

~~7. Lighting. Where Charging Station equipment is installed adequate site lighting should also be provided unless charging is for daytime purposes only.~~

~~8~~5. Notification of station specifics. Information on the charging station must identify voltage and amperage levels and time of use, fees or safety information.

~~9. Avoid the most convenient parking spaces. Stalls should not be located in the most convenient spots because this would encourage use by non electric vehicles.~~

~~10. Avoid conflict with handicap spots. Stalls should generally not be located adjacent to handicap spots unless designed for handicap use.~~

~~11. Design for compatibility. Design should be appropriate to the location and use. Facilities should be able to be readily identified by electric car users but blended into the surrounding landscape/ architecture for compatibility with the character and use of the site.~~

~~12. Size. Where provided, spaces should be standard size parking stalls.~~

13. Public streets. ~~Generally charging stations should not be located along public streets where it could impact the landscaping and aesthetic components of the streetscape. Sites~~Charging Stations within the streetscape ~~must~~ shall be approved by the Public Works Director.

~~B. Electric vehicle charging station design standards for single family residential sites. Installation of vehicle charging stations on single family residential sites shall meet the manufacturing and installation requirements of the International Building Code (IBC) and National Electrical Code (NEC).~~

Section 6. SEVERABILITY. If any section, sentence, clause or phrase of this ordinance should be held to be invalid by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause or phrase of this ordinance.

Section 7. CORRECTIONS. The City Clerk and the codifiers of this ordinance are authorized to make necessary corrections to this ordinance including, but not limited to, the correction of scrivener's/clerical errors, references, ordinance numbering, section/subsection numbers and any references thereto.

Section 8. The Summary attached hereto is hereby approved for publication.

PASSED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, at a regularly-called meeting thereof, held this 17th day of February, 2022.

CITY COUNCIL

By:______________________
Mayor

Approved as to form:

____
City Attorney

Attest:

____
City Clerk

SUMMARY FOR PUBLICATION

ORDINANCE NO 1615

CITY OF LACEY

The City Council of the City of Lacey, Washington, passed on February 17, 2022, Ordinance No. 1615 entitled "AN ORDINANCE RELATED TO PARKING FOR ELECTRIC VEHICLE CHARGING, AMENDING SECTIONS 16.73.030, 16.73.035, 16.73.040, ADDING NEW SECTION 16.73.032, AND ADDING TABLE 16T-86, ALL TO THE LACEY MUNICIPAL CODE AND APPROVING A SUMMARY FOR PUBLICATION."

The main points of the Ordinance are described as follows:

1. The Ordinance amends sections 16.73.030, 16.73.035, and 16.73.040, and adds a new section 16.73.032 to the Lacey Municipal Code, all related to electric vehicle charging.

2. The Ordinance adds a new table, Table 16T-86 to the Lacey Municipal Code.

3. The Ordinance approves this Summary for Publication.

A copy of the full text of this Ordinance will be mailed without charge to any person requesting the same from the City of Lacey.

Published: February 21, 2022.

LACEY CITY COUNCIL MEETING
February 17, 2022

SUBJECT: **Investment Policy Amendments**

RECOMMENDATION: **Upon review and concurrence, adopt proposed resolution amending the May 2020 investment policy.**

STAFF CONTACT: Scott Spence, City Manager
Troy Woo, Finance Director

ORIGINATED BY: Troy Woo, Finance Department

ATTACHMENTS:
1. Resolution No. 1115
2. Redline Copy of the Proposed Investment Policy

FISCAL NOTE:

PRIOR REVIEW: Finance & Economic Development Committee - January 25, 2022

BACKGROUND:

On May 14, 2020, the City Council adopted Resolution No. 1089, which updated the City's investment policy. The current investment policy proposed changes are consistent with the Revised Code of Washington (RCW), Washington State Investment Board, Washington Public Treasurers Association, Washington Municipal Treasurers' Association (WMTA) model investment policy, and the Washington State Auditor's Office Budgeting, Accounting, and Reporting System (BARS) manual as guidance.

Each year the City's investment advisor, Government Portfolio Advisors, and staff develop a Guideline Portfolio Strategy. This process begins with an analysis of expected cash flows, fund balance levels, and liquidity requirements. After considering market expectations, analysis of the portfolio, and review of the current benchmarks, the strategy is developed. The 2021 Guideline Portfolio Strategy was developed during the last half of 2021. It included strategy changes that required investment policy changes and those that did not.

Before the Guideline Portfolio Strategy was completed, the Finance and Economic Development Committee were briefed on the strategy elements and gave guidance on the strategies that did not require policy changes. The Committee gave guidance to implement the following strategies at its September 28 meeting:

- Moved the benchmark from the 0-3 year benchmark to the 0-5 year benchmark.

- Increased the Core investment balance to take advantage of the 0-5 year benchmark and to add yield.

The final implementation step of the Guideline Portfolio Strategy includes recommended amendments to the investment policy. The amendments are related to recent updates to State's investment policy. The policy recommendations are intended to add clarity and to follow the State statutes more closely. The proposed changes relate to the following policy sections:

- Combine the U.S. Agency Primary and U.S. Agency Secondary obligations into a single U.S. Agency Obligation section. The types of securities being combined include:
  - Federal government agency bonds, which include the Federal Housing Administration, Small Business Administration, Tennessee Valley Authority, and Government National Mortgage Association, are similar to Treasury securities in the sense they are backed by the full faith and credit of the United States government (Tennessee Valley Authority is the exception).

  - Government-Sponsored Enterprise bonds, which include Federal National Mortgage Association (Fannie Mae), Federal Home Loan Mortgage (Freddie Mac), Federal Farm Credit Banks, and Federal Home Loan Bank, are different because they are not backed by the same Federal government guarantees.

- The Washington State Investment Board adopted changes to the investment policy and procedures relating to corporate notes:
  - Minimum rating of single A (currently AA-)
  - Maximum maturity of 5.5 years (currently 5.0 years)
  - AA rated notes must not exceed 3.0 percent of the total portfolio (no change)
  - A rated notes must not exceed 2.0 percent of the total portfolio (new)
  - Individual country limit of non-U.S. and non-Canadian exposure is limited to 2.0 percent of the total portfolio (currently only non-U.S. and non-Canadian are allowable)

- The Washington State Investment adopted changes to the investment policy and procedures relating to commercial paper:
  - Decrease of minimum rating to A1/P1/F1 (currently A1+/P1/F1+)

Staff requests review of the proposed resolution and upon concurrence adopt the resolution amending the investment policy.

ADVANTAGES:

1. More concise policy guidance for authorized investments, reporting requirements, and diversification of the portfolio.

2. The proposed changes provide policy and best practice alignment with the authoritative bodies of Washington State.

3. The investment policy will continue to be designed to protect and preserve public dollars, maintain cash flow for operations, and to enhance investment interest earning to help fund public services.

DISADVANTAGES:

1. None identified.

RESOLUTION NO. 1115

CITY OF LACEY

A RESOLUTION OF THE CITY OF LACEY, WASHINGTON, AMENDING THE OFFICIAL INVESTMENT POLICY OF THE CITY.

WHEREAS, the stewardship of public funds, their safe-keeping, legal use and proper management, is one of the most important responsibilities entrusted to the officials and managers of the City of Lacey, and

WHEREAS, the City Council authorized an investment advisory services agreement, which requires detailed guidance and parameters for investment activities, and

WHEREAS, the City Council adopted Resolution No. 625 on June 9, 1988, Resolution No. 810 on July 22, 1999, Resolution No. 1006 on February 13, 2014, Resolution No. 1055 on January 18, 2018, and Resolution No. 1089 on May 14, 2020, which established and amended the City of Lacey's official investment policy, and

WHEREAS, recent changes to the Revised Code of Washington and Washington State Investment Board investment policy create the need for additions and amendments to said policy,

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, that the certain policy set forth in the document entitled "City of Lacey Investment Policy," attached hereto and made a part hereof as though fully set forth at length is hereby approved and adopted as the investment policy to be followed by the City Council and management of the City of Lacey.

PASSED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, this 17th day of February, 2022.

CITY COUNCIL

____
Mayor

Attest:

____
City Clerk

Approved as to form:

____
City Attorney

INVESTMENT POLICY

TABLE OF CONTENTS

	Finance	
	Policy Title: Investment Policy	**Effective:** May 14, 2020 **Revised:** February 22, 2022

PURPOSE

It is the policy of the City of Lacey (City) to invest public funds in a manner, which will provide the highest investment return with the maximum security while meeting the daily cash flow demands. All investments shall conform to all Washington State statutes governing the investment of public funds.

This investment policy defines the parameters within which funds are to be invested by the City. This policy also formalizes the framework to provide the investment authority and constraints for the City to maintain an effective and judicious management of funds within the scope of this policy.

This policy is intended to be broad enough to allow the City Manager and Finance Director to function properly within the parameters of responsibility and authority, yet specific enough to adequately safeguard the investment assets. This policy:

- Sets out guidelines for the prudent management of the City's funds;
- Describes realistic parameters and goals for safely investing those funds;
- Establishes expectations for generally acceptable returns at a suitable level of risk that matches the purpose of the City's funds;
- Provides the framework within which the City Manager and Finance Director will operate by setting out objectives, guidelines, and structure that include details on the universe of permitted investments and any restrictions of their use.

An amendment of this policy requires City Council approval.

SCOPE

This investment policy applies to all financial assets of the funds of the City of Lacey, including the Surface Water Utility fund. These funds, presented in the City's Annual Financial Report, include:

- General Fund
- Special Revenue Funds
- Capital Project Funds
- Enterprise Funds
- Internal Service Funds
- Debt Service Funds
- Trust and Agency Funds
- Retirement/Pension Funds
- Any new fund created by the City Council, unless specifically exempted

REFERENCES

Revised Code of Washington:

- Chapter 35A.40
- Chapter 39.58
- Chapter 39.59
- Chapter 43.250
- Chapter 43.84

INVESTMENT TERMINOLOGY

For investment terminology refer to the Appendix on page 12.

1 GOVERNING AUTHORITY

Authority to manage the City of Lacey's investment program is derived from the following: Revised Code of Washington (RCW), Washington Municipal Treasurer's Association model investment policy, Washington State Auditor's Office's Budgeting, Accounting, and Reporting System (BARS) manual, and Resolution No. 1055 and City of Lacey Policy 1.18.18. Management responsibility for the investment program is hereby delegated to the Finance Director, who shall establish procedures for the operation of the investment program consistent with this investment policy.

2 OBJECTIVES

All funds will be invested in a manner that conforms with federal, state and other legal requirements. The objectives, in order of priority, of the investment activities will be as follows:

2.1 SAFETY

Safety of principal is the primary objective of the City. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To obtain this objective, funds will be diversified utilizing highly rated securities and by investing in a variety of securities and financial institutions. The investment portfolio will be invested in a manner that complies with Washington State statutes and all other legal requirements of the City.

2.2 LIQUIDITY

The investment portfolio will provide liquidity sufficient to enable the City to meet all cash requirements that might reasonably be anticipated. Therefore, the investments shall be managed to maintain a minimum balance to meet daily obligations.

2.3 RETURN ON INVESTMENT

The investment portfolio shall be designed with the objective of obtaining a market rate of return throughout budgetary and economic cycles, taking into account the City's investment risk constraints, the City's investment objectives and the cash flow characteristics of the portfolio.

3 Standards of Care

3.1 Delegation of Authority

Governing Body*:* The ultimate responsibility and authority for the investment of City funds resides with the City Council who has the authority to establish policy that directs the management of the City investment program.

Authority: Pursuant to the LMC 2.16.020, the overall management responsibility for the investment program is hereby delegated to the City Manager and Finance Director, who shall establish written procedures for the operation of the investment program that are consistent with this investment policy. The Finance Director shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

Investment Advisor: The City may contract with an external non-discretionary investment advisor (Advisor) to assist with the management of the City's investment portfolio in a manner that is consistent with the City's objectives and this policy. Such Advisors shall provide recommendations and advice regarding the City investment program including but not limited to advice related to the purchase and sale of investments by this Investment Policy.

3.2 Prudence

The standard of prudence to be used by the Finance Director or investment officers in the context of managing the overall portfolio is the prudent person rule which states: *Investments will be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs not in regard to speculation but in regard to the permanent disposition of the funds considering the probable income as well as the probable safety of the capital.*

Investment officers acting in accordance with written procedures, the investment policy, and exercising due diligence shall be relieved of personal responsiblitiy for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

3.3 Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution of the investment program or which could impair their ability to make impartial investment decisions. Employees and investment officers shall disclose to the City Council any material financial interest in financial institutions that conduct business with the City and they shall further disclose any personal financial/investment positions that could be related to the performance of the City's portfolio. Employees Involved in the City Investment program must avoid conflicts of interest.

Association with the investment program in any capacity is considered employee involvement. Employees must avoid personal business activity that may:

- Conflict with the proper execution of the investment program.
- Impair their ability to make impartial investment decisions.

