



City of Lacey, Washington City Council Regular Meeting Agenda

Refer to the bottom of the agenda for meeting information.

Tuesday, June 4, 2024

6:00 PM

Council Chambers and Online

1. Call to Order

2. Roll Call

3. Pledge of Allegiance

4. Land Acknowledgment

We, the City of Lacey, are on the ancestral land of the Tribal People of the Treaty of Medicine Creek, including the Nisqually Indian Tribe and Squaxin Island Tribe. We acknowledge, and remember those Tribal People not recognized today who were absorbed or relocated into other tribes for survival. We recognize the ancestors and their descendants who are still here. We recognize and respect the Tribal People of the Treaty of Medicine Creek as the traditional stewards of this land since time immemorial and their role today in taking care of these lands in perpetuity. We recognize and have the responsibility to call attention to the histories of dispossession, forced removal, and abridged treaty rights that allowed our nation, state, and city to develop as they have today. We recommend that community members read the Medicine Creek Treaty of 1854.

5. Approval of Agenda and Consent Agenda Items

- A. Approval of the Minutes of May 7, 2024
- B. Approval of the Minutes of May 14, 2024
- C. Approval of wages, claims, and transfers for April 11 through May 24, 2024

6. Public Recognitions and Presentations

- A. **Recognition of the 2023-2024 Lacey Youth Council**
Sadie Siglin, Management Analyst
- B. **Washington State Association of Municipal Attorneys Ernest H. Campbell Award**
Dave Schneider, City Attorney

7. Public Comment

Refer to the bottom of the agenda for instructions on how to provide public comment.

8. Public Hearing

9. Proclamations

A. Juneteenth 2024

Melvin Butler and Lester Dickson, Fred U. Harris Masonic Lodge #70 PHA

10. Resolutions

A. Action: Resolution 1148 - Parks Improvement Funding Work Group

Rick Walk, City Manager

B. Action: Resolution 1149 - Investment Policy Amendments

Troy Woo, Finance Director

11. Ordinances

A. Action: Ordinance 1660 - Cuoio Park North Annexation

Ryan Andrews, Planning Manager

B. Action: Ordinance 1661 - Eminent Domain

Dave Schneider, City Attorney

12. Mayor's Report

A. Appointments: Human Services Ad Hoc Workgroup

Deputy Mayor Miller

13. City Manager's Report

A. 2024 Consumer Confidence/Water Quality Report

Charlene McHendry, Water Resources Specialist

B. Water Shortage Response Plan & Mandatory Watering Schedule

Charlene McHendry, Water Resources Specialist

C. Action: North Thurston Public Schools Master Interlocal Agreement

Jennifer Burbidge, Parks, Culture, & Recreation Director

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. Joint Animal Services Commission (JASCOM)



- C. Councilmember Lenny Greenstein:
 - 1. Emergency Medical Services (EMS)
 - 2. TCOMM911
 - 3. Opioid Abatement Council Independent Subcommittee
- D. Councilmember Michael Steadman:
 - 1. Nisqually River Council
 - 2. Thurston County Law & Justice Council
 - 3. Olympic Region Clean Air Agency (ORCAA)
- E. Councilmember Carolyn Cox:
 - 1. LOTT Clean Water Alliance
 - 2. Regional Housing Council
 - 3. Intercity Transit Authority
- F. Councilmember Robin Vazquez:
 - 1. Thurston Climate Mitigation Collaborative
 - 2. Thurston Regional Planning Council (TRPC)
 - 3. Thurston County Board of Health
- G. Councilmember Nicolas Dunning:
 - 1. Thurston Thrives
 - 2. Solid Waste Advisory Committee (SWAC)
 - 3. Olympia-Lacey-Tumwater Visitor & Convention Bureau (VCB)

16. Adjourn

Attendance and Public Comment

Attend Remote or In-Person

The public may attend the meeting in-person, or you may view or listen to the meeting using one of the following platforms:

- In-Person Council Chambers at Lacey City Hall
420 College Street SE, Lacey, WA 98503
- Zoom: https://us02web.zoom.us/webinar/register/WN_3ptruGb0S9KN1Mm6zKNbRw
- Website: <https://cityoflacey.org/government/public-meetings/>
- Facebook: <https://www.facebook.com/cityoflacey>
- YouTube: <https://www.youtube.com/watch?v=q77jwl83ATc>
- Cable: Channel 77 with your local cable provider



Phone: (888) 788-0099 or (877) 853-5247 (Webinar ID 852 8932 1796)

Verbal Public Comment

Those wishing to provide verbal public comment may do so in-person or by Zoom:

In-Person: Use the sign-up sheet located in the Council Chambers.

Zoom: Preregister using the following Zoom link no later than two hours prior to the meeting:

https://us02web.zoom.us/webinar/register/WN_3ptruGb0S9KN1Mm6zKNbRw

Instructions and access details will be provided once registration is complete.

Written Public Comment

Public comments may also be submitted by email to PublicComment@cityoflacey.org The commenting period will close two hours before the meeting time.

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.





City of Lacey, Washington
City Council Regular Meeting Minutes
Tuesday, May 7, 2024 - Council Chambers and Online

1. Call to Order

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

2. Roll Call

Council Present

Mayor Andy Ryder

Deputy Mayor Malcolm Miller

Councilmember Lenny Greenstein

Councilmember Michael Steadman (remote) (logged off at 8:23 p.m.)

Councilmember Carolyn Cox

Councilmember Robin Vazquez

Councilmember Nicolas Dunning (remote)

Staff Present

Rick Walk, City Manager

Shannon Kelley-Fong, Assistant City Manager

Robert Almada, Chief of Police

Jen Burbidge, Parks, Culture, and Recreation Director

Dave Schneider, City Attorney

Troy Woo, Finance Director

Ryan Andrews, Planning Manager

Lindsay Palmer, Police Records Specialist

Erin Quinn Valcho, Museum Curator

Elissa Fontaine, City Clerk

3. Pledge of Allegiance

4. Land Acknowledgment

Mayor Ryder presented the abbreviated Land Acknowledgment.

5. Approval of Agenda and Consent Agenda Items

- A. Approval of the minutes of April 9, 2024
- B. Approval of the minutes of April 16, 2024
- C. Approval of the minutes of April 23, 2024
- D. Approval of wages, claims, and transfers for April 8 through April 25, 2024

Mayor Ryder requested to amend the agenda to remove item 13.B WSAMA Award Recognition. The item will be scheduled for a future date.

Councilmember Greenstein moved to approve the amended agenda and consent agenda. Councilmember Vazquez seconded. Motion carried.

6. Public Recognitions and Presentations

7. Public Comment

Verbal Public Comment

Zero (0) people signed up to speak at the meeting.

One (1) person registered to speak via Zoom.

Stephany Newman, a Lacey resident, provided comments regarding accessibility concerns relating to the City of Lacey Night Market location.

Written Public Comment

One (1) written public comment was received and made part of the record.

8. Public Hearing

9. Proclamations

A. Historic Women's Olympic Marathon Trials Celebration Week

Eileen Swarthout, Legacy Trials Committee Board Member

Mayor Ryder and Council proclaimed the week of May 12, 2024, as Historic



Women's Olympic Marathon Trials Celebration Week. Denise Keegan, Olympia Trials Legacy Committee Chair, accepted the proclamation and shared historical information on the committee's efforts.

B. Bicycle Month

Duncan Green, Intercity Transit

Mayor Ryder and Council proclaimed May 2024 as Bicycle Month. Duncan Green, with Intercity Transit, accepted the proclamation.

C. Asian American Pacific Islander Heritage Month

Brian Lock, Co-Chair, Asian Pacific Islander Coalition South Puget Sound

Mayor Ryder and Council proclaimed May 2024 as Asian American Pacific Islander Heritage Month. Brian Lock, Co-Chair of the Asian Pacific Islander Coalition of South Puget Sound accepted the proclamation and provided details on an upcoming celebration event.

D. Lacey History Month & Annual Museum Update

Jim Keogh, Chair, Historical Commission

Erin Quinn Valcho, Museum Curator

Mayor Ryder and Council proclaimed May 2024 as Lacey History Month. Jim Keogh, Historical Commission Chair, and Erin Quinn Valcho, Museum Curator, accepted the proclamation and provided an update on the Lacey Museum's annual activities.

Felicia Rova-Camroeun, Museum Coordinator, and Fultan Bryant-Anderson, Recreation Coordinator, highlighted the ongoing Oral History Project. The project's purpose is to build community relationships and fill gaps in museum research and collections by interviewing underrepresented cultures and self-identified groups.

Paul Webb was named Ken Balsley Historian of the Year for 2024.

E. National Police Week & Summer Events Updates

Robert Almada, Police Chief

Lindsay Palmer, Police Records Specialist

Mayor Ryder and Council proclaimed May 9-18, 2024, as National Police Week. Chief Almada accepted the proclamation and introduced Lindsay Palmer, Police Records Specialist, to present upcoming summer events with the Police Department.

10. Resolutions



A. **Parks Projects Grant Applications**

Jennifer Burbidge, Parks, Culture and Recreation Director

Burbidge presented two (2) Reservation and Conservation Office (RCO) grant applications the City is requesting to apply for; a playground replacement at William A. Bush Park and installation of four additional pickleball courts at Rainier Vista Park. The grant opportunities are identified as priorities in the 2023-2029 Lacey Parks, Culture and Recreation Comprehensive Plan. A resolution is required by the Council to proceed with authorization to apply for funds.

1. Resolution No. 1146 - William A. Bush Park Project Grant

Councilmember Greenstein moved to adopt Resolution 1146 authorizing city staff to apply for funding assistance managed by the Washington State Recreation and Conservation (RCO) for the William A. Bush Park Project. Deputy Mayor Miller seconded. Motion carried.

2. Resolution No. 1147 - Rainier Vista Park Project Grant

Councilmember Vazquez moved to adopt Resolution 1147 authorizing city staff to apply for funding assistance managed by the Washington State Recreation and Conservation Office for the Rainier Vista Park Project. Councilmember Greenstein seconded. Motion carried.

11. **Ordinances**

A. **Ordinance 1659 - Budget Amendment - Public Safety Sales Tax**

Troy Woo, Finance Director

Woo detailed the proposed ordinance amending the budget to include expenditure reductions relating to the transfer of the succession planning, Mobile Outreach Team expenses and the transfer of the related one-time reserves. The full details of each of the proposed amendments are highlighted in Exhibit A of the ordinance.

Councilmember Greenstein moved to adopt Ordinance 1659 amending the 2024 Budget establishing a new fund and budgeted amounts for the City of Lacey's share of the Thurston County public safety sales tax. Councilmember Dunning seconded. Motion carried.

12. **Mayor's Report**



- A. **Appointment - Opioid Abatement Council Independent Subcommittee Representative**
Mayor Andy Ryder

Mayor Ryder moved to appoint Councilmember Greenstein of the Lacey City Council to serve on the Opioid Abatement Council. Councilmember Steadman seconded. Motion carried.

13. City Manager's Report

- A. **Opioid Abatement Settlement Agreement**
Dave Schneider, City Attorney

On January 24, 2024, the Attorney General's office entered into a \$149.5 million settlement with Johnson & Johnson. Of this amount, \$123.3 million will be dedicated to abating the opioid crisis in Washington. The settlement is contingent on eligible cities and counties joining. If not enough cities and counties join, the settlement is voided.

Deputy Mayor Miller moved to authorize the City Manager to execute the Settlement Participation Form and all documents necessary to participate in settlements with Johnson & Johnson. Councilmember Greenstein seconded. Motion carried.

- B. **Award Recognition - Washington State Association of Municipal Attorneys**
Dave Schneider, City Attorney

Item 13.B was removed and will be presented at a future meeting.

- C. **Housing Displacement Study and Racially Disparate Impacts Memorandum of Understanding**
Vanessa Dolbee, Community and Economic Development Director

Dolbee presented the Memorandum of Understanding. Dolbee detailed House Bill 1220, adopted in 2021, amended the Growth Management Act (GMA) to require local governments to address policies, programs and zoning that may have a racially disparate or exclusionary effect. These requirements will be addressed by the City as part of the 2025 Comprehensive Plan Update to the Housing Element.

The cities of Lacey, Olympia, Tumwater and Yelm have partnered to complete the Housing Displacement and Racially Disparate Impacts Analysis. The Memorandum of Understanding identifies the cost-sharing arrangement for the work and is based on the City's number of zoning districts.



Deputy Mayor Miller moved to approve the Memorandum of Understanding between the Cities of Lacey, Olympia, Tumwater and Yelm regarding a Housing Displacement and Racially Disparate Impacts Analysis. Councilmember Greenstein seconded. Motion carried.

D. Public Comment Protocols

Shannon Kelley-Fong, Assistant City Manager

Kelley-Fong presented the draft Public Comment Policy and requested Council feedback and direction. Council expressed support for the direction of the draft and provided areas for adjustment. Kelley-Fong will incorporate Council's feedback and bring the final draft to Council for action through a resolution.

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)

Mayor Ryder did not provide any reports.

B. Deputy Mayor Malcolm Miller:

1. Economic Development Council (EDC)
2. Lodging Tax Advisory Committee (LTAC)
3. Thurston County Coalition Against Trafficking (TCCAT)
4. Joint Animal Services Commission (JASCOM)

Deputy Mayor Miller provided a report from the Economic Development Council (EDC).

C. Councilmember Lenny Greenstein:



1. Emergency Medical Services (EMS)
2. TCOMM911

Councilmember Greenstein provided reports from Emergency Medical Services and TCOMM911.

D. Councilmember Michael Steadman:

1. Nisqually River Council
2. Thurston County Law & Justice Council
3. Olympic Region Clean Air Agency (ORCAA)

Councilmember Steadman was not present for the Boards, Commission and Committee Reports, and no reports were provided.

E. Councilmember Carolyn Cox:

1. LOTT Clean Water Alliance
2. Regional Housing Council
3. Intercity Transit Authority

Councilmember Cox provided reports from LOTT Clean Water Alliance, the Regional Housing Council, and the Intercity Transit Authority.

F. Councilmember Robin Vazquez:

1. Thurston Climate Mitigation Collaborative
2. Thurston Regional Planning Council (TRPC)
3. Thurston County Board of Health

Councilmember Vazquez provided reports from TRPC and the Thurston



County Board of Health.