3.3.1 Employees Associated with the City Investment Program Must Disclose

The disclosure should list:

- Any material interests in financial institutions that conduct business with the City.
- Any personal financial or investment positions that could influence the performance of the City's investment portfolio, particularly with regard to the timing of purchases and sales.

4 SAFEKEEPING, CUSTODY, AND CONTROLS

4.1 DELIVERY VS. PAYMENT

All trades of marketable securities will be executed (cleared and settled) on a delivery vs. payment (DVP) basis to ensure that securities are deposited in the City's safekeeping institution prior to the release of funds.

4.2 THIRD PARTY SAFEKEEPING

Prudent treasury management requires that all purchased securities be bought on a DVP basis and be held in safekeeping by an independent third-party financial institution or the City's designated depository.

The Finance Director shall designate all safekeeping arrangements and an agreement of the terms shall be executed in writing. The third-party custodian shall be required to provide a statement to the City listing at a minimum each specific security, book yield, description, maturity date, market value, par value, purchase date, and CUSIP number.

All collateral securities pledged to the City for certificates of deposit or demand deposits shall be held in accordance with the State of Washington's Public Deposit Protection Commission (PDPC).

4.3 INTERNAL CONTROLS

The Finance Director is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse.

The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived, and the valuation of costs and benefits requires estimates and judgments by management. The internal controls shall address the following points at a minimum:

- Control of collusion;
- Separation of transaction authority from accounting and recordkeeping;
- Custodial safekeeping;
- Clear delegation of authority to subordinate staff members;
- Written confirmation of transactions for investments and wire transfers;
- Dual authorizations of wire transfers;
- Staff training; and
- Review, maintenance and monitoring of security procedures both manual and automated.

4.4 External Controls

The Finance Director shall establish an annual process of independent review by an external auditor. This review will assure the policies and procedures are being complied with by providing internal control. Such review may also result in recommendations to change operating procedures to improve internal control.

5 Authorized Financial Dealers

5.1 Broker/Dealers

The Finance Director shall maintain and review annually a list of all authorized financial institutions and broker/dealers that are approved to transact with the City for investment purposes. The City shall follow Government Finance Officers Association (GFOA) best practices for evaluating and selecting financial institutions and broker/dealers.

The Finance Director or designee may utilize the investment advisor's approved broker/dealer list in lieu of the City's own approved list. The Advisor must submit the approved list to the City annually and provide updates throughout the year as they occur. The Advisor shall follow GFOA best practices for evaluating and selecting financial institutions and broker/dealers. The Advisor must maintain documentation of appropriate license and professional credentials of broker/dealers on the list. The annual investment advisor broker/dealer review procedures include but are not limited to:

a. FINRA Certification check:
    i. Firm profile
    ii. Firm history
    iii. Firm operations
    iv. Disclosures of arbitration awards, disciplinary and regulatory events
    v. State Registration Verification
b. Financial review of acceptable FINRA capital or letter of credit for clearing settlements.

The Advisor may be authorized through the contracted agreement to open accounts on behalf of the City with the broker/dealers on the approved broker/dealer list.

5.2 Investment Advisors

Advisors must be registered under the Investment Advisers Act of 1940 and must act in a non-discretionary capacity, requiring approval from the City prior to all transactions.

5.3 Bank Institutions

The City will only place funds in qualified depositories in the State of Washington as provided in Chapter 39.58 RCW and as regulated by the Washington State Finance Director's Public Deposit Protection Commission (PDPC). Listings with the PDPC will be verified by the Advisor or designated investment officer annually.

5.4 Competitive Transactions

Transactions must be executed on a competitive basis and documented. Competitive prices should be provided from at least three separate brokers, financial institutions or through a national electronic trading platform. If the purchased security is only offered by one broker then other securities with similar structure may be used for documentation purposes. When an Advisor handles trade executions, they must provide the competitive documentation as requested.

6 Authorized and Suitable Investments

6.1 Authorized Investments

Eligible investments are only those securities and deposits authorized by statute (RCW 39.58, 39.59, 43.250, and 43.84.080).

Additional specifications:

- The State of Washington Local Government Investment Pool is the only government-sponsored Pool approved for investment of funds.
- This policy recognizes S&P, Moody's, and Fitch as the major Nationally Recognized Statistical Ratings Organizations (NRSRO).
- Minimum credit ratings and percentage limitations apply to the time of purchase.
- All securities must be purchased on the secondary market and may not be purchased directly from the issuer.
- Securities rated in the broad single-A category with a negative outlook may not be purchased. Portfolio holdings of corporate notes downgraded to below single A and portfolio holdings of securities rated single A with their outlooks changed to negative may continue to be held. No additional purchases are permitted.
- Interfund loans issued by the City may also be included as investments.

6.2 Suitable Investments

The City is empowered to invest in the following types of securities:

- **US Treasury Obligations:** Direct obligations of the United States Treasury.
- **US Agency Obligations:** US Government Agency Obligations and US Government Sponsored Enterprises (GSEs) which may include, but are not limited to the following: Federal Farm Credit Banks Funding Corporation (FFCB), Federal Home Loan Bank (FHLB), Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), and Tennessee Valley Authority (TVA).
- **Supranational Bonds:** United States dollar denominated bonds, notes or other obligations that are issued or guaranteed by supranational institutions, provided, that at the time of investment, the institution has the United States as its largest shareholder. These include: International Bank for Reconstruction and Development (IBRD or World Bank); the International Finance Corporation (IFC); the Asian Development Bank (ADB) and the Inter-American Development Bank (IADB).
- **Municipal Debt Obligations:** Bonds of the State of Washington, any local government in the State of Washington, General Obligation bonds outside the State of Washington; at the

time of investment the bonds must have one of the three highest credit ratings of a nationally recognized rating agency. City of Lacey long-term interfund loans may be included as investments of municipal debt and are not required to be rated.

- **Corporate Notes:** Unsecured debt obligations purchased in accordance with the investment policies and procedures adopted by the State Investment Board. Corporate notes must be rated at least weak single A (A-) or better by all the major rating agencies that rate the note at the time of purchase for inclusion in the corporate note portfolio. The maturity must not exceed 5.5 years and the maximum duration of the corporate note portfolio cannot exceed 3 years. The percentage of corporate notes that may be purchased from any single issuer rated AA- or better by all major rating agencies that rate the note is 3% of the assets of the total portfolio. The percentage of corporate notes that may be purchased from any single issuer rated in the broad single A (A-) category from all the major rating agencies that rate the security is 2% of the total portfolio. The individual country limit of non-U.S. and non-Canadian exposure is 2% of the total portfolio. The exposure is determined by the country of domicile of the issuers of portfolio securities.
- **Commercial Paper:** Commercial paper must be rated with the highest short-term credit rating category of any two major Nationally Recognized Statistical Rating Organizations (NRSROs) at the time of purchase. If the commercial paper is rated by more than two major NRSROs, it must have the highest rating from all of them. Commercial paper holdings may not have maturities exceeding 270 days. Any commercial paper purchased with a maturity longer than 100 days must also have an underlying long-term credit rating at the time of purchase in one of the three highest rating categories of an NRSRO. The percentage of commercial paper that may be purchased from any one issuer is 3% of the market value of the total portfolio. Issuer constraints will apply to the combined holdings of corporate notes and commercial paper holdings.
- **Certificates of Deposit:** Non-negotiable Certificates of Deposit of financial institutions that are qualified public depositories as defined in RCW 39.58.010(2) and by the restrictions within.
- **Bank Time Deposits and Savings Accounts Issued by Banks:** Deposits in PDPC approved banks.
- **Bankers' Acceptance:** Bankers' Acceptances generally are created based on a letter of credit issued to finance transactions. They are used to finance the shipment of some specific goods within the United States. They are issued by qualified financial institutions and must be purchased on the secondary market.
- **State Local Government Investment Pool:** Investment Pool managed by the Washington State Finance Director's Office.

6.3 BANK COLLATERALIZATION

The PDPC makes and enforces regulations and administers a program to ensure public funds deposited in banks and thrifts are protected if a financial institution becomes insolvent. The PDPC approves which banks and thrifts can hold state and local government deposits and monitors collateral pledged to secure uninsured public deposits. Under RCW 39.58.240, all public Finance Directors and other custodians of public funds are relieved of the responsibility of executing tri-party agreements, reviewing pledged securities, and authorizing additions, withdrawals, and exchanges of collateral.

7 INVESTMENT PARAMETERS

7.1 DIVERSIFICATION

The City will diversify the investment of all funds by adhering to the constraints by issuer type in accordance with the following table:

Table of Portfolio Constraints

Issue Type	**Maximum % Holdings**	**Maximum % per Issuer**	**Ratings S&P, Moody's or Equivalent NRSRO**	**Maximum Maturity**
US Treasury Obligations	100%	None	N/A	5.5 years
US Agency Obligations	100%	35%	N/A	5.5 years
Supranational Agency Notes	10%	5%	AA- / Aa3	5.5 years
Municipal Obligations	30%	5%	AA- / Aa3	5.5 years
City of Lacey Interfund Loans	15%	None	N/A	N/A
Corporate Notes	25%	3%* for AA- 2%* for A-, A, A+	A- / A3	5.5 years
Commercial Paper		3%*	A1 / P1 Long Term A-/A3	270 days
Certificates of Deposit	20%	5%	Deposits in PDPC approved banks	5.5 years
Bank Time Dposits/Savings Accounts	20%	None	Deposits in PDPC approved banks	N/A
Banker's Acceptance	10%	5%	N/A	N/A
State LGIP	100%	None	N/A	N/A

*Issuer constraints apply to the combined issues in corporate and commercial paper holdings.

7.2 INVESTMENT MATURITY

To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. The City will not directly invest in securities maturing more than five and a half (5.5) years from the date of purchase.

- The maximum weighted maturity of the total portfolio shall not exceed 2 years. This maximum is established to limit the portfolio to excessive price change exposure.
- Liquidity funds will be held in the State Pool, PDPC bank deposits, or cash matched securities.
- Investment funds will be defined as the funds in excess of liquidity requirements. The investments in this portion of the portfolio will have maturities between 1 day and 5.5 years and will be only invested in high quality and liquid securities.

- Interfund loan maturities are excluded from the maturity constraint rules.
- Specific dedicated funds such as bond reserves and designated perpetual funds may be excluded from the maturity constraints.

Total Portfolio Maturity Constraints:

Maturity Constraints	**Total Portfolio Minimum**
Under 30 days	10%
Under 1 year	25%
Under 5.5 years	100%

Maturity Constraints	**Total Portfolio Maximum**
Weighted Average Maturity	2 years
Duration of Corporate Note Portfolio	3 years

Security Structure Constraint	**Total Portfolio Maximum**
Callable Agency Securities	25%

7.3 Strategic Allocations

7.3.1 Funds and their Allocation

The City has two classifications of investment funds: Liquidity and Core.

a. Liquidity funds for the operating account will be allocated to LGIP, CD's, PDPC Bank Deposits, Bankers Acceptances, and Commercial Paper.
b. The structure of the Investment Core Fund will be targeted to a selected market benchmark based on the risk and return objectives of the portfolio.

7.3.2 Monitoring and Portfolio Adjustment

As a general practice, securities will be purchased with the intent to hold to maturity. However, it is acceptable for securities to be sold under the following circumstances:

a. A security with a declining credit may be sold early to protect the principal value of the portfolio.
b. A security may be sold to bring the portfolio duration or maturity in alignment with the structure of the underlying benchmark portfolio.
c. A security exchange that would improve the quality, yield and target maturity of the portfolio based on market conditions.
d. A sale of a security to provide for unforeseen liquidity needs.

7.4 Prohibited Investments

The City shall not lend securities nor directly participate in a securities lending or reverse repurchase program.

The City shall not invest in:

a. Mortgage-backed securities
b. Derivative Products
c. Securities that leverage the portfolio or are used for speculation of interest rates
d. Mutual Funds
e. Repurchase Agreements
f. Reverse Agreements

8 Reporting Requirements

8.1 Reporting

The Finance Director shall be responsible for investment reporting. At a minimum, quarterly reporting shall be made to the City Manager and annual reporting shall be made to the City Council including, but not limited to; securities holdings, cash balances, and market values in the investment portfolio.

Specific reporting requirements:

- Book Yield
- Holdings Report including mark-to-market and security description
- Transactions Report
- Weighted Average Maturity
- Performance in relation to established benchmarks

8.2 Performance Standards

The portfolio shall be managed to obtain a fair rate of return and earnings rate that incorporates the primary objectives of protecting the City's capital and assuring adequate liquidity to meet cash flow needs.

For purposes of this policy, "earnings rate" will be the composite rate of both the Liquidity and Core funds and be compared to the LGIP rate. The goal is for the total portfolio, to generally perform better than the LGIP due to the longer weighted average maturity and the earnings rate is expected to trend in a similar manner as interest rates change.

The investment portfolio performance may be tracked against a market index such as the US treasury 0-3 year index or US treasury 0-5 year index on a total return basis. This will provide for accountability of price changes in the portfolio and help inform the strategy related to the duration of the portfolio.