G. Councilmember Nicolas Dunning:

1. Thurston Thrives
2. Solid Waste Advisory Committee (SWAC)
3. Olympia-Lacey-Tumwater Visitor & Convention Bureau (VCB)

Councilmember Dunning did not provide any reports.

16. Adjourn

Mayor Ryder adjourned the meeting at 8:57 p.m.

MAYOR: _____

ATTESTED BY CITY CLERK: _____

DATE APPROVED: _____





City of Lacey, Washington Lacey City Council Worksession Minutes

Tuesday, May 14, 2024

6:00 PM

Council Chambers and Online

1. Call to Order

Deputy Mayor Malcolm Miller called the meeting to order at 6:00 p.m.

2. Roll Call

Council Present

Mayor Andy Ryder (remote)
Deputy Mayor Malcolm Miller
Councilmember Lenny Greenstein (remote)
Councilmember Michael Steadman
Councilmember Carolyn Cox
Councilmember Robin Vazquez
Councilmember Nicolas Dunning

Youth Council Present

Sarah Towne, Mayor
Samuel Tatarian, Representative to the Commission on Equity
Nathanial Clay, Representative to the Parks, Culture, and Recreation Board
Rory Line, Representative to the Historical Commission
Eliana Allin, Clerk

Staff Present

Rick Walk, City Manager
Shannon Kelley-Fong, Assistant City Manager
Robert Almada, Chief of Police
Vanessa Dolbee, Community Development and Economic Director
Scott Egger, Public Works Director
Troy Woo, Finance Director
Ryan Andrews, Planning Manager

Hans Shepherd, Senior Planner
Sadie Siglin, Management Analyst
Brandy Legomina, Deputy City Clerk

3. Land Acknowledgment

Deputy Mayor Miller presented the abbreviated Land Acknowledgment.

4. Approval of the Agenda

Councilmember Vazquez moved to approve the agenda. Councilmember Cox seconded. Motion carried.

5. Agenda Items

A. Lacey Youth Council Joint Meeting

Lacey Youth Council
Sadie Siglin, Management Analyst

The following Youth Council representatives provided reports:
Tatarian reported on the Thurston County Ballot Processing Center; Towne reported on Public Safety; Clay reported on North Thurston Public Schools; Line reported on Houselessness; and Allin reported on the Lacey Youth Summit and Resource Fair.

B. 2024 First Quarter Financial Report

Troy Woo, Finance Director

Woo presented the 2024 First Quarter Financial Report. This presentation included discussion on General Fund expenditures; preliminary General Fund revenues; Utility Fund revenues; Utility Fund expenditures; and the 2024-2025 Financial Outlook.

Staff was directed to track LOTT separately, as a fourth (4th) utility expense.

Council recessed from 7:24 p.m. till 7:30 p.m.

C. Draft Neighborhood Commercial District Code

Hans Shepherd, Senior Planner

Shepherd, Andrews, and Dolbee presented the Draft Neighborhood Commercial District Code. This presentation included discussion on the Planning Commission's



Public Hearing comments and recommendations pertaining to prohibiting or limiting the number of gas stations; ground-floor height requirements in commercial live-work spaces; multi-family lot requirements for tree preservation; and affordable housing requirements in regard to ground-floor residential units.

6. Adjourn

Deputy Mayor Miller adjourned the meeting at 8:24 p.m.

DRAFT





LACEY CITY COUNCIL MEETING

June 4, 2024

SUBJECT: Disbursement Approval

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

STAFF CONTACT: Troy Woo, Finance Director *TW*
Alix Turcotte, Senior Accountant *AT*
Carrie Bode, Accounting Technician *CB*

ORIGINATED BY: Finance Department

BACKGROUND:

The action requested of the City Council is by motion to approve payment of claims, wages and transfers for 4/11/2024 through 5/24/2024. The disbursements consist of the following:

Checks:	<u>Week of</u>	<u>Beg. Check No.</u>	<u>End. Check No.</u>	<u>Amount</u>
	*4/30/2024	274708	274711	1,942.59
	5/3/2024	274712	274804	2,832,794.94
	5/10/2024	274805	274880	245,658.41
	5/17/2024	274881	274945	164,630.44
	5/24/2024	274946	275047	1,164,917.16

Electronic Transfers:	<u>Week of</u>	<u>Amount</u>
	4/11/2024	42,987.98
	4/25/2024	893.80
	4/25/2024	20.05
	4/29/2024	53,976.08
	4/30/2024	24,722.86
	*4/30/2024	1,907,957.40
	*4/30/2024	8,786.96
	*4/30/2024	26,014.41
	*4/30/2024	376,392.00
	*4/30/2024	1,066.06
	5/1/2024	102,112.50
	5/2/2024	4,613.49
	5/3/2024	331,233.49
	*5/3/2024	355.35
	5/6/2024	213.70
	5/10/2024	204,396.44

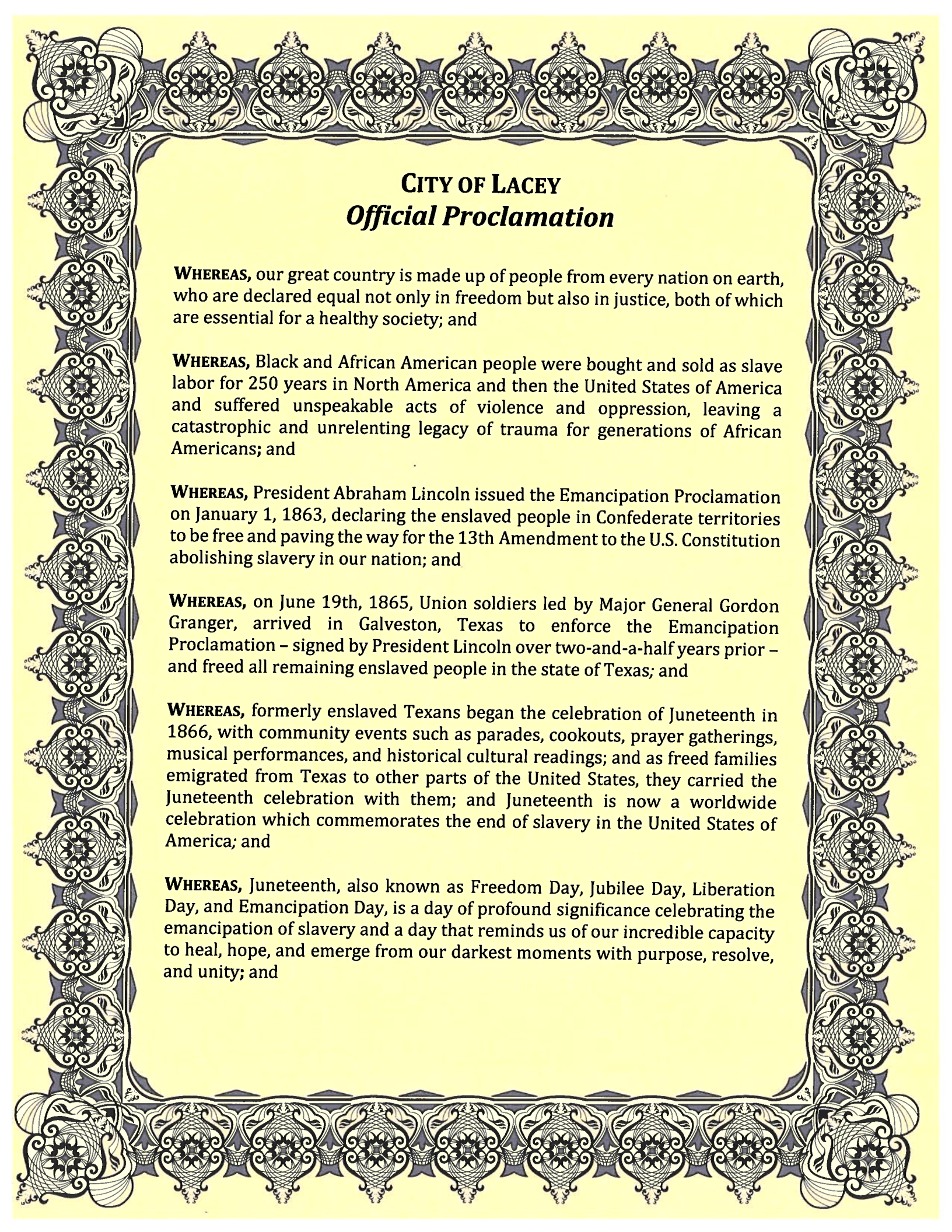
5/13/2024	30.00
5/13/2024	1,304.03
*5/15/2024	1,083.35
5/15-5/16/2024	2,095.00
5/17/2024	1,364,141.35
5/20/2024	699.64
5/21/2024	129,808.92
5/24/2024	389,737.41

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

Payroll:	<u>Month End</u>	<u>Wages</u>
	4/30/2024	2,152,169.98
	5/3/2024	609.28

Significant Disbursements:

<u>Vendor</u>	<u>Amount</u>	<u>Description</u>
Olympia-CARPF	\$ 53,976.08	April 2024 CARPF
US Bank	\$ 102,112.50	Debt service interest
KMB Architects, Inc.	\$ 55,361.46	Police Department facility
LOTT Wastewater Alliance	\$ 227,308.43	LOTT reserve capacity
LOTT Wastewater Alliance	\$ 1,296,412.80	April 2024 ERU's
Miles Resources, LLC	\$ 762,756.96	RAC parking lot expansion
Opengov, Inc.	\$ 124,137.03	Asset mgmt software
Puget Sound Energy, Inc.	\$ 112,468.96	Utility bills
Thurston County District Court	\$ 223,238.00	Jul-Dec 2023 violations
Puget Sound Energy, Inc.	\$ 83,461.73	Utility bills
KMB Architects, Inc.	\$ 69,868.04	Police Department facility
McClure and Sons, Inc.	\$ 105,860.25	Beachcrest wellfield
Nisqually Indian Tribe	\$ 81,493.65	March 2024 inmate services
Pacific Civil & Infrastructure, Inc.	\$ 219,933.61	Lift station 19 replacement
Rognlin's, Inc.	\$ 63,931.14	Lift stations 34 & 37 rehab
SCI Infrastructure, LLC	\$ 621,399.69	Golf Club Rd water & wastewater improvements
Department of Revenue	\$ 129,808.92	April 2024 excise tax
Active Construction, Inc.	\$ 303,908.69	Carpenter & Britton Parkway
Miles Resources, LLC	\$ 588,143.92	RAC parking lot expansion
Phoenix Fabricators & Erectors, LLC	\$ 94,420.11	Terry Cargil reservoir
Whitney Equipment Co., Inc.	\$ 194,313.41	Replace pump supply



CITY OF LACEY *Official Proclamation*

WHEREAS, our great country is made up of people from every nation on earth, who are declared equal not only in freedom but also in justice, both of which are essential for a healthy society; and

WHEREAS, Black and African American people were bought and sold as slave labor for 250 years in North America and then the United States of America and suffered unspeakable acts of violence and oppression, leaving a catastrophic and unrelenting legacy of trauma for generations of African Americans; and

WHEREAS, President Abraham Lincoln issued the Emancipation Proclamation on January 1, 1863, declaring the enslaved people in Confederate territories to be free and paving the way for the 13th Amendment to the U.S. Constitution abolishing slavery in our nation; and

WHEREAS, on June 19th, 1865, Union soldiers led by Major General Gordon Granger, arrived in Galveston, Texas to enforce the Emancipation Proclamation – signed by President Lincoln over two-and-a-half years prior – and freed all remaining enslaved people in the state of Texas; and

WHEREAS, formerly enslaved Texans began the celebration of Juneteenth in 1866, with community events such as parades, cookouts, prayer gatherings, musical performances, and historical cultural readings; and as freed families emigrated from Texas to other parts of the United States, they carried the Juneteenth celebration with them; and Juneteenth is now a worldwide celebration which commemorates the end of slavery in the United States of America; and

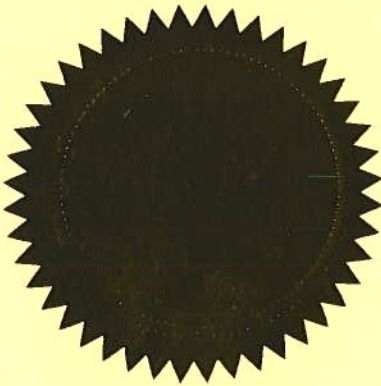
WHEREAS, Juneteenth, also known as Freedom Day, Jubilee Day, Liberation Day, and Emancipation Day, is a day of profound significance celebrating the emancipation of slavery and a day that reminds us of our incredible capacity to heal, hope, and emerge from our darkest moments with purpose, resolve, and unity; and

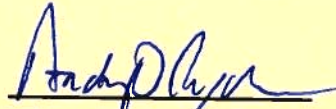
WHEREAS, members of the Fred U. Harris Lodge #70 of Prince Hall Masons have hosted an annual community-wide barbeque in celebration of Juneteenth for the last 42 years, drawing over 1,000 attendees from around the greater Thurston County area, the Pacific Northwest, and Canada, and the Lodge has invited the City of Lacey and other jurisdictions to join in the celebration of Juneteenth on Saturday, June 15th, from 11:30 a.m. to 4:00 p.m., at the Regional Athletic Complex (RAC) in Lacey; and

NOW, THEREFORE, I, Andy Ryder, Mayor of the City of Lacey, on behalf of the Lacey City Council, do hereby recognize and commemorate June 19th, 2024, as

Juneteenth Day

in the City of Lacey and encourage all residents, businesses, and community groups to explore this important celebration of American culture, history, and pride.




Mayor Andy Ryder
June 4, 2024



LACEY CITY COUNCIL MEETING

June 4, 2024

SUBJECT: Parks Improvement Funding Work Group

RECOMMENDATION: Staff is recommending two subsequent and separate actions:

Action one: Motion to Approve Resolution 1148 to establish a Parks Improvement Funding Work Group.

Action two: Motion to appoint [councilmember _____, councilmember _____, and councilmember _____] to a three-member Council Committee to recommend appointments to the Parks Improvement Funding Workgroup in accordance with Resolution 1148.

STAFF CONTACT: Rick Walk, City Manager *RW*
Jen Burbidge, Parks, Culture & Recreation Director *JB*

ORIGINATED BY: Parks, Culture & Recreation Department

ATTACHMENTS: 1. Resolution 1148

FISCAL NOTE: None

PRIOR REVIEW: City Council Worksessions – April 23, 2024 & May 28, 2024

**WORK PLAN GOAL
AND STRATEGY:**

Vibrant Place to Live, Work & Play:

C. Complete Greg Cuoio Park & Greenways – Phase 1A (and future completion of Phase 1 and future phases)

E. Continue initiatives to advance indoor recreation & cultural opportunities

Vibrant & Diverse Economy:

F. Focus on RAC Phase III & other sport facility developments

BACKGROUND:

In 2020, the Lacey City Council (City Council) directed Lacey Parks, Culture and Recreation Department (LPCR) to conduct extensive outreach and communication with the public regarding priorities and to inform the 2023-2029 LPCR Comprehensive Plan update.

Over 3-years starting in 2021 through 2023, LPCR engaged in an extensive two-year public outreach and engagement process with a consultant, the Parks, Culture and Recreation Board (Parks Board), and a special Parks Outreach Team.

This work included in-person and online surveys, public presentations, and Worksessions by the Parks Board, Historical Commission, Commission on Equity, Lacey Youth Council, and the City Council. These efforts informed the development of the 2023-2029 LPCR Comprehensive Plan, which provides policy direction for recreational facilities, parks improvements, and maintenance needs. The LPCR Comprehensive Plan strategic goals align with City Council Work Plan Vision Areas as identified above.

The 2023-2029 LPCR Comprehensive Plan was adopted by the City Council on [August 17, 2023](#). The LPCR Comprehensive Plan identifies a six-year, parks capital improvement program to expand parks programs (known as the Parks Capital Improvement Program or PCIP), facilities, services and develop undeveloped parks properties to meet the future needs of the community based on community feedback. The LPCR Comprehensive Plan also outlines the opportunities and challenges ahead for LPCR and associated maintenance and operations, including:

- Providing adequate facilities to keep up with Lacey's significant amount of growth and the increased impact on aging parks facilities. The demand for parks exceeds our capacity for maintenance and improvements.
- Continuing to move from a predominately "property acquisition era" to a greater emphasis on parks access, improvement, and development phase.
- Solidifying a sustainable future funding strategy for development and ongoing maintenance.

The following is an excerpt from the LPCR Comprehensive Plan:

All of the projects [in the PCIP] will require public funding. Therefore, serious consideration must be given to establishing dedicated parks, culture and recreation funds (i.e., bond issues, sales and/or property tax or park district options).

At the April 23, 2024 Worksession, the City Council was briefed on the list of park improvement priorities identified in the PCIP over the next six-years. The briefing included an overview of the 3-year public engagement process, a review of the estimated capital cost, and long-term operation and maintenance costs. It also included

an overview of potential funding options to finance the implementation of the 6-year parks capital improvement program. The range of funding options discussed included sponsorships/donations, user fees, grants, general fund, lodging tax, G.O bonds, Metropolitan Park District (MPD), and Public Facilities District (PFD).

As a result of the Worksession discussion, the City Council directed City staff to prepare forming a Parks Improvement Funding Workgroup with the purpose of: 1) conducting a deeper study of funding options to implement the PCIP, 2) to prioritize the \$67.6M in new and replacement parks projects identified in the PCIP, and 3) present a recommendation to the City Council. The City Council requested City staff prepare recommendations on the formation, structure and timeline for the proposed workgroup.

Parks Improvement Funding Workgroup Framework

At the May 28, 2024 Lacey City Council Worksession, staff presented the following framework for City Council discussion and consideration.

Purpose: Based on the discussion at the April 23, 2024 Worksession, the intent of the workgroup is to focus specifically on the following purpose:

“Review parks expansion and replacement projects identified in the six-year PCIP, analyze available funding options, and recommend to the City Council funding sources to implement a prioritize list of parks capital projects.”

Timeframe: It is anticipated the workgroup would be formed for approximately 6-months of work following the following preliminary timeline:

- June 4th resolution creating the committee
- June: Call for applications
- July: Workgroup members selected
- August – November: Up to 8 meetings
- November/December: Recommendation to Council

Once the workgroup makes their recommendation they would dissolve.

Process: City staff will provide logistical support and facilitate the workgroup discussion. It is anticipated the workgroup would have a minimum of eight meetings to work through the following steps:

1. Orientation, roles, and purpose
2. Information on the parks system, PCR Comprehensive Plan, and community engagement
3. Current parks operations, maintenance, and capital financial conditions
4. Review of six-year Parks Capital Improvement Program
5. Tours of existing parks facilities and undeveloped park properties.
6. Research and analysis of potential funding sources

7. Develop recommendation

Structure/Selection: In terms of the workgroup structure and selection process, there are several options that City Council could consider.

At the May 28, 2024 Worksession, City staff highlighted options for work group size, preferred qualifications, voting/non-voting roles, and selection options for the City Council to consider to achieve a diverse and well round work group.

Based on the direction provided by the City Council regarding the workgroup purpose, structure and appointment process, City staff prepared a draft Resolution (attachment 1) for City Council consideration. If adopted, the City would officially establish the workgroup and immediately begin the recruitment process.

Next Steps: Upon review, the Lacey City Council could consider one of the following options:

Option 1: Approve Resolution 1148 to establish a Parks Improvement Funding Work Group.

Option 2: Do not form a Parks Improvement Funding Workgroup and not adopt Resolution 1148.

Option 4: Provide direction to City staff on other elements to consider in forming the Parks Improvement Funding Workgroup. After further diligence on these elements, City staff would then return to the City Council with an updated draft of a resolution or City Council consideration.

Option 5: Some other option not contemplated in the above options.

RESOLUTION No. 1148

CITY OF LACEY

A RESOLUTION OF THE LACEY CITY COUNCIL CREATING A TEMPORARY
AD HOC PARKS IMPROVEMENT FUNDING WORKGROUP

WHEREAS, on April 23, 2024, the Lacey City Council discussed parks, culture and recreation funding and the challenges and opportunities as presented in the Lacey Parks, Culture and Recreation Comprehensive Plan; and

WHEREAS, challenges included: providing adequate facilities to keep up with Lacey's significant growth and the increased impact said growth has had on aging parks facilities; the demand for parks exceeds the current capacity for maintenance and improvements; continuing to move from a predominately "property acquisition era" to a greater emphasis on parks access, improvement, and development phase; and solidifying a sustainable future funding strategy for development and ongoing maintenance; and

WHEREAS, City staff, the Parks, Culture & Recreation Board (Parks Board), and a special Parks Outreach Team engaged in an extensive two-year public outreach and engagement process, which efforts resulted in establishing community priority for parks improvements as identified in the Parks, Culture, and Recreation Comprehensive Plan, including: aquatics opportunities and indoor facilities (indoor pool, indoor playground, outdoor spray parks and/or splash pads); trails and preservation of natural areas; completion of planned sports fields; and outdoor amenities (disc golf, pickleball, skate parks, pump tracks, playgrounds, and food forests); and

WHEREAS, the Lacey City Council recognizes that potential parks, culture and recreation opportunities should be approached strategically, including determining funding strategies; and

WHEREAS, the Lacey City Council wishes to enhance community engagement and government transparency; and

WHEREAS, the City has many capable and experienced community members who can help assess and make recommendations on potential funding strategies to help support future park improvements as identified in the Parks, Culture, and Recreation Comprehensive Plan.

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

The Lacey City Council hereby declares its intent to permit the establishment of an ad hoc Parks Improvement Funding Workgroup, assembled as set forth in **Exhibit A**, with the purpose of providing park funding strategy recommendations to the Lacey City Council.

This Resolution shall become effective immediately upon adoption and signature as provided by law.

PASSED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, this ____
day of _____ 2024.

CITY COUNCIL By _____
Mayor

Attest:

City Clerk

Approved as to form:

City Attorney

Exhibit A

Parks Improvement Funding Workgroup

The purpose of the Parks Improvement Funding Workgroup (Workgroup) is to review parks expansion and replacement projects identified in the six-year Parks Capital Improvement Program (PCIP), analyze all available funding options, and recommend to the Lacey City Council a funding package identifying funding sources, including recommended amounts, to implement a prioritized list of parks capital projects. The Work Group will provide a recommendation to the Lacey City Council in December of 2024.

The Workgroup shall consider community input and needs in its recommendation.

1. Membership

- A. The Workgroup shall consist of at least seven general voting members, all of whom shall reside in either the city of Lacey or Lacey's urban growth management area.
- B. The Workgroup may include a youth member who shall be at least sixteen years of age when appointed, enrolled as a junior or senior in North Thurston Public Schools, or enrolled in private school or homeschooled, and be a resident of the City of Lacey or reside in Lacey's urban growth management area.
- C. The Workgroup may also include non-voting members who reside outside of the City of Lacey or Lacey's urban growth area and ex-officio, non-voting members from other City of Lacey advisory boards, e.g., the Commission on Equity, the Parks, Culture and Recreation Board, the Historical Commission, the Lodging Tax Advisory Committee, and the Lacey Youth Council.
- D. The total membership of the Workgroup (voting, non-voting, and ex-officio) shall not exceed thirteen (13).
- E. The Lacey City Council is seeking a wide range of voices and perspectives to represent the community on this Workgroup. For all potential members, experience in parks, culture and recreation, finance, and funding strategy is preferred, but not required.
- F. Applications of potential candidates will be reviewed by a three-member committee of the Lacey City Council. The committee at their discretion may interview potential candidates. This committee will make recommendations for appointments subject to confirmation by the Lacey City Council at a Regular Meeting. Terms for all members shall be until the completion of the work.

2. Compensation

Workgroup members shall not receive any salary or other compensation for services rendered on the commission, but necessary expenses actually incurred and within the budget as set by the annual budget ordinance shall be paid.

3. Funding Board Stipend Program

The Lacey City Council recently adopted an Advisory Board Stipend Program aimed at reducing barriers to participation in government and increasing representation on the City's Boards. Members will have the option to opt-in to this program.

4. Organization and Records

- A. The Workgroup shall select its own chairperson from within its membership and may create such other offices as it may deem necessary and shall adopt all necessary rules for the transaction of its business.
- B. A city of Lacey staff shall keep an accurate record of the proceedings of all meetings. These records shall be public and a copy thereof shall be transmitted to the city clerk after each meeting.

5. Removal

- A. Members may be removed from the Workgroup prior to the completion of the scope of duties by the Mayor with approval of the Lacey City Council, pursuant to the City of Lacey policy procedure manual and boards and commissions standards, protocols, and ground rules handbook.
- B. The general Workgroup members may request the resignation of any member who has three or more unexcused absences at regular meetings in a calendar year.
- C. Vacancies occurring otherwise than through the completion of the Workgroup may be filled for the duration of the Workgroup in accordance to **Section 1** herein.

6. Quorum

A majority of the general voting members of the Workgroup shall constitute a quorum for the transaction of business. Any youth Workgroup member shall not be included in the count to constitute a quorum. Any action taken by a majority of those present, when those present constitute a quorum, at any regular or special meeting of the Workgroup, shall be deemed and taken as the action of the Workgroup.



LACEY CITY COUNCIL MEETING

June 4, 2024

SUBJECT: Investment Policy Amendments

RECOMMENDATION: Proceed with Option 1:

1. **Motion: Move to adopt Resolution 1149 amending the City's Investment Policy.**
-

STAFF CONTACT: Rick Walk, City Manager *RW*
Troy Woo, Finance Director *TW*

ORIGINATED BY: Finance Department

ATTACHMENTS: 1. Resolution No. 1149
2. Redline Copy of the Proposed Investment Policy

FISCAL NOTE: NA

BACKGROUND:

On March 16, 2023, the City Council adopted Resolution No. 1127, which updated the City's investment policy. Following this year's annual review of the City's investment policy, the City's investment advisor has recommended one minor update to the City's investment policy correcting an incorrect reference to the Stage Finance Director.

The proposed amendments correct a reference in Section 5.3 Banking Institutions (page labelled "Page 5|15"). The section amends the existing policy's reference to the Washington State *Finance Director's* Public Deposit Protection Commission (PDPC) to refer to the Washington State Treasurer's Public Deposit Protection Commission (PDPC).

Staff recommends the Lacey City Council take action by proceeding with Option 1.

Option 1: Approve minor amendments to the City's Investment Policy by:

Adopting Resolution No. 1159 amending the City's Investment Policy to correctly reference the Washington State Treasurer's Public Deposit Projection Commission (PDPC).

Option 2: Take no action and maintain incorrect reference to Washington State Finance Director's Public Deposit Protection Commission within City's Investment Policy.

RESOLUTION NO. 1149

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. 1127 on March 16, 2023 which established and amended the City of Lacey's official investment policy, and

WHEREAS, the annual review of the investment policy identified the need for minor 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 4th day of June, 2024.

CITY COUNCIL

Mayor

Attest:

Approved as to form:

City Clerk

City Attorney



INVESTMENT POLICY

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	Finance	
	Policy Title: Investment Policy	Effective: February 22, 2022 Revised: March 16, 2023

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 responsibility 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 Treasurer'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 Treasurer'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	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%	A- / A3	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	180 days
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.

- Liquidity funds for the operating account will be allocated to LGIP, CD's, PDPC Bank Deposits, Bankers Acceptances, and Commercial Paper.
- 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 security with a declining credit may be sold early to protect the principal value of the portfolio.
- A security may be sold to bring the portfolio duration or maturity in alignment with the structure of the underlying benchmark portfolio.
- A security exchange that would improve the quality, yield and target maturity of the portfolio based on market conditions.
- 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 Treasurer'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

Three Highest Rating Categories	S&P	Moody's	Fitch	Definition
	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

Highest Rating Category	S&P	Moody's	Fitch	Definition
	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: February 22, 2022 Revised: March 16, 2023

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 responsibility 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~~Treasurer'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 Treasurer'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	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%	A- / A3	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 Deposits/Savings Accounts	20%	None	Deposits in PDPC approved banks	N/A
Banker's Acceptance	10%	5%	N/A	180 days
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.

- Liquidity funds for the operating account will be allocated to LGIP, CD's, PDPC Bank Deposits, Bankers Acceptances, and Commercial Paper.
- 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 security with a declining credit may be sold early to protect the principal value of the portfolio.
- A security may be sold to bring the portfolio duration or maturity in alignment with the structure of the underlying benchmark portfolio.
- A security exchange that would improve the quality, yield and target maturity of the portfolio based on market conditions.
- 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

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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 Treasurer'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

Three Highest Rating Categories	S&P	Moody's	Fitch	Definition
	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

Highest Rating Category	S&P	Moody's	Fitch	Definition
	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



LACEY CITY COUNCIL MEETING

June 4, 2024

SUBJECT: Cuoio Park Annexation

RECOMMENDATION: Motion: Move to approve Ordinance # 1660 to annex the remaining unincorporated portions of Cuoio Park into the Lacey municipal limits.