8.3 Compliance Report

A compliance report will be generated quarterly comparing the portfolio positions to this investment policy.

8.4 Accounting Method

The City shall comply with all required legal provisions and Generally Accepted Accounting Principles (GAAP). The accounting principles are those contained in the pronouncements of authoritative bodies including, but not necessarily limited to, the Governmental Accounting Standards Board (GASB).

Pooling of Funds: Except for cash in certain restricted and special funds, the City will consolidate balances from all funds to maximize investment earnings. Investment income will be allocated to the various funds based on their respective participation in the investment program and in accordance with generally accepted accounting principles.

9 Investment Policy Adoption

The City's Investment Policy and amendments shall be adopted by resolution by the City Council. The Policy shall be reviewed annually by the Finance Director or the Finance Committee when applicable, and any modifications made to the Investment Policy must be approved and adopted by the City Council.

Appendix - Investment Terminology

***Accrued Interest*:** The interest accumulated on a bond since issue date or the last coupon payment. The buyer of the bond pays the market price and accrued interest, which is payable to the seller.

Agency: A debt security issued by a federal or federally sponsored agency. Federal agencies are backed by the full faith and credit of the U.S. Government. Government Sponsored Enterprises (GSEs) are backed by each particular agency with a market perception that there is an implicit government guarantee.

Agency Securities: Government sponsored enterprises of the US Government.

Amortization: In portfolio accounting, periodic charges made against interest income on premium bonds in anticipation of receipt of the call price at call or of par value at maturity.

***Asset*:** Available property, as for payment of debts

Average Maturity: A weighted average of the expiration dates for a portfolio of debt securities. An income fund's volatility can be managed by shortening or lengthening the average maturity of its portfolio.

***Bankers Acceptances*:** A time draft accepted (endorsed) by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer. BAs are short-term non-interest-bearing notes sold at a discount and redeemed by the accepting bank at maturity for full face value.

***Bank Wire*:** A virtually instantaneous electronic transfer of funds between two financial institutions.

***Basis Points*:** A measure of an interest rate, i.e., 1/100 of 1 percent, or .0001.

Bid: The indicated price at which a buyer is willing to purchase a security or commodity. When selling a security, a bid is obtained. (See Offer)

***Bond*:** An interest-bearing security issued by a corporation, government, governmental agency, or other body. It is a form of debt with an interest rate, maturity, and face value, and specific assets sometimes secure it. Most bonds have a maturity of greater than one year and generally pay interest semiannually.

***Broker*:** An intermediary who brings buyers and sellers together and handles their orders, generally charging a commission for this service. In contrast to a principal or a dealer, the broker does not own or take a position in securities.

***Certificates of Deposit*:** Instruments issued by a bank specifying that a sum of money has been deposited, payable with interest to the bearer of the certificate on a certain date.

Collateral: Securities or other property that a borrower pledges as security for the repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

Commercial Paper: Short-term, unsecured, negotiable promissory notes issued by corporations.

Current Maturity: The amount of time left until an obligation matures. For example, a one-year bill issued nine months ago has a current maturity of three months.

CUSIP: A CUSIP number identifies securities. CUSIP stands for Committee on Uniform Security Identification Procedures, which was established under the auspices of the American Bankers Association to develop a uniform method of identifying municipal, U.S. government, and corporate securities.

Dealer: An individual or firm that ordinarily acts as a principal in security transactions. Typically, dealers buy for their account and sell to a customer from their inventory. The dealer's profit is determined by the difference between the price paid and the price received.

Delivery: Either of two methods of delivering securities: delivery vs. payment and delivery vs. receipt (also called "free"). Delivery vs. payment is the delivery of securities with an exchange of money for the securities.

Diversification: Dividing available funds among a variety of securities and institutions so as to minimize market risk.

Duration: A measure used to calculate the price sensitivity of a bond or portfolio of bonds to changes in interest rates. This equals the sum of the present value of future cash flows.

Full Faith and Credit: Indicator that the unconditional guarantee of the United States government backs the repayment of debt.

General Obligation Bonds (GOs): Bonds secured by the pledge of the municipal issuer's full faith and credit, which usually includes unlimited taxing power.

Government Bonds: Securities issued by the federal government; they are obligations of the U.S. Treasury; also known as "governments."

Interest: Compensation paid or to be paid for the use of money. The rate of interest is generally expressed as an annual percentage.

Investment Core Funds: Core funds are defined as operating fund balance and other fund balances that exceeds the City's daily liquidity needs. Core funds are invested out the yield curve to diversify maturity structure in the overall portfolio. Having longer term investments in a portfolio will stabilize the overall portfolio interest earnings over interest rate cycles.

Investment Securities: Securities purchased for an investment portfolio, as opposed to those purchased for resale to customers.

Liquidity: The ease at which a security can be bought or sold (converted to cash) in the market. A large number of buyers and sellers and a high volume of trading activity are important components of liquidity.

Liquidity Component: A percentage of the total portfolio that is dedicated to providing liquidity needs for the City.

LGIP: Local Government Investment Pool run by the State of Washington Finance Director's office established to help cities with short-term investments.

Mark to Market: Adjustment of an account or portfolio to reflect actual market value rather than book price, purchase price or some other valuation.

Market Value: The market value of a security is the price at which can be sold on that date.

Maturity: The date upon which the principal or stated value of an investment becomes due.

Municipals: Securities, usually bonds, issued by a state, its agencies, by cities or other municipal entities. The interest on "munis" is usually exempt from federal income taxes and state and local income taxes in the state of issuance. Municipal securities may or may not be backed by the issuing agency's taxation powers.

Non-Discretionary Investment Advisor: Non-discretionary investment advisor services may include investment management oversight, investment research, portfolio analysis, portfolio reporting and portfolio recommendations based upon the specific investment policy and investment objectives of each client. Clients must approve any such recommendations before the securities are purchased or sold in their accounts.

Par Value: The value of a security expressed as a specific dollar amount marked on the face of the security or the amount of money due at maturity. Par value should not be confused with market value.

Portfolio: A collection of securities held by an individual or institution.

Principal: The cost of an instrument on which interest is earned.

Prudent Person Rule: A long-standing common-law rule that requires a trustee who is investing for another to behave in the same way as a prudent individual of reasonable discretion and intelligence who is seeking a reasonable income and preservation of capital.

Quotation or Quote: A bid to buy or the lowest offer to sell a security in any market at a particular time.

Repurchase Agreement: Range in maturity from overnight to fixed time to open end. Repos involve a simultaneous sale of securities by a bank or government securities dealer to an investor with an agreement for the bank or government securities dealer to repurchase the securities at a fixed date at a specified rate of interest.

Safekeeping: An arrangement under which an organization's securities are kept in a bank vault or in the case of book entry securities, are held and recorded in the customer's name. Evidence of this arrangement is a safekeeping receipt.

Secondary Market: A market where certain securities may be bought and sold at prevailing market prices after their initial distribution but before their stated maturity date.

Treasury Bill (T-Bill): An obligation of the U.S. government with a maturity of one year or less. T-bills bear no interest but are sold at a discount.

Treasury Bonds and Notes: Obligations of the U.S. government that bear interest. Notes have maturities of one to ten years; bonds have longer maturities.

Yield: The annual rate of return on an investment expressed as a percentage of the investment. Income yield is obtained by dividing the current dollar income by the current market price for the security. Net yield, or yield to maturity, is the current income yield minus any premium above par or plus any discount from par in the purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

***Yield to Maturity*:** The average annual yield on a security, assuming it is held to maturity; equals to the rate at which all principal and interest payments would be discounted to produce a present value equal to the purchase price of the bond.

Ratings Table – Long-Term

	S&P	Moody's	Fitch	Definition
Three Highest Rating Categories	AAA	Aaa	AAA	Highest credit quality
	AA+, AA, AA-	Aa1, Aa2, Aa3	AA+, AA, AA-	Very high credit quality
	A+, A, A-	A1, A2, A3	A+, A, A-	High credit quality
	BBB+, BBB, BBB-	Baa1, Baa2, Baa3	BBB+, BBB, BBB-	Good credit quality
	BB+, BB, BB-	Ba1, Ba2, Ba3	BB+, BB, BB-	Non-investment grade

Ratings Table – Short-Term

	S&P	Moody's	Fitch	Definition
Highest Rating Category	A1+, A1	P1+, P1	F1+, F1	Highest credit quality
	Municipal Commercial Paper			
	A-1, A-1+, SP-1+, SP-1	P1, MIG1, VMIG1	F1+, F1	Highest credit quality

INVESTMENT POLICY

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	Finance	
	Policy Title: Investment Policy	**Effective:** May 14, 2020~~January 18, 2018~~ **Revised:** ~~May 14, 2020~~February 22, 2022

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This policy is intended to be broad enough to allow the City Manager and Finance Director to function properly within the parameters of responsibility and authority, yet specific enough to adequately safeguard the investment assets. This policy:

- Sets out guidelines for the prudent management of the City's funds;
- Describes realistic parameters and goals for safely investing those funds;
- Establishes expectations for generally acceptable returns at a suitable level of risk that matches the purpose of the City's funds;
- Provides the framework within which the City Manager and Finance Director will operate by setting out objectives, guidelines, and structure that include details on the universe of permitted investments and any restrictions of their use.

An amendment of this policy requires City Council approval.

SCOPE

This investment policy applies to all financial assets of the funds of the City of Lacey, including the Surface Water Utility fund. These funds, presented in the City's Annual Financial Report, include:

- General Fund
- Special Revenue Funds
- Capital Project Funds
- Enterprise Funds
- Internal Service Funds
- Debt Service Funds
- Trust and Agency Funds
- Retirement/Pension Funds
- Any new fund created by the City Council, unless specifically exempted

REFERENCES
Revised Code of Washington:
- Chapter 35A.40
- Chapter 39.58
- Chapter 39.59
- Chapter 43.250
- Chapter 43.84

INVESTMENT TERMINOLOGY
For investment terminology refer to the Appendix on page 12.

1 GOVERNING AUTHORITY

Authority to manage the City of Lacey's investment program is derived from the following: Revised Code of Washington (RCW), Washington Municipal Treasurer's Association model investment policy, Washington State Auditor's Office's Budgeting, Accounting, and Reporting System (BARS) manual, and Resolution No. 1055 and City of Lacey Policy 1.18.18. Management responsibility for the investment program is hereby delegated to the Finance Director, who shall establish procedures for the operation of the investment program consistent with this investment policy.

2 OBJECTIVES

All funds will be invested in a manner that conforms with federal, state and other legal requirements. The objectives, in order of priority, of the investment activities will be as follows:

2.1 SAFETY
Safety of principal is the primary objective of the City. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To obtain this objective, funds will be diversified utilizing highly rated securities and by investing in a variety of securities and financial institutions. The investment portfolio will be invested in a manner that complies with Washington State statutes and all other legal requirements of the City.

2.2 LIQUIDITY
The investment portfolio will provide liquidity sufficient to enable the City to meet all cash requirements that might reasonably be anticipated. Therefore, the investments shall be managed to maintain a minimum balance to meet daily obligations.

2.3 RETURN ON INVESTMENT
The investment portfolio shall be designed with the objective of obtaining a market rate of return throughout budgetary and economic cycles, taking into account the City's investment risk constraints, the City's investment objectives and the cash flow characteristics of the portfolio.

3 Standards of Care

3.1 Delegation of Authority

Governing Body*:* The ultimate responsibility and authority for the investment of City funds resides with the City Council who has the authority to establish policy that directs the management of the City investment program.

Authority: Pursuant to the LMC 2.16.020, the overall management responsibility for the investment program is hereby delegated to the City Manager and Finance Director, who shall establish written procedures for the operation of the investment program that are consistent with this investment policy. The Finance Director shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

Investment Advisor: The City may contract with an external non-discretionary investment advisor (Advisor) to assist with the management of the City's investment portfolio in a manner that is consistent with the City's objectives and this policy. Such Advisors shall provide recommendations and advice regarding the City investment program including but not limited to advice related to the purchase and sale of investments by this Investment Policy.

3.2 Prudence

The standard of prudence to be used by the Finance Director or investment officers in the context of managing the overall portfolio is the prudent person rule which states: *Investments will be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs not in regard to speculation but in regard to the permanent disposition of the funds considering the probable income as well as the probable safety of the capital.*

Investment officers acting in accordance with written procedures, the investment policy, and exercising due diligence shall be relieved of personal responsiblitiy for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

3.3 Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution of the investment program or which could impair their ability to make impartial investment decisions. Employees and investment officers shall disclose to the City Council any material financial interest in financial institutions that conduct business with the City and they shall further disclose any personal financial/investment positions that could be related to the performance of the City's portfolio. Employees Involved in the City Investment program must avoid conflicts of interest.

Association with the investment program in any capacity is considered employee involvement. Employees must avoid personal business activity that may:

- Conflict with the proper execution of the investment program.
- Impair their ability to make impartial investment decisions.