STAFF CONTACT: Rick Walk, City Manager *RW*
Vanessa Dolbee, Community & Economic Development Director *VLD*
Ryan Andrews, Planning Manager *RA*

ORIGINATED BY: Parks, Culture, and Recreation Department

ATTACHMENTS: Ordinance

FISCAL NOTE: Annexing the remaining portions of Cuoio Park will result in police services being provided consistent with the call volumes of other regional parks. It anticipated that call volumes will be minimal with the initial development phases but will increase over time. These additional police services will not be offset by any additional direct revenue as a result of the annexation.

WORK PLAN GOAL AND STRATEGY: Coordinated and Collaborative Planning (A)(8)

PRIOR REVIEW: None

BACKGROUND:

In 2011, the City of Lacey purchased approximately 420 acres that is now known as the as the Cuoio Park. The property was, at the time, located in both the unincorporated portion of the Lacey Urban Growth Area (UGA) and outside the UGA and referred to as rural Thurston County. In 2017, the portion located within the Urban Growth Area was annexed into the city limits and the remaining rural portion remained unincorporated as the Growth Management Act prohibits any annexation of property outside of urban growth areas.

In December of 2023, at the request of the City of Lacey, the Thurston County Board of Commissioners approved adding the remaining rural portion of Cuoio Park into the Lacey Urban Growth Area. The request allows for the city to serve the property with urban services and provides the opportunity for the entirety of the city-owned park property to be within the City's jurisdiction upon annexation.

RCW 35A.14.300 allows for the City Council by a majority vote, to annex territory outside of the limits of the city for any municipal purpose, when the property is owned by the city. Since the property is contiguous to the existing city limit boundary, no review of the annexation is needed by the Boundary Review Board for Thurston County.

With the pending development of Phase 1A of Cuoio Park, annexation eliminates the need to obtain development permits in two jurisdictions. This annexation will also ensure that call for police service is consolidated to the Lacey Police Department for the entire park area. Currently the response is divided between the Thurston County Sheriff's Office and Lacey Police Department dependent on what part of the park a call for service was initiated.

The annexation, if approved, would only apply to those parcels owned by the City of Lacey. The annexation of the remaining seven private properties that would become islands upon approval of this annexation will be addressed in the pending Draham Road island annexation interlocal agreement with Thurston County.

NEXT STEPS:

Staff recommends the Lacey City Council take action by proceeding with Option 1.

Option 1: Approve Ordinance # 1660 to annex the remaining unincorporated portions of Cuoio Park into the Lacey municipal limits.

Option 2: Do not approve Ordinance #1660.

ORDINANCE 1660

CITY OF LACEY

AN ORDINANCE OF THE CITY OF LACEY, WASHINGTON, ANNEXING CITY OWNED PROPERTY INTO THE CITY OF LACEY, ESTABLISHING THE ZONING FOR SUCH PROPERTY, AND APPROVING A SUMMARY FOR PUBLICATION (CUOIO PARK).

WHEREAS, the City of Lacey owns property designated as Cuoio Park, which contains park lands, shorelines of Woodland Creek and associated buffers; and

WHEREAS, state law allows the City to annex city owned property by the passage of an ordinance; and

WHEREAS, because the property is contiguous to the existing city limit boundary, no review of the annexation is needed by the Boundary Review Board for Thurston County; and

WHEREAS, the annexation of such property will facilitate a more clear line of authority in the enforcement of City rules and laws on this property.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, as follows:

Section 1. That certain real property shown on Exhibit A and legally described on Exhibit B, both of which exhibits are attached hereto and made a part hereof as though fully set forth at length, is hereby annexed to the City of Lacey and shall, upon passage of this ordinance, be considered to be within the corporate boundaries of the City.

Section 2. The property annexed shall be zoned Open Space/Institutional District.

Section 3. This Ordinance shall take effect five (5) days after its passage and publication as provided by law.

Section 4. 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 5. CORRECTIONS. The City Clerk and the codifiers of this ordinance are authorized to make corrections to this ordinance including, but not limited to, the corrections of scrivener's/clerical errors, references, ordinance numbering, section/subsection number and any references thereto.

Section 6. The Summary Attached is hereby approved for publication.

PASSED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, this _____ day of August, 2024.

CITY COUNCIL

BY: _____
Mayor

Attest:

Approved as to form:

City Clerk

City Attorney

Published: _____

SUMMARY FOR PUBLIC ATION
ORDINANCE NO 1660
CITY OF LACEY

The City Council of Lacey, Washington passed on June 4, 2024, Ordinance No. 1660, entitled “AN ORDINANCE OF THE CITY OF LACEY, WASHINGTON, ANNEXING CITY OWNED PROPERTY INTO THE CITY OF LACEY, ESTABLISHING THE ZONING FOR SUCH PROPERTY, AND APPROVING A SUMMARY FOR PUBLICATION (CUOIO PARK).”

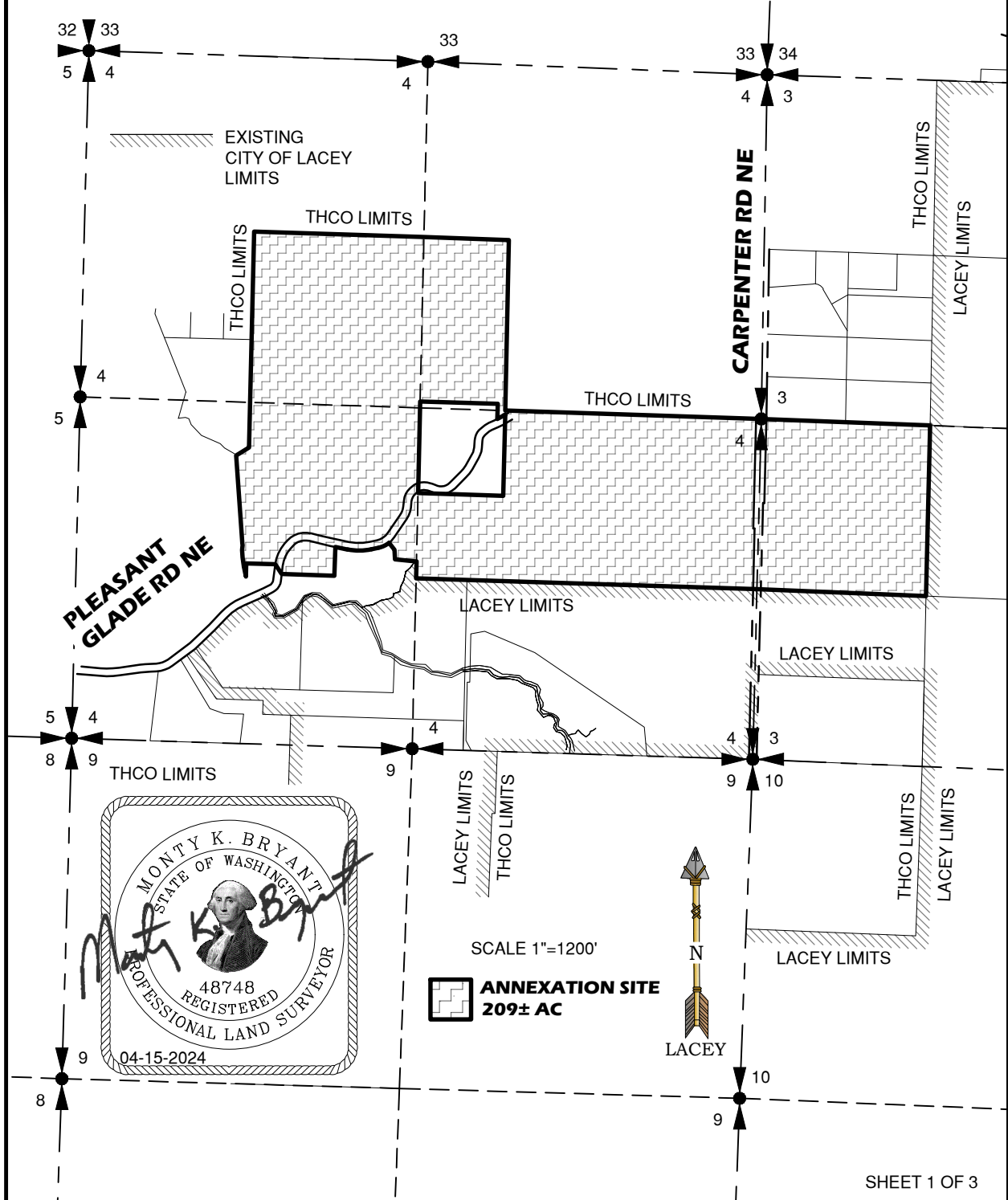
The main points of the Ordinance are described as follows:

1. The Ordinance annexes city owned property into the City of Lacey.
2. The Ordinance states the property annexed shall be zoned Open Space/Institutional District.
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: _____, 2024.

SECTIONS 3 & 4, T.18N., R.1W., W.M.



SHEET 1 OF 3

EXHIBIT A MAP OF ANNEXATION SITE

Cuoio Park BNDY 2024-Remainder of Park.dwg

CITY OF LACEY, WASHINGTON
DEPT. OF PUBLIC WORKS

DWN.
MKB

CKD.
RPS

DATE
04-2024



11803320000
11803320100
CARPENTER RD NE-R/W

CARPENTER RD NE

3

11803320100

11803320000

11803310000

LACEY LIMITS

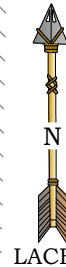
1 180 333 0000

LACEY LIMITS

THCO LIMITS

11803330100

THCO LIMITS



SCALE 1"=500'

LACEY 11803240000

LACEY LIMITS

LACEY LIMITS

SHEET 2 OF 3

EXHIBIT A

MAP OF ANNEXATION SITE

CITY OF LACEY, WASHINGTON
DEPT. OF PUBLIC WORKS

CKD.
RPS

DATE
04-2024



EXHIBIT A
MAP OF ANNEXATION SITE

SHEET 3 OF 3

CITY OF LACEY, WASHINGTON
DEPT. OF PUBLIC WORKS

DWN. MKB	CKD. RPS	DATE 04-2024
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SITE DATA

ANNEXATION AREA
TOTAL=209± AC



ANNEXATION SITE

11804130100 (1,2,3)

PLEASANT GLADE RD NE-R/W

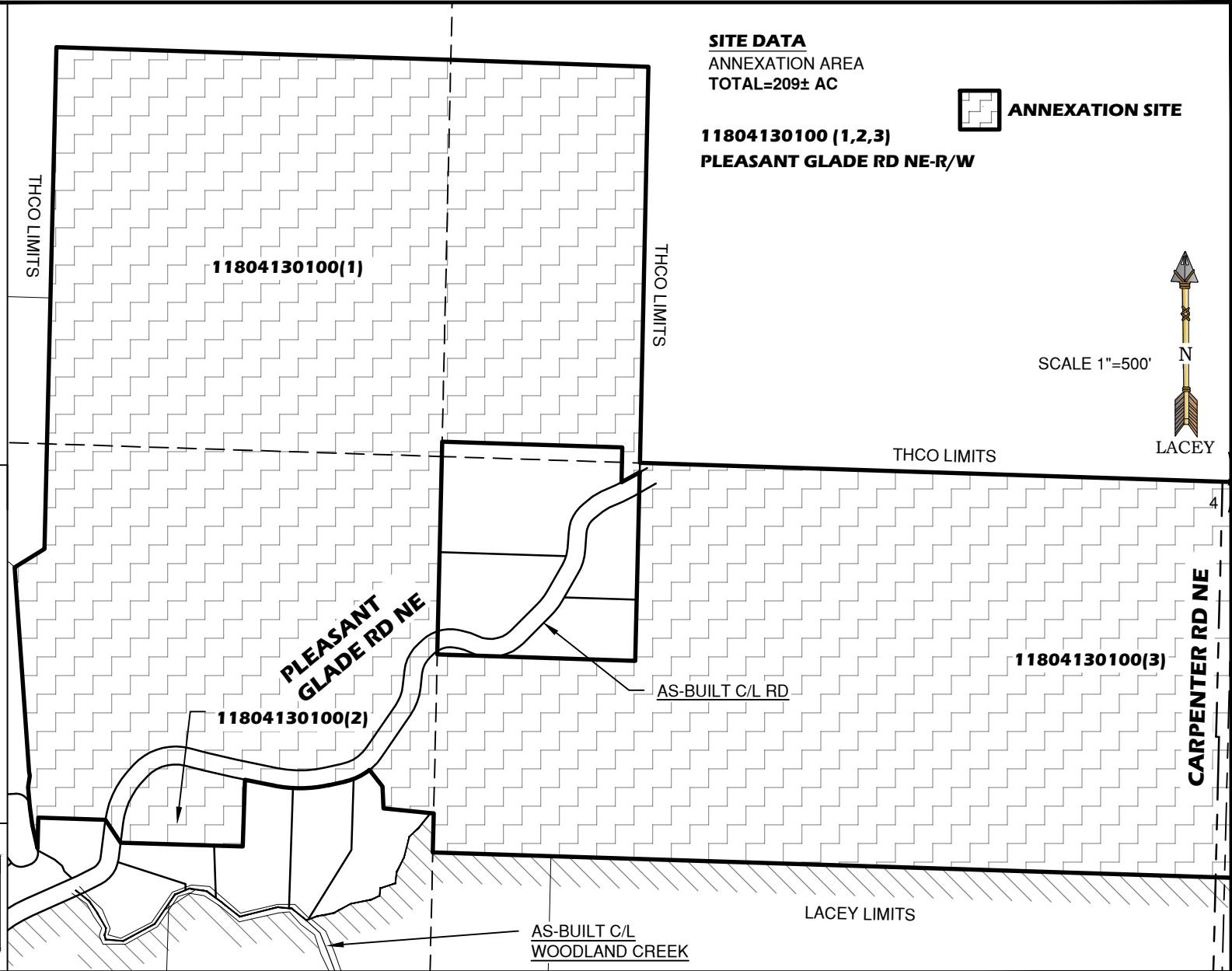
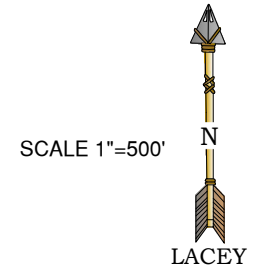


EXHIBIT "B"

ANNEXATION DESCRIPTION

11803320000 & 11803320100

Northwest Quarter of the Southwest Quarter of Section 3, Township 18 North, Range 1 West, W.M..