3.3.1 Employees Associated with the City Investment Program Must Disclose

The disclosure should list:

- Any material interests in financial institutions that conduct business with the City.
- Any personal financial or investment positions that could influence the performance of the City's investment portfolio, particularly with regard to the timing of purchases and sales.

4 SAFEKEEPING, CUSTODY, AND CONTROLS

4.1 DELIVERY VS. PAYMENT

All trades of marketable securities will be executed (cleared and settled) on a delivery vs. payment (DVP) basis to ensure that securities are deposited in the City's safekeeping institution prior to the release of funds.

4.2 THIRD PARTY SAFEKEEPING

Prudent treasury management requires that all purchased securities be bought on a DVP basis and be held in safekeeping by an independent third-party financial institution or the City's designated depository.

The Finance Director shall designate all safekeeping arrangements and an agreement of the terms shall be executed in writing. The third-party custodian shall be required to provide a statement to the City listing at a minimum each specific security, book yield, description, maturity date, market value, par value, purchase date, and CUSIP number.

All collateral securities pledged to the City for certificates of deposit or demand deposits shall be held in accordance with the State of Washington's Public Deposit Protection Commission (PDPC).

4.3 INTERNAL CONTROLS

The Finance Director is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse.

The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived, and the valuation of costs and benefits requires estimates and judgments by management. The internal controls shall address the following points at a minimum:

- Control of collusion;
- Separation of transaction authority from accounting and recordkeeping;
- Custodial safekeeping;
- Clear delegation of authority to subordinate staff members;
- Written confirmation of transactions for investments and wire transfers;
- Dual authorizations of wire transfers;
- Staff training; and
- Review, maintenance and monitoring of security procedures both manual and automated.

4.4 External Controls

The Finance Director shall establish an annual process of independent review by an external auditor. This review will assure the policies and procedures are being complied with by providing internal control. Such review may also result in recommendations to change operating procedures to improve internal control.

5 Authorized Financial Dealers

5.1 Broker/Dealers

The Finance Director shall maintain and review annually a list of all authorized financial institutions and broker/dealers that are approved to transact with the City for investment purposes. The City shall follow Government Finance Officers Association (GFOA) best practices for evaluating and selecting financial institutions and broker/dealers.

The Finance Director or designee may utilize the investment advisor's approved broker/dealer list in lieu of the City's own approved list. The Advisor must submit the approved list to the City annually and provide updates throughout the year as they occur. The Advisor shall follow GFOA best practices for evaluating and selecting financial institutions and broker/dealers. The Advisor must maintain documentation of appropriate license and professional credentials of broker/dealers on the list. The annual investment advisor broker/dealer review procedures include but are not limited to:

a. FINRA Certification check:
    i. Firm profile
    ii. Firm history
    iii. Firm operations
    iv. Disclosures of arbitration awards, disciplinary and regulatory events
    v. State Registration Verification
b. Financial review of acceptable FINRA capital or letter of credit for clearing settlements.

The Advisor may be authorized through the contracted agreement to open accounts on behalf of the City with the broker/dealers on the approved broker/dealer list.

5.2 Investment Advisors

Advisors must be registered under the Investment Advisers Act of 1940 and must act in a non-discretionary capacity, requiring approval from the City prior to all transactions.

5.3 Bank Institutions

The City will only place funds in qualified depositories in the State of Washington as provided in Chapter 39.58 RCW and as regulated by the Washington State Finance Director's Public Deposit Protection Commission (PDPC). Listings with the PDPC will be verified by the Advisor or designated investment officer annually.

5.4 Competitive Transactions

Transactions must be executed on a competitive basis and documented. Competitive prices should be provided from at least three separate brokers, financial institutions or through a national electronic trading platform. If the purchased security is only offered by one broker then other securities with similar structure may be used for documentation purposes. When an Advisor handles trade executions, they must provide the competitive documentation as requested.

6 Authorized and Suitable Investments

6.1 Authorized Investments

Eligible investments are only those securities and deposits authorized by statute (RCW 39.58, 39.59, 43.250, and 43.84.080).

Additional specifications:

- The State of Washington Local Government Investment Pool is the only government-sponsored Pool approved for investment of funds.
- This policy recognizes S&P, Moody's, and Fitch as the major Nationally Recognized Statistical Ratings Organizations (NRSRO).
- ~~In the case of split ratings, where the major NRSROs issue different ratings, the higher rating shall apply.~~ Minimum credit ratings and percentage limitations apply to the time of purchase.
- All securities must be purchased on the secondary market and may not be purchased directly from the issuer.
- Securities rated in the broad single-A category with a negative outlook may not be purchased. Portfolio holdings of corporate notes downgraded to below single A and portfolio holdings of securities rated single A with their outlooks changed to negative may continue to be held. No additional purchases are permitted.
- Interfund loans issued by the City may also be included as investments.

6.2 Suitable Investments

The City is empowered to invest in the following types of securities:

- **US Treasury Obligations:** Direct obligations of the United States Treasury.
- **US Agency Obligations ~~Primary Issuers~~:** US Government Agency Obligations and US Government Sponsored Enterprises (GSEs) which may include ~~– Federal Instrumentality Securities include~~, but are not limited to the following: Federal Farm Credit Banks Funding Corporation (FFCB), Federal Home Loan Bank (FHLB), Federal National Mortgage Association (FNMA), ~~the~~ Federal Home Loan Mortgage Corporation (FHLMC), ~~Federal Home Loan Banks (FHLB), and the Federal Farm Credit Banks (FFCB)~~and Tennessee Valley Authority (TVA).
- ~~**US Agency Obligations Secondary Issuers:** Other US government sponsored enterprises that are less marketable are considered secondary GSEs. They include, but are not limited to: Private Export Funding Corporation (PEFCO), Tennessee Valley~~

~~Authority (TVA), Financing Corporation (FICO) and Federal Agricultural Mortgage Corporation, (Farmer Mac).~~

- **Supranational Bonds:** United States dollar denominated bonds, notes or other obligations that are issued or guaranteed by supranational institutions, provided, that at the time of investment, the institution has the United States as its largest shareholder. These include: ~~The institution must have the U.S. government as its largest shareholder.~~ International Bank for Reconstruction and Development (IBRD or World Bank); the International Finance Corporation (IFC); the Asian Development Bank (ADB) and the Inter-American Development Bank (IADB).
- **Municipal Debt Obligations:** Bonds of the State of Washington, any local government in the State of Washington, General Obligation bonds outside the State of Washington; at the time of investment the bonds must have ~~a AA- from S&P, Aa3 from Moody's or AA- from Fitch~~one of the three highest credit ratings of a nationally recognized rating agency. City of Lacey long-term interfund loans may be included as investments of municipal debt and are not required to be rated.
- **Corporate Notes:** Unsecured debt obligations purchased in accordance with the investment policies and procedures adopted by the State Investment Board. Corporate notes must be rated at least weak single A (A-) or better by all the major rating agencies that rate the note at the time of purchase for inclusion in the corporate note portfolio. ~~At the time of purchase corporate notes must have a rating of at least AA- by S&P, or Aa3 by Moody's or AA- by Fitch, provided that none of the major NRSROs that rate the security have a rating lower than AA-/Aa3.~~ The maturity must not exceed 5.5 years and the maximum ~~maturity~~ duration of the corporate note portfolio cannot exceed 3 years. The percentage of corporate notes that may be purchased from any single issuer rated AA- or better by all major rating agencies that rate the note is 3% of the assets of the total portfolio. The percentage of corporate notes that may be purchased from any single issuer rated in the broad single A (A-) category from all the major rating agencies that rate the security is 2% of the total portfolio. The individual country limit of non-U.S. and non-Canadian exposure is 2% of the total portfolio. The exposure is determined by the country of domicile of the issuers of portfolio securities.~~Only U.S. or Canadian domiciled issues are allowable.~~

Commercial Paper:

- ~~Unsecured debt obligations of corporate issuers that are rated at least A1+ by S&P, P1 by Moody's or F1+ by Fitch. Must be rated by two NRSROs at the time of purchase.~~Commercial paper must be rated with the highest short-term credit rating category of any two major Nationally Recognized Statistical Rating Organizations (NRSROs) at the time of purchase. If the commercial paper is rated by more than two major NRSROs, it must have the highest rating from all of them. Commercial paper holdings may not have maturities exceeding 270 days. Any commercial paper purchased with a maturity longer than 100 days must also have an underlying long-term credit rating at the time of purchase ~~with a minimum rating of AA- by S&P, Aa3 by Moody's or AA- by Fitch~~in one of the three highest rating categories of an NRSRO. ~~Issuer~~ The percentage~~constraints for~~ of commercial paper that may be purchased from any one issuer is 3% of the market value of the total portfolio. ~~will be limited to 3% of market value per issuer.~~ Issuer constraints will apply to the combined holdings of corporate notes and commercial paper holdings.

- **Certificates of Deposit:** Non-negotiable Certificates of Deposit of financial institutions that are qualified public depositories as defined in RCW 39.58.010(2) and by the restrictions within.
- **Bank Time Deposits and Savings Accounts Issued by Banks:** Deposits in PDPC approved banks.
- **Bankers' ~~s~~ Acceptance:** Bankers'' ~~s~~ Acceptances generally are created based on a letter of credit issued to finance transactions. They are used to finance the shipment of some specific goods within the United States. They are issued by qualified financial institutions and must be purchased on the secondary market.
- **State Local Government Investment Pool:** Investment Pool managed by the Washington State Finance Director's Office.

6.3 Bank Collateralization

The PDPC makes and enforces regulations and administers a program to ensure public funds deposited in banks and thrifts are protected if a financial institution becomes insolvent. The PDPC approves which banks and thrifts can hold state and local government deposits and monitors collateral pledged to secure uninsured public deposits. Under RCW 39.58.240, all public Finance Directors and other custodians of public funds are relieved of the responsibility of executing tri-party agreements, reviewing pledged securities, and authorizing additions, withdrawals, and exchanges of collateral.

7 Investment Parameters

7.1 Diversification

The City will diversify the investment of all funds by adhering to the constraints by issuer type in accordance with the following table:

Table of Portfolio Constraints

Issue Type	Maximum % Holdings	Maximum % per Issuer	Ratings S&P, Moody's or Equivalent NRSRO	Maximum Maturity
US Treasury Obligations	100%	None	N/A	5.5 years
US Agency Obligations	100%	35%	N/A	5.5 years
Supranational Agency Notes	10%	5%	AA- / Aa3	5.5 years
Municipal Obligations	30%	5%	AA- / Aa3	5.5 years
City of Lacey Interfund Loans	15%	None	N/A	N/A
Corporate Notes	25%	3%* for AA- 2%* for A-, A, A+	A- / A3	5.5 years
Commercial Paper		3%*	A1 / P1 Long Term A-/A3	270 days

7.2 INVESTMENT MATURITY

To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. The City will not directly invest in securities maturing more than five and a half (5.5) years from the date of purchase.

- The maximum weighted maturity of the total portfolio shall not exceed 2 years. This maximum is established to limit the portfolio to excessive price change exposure.
- Liquidity funds will be held in the State Pool, PDPC bank deposits, or cash matched securities.
- Investment funds will be defined as the funds in excess of liquidity requirements. The investments in this portion of the portfolio will have maturities between 1 day and 5.5 years and will be only invested in high quality and liquid securities.
- Interfund loan maturities are excluded from the maturity constraint rules.
- Specific dedicated funds such as bond reserves and designated perpetual funds may be excluded from the maturity constraints.

Total Portfolio Maturity Constraints:

Maturity Constraints	**~~Minimum % of Total Portfolio~~Total**

	Portfolio Minimum
Under 30 days	10%
Under 1 year	25%
Under 5.5 years	100%
-	-
Maturity Constraints	**~~Maximum in Years~~Total Portfolio Maximum**
Weighted Average Maturity	2 years
~~Weighted Average Maturity~~Duration of Corporate ~~Credit~~Note Portfolio	3 years
Security Structure Constraint	**~~Maximum % of Total Portfolio~~Total Portfolio Maximum**
Callable Agency Securities	25%

7.3 Strategic Allocations

7.3.1 Funds and their Allocation

The City has two classifications of investment funds: Liquidity and Core.

a. Liquidity funds for the operating account will be allocated to LGIP, CD's, PDPC Bank Deposits, Bankers Acceptances, and Commercial Paper.
b. The structure of the Investment Core Fund will be targeted to a selected market benchmark based on the risk and return objectives of the portfolio.

7.3.2 Monitoring and Portfolio Adjustment

As a general practice, securities will be purchased with the intent to hold to maturity. However, it is acceptable for securities to be sold under the following circumstances:

a. A security with a declining credit may be sold early to protect the principal value of the portfolio.
b. A security may be sold to bring the portfolio duration or maturity in alignment with the structure of the underlying benchmark portfolio.
c. A security exchange that would improve the quality, yield and target maturity of the portfolio based on market conditions.
d. A sale of a security to provide for unforeseen liquidity needs.

7.4 PROHIBITED INVESTMENTS

The City shall not lend securities nor directly participate in a securities lending or reverse repurchase program.

The City shall not invest in:

a. Mortgage-backed securities
b. Derivative Products
c. Securities that leverage the portfolio or are used for speculation of interest rates
d. Mutual Funds
e. Repurchase Agreements
f. Reverse Agreements

8 REPORTING REQUIREMENTS

8.1 REPORTING

The Finance Director shall be responsible for investment reporting. At a minimum, quarterly reporting shall be made to the City Manager and annual reporting shall be made to the City Council including, but not limited to; securities holdings, cash balances, and market values in the investment portfolio.

Specific reporting requirements:

- Book Yield
- Holdings Report including mark-to-market and security description
- Transactions Report
- Weighted Average Maturity
- Performance in relation to established benchmarks

8.2 PERFORMANCE STANDARDS

The portfolio shall be managed to obtain a fair rate of return and earnings rate that incorporates the primary objectives of protecting the City's capital and assuring adequate liquidity to meet cash flow needs.

For purposes of this policy, "earnings rate" will be the composite rate of both the Liquidity and Core funds and be compared to the LGIP rate. The goal is for the total portfolio, to generally perform better than the LGIP due to the longer weighted average maturity and the earnings rate is expected to trend in a similar manner as interest rates change.

The investment portfolio performance may be tracked against a market index such as the US treasury 0-3 year index or US treasury 0-5 year index on a total return basis. This will provide for accountability of price changes in the portfolio and help inform the strategy related to the duration of the portfolio.

8.3 Compliance Report

A compliance report will be generated quarterly comparing the portfolio positions to this investment policy.

8.4 Accounting Method

The City shall comply with all required legal provisions and Generally Accepted Accounting Principles (GAAP). The accounting principles are those contained in the pronouncements of authoritative bodies including, but not necessarily limited to, the Governmental Accounting Standards Board (GASB).

Pooling of Funds: Except for cash in certain restricted and special funds, the City will consolidate balances from all funds to maximize investment earnings. Investment income will be allocated to the various funds based on their respective participation in the investment program and in accordance with generally accepted accounting principles.

9 Investment Policy Adoption

The City's Investment Policy and amendments shall be adopted by resolution by the City Council. The Policy shall be reviewed annually by the Finance Director or the Finance Committee when applicable, and any modifications made to the Investment Policy must be approved and adopted by the City Council.

APPENDIX - INVESTMENT TERMINOLOGY

***Accrued Interest*:** The interest accumulated on a bond since issue date or the last coupon payment. The buyer of the bond pays the market price and accrued interest, which is payable to the seller.

Agency: A debt security issued by a federal or federally sponsored agency. Federal agencies are backed by the full faith and credit of the U.S. Government. Government Sponsored Enterprises (GSEs) are backed by each particular agency with a market perception that there is an implicit government guarantee.

Agency Securities: Government sponsored enterprises of the US Government.

Amortization: In portfolio accounting, periodic charges made against interest income on premium bonds in anticipation of receipt of the call price at call or of par value at maturity.

***Asset*:** Available property, as for payment of debts

Average Maturity: A weighted average of the expiration dates for a portfolio of debt securities. An income fund's volatility can be managed by shortening or lengthening the average maturity of its portfolio.

***Bankers Acceptances*:** A time draft accepted (endorsed) by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer. BAs are short-term non-interest-bearing notes sold at a discount and redeemed by the accepting bank at maturity for full face value.

***Bank Wire*:** A virtually instantaneous electronic transfer of funds between two financial institutions.

***Basis Points*:** A measure of an interest rate, i.e., 1/100 of 1 percent, or .0001.

Bid: The indicated price at which a buyer is willing to purchase a security or commodity. When selling a security, a bid is obtained. (See Offer)

***Bond*:** An interest-bearing security issued by a corporation, government, governmental agency, or other body. It is a form of debt with an interest rate, maturity, and face value, and specific assets sometimes secure it. Most bonds have a maturity of greater than one year and generally pay interest semiannually.

***Broker*:** An intermediary who brings buyers and sellers together and handles their orders, generally charging a commission for this service. In contrast to a principal or a dealer, the broker does not own or take a position in securities.

***Certificates of Deposit*:** Instruments issued by a bank specifying that a sum of money has been deposited, payable with interest to the bearer of the certificate on a certain date.

Collateral: Securities or other property that a borrower pledges as security for the repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

Commercial Paper: Short-term, unsecured, negotiable promissory notes issued by corporations.

Current Maturity: The amount of time left until an obligation matures. For example, a one-year bill issued nine months ago has a current maturity of three months.

CUSIP: A CUSIP number identifies securities. CUSIP stands for Committee on Uniform Security Identification Procedures, which was established under the auspices of the American Bankers Association to develop a uniform method of identifying municipal, U.S. government, and corporate securities.

Dealer: An individual or firm that ordinarily acts as a principal in security transactions. Typically, dealers buy for their account and sell to a customer from their inventory. The dealer's profit is determined by the difference between the price paid and the price received.

Delivery: Either of two methods of delivering securities: delivery vs. payment and delivery vs. receipt (also called "free"). Delivery vs. payment is the delivery of securities with an exchange of money for the securities.

Diversification: Dividing available funds among a variety of securities and institutions so as to minimize market risk.

Duration: A measure used to calculate the price sensitivity of a bond or portfolio of bonds to changes in interest rates. This equals the sum of the present value of future cash flows.

Full Faith and Credit: Indicator that the unconditional guarantee of the United States government backs the repayment of debt.

General Obligation Bonds (GOs): Bonds secured by the pledge of the municipal issuer's full faith and credit, which usually includes unlimited taxing power.

Government Bonds: Securities issued by the federal government; they are obligations of the U.S. Treasury; also known as "governments."

Interest: Compensation paid or to be paid for the use of money. The rate of interest is generally expressed as an annual percentage.

Investment Core Funds: Core funds are defined as operating fund balance and other fund balances that exceeds the City's daily liquidity needs. Core funds are invested out the yield curve to diversify maturity structure in the overall portfolio. Having longer term investments in a portfolio will stabilize the overall portfolio interest earnings over interest rate cycles.

Investment Securities: Securities purchased for an investment portfolio, as opposed to those purchased for resale to customers.

Liquidity: The ease at which a security can be bought or sold (converted to cash) in the market. A large number of buyers and sellers and a high volume of trading activity are important components of liquidity.

Liquidity Component: A percentage of the total portfolio that is dedicated to providing liquidity needs for the City.

LGIP: Local Government Investment Pool run by the State of Washington Finance Director's office established to help cities with short-term investments.

Mark to Market: Adjustment of an account or portfolio to reflect actual market value rather than book price, purchase price or some other valuation.

Market Value: The market value of a security is the price at which can be sold on that date.

Maturity: The date upon which the principal or stated value of an investment becomes due.

Municipals: Securities, usually bonds, issued by a state, its agencies, by cities or other municipal entities. The interest on "munis" is usually exempt from federal income taxes and state and local income taxes in the state of issuance. Municipal securities may or may not be backed by the issuing agency's taxation powers.

Non-Discretionary Investment Advisor: Non-discretionary investment advisor services may include investment management oversight, investment research, portfolio analysis, portfolio reporting and portfolio recommendations based upon the specific investment policy and investment objectives of each client. Clients must approve any such recommendations before the securities are purchased or sold in their accounts.

Par Value: The value of a security expressed as a specific dollar amount marked on the face of the security or the amount of money due at maturity. Par value should not be confused with market value.

Portfolio: A collection of securities held by an individual or institution.

Principal: The cost of an instrument on which interest is earned.

Prudent Person Rule: A long-standing common-law rule that requires a trustee who is investing for another to behave in the same way as a prudent individual of reasonable discretion and intelligence who is seeking a reasonable income and preservation of capital.

Quotation or Quote: A bid to buy or the lowest offer to sell a security in any market at a particular time.

Repurchase Agreement: Range in maturity from overnight to fixed time to open end. Repos involve a simultaneous sale of securities by a bank or government securities dealer to an investor with an agreement for the bank or government securities dealer to repurchase the securities at a fixed date at a specified rate of interest.

Safekeeping: An arrangement under which an organization's securities are kept in a bank vault or in the case of book entry securities, are held and recorded in the customer's name. Evidence of this arrangement is a safekeeping receipt.

Secondary Market: A market where certain securities may be bought and sold at prevailing market prices after their initial distribution but before their stated maturity date.

Treasury Bill (T-Bill): An obligation of the U.S. government with a maturity of one year or less. T-bills bear no interest but are sold at a discount.

Treasury Bonds and Notes: Obligations of the U.S. government that bear interest. Notes have maturities of one to ten years; bonds have longer maturities.

Yield: The annual rate of return on an investment expressed as a percentage of the investment. Income yield is obtained by dividing the current dollar income by the current market price for the security. Net yield, or yield to maturity, is the current income yield minus any premium above par or plus any discount from par in the purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

***Yield to Maturity*:** The average annual yield on a security, assuming it is held to maturity; equals to the rate at which all principal and interest payments would be discounted to produce a present value equal to the purchase price of the bond.

Ratings Table – Long-Term

	S&P	Moody's	Fitch	Definition
Three Highest Rating Categories	AAA	Aaa	AAA	Highest credit quality
	AA+, AA, AA-	Aa1, Aa2, Aa3	AA+, AA, AA-	Very high credit quality
	A+, A, A-	A1, A2, A3	A+, A, A-	High credit quality
	BBB+, BBB, BBB-	Baa1, Baa2, Baa3	BBB+, BBB, BBB-	Good credit quality
	BB+, BB, BB-	Ba1, Ba2, Ba3	BB+, BB, BB-	Non-investment grade

Ratings Table – Short-Term

	S&P	Moody's	Fitch	Definition
Highest Rating Category	A1+, A1	P1+, P1	F1+, F1	Highest credit quality
	Municipal Commercial Paper			
	A-1, A-1+, SP-1+, SP-1	P1, MIG1, VMIG1	F1+, F1	Highest credit quality

CITY OF LACEY
Shaping our community together

LACEY CITY COUNCIL MEETING
February 17, 2022

SUBJECT:	**Reappointment to Capital Area Regional - Public Facilities District Board (CAR-PFD)**

RECOMMENDATION:	**Approve reappointment of Chris Leicht as a regional representative to the CAR-PFD**

STAFF CONTACT:	Scott Spence, City Manager Shannon Kelley-Fong, Assistant City Manager SKF Peri Edmonds, City Clerk PE
ORIGINATED BY:	City Clerk's Office
ATTACHMENTS:	1. RCW 35.57.010 – Public Facilities District - Creation of Board of Directors 2. 2021-2022 CAR-PFD Board Roster 3. Biography - Chris Leicht
FISCAL NOTE:	None
PRIOR REVIEW:	None

BACKGROUND:

On June 25, 2002, the Lacey City Council approved an interlocal agreement for the creation of a Public Facilities District with the cities of Olympia and Tumwater, and Thurston County. The role of the Capital Area Regional - Public Facilities District (CAR-PFD) is to satisfy the legal requirement of an organization to oversee the collection and distribution of the .033 percent of the State's share of sales tax within the member jurisdictions to fund the PFD's projects according to the law. The two regional projects which receive funding are the Regional Athletic Complex and the Hands on Children's Museum.

In compliance with RCW 35.57.010(3)(c), a public facilities district created by the cities and county must be governed by a board of directors consisting of seven members. Three of the members are to be appointed by the legislative authorities of the cities and county. The remaining four members are to be considered for appointment based on recommendations from local organizations. Per the 2002 ILA, Lacey, Olympia, Tumwater and Thurston County shall each appoint one member based on recommendations from local organizations.

Mr. Leicht was originally appointed in 2010 and has served three terms. His current term will expire on March 1, 2022, and he has expressed interest in continuing to serve in this capacity.

Staff notified the cities of Olympia and Tumwater, and Thurston County regarding Mr. Leicht's interest in continuing to serve on the board. To date, Tumwater has confirmed the reappointment of Mr. Leicht. Olympia and Thurston County are anticipated to act on this reappointment by the end of February.

Based on Mayor Ryder's recommendation to reappoint Chris Leicht to a fourth term on the CAR-PFD Board of Directors, staff requests Council approve the Mayor's recommendation.

ADVANTAGES:

1. Chris Leicht's experience, leadership, and commitment to service would be an asset to the CAR-PFD Board.

DISADVANTAGES:

1. None.

RCW 35.57.010

Creation—Board of directors—Corporate powers.

(1)(a) The legislative authority of any town or city located in a county with a population of less than one million may create a public facilities district.

(b) The legislative authorities of any contiguous group of towns or cities located in a county or counties each with a population of less than one million may enter an agreement under chapter 39.34 RCW for the creation and joint operation of a public facilities district.

(c) The legislative authority of any town or city, or any contiguous group of towns or cities, located in a county with a population of less than one million and the legislative authority of a contiguous county, or the legislative authority of the county or counties in which the towns or cities are located, may enter into an agreement under chapter 39.34 RCW for the creation and joint operation of a public facilities district.