11804130100

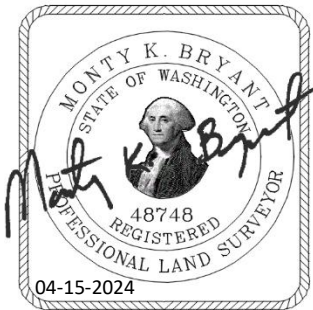
Also, Lot B of Boundary Line Adjustment BLA001123TC, recorded under Auditor's File No. 3393374, records of Thurston County, Washington.

Carpenter Road Northeast & Pleasant Glade Road Northeast

Also, to include the entire right of way of Carpenter Road Northeast & Pleasant Glade Road Northeast coincident with the above-described properties.

Containing: 209+/- acres

See Exhibit "A" attached hereto and by this reference made a part hereof.





LACEY CITY COUNCIL MEETING

June 4, 2024

SUBJECT: Well 7 Replacement Project – Eminent Domain Action

RECOMMENDATION: **MOTION:** Adopt Ordinance No. 1661 Authorizing the Use of Eminent Domain to Acquire Property Rights for the Well 7 Replacement Project.

STAFF CONTACT: Rick Walk, City Manager *RW*
David Schneider, City Attorney *DS*
Scott Egger, Public Works Director *SE*

ORIGINATED BY: City Attorney

ATTACHMENTS: Proposed Ordinance No. 1661

FISCAL NOTE: The City will be responsible for the costs associated with any condemnation proceedings.

WORK PLAN GOAL AND STRATEGY: Quality Transportation & Infrastructure

PRIOR REVIEW: February 13, 2024 City Council Worksession

BACKGROUND:

Well Source 7 was originally drilled in 1976 as a 12-inch borehole and constructed to a depth of 479 feet below ground. Well 7 has an instantaneous water right of 2,100 GPM. However, the existing well is insufficiently sized to withdraw that amount and currently pumps around 1,600 GPM.

Further, in 2019 it was observed that specific capacity for Well 7 began to decline. Rehabilitation performed in 2020 showed severe corrosion and erosion of the well casing. Well 7 is the largest producing well in the City of Lacey water system and needs to be replaced.

Well 7 is located on a parcel which measures 40' x 25'. The surrounding property is entirely privately owned. The recommended location for the replacement well is within 75' of the current well in order to increase the likelihood of encountering the same aquifer properties.

Additional property rights are required to site the replacement well. Direct access between the existing well, the new well, and the city's treatment facility (located on the adjacent

property to the north) are needed for safe and efficient monitoring and troubleshooting of water production activities. Additionally, a 100' well protection radius will be required for sanitary control purposes around the new replacement well. Uses of property within this 100 foot sanitary control area severely restricts stormwater infiltration and the extension of wastewater lines, greatly limiting other uses of the property.

City staff analyzed several different alternatives for location of a new well. The selected location is recommended for several reasons, to include a high likelihood of a successful well, direct access between the well and existing treatment sites, and the majority of the wellhead protection area being under control of the city.

City staff has contacted the property owners of the two parcels necessary for the replacement of Well 7, and has made offers to acquire the necessary property rights from them. The procedure the City has followed in attempting to acquire these property rights is that procedure dictated by both city ordinances and state law. The negotiations have been cordial, and city staff will continue to work with these property owners or their representatives in an effort to reach a mutual agreement.

However, time to acquire these parcels is running short and therefore there is a necessity for the city to move ahead and prepare for a possible condemnation action. In accordance with the requirements of state law, the property owners have been provided a 15 day notice of the June 4, 2024, meeting of the Council at which this Ordinance will be presented. A similar notice has been published in the Olympian newspaper.

City staff is recommending the Council adopt Ordinance No.1661 authorizing the City Attorney to proceed with filing an action of eminent domain to acquire the necessary property rights in sufficient time for design and construction of the Well 7 Replacement Project.

Court action is certainly not the most desirable method of acquiring property rights for public works projects. It is always preferable to acquire such necessary property rights pursuant to mutual agreement with the property owner. However, eminent domain is the procedure authorized by state law for obtaining an independent decision by a judge or jury as to the just compensation to be paid for the property rights.

NEXT STEPS:

Staff recommends the Lacey City Council take action by proceeding with Option 1.

Option 1: Adopt Ordinance No. 1661 Authorizing the Use of Eminent Domain to Acquire Property Rights for the Well 7 Replacement Project.

Option 2: No change. Continue as is, understanding this may delay the needed project and recognizing impacts from those delays.

Option 3: Provide direction to City staff on other elements to consider in regards to this issue. After further diligence on these elements, City Staff would then return to the Lacey City Council to review.

Option 4: Some other option not contemplated in the above options.

ORDINANCE NO. 1661

CITY OF LACEY

AN ORDINANCE AUTHORIZING AND DIRECTING THE CITY ATTORNEY FOR THE CITY OF LACEY TO PURCHASE AND/OR INSTITUTE AND PROSECUTE TO DETERMINATION IN THE PROPER COURT, OR COURTS, AN ACTION OR ACTIONS IN THE NAME OF THE CITY OF LACEY UNDER THE RIGHT OF EMINENT DOMAIN FOR THE CONDEMNATION AND ACQUISITION OF PROPERTY FOR THE PURPOSE OF REPLACING CITY OF LACEY WELL 7 AND CONSTRUCTION OF A NEW WELL; PROVIDING FOR THE PAYMENT FOR SAID PROPERTY FROM THE CITY'S WATER UTILITY FUND, OR SUCH OTHER FUND AS MAY BE DETERMINED, DECLARING A PUBLIC USE AND NECESSITY, AND APPROVING A SUMMARY FOR PUBLICATION.

WHEREAS, Well 7, originally drilled in 1976, is the largest producing well in the City of Lacey water system; and

WHEREAS, Well 7 has an instantaneous water right of 2,100 GPM, however, the existing well is insufficiently sized to withdraw that amount; and

WHEREAS, in 2019 the City of Lacey Public Works Department observed that specific capacity for Well 7 began to decline and subsequent rehabilitation performed in 2020 showed severe corrosion and erosion of the well casing; and

WHEREAS, the City of Lacey Public Works Department has determined that Well 7 needs to be replaced and has developed plans which indicate the portions of parcels which are necessary to be acquired for the Well 7 Replacement Project; and

WHEREAS, though the City is conducting negotiations with the owners of the property, the City Council believes it to be prudent to adopt this ordinance authorizing condemnation in the event the negotiations are unsuccessful; and

WHEREAS, notice has been provided to the property owners of the City's intent to commence eminent domain proceedings as required by law; and

WHEREAS, the City Council is exercising its independent discretion to proceed with an eminent domain case to establish the right to take such property for a public purpose and to settle the amount of compensation owing to the property owners; and

WHEREAS, the City Council finds that the property is necessary and critical to the project, and that it is in the public interest to have such property for public health, safety and welfare needs.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, as follows:

Section 1: The City Attorney is hereby authorized and directed to purchase and/or institute and prosecute to determination in the proper court, or courts, an action or actions in the name of the City of Lacey under the right of eminent domain for the condemnation and acquisition of certain lands and property to be utilized for the replacement of Lacey Well 7 with the construction of a new well and other improvements all as part of the Well 7 Replacement Project. Such properties are located in Thurston County, Washington and are legally described on Exhibit “A” attached hereto and by this reference made a part hereof.

Section 2: The acquisition of said lands and property and property rights for the purposes herein mentioned is for a public use and necessity.

Section 3: Payments for the lands and property and property rights herein ordered to be acquired or damaged shall be made from the City’s Water Utility Fund, or from such other funds as may later be designated.

Section 4: Nothing in this ordinance shall be construed as a waiver by the City of Lacey of its right to decline to take and pay for said lands, property and property rights after the amount of damage has been ascertained and within the time allowed by law.

Section 5. 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 6. CORRECTIONS. The City Clerk and the codifiers of this ordinance are authorized to make corrections to this ordinance including, but not limited to, the corrections of scrivener's/clerical errors, references, ordinance numbering, section/subsection number and any references thereto.

Section 7: The Summary attached hereto is hereby approved for publication.

PASSED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, this
_____ day of _____, 2024.

CITY COUNCIL

By _____
Mayor

Attest:

City Clerk

Approved as to form:

City Attorney

Published: _____

SUMMARY FOR PUBLICATION
ORDINANCE NO 1661
CITY OF LACEY

The City Council of the City of Lacey, Washington passed on _____, 2024, Ordinance No. 1661, entitled “AN ORDINANCE AUTHORIZING AND DIRECTING THE CITY ATTORNEY FOR THE CITY OF LACEY TO PURCHASE AND/OR INSTITUTE AND PROSECUTE TO DETERMINATION IN THE PROPER COURT, OR COURTS, AN ACTION OR ACTIONS IN THE NAME OF THE CITY OF LACEY UNDER THE RIGHT OF EMINENT DOMAIN FOR THE CONDEMNATION AND ACQUISITION OF PROPERTY FOR THE PURPOSE OF REPLACING CITY OF LACEY WELL 7 AND CONSTRUCTION OF A NEW WELL; PROVIDING FOR THE PAYMENT FOR SAID PROPERTY FROM THE CITY’S WATER UTILITY FUND, OR SUCH OTHER FUND AS MAY BE DETERMINED, DECLARING A PUBLIC USE AND NECESSITY, AND APPROVING A SUMMARY FOR PUBLICATION.”

The main points of the Ordinance are described as follows:

1. The Ordinance directs the City Attorney to take action pursuant to the powers of eminent domain to acquire those lands needed for the City of Lacey Well 7 Replacement Project which have not been acquired through negotiation between the City and the property owners.
2. The Ordinance declares the acquisition of the described lands and property and property rights to be necessary for the public use.
3. The Ordinance specifies that payment for such properties be made from the City’s Water Utility Fund or such other funds as may be later designated.
4. 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: _____, 2024.

EXHIBIT A

Parcel No. 31000003000:

Those portions of Tracts 20, 29 and 30 of J.M. Adam's Acre Tracts, as recorded in Volume 5 of Plats, Page 5, records of Thurston County, Washington, more particularly described as follows:

The North 90.00 feet of said Tract 30;
EXCEPTING THEREFROM the South 40 feet of the North 91.5 feet of the East 25 feet of the West 55.66 feet of said Tract 30;

TOGETHER WITH the North 90.00 feet of said Tract 20 EXCEPTING the West 150.00 thereof;

TOGETHER WITH Lot 2 of Short Subdivision No. SS-6013 recorded on May 13, 1976 under Auditor's File No. 965364 and amended on June 25, 1981 under Auditor's File No. 8106250014, records of said county.

TOGETHER WITH Lot 2 of Short Subdivision No. SS-6014 recorded on May 13, 1976 under Auditor's File No. 965365 and amended on June 25, 1981 under Auditor's File No. 8106250013, records of said county.

TOGETHER WITH the South 121.00 feet of the East 90.00 feet of said Tract 29.

Containing 29, 152+/- sq. ft.

PARCEL NO. 58100000200:

That portion of Lot 3 of Short Plat No. 6103 as recorded on December 14, 1984 under Auditor File No. 8412140026, records of Thurston County, Washington, lying northerly of the following described line:

Commencing at the southwest corner of the above said Lot 3; thence along the west line of said lot 3, N02°05'45"E a distance of 48.00 feet to the POINT OF BEGINNING of said line; thence parallel with the south line of said lot 3, S86°52'34"E a distance of 132.01 feet to the easterly line of said lot 3 and terminus of said line.

Containing: 40,936+/- sq. ft.



Human Services Work Group Application

The City of Lacey is seeking seven community members to serve on an ad hoc Human Services Work Group as a result of Resolution 1145

- Five members will reside within the City limits
- Two members will reside in the Lacey Urban Growth Area
- Two members will have human services professional work experience
- If appointed, you will be eligible to opt in for a stipend of \$50 per meeting and a maximum of \$500.00 in a year

Primary Duties and Responsibilities

- Meet at least once per month or as needed through 2024
- Review 2024 human services grant applications
- Make recommendations to the City Council for 2024 funding allocations
- Advise the City and Council on a human services needs assessment
- Make a recommendation on longer-term priorities for funding
- Make a recommendation on a human services commission

Questions, contact Michelle.Chavez@CityofLacey.org or call 360-486-8746

First Name *

Nathaniel

Last Name *

Clay

Personal Pronouns

He, Him, His

Email address *

Phone Number *

Do you live in Lacey or the Lacey UGA? *

Lacey

Address *

City, State and ZIP Code *

How long have you been a resident? *

4 and a half years

Interest*

What is your interest in being a part of the Lacey Human Services Work Group?

I have served in the Lacey Youth Council for the past 2 years. Since I'm graduating high school in June, I want to continue serving my community by continuing to serve at the city. I feel like this ad hoc board is a great opportunity to get involved.

WorkGroupExperience*

Have you been a member of a board, commission or work group in the past? If yes, please describe your experience.

Yes

WorkGroupExperience*

If yes, please describe your experience.

For the past two years I have been in the Lacey Youth Council. I have also been a youth representative for the Lacey Library Board and the Lacey Parks, Culture, and Recreation Board.

EducationExperience*

Please indicate your level of education.

I am going to graduate high school in June and start college in the fall.

WorkandLivedExperience*

Please describe any knowledge, skills or experience that would assist in your ability to serve on the work group.

My experience in the Lacey Youth Council, and my experience as a Youth Representative to different boards helps. Also I am very proficient in using softwares like Microsoft Excel and PowerPoint. I also am a very hard worker who is very good with time management so there is no doubt that I will be able to juggle this and college.

LicensesandCredentials

Please list any licenses or credentials that you hold in social work, human services, health care, behavioral health, etc.

TimeCommitment*

Approximately how many hours each month can you volunteer for this work group?

It is uncertain due to college, however at the least I can put in 20-30 hours a month.

PublicRecordsNotice

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Certification

I certify that all information on this application is true and correct.





Human Services Work Group Application

The City of Lacey is seeking seven community members to serve on an ad hoc Human Services Work Group as a result of Resolution 1145

- Five members will reside within the City limits
- Two members will reside in the Lacey Urban Growth Area
- Two members will have human services professional work experience
- If appointed, you will be eligible to opt in for a stipend of \$50 per meeting and a maximum of \$500.00 in a year

Primary Duties and Responsibilities

- Meet at least once per month or as needed through 2024
- Review 2024 human services grant applications
- Make recommendations to the City Council for 2024 funding allocations
- Advise the City and Council on a human services needs assessment
- Make a recommendation on longer-term priorities for funding
- Make a recommendation on a human services commission

Questions, contact Michelle.Chavez@CityofLacey.org or call 360-486-8746

First Name *

Nancy

Last Name *

Dihle

Personal Pronouns

She, Her, Hers

Email address *

Phone Number *

Do you live in Lacey or the Lacey UGA? *

Lacey

Address *

City, State and ZIP Code *

How long have you been a resident? *

4 months

Interest*

What is your interest in being a part of the Lacey Human Services Work Group?

As a relatively new resident, I bring in ideas that have worked in other communities I've in. The converse is also true. My most recent assignment was in Portland. The decision to make all drugs legal in personal use quantities was a dismal failure and the state is working now to reverse that decision.

WorkGroupExperience*

Have you been a member of a board, commission or work group in the past? If yes, please describe your experience.

Yes

WorkGroupExperience*

If yes, please describe your experience.

I have been the Executive Director of a large non-profit working with an Advisory Board and I have been members of multiple work groups. All of this has been in the social service arena.

EducationExperience*

Please indicate your level of education.

Bachelor of Scirence in Leadership - APU

Master of Science in Gerontology - Concordia, Nebraska

WorkandLivedExperience*

Please describe any knowledge, skills or experience that would assist in your ability to serve on the work group.

1. Salvation Army officer - 42 years
2. FEMA disaster training
3. Protect the Mission trainer - protection of children and vulnerable adults
4. International Leadership Training

LicensesandCredentials

Please list any licenses or credentials that you hold in social work, human services, health care, behavioral health, etc.

TimeCommitment*

Approximately how many hours each month can you volunteer for this work group?

20

PublicRecordsNotice

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Questions, contact Michelle.Chavez@CityofLacey.org or call 360-486-8746

First Name *

Tiffany

Last Name *

Walker

Personal Pronouns

She, Her, Hers

Email address *

Phone Number *

Do you live in Lacey or the Lacey UGA? *

Lacey

Address *

City, State and ZIP Code *

How long have you been a resident? *

6 years

Interest*

What is your interest in being a part of the Lacey Human Services Work Group?

I am interested in this work group because I live in the city of Lacey. I work as a Family resource prevention program manager at Family Support Center of the south sound. I also have lived experience that draws me to this group mission.

WorkGroupExperience*

Have you been a member of a board, commission or work group in the past? If yes, please describe your experience.

Yes

WorkGroupExperience*

If yes, please describe your experience.

I am on the co design committee for the city of Olympia for police oversight. I will also be interviewing for the Thurston county board of affordable housing at the end of April.

EducationExperience*

Please indicate your level of education.

I have a high school diploma, certificates in health unto coordination and I am currently enrolled pursuing my bachelor degree in social work.

WorkandLivedExperience*

Please describe any knowledge, skills or experience that would assist in your ability to serve on the work group.

I have been a recipient of the housing choice voucher and became a homeowner. I work for a non profit and I hold a program manager position within the organization. I have knowledge of all resources available in Thurston county and recognize the needs supersede what is available to those seeking help.

LicensesandCredentials

Please list any licenses or credentials that you hold in social work, human services, health care, behavioral health, etc.

I have a HUC and I currently enrolled and in school pursuing my bachelors in social work.

TimeCommitment*

Approximately how many hours each month can you volunteer for this work group?

As many hours as needed

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Questions, contact Michelle.Chavez@CityofLacey.org or call 360-486-8746

First Name *

Brandon

Last Name *

Stephens

Personal Pronouns

Email address *

Phone Number *

Do you live in Lacey or the Lacey UGA? *

Lacey

Address *

City, State and ZIP Code *

How long have you been a resident? *

37 years

Interest*

What is your interest in being a part of the Lacey Human Services Work Group?

I am very interested in serving on the Human Services Work Group because I am passionate about contributing to our community's well-being. The opportunity to participate in this ad hoc committee aligns with my desire to make a tangible difference at a local level.

Firstly, I am eager to collaborate with other community members to make informed recommendations to the City Council regarding funding allocations that will directly impact our residents in need.

Additionally, the chance to advise on a human services needs assessment and help shape longer-term funding priorities and the establishment of a human services commission is particularly compelling to me. These responsibilities resonate with my commitment to fostering a more equitable and supportive environment for all members of our community.

I am excited about the collaborative aspect of this role and the opportunity to work alongside dedicated individuals who share a common goal of improving the quality of life for our fellow Lacey residents.

WorkGroupExperience*

Have you been a member of a board, commission or work group in the past? If yes, please describe your experience.

Yes

WorkGroupExperience*

If yes, please describe your experience.

Worked on the pedestrian and bicycle advisory committee 2017.

EducationExperience*

Please indicate your level of education.

BAC Pacific Lutheran University

WorkandLivedExperience*

Please describe any knowledge, skills or experience that would assist in your ability to serve on the work group.

*Worked on the pedestrian and bicycle advisory committee 2017.

*Have volunteered through several local sports organizations ie. TCYFL, Black Hills Jr. Football, WEST Academy, City of Lacey Parks and Rec

*Member of the NTPS Multicultural Action Committee 2017-2020

*Member of committee to help develop NTPS Strategic Plan

*Local Real Estate Agent full time licensed 11 years

LicensesandCredentials

Please list any licenses or credentials that you hold in social work, human services, health care, behavioral health, etc.

TimeCommitment*

Approximately how many hours each month can you volunteer for this work group?

5-10 hrs

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Questions, contact Michelle.Chavez@CityofLacey.org or call 360-486-8746

First Name *

Dalia

Last Name *

Martinez

Personal Pronouns

She, Her, Hers

Email address *

Phone Number *

Do you live in Lacey or the Lacey UGA? *

Lacey

Address *

City, State and ZIP Code *

How long have you been a resident? *

26 years

Interest*

What is your interest in being a part of the Lacey Human Services Work Group?

In my previous job I was a community health worker at SeaMar to provide resources to low income families and the homeless population. I now run my own business but want to still play an active role in my community for those in need. I would love to be considered for a position on this committee and look forward to hearing back.

WorkGroupExperience*

Have you been a member of a board, commission or work group in the past? If yes, please describe your experience.

No

WorkGroupExperience*

If yes, please describe your experience.

EducationExperience*

Please indicate your level of education.

I continue to work on my Bachelors Degree in Human services and have my Esthetician license from the state of Washington.

WorkandLivedExperience*

Please describe any knowledge, skills or experience that would assist in your ability to serve on the work group.

I believe i would be a great fit for this position because a combination of lived experience being an immigrant of a young age to this country from Mexico and the struggles associated with that, the direct work experience working with underserved populations, and the connection I have to this community living in Lacey since the age of 2 years old.

LicensesandCredentials

Please list any licenses or credentials that you hold in social work, human services, health care, behavioral health, etc.

I received a variety of credentials and trainings from my time working at SeaMar in all of these areas.

TimeCommitment*

Approximately how many hours each month can you volunteer for this work group?

10-20

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Questions, contact Michelle.Chavez@CityofLacey.org or call 360-486-8746

First Name *

Juliet

Last Name *

Lawson-Hall

Personal Pronouns

Email address *

She, Her, Hers

Phone Number *

Do you live in Lacey or the Lacey UGA? *

Lacey

Address *

City, State and ZIP Code *

How long have you been a resident? *

8 years

Interest*

What is your interest in being a part of the Lacey Human Services Work Group?

I am a black woman and an immigrant, who has had the pleasure of obtaining U.S. Citizenship. I grew up in a poor single parent household. I believe that my background and experiences would allow me to make contributions to advance human services for all residents regardless of race, national origin, sexual orientation, gender, religion, age, veteran status and so on.

In 2002 I joined the Thurston County Racial Equity Council and has been serving as the Chair since its inception.

I am extremely passionate about diversity, equity, and inclusion, and it would an honor to serve in this work group.

WorkGroupExperience*

Have you been a member of a board, commission or work group in the past? If yes, please describe your experience.

Yes

WorkGroupExperience*

If yes, please describe your experience.

I am currently a member and the chairperson for the Thurston County Racial Equity and Inclusion Council. I have been extremely dedicated and reliable. The experience has been pleasant and I enjoy working with others who shares my core values.

EducationExperience*

Please indicate your level of education.

My highest level of education is a Masters in Arts. I am also a Certified Diversity Executive, and I am currently pursuing a Masters of Science in Human Resources Management.

WorkandLivedExperience*

Please describe any knowledge, skills or experience that would assist in your ability to serve on the work group.

For the past ten years I have worked in public libraries in a variety of roles aimed at promoting diversity, equity, and inclusion (DEI) throughout our valued communities. Since 2020, I have worked directly in DEI management. My last role was that of a District Manager for Equity, Diversity, and Inclusion.

My knowledge in human services and DEI has been acquired through a number of professional certifications including a Certified Diversity Executive (CDE), Diversity and inclusion Special, Anti-Racist Training, and my educational pursuit in human resources management.

Most importantly, I possess valuable lived experience as a Black Caribbean woman from a poor background. My background has given me first-hand experience with the challenges faced by groups who have been marginalized in our communities.

LicensesandCredentials

Please list any licenses or credentials that you hold in social work, human services, health care, behavioral health, etc.

TimeCommitment*

Approximately how many hours each month can you volunteer for this work group?

4 hours

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Questions, contact Michelle.Chavez@CityofLacey.org or call 360-486-8746

First Name *

James

Last Name *

Broman

Personal Pronouns

He, Him, His

Email address *

Phone Number *

Do you live in Lacey or the Lacey UGA? *

Lacey

Address *

City, State and ZIP Code *

How long have you been a resident? *

32 years

Interest*

What is your interest in being a part of the Lacey Human Services Work Group?

There is such great need within the field of Human Services and only limited resources – both fiscal and human – to address these needs. We need a sound process and open-minded people who will do the work to create good outcomes. I have spent most of my professional life working to serve others. Now in my retirement years, I wish to further invest in human services. I have the time and I have the skills to assist our community in this important work.

WorkGroupExperience*

Have you been a member of a board, commission or work group in the past? If yes, please describe your experience.

Yes

WorkGroupExperience*

If yes, please describe your experience.

Church Council, Youth Sports, Olympia Harbor Patrol, Community Youth Services (juvenile diversion), along with numerous boards and commissions associated with my professional life (public fire service).

EducationExperience*

Please indicate your level of education.

Masters; Public Administration

WorkandLivedExperience*

Please describe any knowledge, skills or experience that would assist in your ability to serve on the work group.

I have lived and worked in the Lacey community for well over 30 years, principally serving as the community's Fire Chief. I also served on the State of Washington Governor's Fire Protection Policy Board, as well as the Washington State Interoperability Executive Committee.

LicensesandCredentials

Please list any licenses or credentials that you hold in social work, human services, health care, behavioral health, etc.

N/A

TimeCommitment*

Approximately how many hours each month can you volunteer for this work group?

8-10 hours per month

PublicRecordsNotice

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Certification

I certify that all information on this application is true and correct.





2024 Water Quality Report



WATER QUALITY TESTING RESULTS

GROUNDWATER PROTECTION

MANDATORY WATERING SCHEDULE

REBATES & FREE SUPPLIES



Scan this
code to
access the
Water Quality
Report online!

CITY OF LACEY, WASHINGTON

cityoflacey.org/water-quality

Pictured Above: Water Utility Technician Michael Marten is performing annual fire hydrant inspection and maintenance.

This report contains important information about your drinking water.

If you need assistance with translation of this report, seek help from someone who can read and translate it for you. The full report is also available online in Spanish, Korean, Vietnamese, Filipino, and simplified Chinese at cityoflacey.org/water-quality.

Este informe contiene información importante acerca de su agua potable. Haga que alguien lo traduzca para usted, o hable con alguien que lo entienda.

Tài liệu này có tin tức quan trọng về nước uống của quý vị. Hãy nhờ người dịch cho quý vị, hoặc hỏi người nào hiểu tài liệu này.

A Message from the Mayor

I am pleased to announce Lacey's drinking water met or exceeded all regulations and mandates established by the Environmental Protection Agency for 2023.

I encourage you to read and learn about the quality of our community's drinking water. You can rest assured Lacey staff work around the clock to maintain a water system that delivers consistent, high quality drinking water 24/7.

Information contained in this report and online at cityoflacey.org/water-quality enables Lacey's water customers, specifically those with special health considerations, to make informed decisions about the water they use every day.

If you have questions regarding the community's drinking water or the information in this report, please contact your Lacey Water Utility at **360-491-5600**.

Sincerely,



Mayor Andy Ryder



Attend a City Council Meeting

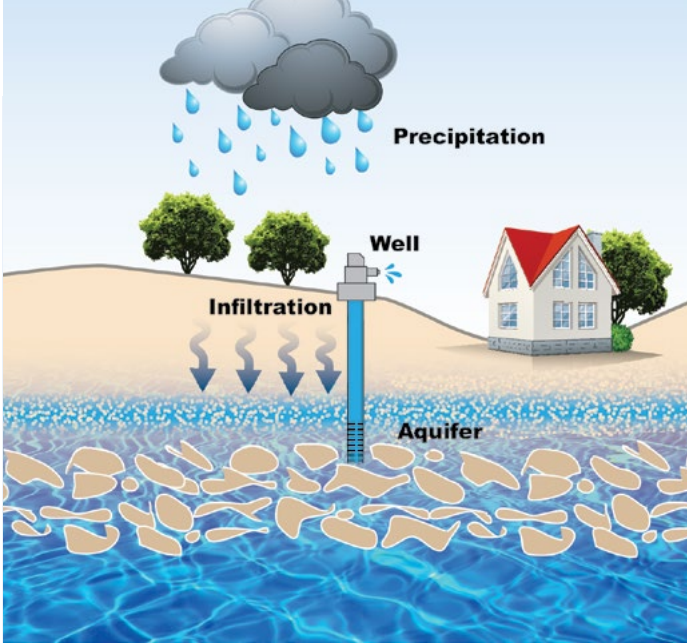
City Council meetings are held at 6:00 p.m. in the Council Chambers at Lacey City Hall, 420 College Street SE. Regular meetings are held on the 1st and 3rd Tuesday of each month, and Worksessions are held on the 2nd and 4th Tuesday of each month. Upcoming and archived meeting materials, including media recordings, are available on the City website at laceywa.portal.civicclerk.com If you have any questions regarding the meetings, please call **360-491-3214**.