(d) The legislative authority of a city located in a county with a population greater than one million may create a public facilities district, when the city has a total population of less than one hundred fifteen thousand but greater than eighty thousand and commences construction of a regional center prior to July 1, 2008.

(e) At least three contiguous towns or cities with a combined population of at least one hundred sixty thousand, each of which previously created a public facilities district under (a) of this subsection, may create an additional public facilities district. The previously created districts may continue their full corporate existence and activities notwithstanding the creation and existence of the additional district within the same geographic area.

(2)(a) A public facilities district is coextensive with the boundaries of the city or town or contiguous group of cities or towns that created the district.

(b) A public facilities district created by an agreement between a town or city, or a contiguous group of towns or cities, and a contiguous county or the county in which they are located, is coextensive with the boundaries of the towns or cities, and the boundaries of the county or counties as to the unincorporated areas of the county or counties. The boundaries do not include incorporated towns or cities that are not parties to the agreement for the creation and joint operation of the district.

(3)(a) A public facilities district created by a single city or town shall be governed by a board of directors consisting of five members selected as follows: (i) Two members appointed by the legislative authority of the city or town; and (ii) three members appointed by legislative authority based on recommendations from local organizations. The members appointed under (a)(i) of this subsection, shall not be members of the legislative authority of the city or town. The members appointed under (a)(ii) of this subsection, must be based on recommendations received from local organizations that may include, but are not limited to the local chamber of commerce, local economic development council, and local labor council. The members shall serve four-year terms. Of the initial members, one must be appointed for a one-year term, one must be appointed for a two-year term, one must be appointed for a three-year term, and the remainder must be appointed for four-year terms.

(b) A public facilities district created by a contiguous group of cities and towns must be governed by a board of directors consisting of seven members selected as follows: (i) Three members appointed by the legislative authorities of the cities and towns; and (ii) four members appointed by the legislative authorities of the cities and towns based on recommendations from local organizations. The members appointed under (b)(i) of this subsection shall not be members of the legislative authorities of the cities and towns. The members appointed under (b)(ii) of this subsection, must be based on recommendations received from local organizations that include, but are not limited to the local chamber of commerce, local economic development council, local labor council, and a neighborhood organization that is directly affected by the location of the regional center in their area. The members of the board of directors must be appointed in accordance with the terms of the agreement under chapter 39.34 RCW for the joint operation of the district and shall serve four-year terms. Of the initial members, one must be appointed for a one-year term, one must be appointed for a two-year term, one must be appointed for a three-year term, and the remainder must be appointed for four-year terms.

(c) A public facilities district created by a town or city, or a contiguous group of towns or cities, and a contiguous county or the county or counties in which they are located, must be governed by a board of directors consisting of seven members selected as follows: (i) Three members appointed by the legislative authorities of the cities, towns, and county; and (ii) four members appointed by the legislative authorities of the cities, towns, and county based on recommendations from local organizations. The members appointed under (c)(i) of this subsection shall not be members of the legislative authorities of the cities, towns, or county. The members appointed under (c)(ii) of this subsection must be based on recommendations received from local organizations that include, but are not limited to, the local chamber of commerce, the local economic development council, the local labor council, and a neighborhood organization that is directly affected by the location of the regional center in their area. The members of the board of directors must be appointed in accordance with the terms of the agreement under chapter 39.34 RCW for the joint operation of the district and shall serve four-year terms. Of the initial members, one must be appointed for a one-year term, one must be appointed for a two-year term, one must be appointed for a three-year term, and the remainder must be appointed for four-year terms.

(d)(i) A public facilities district created under subsection (1)(e) of this section must provide, in the agreement providing for its creation and operation, that the district must be governed by an odd-numbered board of directors of not more than nine members who are also members of the legislative authorities that created the public facilities district or of the governing boards of the public facilities districts previously created by those legislative authorities, or both.

(ii) A board of directors formed under this subsection must have an equal number of members representing each city or town participating in the public facilities district. If there are unfilled board member positions after each city or town has appointed an equal number of board members, the members so appointed must appoint a number of additional board members necessary to fill any remaining positions. For a board formed under this subsection to submit a proposition to the voters under RCW 82.14.048, a majority of the members representing or appointed by each legislative authority participating in the public facilities district must agree to submit the proposition to the voters; however, the board may not submit a proposition to the voters prior to January 1, 2011.

(4) A public facilities district is a municipal corporation, an independent taxing "authority" within the meaning of Article VII, section 1 of the state Constitution, and a "taxing district" within the meaning of Article VII, section 2 of the state Constitution.

(5) A public facilities district constitutes a body corporate and possesses all the usual powers of a corporation for public purposes as well as all other powers that may now or hereafter be specifically conferred by statute, including, but not limited to, the authority to hire employees, staff, and services, to enter into contracts, and to sue and be sued.

(6) A public facilities district may acquire and transfer real and personal property by lease, sublease, purchase, or sale. No direct or collateral attack on any public facilities district purported to be authorized or created in conformance with this chapter may be commenced more than thirty days after creation by the city and/or county legislative authority.

[**2010 c 192 § 1**; **2009 c 533 § 1**; **2007 c 486 § 1**; **2002 c 363 § 1**; **1999 c 165 § 1**.]

CAPITAL AREA REGIONAL – PUBLIC FACILITIES DISTRICT

ESTABLISHED IN 2003

BOARD OF DIRECTORS (2021-2022)

FOUR YEAR TERM - NO TERM LIMITS

Nancy Clauson, President (2021-2022) *District-wide Appointee* Appointed: 03.03.2012 Reappointed: 03.01.2016, 03.01.2020 Term Expiration: 03.01.2024	**Ken Parsons, Secretary/Treasurer (2021-2022)** *Thurston County Appointee* Appointed: 02.25.2003 Reappointed: 02.12.2007, 03.01.2011, 2015, 09.18.2018 Term Expiration: 03.01.2023
Chris Leicht *District-wide Appointee* Appointed: 04.01.2010 Reappointed: 05.22.2014, 07.12.2018 Term Expiration: 03.01.2022	**Dennis Reed** *City of Lacey Appointee* Appointed: 02.25.2003 Reappointed: 03.01.2007, 2011, 2015, 12.06.2018 Term Expiration: 03.01.2023
John Grausam *District-wide Appointee* Appointed: 05.07.2019 (unexpired term) Reappointed: 03.18.2021 Term Expiration: 03.01.2025	**David Brine** *City of Olympia Appointee* Appointed: 12.04.2007 Reappointed: 03.01.2011, 2015, 02.05.2019 Term Expiration: 03.01.2023
City of Lacey Administrative Support City Clerk's Office Lacey City Hall 420 College St SE Lacey WA 98503 360.486.8704 pedmonds@ci.lacey.wa.us	**Trent Grantham** *City of Tumwater Appointee* Appointed: 03.01.2011 Reappointed: 03.01.2015, 10.16.2018 Term Expiration: 03.01.2023

Chris Leicht

EDUCATION

B.S.B.A. John Carroll University, Cleveland, Ohio. 1972

WORK EXPERIENCE

Ecolab, Inc., 1978-2015—Sales and Service

C.A. Muer Corp., 1972-1978—Restaurant Mgmt

Currently Retired

- Part-time-Tumwater Golf Course Pro Shop
- Occasional consulting for Ecolab, Inc.

PUBLIC SERVICE

Tumwater City Council—1990-1996

Tumwater City Parks Board—1997-2006

CAR-PFD Board—2006-2018

Intercity Transit Board—1992-1996, Chairman 1994,1995

Various other Inter-governmental area boards

COMMUNITY SERVICE

Tumwater Hill Neighborhood Assoc Board

Tumwater Soccer Club Board

Youth Basketball Coach

PERSONNAL

Married to Cecilia Leicht 18 years

5 grown children Jonathan, Matthew, Robert, Michelle, and Gary

Lived in Thurston County 32 years, Tumwater(19), Lacey (10), and Olympia(3)

Shaping our community together

CITY OF LACEY

LACEY CITY COUNCIL MEETING
February 17, 2022

SUBJECT: **Arc Flash Hazard Assessment**

RECOMMENDATION: **Motion to award Lacey Contract Number PW 2022-04 to P2S Engineering from Seattle, Washington in the amount of $483,799.00.**

STAFF CONTACT: Scott Spence, City Manager
Scott Egger, P.E., Public Works Director SE
Scott Devlin, Operations Manager SD
Lisa Hull, Project Administrator
Ashley Smith, P.E., Capital Projects Engineer AS

ORIGINATED BY: Public Works Department

ATTACHMENTS:
1. Fee Proposal
2. Facilities List

FISCAL NOTE: Funding is provided through multiple source funds, taking into consideration the complexity of electrical components and number of facilities in each division:

Water, 55%, 401-3401-534.41-02
Wastewater, 35%, 402-3501-535.41-02
Facilities, 10%, 001-3601-572.41-01

A budget amendment will be needed in 2022.

PRIOR REVIEW: None

BACKGROUND:

The Department of Labor and Industries (LNI) requires employers to take additional steps to protect employees from electrical hazards in the workplace based on safe practices established by the Washington Industrial Safety and Health Act (WISHA) and Occupational Safety and Health Administration (OSHA). One such requirements is to assess the workplace for flame and electric-arc hazards (i.e. arc flash). An arc flash is a phenomenon where a flashover of electric current leaves its intended path and travels through the air from one conductor to another, or to ground. The results are often violent and when a human is in close proximity to the arc flash, serious injury and even death can occur.

This contract provides for assessment of 79 City sites, including all water sources, reservoirs, booster stations, and treatment facilities, all wastewater lift stations, and City buildings. Work includes: field investigation, review and/or generation of new single line diagrams, short circuit and arc flash Electrical Transient Analyzer Program (ETAP) modeling, determination of Hazard/Risk Categories for calculated incident energy levels and appropriate PPE, determination of flash protection boundaries, safety labeling and a final report detailing the findings at all sites. 8-hour arc flash awareness training will be provided by the consultant for City staff.

The contract includes assessment of the Terry Cargil reservoir site, not yet constructed, as well as $25,000 management reserve for additional work as required.

The project was advertised via a Request for Qualifications in November 2021 in accordance with chapter 39.80 RCW. Eight (8) firms submitted a Statement of Qualifications. P2S Engineering of Seattle, Washington was considered to be the most qualified firm. The project is expected to be complete in early 2023.

ADVANTAGES:

1. Provide an electrically safe work environment for employees, including appropriate PPE and training.
2. Compliance with industry standards as they pertain to electrical safety.

DISADVANTAGES:

1. None noted.

Minimum arc flash label example

Detailed (preferred) arc flash label example

February 04, 2021

City of Lacey
Ashley Smith, PE, PMP
Civil Engineer, Capital Projects Manager
City of Lacey Public Works
420 College Street SE
Lacey, WA 98503

SUBJECT: Engineering Services Proposal to perform Short Circuit, Coordination and Arc Flash Study for 79 sites at City of Lacey

Dear Ashley,

Thank you for considering P2S Inc. for the subject project. We are pleased to provide our following proposal that defines our scope of services, deliverables, assumptions, schedule, and fees and is based on the RFP dated November 23, 2021, and our experience performing engineering power system studies for public agencies.

STATEMENT OF UNDERSTANDING

We understand that the scope of this project includes performing arc flash hazard analysis, short circuit interrupting rating analysis, analyzing overcurrent protection coordination, calculating incident energy at each site, and determining the arc flash boundary and calorie rating. We understand that the purpose of this analysis is to identify safe work zones and high-risk arc flash areas within the electrical system and recommend mitigation strategies for discovered and known hazards.

SCOPE OF WORK

Our scope for this project is as described below:

1. Project Management
    A. Conduct weekly virtual project meetings, prepare meeting agendas and meeting minutes during the site visit period.
    B. Conduct bi-weekly virtual project meetings, prepare meeting agendas and meeting minutes during the modelling and analysis period.
    C. Prepare and submit invoices every month.
    D. Prepare monthly progress reports along with project schedule showing work completed in the previous month.
    E. Coordinate with City of Lacey on a regular basis to provide project updates.
2. Power System Study
    A. Perform field investigation to survey all 79 sites and verify the accuracy of the single line diagrams, identify code deficiencies, and document all the information required to conduct the studies. If single line diagrams are not available, P2S will create new single line diagrams based on the site visits.
    B. Coordinate with electrical utility to obtain available fault current data and upstream transformer information.
    C. Prepare detailed field survey reports for each site documenting existing conditions, visual assessment information, and recommendations.
    D. Prepare ETAP single line diagram model for all sites.
    E. Prepare colored single line diagrams in AutoCAD for all sites.
    F. Perform short circuit, coordination, and arc flash study for all sites.

G. Prepare bookmarked complete draft report including the following information:
   1) An Introduction describing the background, objectives, and the scope of the study.
   2) Executive Summary with clearly written conclusions and recommendations to reduce the arc flash hazard category to two or below and any other ways to enhance safety.
   3) Coordination plots and protective device curves
   4) One-line diagrams
   5) Tabulated results containing listed device, device name, bus name, bus kV, protective, bus bolted fault, protective device arc fault, trip/delay time, duration of arc, arc type, arc flash boundary, working distance, required limited and restricted approach, incident energy, cal/cm2, conduit sizes, switchgear data, and required PPE
   6) Hazard/Risk Categories for the calculated incident energy levels
   7) Flash protection boundaries
   8) Software data version of arc flash study
H. Conduct a page turn meeting with the city staff to review the report and go over the findings and recommendations.
I. Prepare a final report incorporating all city comments for submission.
J. Print all arc flash labels on vinyl adhesive stickers and walk all the sites with city electricians to install the labels. Arc Flash labels will provide at a minimum the following information:
   1) Arc Flash Boundary
   2) Restricted Approach Distance
   3) Limited Approach Distance
   4) Glove Class
   5) Incident Energy and corresponding working distance or PPE Category
   6) Nominal Voltage
   7) Equipment/Device name and assessment date.
K. Prepare and present an 8-hour arc flash awareness training for city staff and electricians.
L. Conduct a QAQC on the report and analysis by a senior engineer before every deliverable.
M. Attend following in-person meetings, all other meetings will be virtual conducted via conference call.
   a. Page Turn meeting
   b. Project closeout meeting

DELIVERABLES

1. Report (word, pdf and one set of hard copy)
2. Electronic version of the results (pdf and raw data files)
3. Arc Flash Labels (vinyl stickers and pdf)
4. Single Line Diagrams (AutoCAD, pdf and two copies of color prints)
5. ETAP model - raw data file with version number indicated in the data file name.

ASSUMPTIONS

1. Sub-contractor fee is not included in this proposal.
2. Electrical utility fee for obtaining utility information is not included in the proposal.
3. Invoices will be based on the overall project and will not be broken down by site. If the invoices require to be broken down by sites, additional fees will be required.

4. If any sites require PPE and harnesses to access the equipment, City of Lacey will provide the necessary equipment and perform the inspection and provide photos and markups to P2S. Or a sub-contractor will be required to perform this work.

FEES

We propose to undertake the project defined in this proposal for a time and materials not to exceed amount of **FOUR HUNDRED AND EIGHTY THREE THOUSAND SEVEN HUNDRED AND NINETY NINE DOLLARS ($483,799).** Please see breakdown of our fees on the pricing data attachment. Invoicing will occur monthly based on number of hours spent on the project.

We look forward to working with you on completing this project successfully. Should you have any questions or need clarifications, please contact us.

Sincerely,

Akshay Prabhu, PE, LEED GA, DBIA
Project Manager / Electrical Engineer

AP/mw

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City of Lacey Arc Flash Study

Cost Summary

P2S Inc.

Date: *2/4/2022*

Task	Description	Principal	Project Manager	Electrical Engineer V	Electrical Engineer II	Design Engineer 1	CAD	Technical Editor	Total Hours	Total Budget by Task
		$ 329.00	$ 229.00	$ 276.00	$ 211.00	$ 147.00	$ 130.00	$ 96.00		
1.0	**Project Kick-off**	**6**	**38**	**4**	**28**	**24**			**94**	**$21,216**
1.1	Project Management - Project Setup, Accounting, Contract	2	12				`		14	$3,406
1.2	Review Available Record Drawings		8		20	20			48	$8,992
1.3	Kick off-Meeting with City		3		2	2			7	$1,403
1.4	Preparing and sending Meeting Minutes		3						3	$687
1.5	Updating the Preliminary Project Schedule and Preparing Final/Complete/Detailed Project Schedule after meeting with District		6						6	$1,374
1.6	Internal Project Review with Principal Engineer	4	4	4	4				16	$4,180
1.7	Weekly Project Meetings		2		2	2			6	$1,174
2.0	**Site Visits**		**52**		**261**	**269**			**582**	**$106,522**
2.1	Site Visit Coordination with City		4		4				8	$1,760
2.2	Site Visits for 79 sites including drive time (3 sites per day)		16		237	237			490	$88,510
2.3	Project Management		16						16	$3,664
2.4	Utility Coordination				4	16			20	$3,196
2.5	Weekly Project Meetings (16 meetings)		16		16	16			48	$9,392
3.0	**Field Survey Reports, AutoCAD SLDs and naming**				**60**	**474**	**5**	**20**	**559**	**$84,908**
3.1	Preparation of Field Survey Notes of each site for distribution				40	158		20	218	$33,586
3.2	Prepare AutoCAD drawing for single line diagrams				20	237	5		262	$39,709
3.3	Create naming convention for all sites					79			79	$11,613
4.0	**Modeling and Analysis**	**10**	**24**	**10**	**96**	**699**			**839**	**$134,555**
4.1	Prepare ETAP Single Line Diagram Model for all sites				20	316			336	$50,672
4.2	Short Circuit Study for all sites				10	40			50	$7,990
4.3	Coordination Study for all sites including selective coordination analysis			10	40	237			287	$46,039
4.4	Arc Flash Study for all sites				10	60			70	$10,930
4.5	Electronically generating arc flash labels					20			20	$2,940
4.6	QAQC - Internal review by Principal Engineer	10				10			20	$4,760
4.7	Project Management		8						8	$1,832
4.8	Bi-weekly Project Meetings (16 meetings)		16		16	16			48	$9,392
5.0	**Draft Report**	**10**	**24**		**38**	**185**		20	**277**	**$45,919**
5.1	Executive Summary				5	8			13	$2,231
5.2	Detailed Narrative for each site				5	40			45	$6,935
5.3	Tabulating Results				10	40			50	$7,990
5.4	Providing Recommendations				10	79			89	$13,723
5.5	QAQC - Review by Principal Engineer	10				10		20	40	$6,680
5.6	Page turn meeting with the City staff		8		8	8			24	$4,696
5.7	Project Management		16						16	$3,664
6.0	**Final Report**		**38**	**8**	**30**	**228**		**8**	**312**	**$51,553**
6.1	Review and Incorporate City Comments		8		8	40		8	64	$10,168
6.2	Prepare all electronic files for final submission				8	20			28	$4,628
6.3	Print all arc flash labels				8	20			28	$4,628
6.4	Final Closeout meeting and deliverables		6		6	6			18	$3,522
6.5	Project Management		16						16	$3,664
6.6	Arc flash Awareness Training and Preparation		8	8					16	$4,040
6.7	Arc Flash Label Installation Site Visits					142			142	$20,903
7.0	**Reimbursables**									**$14,126**
8.0	**Management Reserve**									**$25,000**
	Total Hours	26	176	22	513	1879	5	48	**2669**	
	Billing Rate	$329.00	$229.00	$276.00	$211.00	$147.00	$130.00	$96.00		
	Total Labor Cost	$8,554	$40,304	$6,072	$108,243	$276,242	$650	$4,608		***$483,799***
	Project Total =									***$483,799***

Appendix A
List of sites/electrical equipment

Water: Wells, Booster Stations, and Water Treatment Facilities

Facilities	Site Address	Power Source
ATEC Waste Pump ATEC Treatment Building	831 Lacey St. SE	480V 3Ph 120/240V 1Ph
McAllister Booster	2040 Huntington Loop SE	120/240V 1Ph (Possible phase conversion with VFD)
Mt. Aire Booster	8002 Pacific Ave. SE	480V 3Ph
Terry Cargil Reservoir	Intelco Loop	480V 3Ph
Sky Ridge Booster	1227 Ridge St. SE	120/240V 1Ph (Possible phase conversion with VFD)
Well 1 Well 2 Well 3 Westside Booster CL2 Building Auxiliary Generator	3300 College St. SE	480V 3Ph
Well 10	5138 Yelm Hwy. SE	480V 3Ph
Well 15 Well 16 Electric/Control Building	8905 48th Way NE	480V 3Ph
Well 19/Treatment Building Well 31 400 zone Booster Auxiliary Generator	4040 Marvin Rd. NE	480V 3Ph
Well 20 CL2 Building	8550 19th Ave. SE	480V 3Ph (Not sure about CL2 Building)
Well 21 Well 22 Well 28 CL2 Building	8824 Milbank Dr. SE	480V 3Ph
Well 24 Well 25	11544 6th Ave. SE	240V 3Ph
Well 27	2814 Hibiscus Ct. SE	480V 3Ph
Well 29	7747 31st Ave. NE	480V 3Ph
Well 4/Treatment	6140 West Sarazen St. SE	480V 3Ph
Well 6 Judd Hill Booster	2400 Judd St. SE	480V 3Ph
Well 7	5606 Pacific Ave. SE	480V 3Ph
Well 9	4890 Yelm Hwy. SE	480V 3Ph

Waste Water: Sewer Lift Stations, and Community S.T.E.P. Systems

Facilities	Site Address	Power Source	Generator KW
Faith Lutheran Church	7075 Pacific Ave SE	120/208/3	N/A
L.S. # 11	6480 Glen Ct. S.E.	120/208/3	30
L.S.# 03	2404 Golf Club Rd. S.E.	277/480/3	45
L.S.# 04	5900 25th Ave S.E.	120/240/1	40
L.S.# 05	3607 Ryan St. S.E.	120/240/1	40
L.S.# 06	5611 32nd Ct. S.E.	120/240/1	35
L.S.# 08	590 College St. S.E.	120/208/3	20
L.S.# 09	4905 Ruddell Rd. S.E.	277/480/3	150
L.S.# 12	6617 5th Ct. S.E.	120/208/3	N/A
L.S.# 15	1210 Galaxy Dr. N.E.	120/208/3	20
L.S.# 17	480 College St. N.E.	277/480/3	80
L.S.# 18	4530 Yelm Hwy. S.E.	277/480/3	50
L.S.# 19	2631 Willamette Dr. N.E.	277/480/3	75
L.S.# 21	4526 Pacific Ave. S.E.	277/480/3	25
L.S.# 22	4401 45th Ave. S.E.	277/480/3	60
L.S.# 23	1922 Abernathy Rd. N.E.	277/480/3	N/A
L.S.# 24	2201 Mayes Rd. S.E.	240/Delta	20
L.S.# 25	1450 Marvin Rd. S.E.	120/208/3	35
L.S.# 27	951 College Ln N.E.	120/240/1	15
L.S.# 30	8500 55th Ave S.E.	120/240/1	15
L.S.# 31	8519 Sweetbrier Lp S.E.	120/208/3	35
L.S.# 32	9300 Martin Way E	120/208/3	25
L.S.# 33	4901 Mullen Heights Dr SE	120/240/3	15
L.S.# 34	800 Torden Ln S.E.	120/208/3	75
L.S.# 35	9420 Fagan Ct NE	120/208/3	40
L.S.# 37	5601 Lintel Ln SE	277/480/3	125
L.S.# 39	4201 37th Ave SE	120/208/3	40
L.S.# 40	8231 54th Ave SE	120/240/1	30
L.S.# 41	8201 55th Ave SE	120/240/1	30
L.S.# 42	8524 28th Way SE	120/240/1	20
L.S.# 43	8320 Vashon Dr NE	277/480/3	40
L.S.# 44	2414 Pleasanton Ct SE	120/208/3	30
L.S.# 45	4630 Carpenter Rd. SE	277480/3	25
L.S.# 46	5421 Caleb Ct. SE	120/240/1	25
L.S.# 47	8514 15th Ave SE	120/240/1	20
L.S.# 48	1516 Farina Loop SE	120/208/3	20
L.S.# 49	2365 Shady Glen Ct NE	277/480/3	250
L.S.# 50	8825 28th Way SE	120/240/1	20
L.S.# 51	3099 Eagle Lp NE	277/480/3	60
L.S.# 52	6035 7th Ave SE	277/480/3	80
L.S.# 53	9255 46th Ave NE	277/480/3	60
L.S.# 54	5330 Waldron Dr NE	277/480/3	50

Facilities	Site Address	Power Source	Generator KW
L.S.# 55	2515 Burlwood St NE	277/480/3	60
L.S.# 56	829 Natalee Jo St SE	277/480/3	60
L.S.# 58	736 Hawks Glen Dr SE	277/480/3	100
L.S.# 59	2320 Westlake Dr. SE	277/480/3	40

Facilities/Buildings:

Facilities	Site Address	Power Source	Generator KW
6400 Compton Blvd SE	5500 Thornbury Drive SE	120/240V 1Ph (VFD)	N/A
Avonlea Park	4112 Ingleside Drive SE	120/240V 1Ph (VFD)	N/A
Brentwood Park	5304 32nd Ave SE	120/240V/1 (VFD)	N/A
City Hall	420 College St. S.E.	120/208/3	500
Joint Animal Services	3120 Martin Way E., Olympia	120/240	12
Lacey Child Care & Family Services	4540 Corporate Center Dr. S.E.	120/240-400Amp	N/A
Lacey Community Center	6729 Pacific Ave. S.E.	120/208/3 (VFD)	N/A
Lacey Operations and Maintenance Center	1200 College St. S.E.	120/208/3	375
Lacey Senior Center	6757 Pacific Ave. S.E.	120/208/3	N/A
Lacey Timberland Library	500 College St. S.E.	120/208/3	N/A
Lakepointe park	6400 Compton Blvd SE	120/240V 1Ph (VFD)	N/A
Rainier Vista Park	5475 45th Ave. S.E.	120/208/3	N/A
Regional Athletic Complex	8345 Steilacoom Road SE	277/480/3	N/A
William A Bush Park	4401 Yelm Highway SE	120/240V 1Ph VFD	N/A
Woodland Creek Park	6749 Pacific Avenue SE	120/240V 1Ph (VFD)	N/A

FINANCE & ECONOMIC DEVELOPMENT COMMITTEE MINUTES
JANUARY 25, 2022
8:31 A.M. – 9:28 A.M.
REMOTE ONLY

To hear the full discussion of a specific topic, or the complete meeting, you may watch the video-stream available on the City of Lacey's YouTube Channel: https://youtu.be/IADoi86s15g

COUNCIL PRESENT: MAYOR RYDER (CHAIR), DEPUTY MAYOR MILLER (LOGGED ON AT 8:37 A.M.), COUNCILMEMBER GREENSTEIN

STAFF PRESENT: SCOTT SPENCE, TROY WOO, RICK WALK, WESLEY NGUYEN, ELISSA FONTAINE

ACTION: APPROVE FINANCE & ECONOMIC DEVELOPMENT COMMITTEE AGENDA
MOTION: MOTION MADE, SECONDED, AND CARRIED BY COUNCILMEMBER GREENSTEIN AND MAYOR RYDER

ELECT COMMITTEE CHAIR

PRESENTER: COMMITTEE MEMBERS
ACTION: ELECT MAYOR RYDER AS CHAIR OF THE FINANCE AND ECONOMIC DEVELOPMENT COMMITTEE
MOTION: MOTION MADE AND SECONDED BY COUNCILMEMBER GREENSTEIN AND MAYOR RYDER. MOTION CARRIED.