To Request a Paper Copy

To request a paper copy of the Water Quality Report contact us at **360-491-5600** or WaterResources@cityoflacey.org

Scan this code to access the Water Quality Report online!

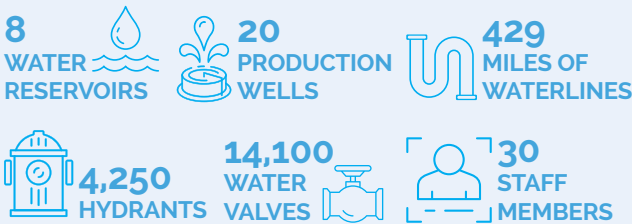




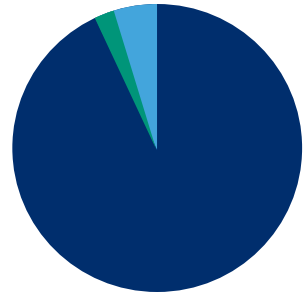
Where Does Lacey's Water Come From?

All of the water you use in your home comes from groundwater wells located throughout the greater Lacey area. The wells pump water up from three underground aquifers. An aquifer is a natural underground layer of rock or sand that stores water. Groundwater is found in the porous spaces between the rock and sand.

By the end of 2023, the Lacey water distribution system consisted of:



Where Did Lacey's Water Go in 2023?



93% CITY CUSTOMERS WITH WATER METERS

(2.9 billion gallons)

2% AUTHORIZED CITY USES*

(63 million gallons)

5% DISTRIBUTION SYSTEM LEAKAGE**

(160 million gallons)

For more information about Lacey's distribution system or to report problems, call Public Works at **360-491-5644** or go to LaceyWorks at cityoflacey.org/laceyworks.

***Authorized uses include street sweeping, water line flushing, treatment facility maintenance and other related activities.*

Distribution system leakage (DSL) refers to all water that could not be accounted for and is attributed to water main breaks, theft of water and other unknown water losses. The state requires that utility of Lacey's size maintain a DSL of less than 10%

Mandatory Summer Watering Schedule

Effective June 1 – September 30

ADDRESS ENDS WITH AN:	EVEN NUMBER 0-2-4-6-8	ODD NUMBER 1-3-5-7-9
WATERING DAYS ARE:	Sunday, Tuesday & Thursday	Monday, Wednesday & Saturday



NO WATERING ON FRIDAYS

Since 2006, the City of Lacey has enforced an ODD/EVEN watering schedule for water customers to help meet peak summer demand. In winter Lacey customers use about 6 million gallons of water per day. In the summer water usage can increase to more than 13 million gallons per day. This is mostly due to landscape watering. Help us keep water rates lower for longer by reducing your summer water use.

To apply for a temporary exemption or variance from the watering schedule, contact Water Resources at **360-491-5600** or WaterResources@cityoflacey.org

PLEASE NOTE: Failure to follow the outdoor watering policy could lead to the discontinuation of your water service and a \$250 fine.

Water Quality Testing Results Now Available

The drinking water delivered to your home in 2023 by the City of Lacey's water utility met or exceeded all regulations and mandates established by the Environmental Protection Agency. Our monthly, comprehensive water testing program ensures our water is safe to drink.

The 2023 Water Quality Test Results includes important information about lead and other contaminants that may be present in drinking water. Drinking water, including bottled, may contain some contaminants; however this does not necessarily mean the water poses a health risk. You can get more information about contaminants and potential health effects by calling the EPA's Safe Drinking Water Hotline (1-800-426-4791).

Some people may be more vulnerable to contaminants in drinking water than the general population. Immunocompromised people, such as those undergoing chemotherapy, organ transplant recipients, people with HIV/AIDS or other immune system disorders, some elderly, and infants can be particularly vulnerable to infections. These people should seek advice about drinking water from their health care providers. You can also get EPA/CDC guidelines for reducing the risk of infection by *Cryptosporidium* and other microbial contaminants by calling the Safe Drinking Water Hotline (1-800-426-4791).

Mandatory Lead Statement

Lead in drinking water primarily comes from materials and components in service lines and home plumbing. If present, elevated levels of lead can cause serious health problems, especially for pregnant women and young children. While the City of Lacey Water Utility ensures high-quality drinking water, it cannot control the materials used in plumbing components not installed by the City. If the water in your pipes has been sitting for several hours, you can reduce the potential for lead exposure by flushing your tap for 30 seconds to 2 minutes before using water for drinking or cooking. If you are concerned about lead in your water, you may consider having it properly tested. You can find information on lead in drinking water, testing methods, and steps you can take to minimize exposure by calling the Safe Drinking Water Hotline or visiting epa.gov/safewater/lead.

Violations

The City is required to regularly monitor your drinking water for specific contaminants. The results serve as an indicator of whether our drinking water meets health standards. Due to historical non-detections found at our source 25, our system was issued a waiver from monitoring for herbicides from January 2014 to December 2022, which required only one sample during this period. Due to unfortunate logistics, the sample was delayed until 3/30/2023 which resulted in a monitoring violation being issued; however no chemicals were detected. Herbicide Panel chemicals include: Dalapon, 2,4-D, 2,4,5-TP (Silvex), Pentachlorophenol, Dinoseb, Picloram, Dicamba, 2,4 DB, 2,4,5 T, Bentazon, Dichlorprop, Acifluorfen, DCPA (Acid Metabolites) and 3,5 - Dichlorobenzoic Acid.

At this time there are no corrective actions needed to assure your water is safe to drink, even for populations with compromised immune systems, infants, and pregnant women. If herbicides were detected at levels exceeding the Maximum Contaminant Level and you were exposed to them over many years, then health effects known to cause problems with kidneys, liver, adrenal glands, eyes, spleen, anemia, issues with the reproductive and cardiovascular systems, and an increased risk of getting cancer would be a concern.

Chlorine is added to drinking water to eliminate parasites, bacteria, and viruses. The City is required monthly to report daily chlorination readings to the State Department of Health. In January 2023, the City failed to submit the signed report on time, resulting in a reporting violation. However, the chlorine samples taken during this time indicated normal operations, ranging from 0.38 to 0.79 parts per million (ppm). (Chlorine levels up to 4 ppm are considered safe in drinking water.)

Please share this information with others who drink Lacey's water, especially those who may not have received this notice (e.g. schools, businesses, and people who live in apartments and nursing homes). You can do this by posting this notice in a public place or distributing copies by hand or mail.

This notice is being sent to you by the Lacey Water Department ID #43500Y in our 2023 Annual Consumer Confidence Report. If you have questions or concerns about these violations received, please contact the City's Water Quality Analyst at **360-493-2410** or WaterResources@cityoflacey.org.

CONTAMINANT	HIGHEST LEVEL ALLOWED	GOAL NOT TO EXCEED	HIGHEST LEVEL DETECTED	LOWEST LEVEL DETECTED	DATE OF HIGHEST LEVEL DETECTED	TYPICAL SOURCE OF CONTAMINANT
PRIMARY STANDARDS REGULATED BY EPA FOR PROTECTING HEALTH						
Arsenic	10 ppb	0	2 ppb	<1 ppb	7/13/21	Erosion of natural deposits
Fluoride	4 ppm ¹	4 ppm	<0.2 ppm	<0.2 ppm	5/18/21	Geology, natural weathering. Fluoride is not added to water
Lead	15 ppb	0	8 ppb	< 1 ppb	8/10/21	Geology, brass fittings
Nitrate	10 ppm	10 ppm	44 ppm	<1 ppm	1/10/23	Septic systems, fertilizer, animal waste
Ethylbenzene	700 ppb	700 ppb	0.52 ppb	0.52 ppb	8/30/23	Discharge from petroleum refineries, paint from new reservoir
Xylenes	10,000 ppb	10,000 ppb	174 ppb	174 ppb	8/30/23	Discharge from petroleum refineries and chemical factories, paint from new reservoir
Radium 228	5 pCi/L	0 pCi/L	1 pCi/L	< 1 pCi/L	7/19/22	Geology, natural weathering
Total Coliform Bacteria (% monthly samples testing positive)	5%	0%	1%	0%	9/28/22	Naturally present in the environment
Free Chlorine Residual	4 ppm	4 ppm	1.04 ppm	0.34 ppm	11/8/22	Added as a disinfectant to the water system
Total Trihalomethanes ²	80 ppb	NA	8 ppb	<1 ppb	1/18/22	Reaction of chlorine with naturally occurring organic matter
Total Haloacetic acids ³	60 ppb	NA	9 ppb	<1 ppb	1/28/22	Reaction of chlorine with naturally occurring organic matter
REGULATED PER- AND POLYFLUOROALKYL SUBSTANCES (PFAS) ⁴						
PFOA	4 ppt	0 ppt	2.5 ppt	<0.075 ppt	12/1/23	Run-off or leaching from firefighting foam, industrial discharge, and landfills; wastewater treatment plants
PFOS	4 ppt	0 ppt	2.6 ppt	<0.098 ppt	12/1/23	
PFNA	10 ppt	10 ppt	0.14 ppt	<0.087 ppt	12/1/23	
PFHxS	10 ppt	10 ppt	1.6 ppt	<0.061 ppt	12/1/23	
UNREGULATED PFAS						
PFBS	345 ppt (SAL)		2.4 ppt	<0.11 ppt	12/1/23	Run-off or leaching from firefighting foam, industrial discharge, and landfills; wastewater treatment plants
PFPeS	unregulated		0.34 ppt	<0.05 ppt	12/1/23	
PFBA	unregulated		0.81 ppt	<0.057 ppt	12/1/23	
PFPeA	unregulated		1.3 ppt	<0.10 ppt	12/1/23	
PFHxA	unregulated		1.9 ppt	<0.11 ppt	12/1/23	
PFHpA	unregulated		0.71 ppt	<0.052 ppt	12/1/23	
SECONDARY STANDARDS REGULATED BY EPA FOR AESTHETICS						
Chloride	250 ppm		18 ppm	1 ppm	8/10/21	Geology, natural weathering
Copper	1300 ppb	1300 ppb	43 ppb	<20 ppb	8/10/21	Geology, natural weathering
Iron	300 ppb		370 ppb	<100 ppb	9/13/21	Geology, natural weathering
Manganese	50 ppb		61 ppb	<10 ppb	7/14/21	Geology, natural weathering
Sulfate	250 ppm		14 ppm	2 ppm	7/13/21	Geology, natural weathering
Conductivity	700 µS/cm		282 µS/cm	105 µS/cm	8/10/21	Geology, natural weathering
CONTAMINANT	STATE ACTION LEVEL	GOAL NOT TO EXCEED	90% PERCENTILE	# SAMPLES OVER STATE ACTION LEVEL	DATE OF HIGHEST LEVEL DETECTED	TYPICAL SOURCE OF CONTAMINANT
REGULATED BY THE STATE AT THE CONSUMER'S TAP						
Copper	1300 ppb	1300 ppb	749 ppb	0 samples	7/19/23	Corrosion of household plumbing or erosion of natural deposits
Lead	15 ppb	0 ppb	6.4 ppb	0 samples	7/19/23	Corrosion of household plumbing or erosion of natural deposits
CONTAMINANT	STATE ACTION LEVEL (SAL)	GOAL NOT TO EXCEED (MCLG)	HIGHEST LEVEL DETECTED	LOWEST LEVEL DETECTED	DATE OF HIGHEST LEVEL DETECTED	TYPICAL SOURCE OF CONTAMINANT
UNREGULATED CONTAMINANTS - SAMPLED AS REQUIRED BY EPA						
Bromide	unregulated		48 ppb	< 0.02 ppb	4/7/20	Geology and natural weathering, industrial and consumer products
UNREGULATED WATER CONSTITUENTS OF INTEREST FOR FISH AQUARIUMS, AND HOME BREWING ⁵						
Alkalinity (mg/L as CaCO ₃)	unregulated		107	63	3/21/23	Geology, natural weathering
Total Hardness (mg/L as CaCO ₃)	unregulated		120	32	8/10/21	Geology, natural weathering
Calcium Hardness (mg/L as CaCO ₃)	unregulated		98	25	4/11/18	Geology, natural weathering
Silica	unregulated		59 ppm	33 ppm	10/4/11	Geology, natural weathering. Rarely tested
Sodium	unregulated		22 ppm	6 ppm	4/29/21	Geology, natural weathering

FOOTNOTES:

1. U.S. Department of Health and Human Services recommends <0.7 ppm fluoride in drinking water.
2. Highest locational running annual average was 9.65 ppb. In 2023, the highest concentrations of individual trihalomethanes were chloroform (5.8 ppb), bromoform (0.55 ppb), chlorodibromomethane (1.1 ppb), and bromodichloromethane (2.72 ppb).
3. There were no detection for Haloacetic acid compounds detected in 2023.
4. (PFBS)Perfluorobutanesulfonic acid; (PFPeS)Perfluoropentane sulfonic acid; (PFHxS) Perfluorohexanesulfonic acid; (PFOS)Perfluorooctanesulfonic acid; (PFBA)Perfluorobutanoic acid; (PFPeA)Perfluoropentanoic acid; (PFHxA)Perfluorohexanoic acid; (PFHpA) Perfluoroheptanoic acid; (PFOA)Perfluorooctanoic acid; (PFNA)Perfluorononanoic acid.
5. Ranges shown are from all 20 groundwater wells that supply the water system. Ranges in tap water at specific locations will depend on which wells serve the particular area.

DEFINITIONS:

Action Level: The concentration of a contaminant which, if exceeded, triggers treatment or other requirements that a water system must follow.

CaCO₃: Calcium carbonate

EPA: U.S. Environmental Protection Agency

Maximum Contaminant Level (MCL): The highest level of a contaminant that is allowed in drinking water. MCLs are set as close to the MCLGs as feasible using the best available treatment technology.

Maximum Contaminant Level Goal (MCLG): The level of a contaminant in drinking water below which there is no known or expected risk to health. MCLGs allow for a margin of safety.

Maximum Residual Disinfectant Level (MRDL): The highest level of a disinfectant allowed in drinking water. There is convincing evidence that addition of a disinfectant is necessary for control of microbial contaminants.