Councilmember Greenstein nominated Mayor Ryder as Chair for the Finance & Economic Development Committee.

4TH QUARTER 2021 INVESTMENT REPORT

STAFF: TROY WOO, FINANCE DIRECTOR
ACTION: INFORMATION ONLY

Troy Woo, Finance Director, presented the 4th Quarter 2021 Investment Report. The main components of the quarterly report included the following:

- The report opens with a market commentary, market outlook, current investment policy compliance report, and recommendations for the City's investment strategy.
- Investment policy compliance report.
- Quarterly asset allocation changes and historical balances.

- A summary of the City's total invested funds including information elating to types, maturities, and investment activity, investment earnings and accruals that occurred during the report period.

The City's core fund portfolio outperformed the investment strategy benchmarks. The core fund net total return for the quarter was -0.45 percent. The benchmark total return for the period was -0.55 percent.

Investment Strategy and Policy Updates

STAFF: TROY WOO, FINANCE DIRECTOR

ACTION: INFORMATION ONLY

Troy Woo, Finance Director, presented proposed changes to the City's Investment Policy.

The recommended amendments to the investment policy are related to recent updates to the State's investment policy. The policy recommendations are intended to add clarity and to follow the State statutes more closely.

The proposed changes to the City's Investment Policy will be presented to the full Council at a future regular meeting.

BIPOC Business Startup Training Program

STAFF: RICK WALK, COMMUNITY & ECONOMIC DEVELOPMENT DIRECTOR
WESLEY NGUYEN, ECONOMIC DEVELOPMENT COORDINATOR

ACTION: INFORMATION ONLY

Staff presented the proposed Black Indigenous and People of Color (BIPOC) Business Startup Training Program for 2022, using unspent funds from the 2021 Scale-Up contract.

The program will serve entrepreneurs and business owners throughout the City with a focus on underserved communities to help foster innovation and create wealth building opportunities. Upon completion, participants can apply to the SPSCC Growth & Innovation Fund, and coaching/mentorship for one year.

Staff recommend entering into a contract with Thurston EDC to manage the BIPOC training program.

The proposed budget amendment and agreement will be presented to the full Council at a future meeting.

GENERAL GOVERNMENT & PUBLIC SAFETY COMMITTEE
JANUARY 25, 2022
9:32 A.M. – 10:29 A.M.
REMOTE ONLY

To hear the full discussion of a specific topic, or the complete meeting, you may watch the video-stream available on the City of Lacey's YouTube Channel: https://youtu.be/V9aAW2a-tBA

COUNCIL PRESENT: COUNCILMEMBER GREENSTEIN (CHAIR), MAYOR RYDER, COUNCILMEMBER KUNKEL (LOGGED ON AT 9:37 A.M.)

STAFF PRESENT: SCOTT SPENCE, ROBERT ALMADA, SCOTT EGGER, ROBERT HOLLIS, DAVE SCHNEIDER, SCOTT DEVLIN, RUSSELL GREER, JAMIE OAKLAND, ELISSA FONTAINE

ACTION: APPROVE THE GENERAL GOVERNMENT & PUBLIC SAFETY COMMITTEE AGENDA
MOTION: MOTION MADE, SECONDED, AND CARRIED BY MAYOR RYDER AND COUNCILMEMBER GREENSTEIN

ELECT COMMITTEE CHAIR

PRESENTERS: COMMITTEE MEMBERS

ACTION: ELECT COUNCILMEMBER GREENSTEIN AS CHAIR OF THE GENERAL GOVERNMENT & PUBLIC SAFETY COMMITTEE

MOTION: MOTION MADE AND SECONDED BY MAYOR RYDER AND COUNCILMEMBER GREENSTEIN. MOTION CARRIED.

Mayor Ryder nominated Councilmember Greenstein as Chair of the General Government and Public Safety Committee.

INTRODUCTION OF NEW DEPUTY CHIEF OF POLICE

STAFF: ROBERT ALMADA, CHIEF OF POLICE
ROBERT HOLLIS, DEPUTY CHIEF OF POLICE

ACTION: INFORMATION ONLY

Chief Almada introduced Deputy Chief Robert Hollis to Committee members.

The Deputy Chief began his duties with the Lacey Police Department on December 8, 2021. He comes to Lacey with over 20 years of law-enforcement experience, most recently with the Kent Police Department, where he served as a commander in charge of race, equity, and inclusion initiatives.

LACEY POLICE DEPARTMENT 2020 CRIME RECAP AND 2021 CRIME STAT PREVIEW

STAFF: ROBERT ALMADA, CHIEF OF POLICE

ACTION: INFORMATION ONLY

Chief Almada presented the 2020 Crime Recap and previewed the preliminary 2021 Crime Statistics.

The presentation included the following highlights:

- 2020 & 2021 Lacey Police Department Activity
- 2020 Crime Rate Data
- Preliminary 2021 Crime Data & Crime Trends
- Pandemic and Legislative Impacts

The Chief of Police highlighted how Lacey Police Department is committed to de-escalation tactics and using the least amount of force necessary. It was noted that Lacey Officers responded to 38,364 incidents in 2021, and use of force was only used on 38 occasions. This results in the Lacey Police Department using force in approximately 3% of all arrests in 2021.

Staff expressed a need for endorsement of HB 2037, a bill modifying the standard for use of force by peace officers.

TREE MAINTENANCE PROGRAM

STAFF: RUSSELL GREER, SENIOR MAINTENANCE TECHNICIAN

ACTION: INFORMATION ONLY

Staff presented an overview of the Public Works Parks Maintenance Tree Program. The Parks Department maintains 416 acres of urban forest on developed and undeveloped park property.

Responsibilities include:

- Lacey Parks (Urban Forest)
- Lacey Owned Property and Facilities
- Right of Way Trees on select Arterials

Staff presented an overview the following areas of tree maintenance:

- Hazard Identification
- Planting & Replacements
- Pruning
- Infrastructure Damage Remediation

Next steps for the Tree Maintenance Program include the following:

- Five (5) additional crewmembers obtaining ISA Arborists certification.
- Ongoing capital improvement projects to replace damaged sidewalks.
- Planting a wider variety of forest trees to support climate change and pest resistant.

LAND USE & ENVIRONMENT COMMITTEE
JANUARY 25, 2022
10:34 A.M. – 11:10 A.M.
REMOTE ONLY

To hear the full discussion of a specific topic, or the complete meeting, you may watch the video-stream available on the City of Lacey's YouTube Channel: https://youtube.com/watch?v=8GeVAigr2XM

COUNCIL PRESENT: COUNCILMEMBER COX (CHAIR), COUNCILMEMBER GREENSTEIN, COUNCILMEMBER VAZQUEZ (LOGGED ON FROM 10:38 A.M. -11:02 A.M.)

STAFF PRESENT: SCOTT SPENCE, RYAN ANDREWS, ELISSA FONTAINE

ACTION: APPROVE THE LAND USE & ENVIRONMENT COMMITTEE AGENDA
MOTION: MOTION MADE, SECONDED, AND CARRIED BY COUNCILMEMBERS GREENSTEIN AND COX

ELECT COMMITTEE CHAIR

PRESENTERS: COMMITTEE MEMBERS

ACTION: ELECT COUNCILMEMBER COX AS CHAIR OF THE LAND USE & ENVIRONMENT COMMITTEE.

MOTION: MOTION MADE AND SECONDED BY COUNCILMEMBERS GREENSTEIN AND COX. MOTION CARRIED.

Councilmember Greenstein nominated Councilmember Cox as Chair of the Land Use & Environment Committee.

PARKING AMENDMENTS – LMC 16.72 AND 16.73

STAFF: RYAN ANDREWS, PLANNING MANAGER

ACTION: INFORMATION ONLY

Ryan Andrews, Planning Manager, presented amendments to LMC 16.72 relating to parking standards for multi-family uses, and LMC 17.73 relating to parking standards for electric vehicles.

The full Council will formally consider the Planning Commission recommendations at the February 17, 2022, Council meeting.

Councilmember Greenstein requested the proposed amendments be presented to the full Council as two separate ordinances.

TRANSPORTATION COMMITTEE MINUTES

FEBRUARY 1, 2022

11:00 A.M. – 11:48 A.M.

REMOTE ONLY

To hear the full discussion of a specific topic or the complete meeting, you may watch the video-stream available on the City of Lacey's YouTube Channel: https://youtu.be/diWJkCB_wMc

COUNCIL PRESENT: COUNCILMEMBERS MILLER (CHAIR), STEADMAN, AND VAZQUEZ

STAFF PRESENT: SCOTT SPENCE, SCOTT EGGER, DAVE SCHNEIDER, SCOTT DEVLIN MARTIN HOPPE, SCOTT JOHNSTON, PERI EDMONDS

The agenda was amended to add *Elect Committee Chair* as the first agenda item.

ACTION: APPROVE AMENDED TRANSPORTATION COMMITTEE AGENDA

MOTION: MOTION MADE, SECONDED AND CARRIED BY COUNCILMEMBERS STEADMAN AND VAZQUEZ

ELECT COMMITTEE CHAIR

PRESENTER: COMMITTEE MEMBERS

ACTION: ELECT DEPUTY MAYOR MILLER AS CHAIR OF THE TRANSPORTATION COMMITTEE

MOTION: MOTION MADE AND SECONDED BY COUNCILMEMBER STEADMAN AND VAZQUEZ. MOTION CARRIED.

Councilmember Steadman nominated Deputy Mayor Miller as Chair of the Transportation Committee.

LEBANON STREET UPDATE

STAFF: MARTIN HOPPE, TRANSPORTATION MANAGER

ACTION: INFORMATION ONLY

Martin Hoppe, Transportation Manager, provided an update on the Lebanon Street traffic calming efforts from Lacey Boulevard to 20th Avenue.

Staff advised a voting period was implemented for the neighborhood to approve or deny the permanent installation of traffic calming barriers. The Traffic Calming Policy requires 60% support votes, and staff noted the votes received did not reach the level of support needed.

The most recent voting summary detailed the following:

- Voting Parcels: 40
- Votes Returned: 24
- Voting Percentage: 60%
- Total Votes
  - Yes: 11 (45.8%)
  - No: 13 (54.2%)

Next steps:

- A letter will be mailed to voting parcels, letting them know of the vote and what next steps will be.
- Barriers will be removed based on the voting results and pursuant to Policy.

Staff will report an update to the Committee after the notice has been sent out and barriers taken down.

2021-2022 HOLIDAY SNOW RESPONSE

STAFF: SCOTT DEVLIN, OPERATIONS MANAGER

ACTION: INFORMATION ONLY

An update on the 2021-2022 holiday snow response, highlighting the most recent snow events from December 25, 2021, through January 3, 2022 was presented. Efforts from staff volunteers, overnight crews and all divisions who stepped up to aid the City's response were detailed.

The storm response resulted in 5,600 lane miles of road plowed, deiced and/or sanded, and 650 labor hours. The cost of materials used, supply shortages, labor hours, and challenges faced was reviewed.

Staff thanked the Lacey Police Department, Public Affairs, Administrative and Maintenance staff for all the efforts provided in response to the 2021-2022 snow storm.