Maximum Residual Disinfectant Level Goal (MRDLG): The level of a drinking water disinfectant below which there is no known or expected risk to health. MRDLGs do not reflect the benefits of the use of disinfectants to control microbial contaminants.

mg/L: Milligrams per liter

ppm: Parts per million is equivalent to milligrams per liter (m/L). One ppm is approximately equal to 1 drop in 22 gallons of water.

ppb: Parts per billion. One ppb is approximately equal to 1 drop in 22,000 gallons of water (equivalent to about 1 drop in a small swimming pool).

ppt: Parts per trillion. One ppt is approximately equal to 1 drop in 22,000,000 gallons of water (equivalent to about 1 drop in Long's Pond).

pCi/L: Picouries per liter is the unit of measure used to describe an amount of radiation.

Primary Standard: The MCL for these substances is set primarily for health reasons.

Secondary Standard: The MCL for these substances is set primarily for non-health reasons such as color, taste, or fixture staining or indirect health concerns when levels are too high.

µS/cm: Microsiemens per centimeter is a measure of electrical conductivity.

Outdoor Water Saving Tips

That Will Save Water and \$\$



- 1 Replace turf grass with Washington State native and/or drought-tolerant plants.**
Add them to your existing landscaped areas too! Native plants and select perennials require less water than grass and many ornamentals. You can create a beautiful yard, conserve water, and save on your water bill while providing habitat for native bees, butterflies, and birds!
- 2 Plant grass, trees, and shrubs in the fall.**
This lets your new landscaping use the rainy season to become established, rather than requiring extra watering throughout the dry summer.
- 3 Place plants that need more water in shady or low-lying areas, and drought-tolerant plants in drier areas.** Group plants with similar watering needs together to simplify your outdoor watering routine.
- 4 Repair leaks** in your sprinkling system.
- 5 Don't fertilize grass in late spring or summer.** This causes excess growth, requiring more water.
- 6 Add compost to your soil and place mulch around plants 4" deep.**
- 7 Water your lawn deeply and infrequently.** One inch of water per week is all most lawns need!
- 8 Aerate and de-thatch your lawn** if water won't penetrate the soil.
- 9 Cut it high and let it lie!** Longer grass has deeper roots, and deeper roots have better access to soil moisture. Three inches tall is ideal. Use a mulching mower and leave grass clippings on the lawn to provide it with a source of nutrients.
- 10 Accept grass's natural tendency to turn golden in the summer.** Most grass varieties in our region are "cool season" types. This means they do well in cooler weather, then go dormant during the hottest months of summer. Grass that is golden isn't dead, it's just sleeping! Watering your dormant lawn once a month is all it needs to rebound once the weather begins to cool off again.
- 11 Use a commercial car wash that recycles water to clean vehicles.**
- 12 Use a broom to sweep your driveway or sidewalk** instead of spraying it with the hose.
- 13 Water your lawn before 10 a.m. or after 7 p.m.** to reduce evaporation during the hottest hours of the day.
- 14 Adjust sprinklers to water only what grows.** If the spray is hitting sidewalks and driveways, you are wasting water and money!
- 15 If you have an irrigation system, invest in a rain sensor, smart control irrigation timers, and water efficient sprinkler heads.** Look for the **WaterSense** label for products that have been tested and approved for water efficiency.

For more information about how to conserve resources and save money on your water utility bill this summer visit epa.gov/watersense/outdoors.

Visit the National Integrated Drought Information System at drought.gov for information about current conditions.

SAVE WATER & MONEY!

Water Utility customers may be eligible for:

- **FREE Toilet Replacement**
(Customers on SEPTIC)
- **\$100 Rebate** for Ultra High Efficiency Toilet (Customers on SEWER)
- **\$50 Rebate** for an ENERGY STAR Certified washing machine

Go to cityoflacey.org/water-conservation-program or call 360-438-2687 for program requirements.

FREE to Water Utility customers while supplies last!

- **Outdoor Water Saving Kit**
- **Indoor Water Saving Kit**
- **Hose Timer**
- **Soil Moisture Sensor**

Pick up items at Public Works Counter, Lacey City Hall. **Bring a copy of your Lacey Utility bill.**

Groundwater Protection

In 1995, the City of Lacey began its Wellhead Protection Program to ensure that activities and land uses do not contaminate groundwater quality. This is important because all of our drinking water comes from groundwater, as does most drinking water in Thurston County. Our drinking water can become contaminated if harmful substances sink through the soil and end up in our underground aquifers.

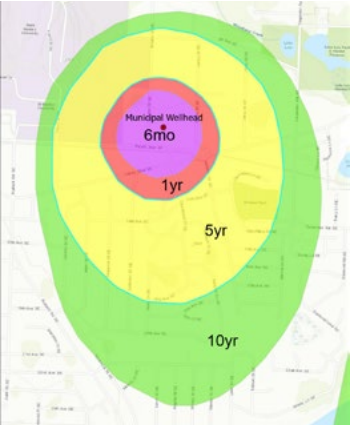
The Wellhead Protection Area illustration on the right shows how long it takes groundwater to travel through the underground aquifer to reach the wellhead. For example, groundwater in the yellow area takes 5 years to reach the drinking water well. Everyone can help protect our drinking water by proper use, storage and disposal of harmful substances within Wellhead Protection Areas.

Septic systems can be a source of groundwater contamination if not properly used and maintained. It is important for septic system owners to perform regular system maintenance to prevent groundwater contamination and protect the quality of our drinking water. **Want to connect to sewer? For information about the LOTT Clean Water Alliance REBATE of 50–75% off the connection fee, contact WaterResources@cityoflacey.org or 360-491-5600.**

To report a spill or if you suspect someone is dumping contaminants, call 360-491-5644 or go to LaceyWorks at cityoflacey.org/laceyworks.

WELL HEAD PROTECTION AREA

Time of Travel:
Groundwater to Wellhead



Thank you to all members of our Water Utility Team!

They work hard every day to deliver clean, safe drinking water for our community.

Ali Brown, Water Resources Specialist

Ali Brown joined the City of Lacey as a Water Resources Specialist in 2023. Her role focuses on stormwater pollution prevention, water resource management,



habitat restoration, and community engagement. Her background in stormwater facilities management, riparian restoration, and Pacific salmonid research support her in delivering science-backed messaging to protect salmon and Puget Sound. She works as a member of Stream Team of Thurston County to deliver educational information on protecting water resources in south Puget Sound and beyond. In her free time, Ali enjoys fishing, backpacking, swimming, and hiking with her husband Dyami and pup Elijah.

Jesse Eang, Utility Locator

Jesse Eang came to the City of Lacey as a Utility Locator in 2019, performing utility locates for City-owned water, sewer, storm, and electrical lines. Now as part of



the water repair crew, he performs valve and hydrant maintenance, water service and mainline repairs, and operation of various equipment and tools for that job. Since Jesse was hired he has received his Commercial Driver's License (CDL), Water Distribution Manager Certification (WDM1) and Cross Connection Specialist certification (CCS). In his spare time Jesse enjoys spending time with his family, exercising at the gym, fishing, and all types of outdoor activities.



LACEY

Water Resources
420 College St. S.E.
Lacey, WA 98503

Join Stream Team

Lacey Stream Team helps protect and enhance water resources through community education and action. In 2023, 911 Stream Team volunteers donated over 1142 hours to our community through stream re-vegetation projects, stream monitoring, litter clean up, storm drain marking, and other activities. Visit streamteam.info for more information or to sign up for an upcoming volunteer opportunity. You can help enhance our beautiful natural resources. It's rewarding and fun!



Understanding PFAS

The City of Lacey, along with all large public water systems in the United States, have begun testing our water sources for 29 different per- and polyfluoroalkyl substances (PFAS) chemicals as required by the U.S. Environmental Protection Agency (EPA). This testing helps us understand the levels of these chemicals found in the nation's drinking water systems. The data collected will help the EPA make decisions on actions needed to protect public health. The City sampled in December 2023 and will sample again in June 2024. All current detections are included in this Consumer Confidence Report and will continue to be reported in future editions. On April 10, 2024, EPA announced the final National Primary Drinking Water Regulation for six PFAS which established legally enforceable levels, called Maximum Contaminant Levels (MCLs). Detectable levels of PFAS from sampling done by the City of Lacey are below all MCLs.

Additional information regarding PFAS and regulations concerning them can be found at:

- doh.wa.gov/community-and-environment/contaminants/pfas
- epa.gov/sdwa/and-polyfluoroalkyl-substances-pfas

Contact Us

- To report problems about Lacey's water system, call **360-491-5644**.
- For utility bill questions, call **360-491-5616**.
- EPA Safe Drinking Water Hotline: **1-800-426-4791** or visit the EPA Office of Water Homepage at epa.gov/aboutepa/about-office-water.

City of Lacey Spills Hotline

- See a spill or water quality concern? Report it!
- Call **360-491-5644**
- Go to cityoflacey.org/laceyworks



LACEY CITY COUNCIL MEETING

June 4, 2024

SUBJECT: Water Shortage Response Plan

RECOMMENDATION: This is a briefing presentation. No action required.

STAFF CONTACT: Rick Walk, City Manager *RW*
Scott Egger, Public Works Director *SE*
Peter Brooks, Water Resources Manager *PB*
Charlene McHendry, Water Resources Specialist *CM*

ORIGINATED BY: Public Works, Water Resources
Charlene McHendry, Water Resources Specialist

ATTACHMENTS: [2024 Water Shortage Response Plan.pdf](#)

FISCAL NOTE: N/A

**WORK PLAN GOAL
AND STRATEGY:** N/A

BACKGROUND: This Water Shortage Response Plan (WSRP) provides operating procedures to be implemented by the City of Lacey Water Utility in the event of a weather-related water shortage, natural or human-caused disaster, or other water system operating emergency.

The objective of the WSRP is to establish procedures for managing water supply and demand in times of shortage. The WSRP identifies the range of demand reduction actions that are available and defines the mechanism(s) by which decisions will be made during a shortage event. Since each situation has unique characteristics, the WSRP cannot address all possible scenarios, or all management actions that are appropriate to a given situation. For this reason, the WSRP is intended as a framework of actions that will be tailored to meet the specific needs of a shortage situation. It is the goal of the WSRP to maintain essential public health and safety services, and minimize adverse impacts on the local economy, the environment, and the lifestyle of the City's water customers.

The present possible production (P3) is the maximum amount of water that can be produced with wells pumping 21 hours per day expressed in millions of gallons per day.

Daily production is based on 21 hours instead of 24 to reflect wells shutting off as reservoirs fill overnight. For the annual period beginning June 1, 2024, the present possible production (P3) is 19.53 Million Gallons per Day. Therefore, the WSRP stage triggers are as follows:

- Stage 1: Advisory: Every Summer.
- Stage 2: Internal Action Stage: 15.62 (80% of P3 for 3 consecutive days).
- Stage 3: Mandatory Stage: 17.58 (90% of P3 for 3 consecutive days).
18.55 (95% of p3 for 1 day).
- Stage 4: Emergency Stage: 18.55 (95% of P3 for 3 consecutive days).
19.53 (100% of P3 for 1 day).

NEXT STEPS: No change. This is Informational only



CITY OF LACEY

WATER SHORTAGE RESPONSE PLAN

A Water Utility Demand Management Strategy



Plan Updated: May 6, 2024

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Background

This Water Shortage Response Plan (WSRP) provides operating procedures to be implemented by the City of Lacey Water Utility in the event of a weather-related water shortage, natural or human-caused disaster, or other water system operating emergency.

The objective of the WSRP is to establish procedures for managing water supply and demand in times of shortage. The WSRP identifies the range of demand reduction actions that are available and defines the mechanism(s) by which decisions will be made during a shortage event. Since each situation has unique characteristics, the WSRP cannot address all of the possible scenarios, or all of the supply and demand management actions that are appropriate to a given situation. For this reason, the WSRP is intended as a framework of actions that will be tailored to meet the specific needs of a shortage situation. The goal of the WSRP is to maintain essential public health and safety services, and minimize adverse impacts on the economy, environment, and lifestyle of the City's water customers.

Overview

The City of Lacey's water supplies are derived entirely from groundwater sources. For this reason, our water system is not highly vulnerable to short-term drought conditions. Summer drought conditions are a normal part of our annual weather cycle. Measures to meet annual summer demand are addressed in the City's Water Comprehensive Plan, which includes the Water Use Efficiency Program.

This WSRP establishes procedures intended for use during periods of water shortage. There are several scenarios that could result in a shortage that could impair the City's ability to meet demand.

Drought conditions resulting in less than average fall and winter precipitation may decrease recharge to local aquifers. Because of the lag time between drought conditions, recharge, and groundwater withdrawal, impacts from this scenario may not be immediately evident. Impacts may become evident in shallow aquifers 6 months to 1 year following below-average rainfall, and would likely be evident following a 1 to 2 year period of below-average precipitation. In deeper aquifers, it may take years before the impacts of below-normal precipitation are observed.

Unusually warm and dry weather sustained over the summer months may also potentially impact water supplies if our usual period of peak demand extends in duration. Effects from this scenario would be immediate.

Finally, unexpected failure of water system components, natural or human-caused disaster, or contamination of some portion of the water supply poses the most sudden and direct impact on the City's ability to supply water. Depending on the severity of the incident and customer demand at that time, a swift implementation of the WSRP and/or the Emergency Water Supply Agreement with Olympia may be necessary in all or part of the water service area. Any combination of these scenarios could prove problematic and require implementation of the WSRP or the Emergency Water Supply Agreement. Specific criteria triggering WSRP implementation are discussed later.

Coordination

The Water Maintenance Supervisor, Senior Water Production Technician and the Operations Utility Engineer share primary responsibility for identifying water system supply and demand conditions that may lead to a water shortage. However, data that reflect daily water demand and current system production potential is routed to other Operations and Water Resources staff as well, any of which may notice conditions of concern. Once a trigger has been identified, the **Water Shortage Response Work Group (WSRWG)** led by the Water Maintenance Supervisor and including the Senior Water Production Technician, Senior Water Distribution Tech, Operations Utility Engineer, Water Resources Specialist, and the Water Quality Analyst will meet to develop recommendations regarding whether the WSRP should be implemented.

If a decision is made by the WSRWG to implement the WSRP, the Work group will then hold a meeting with the **Water Shortage Response Plan Team (WSRP Team)**, consisting of Water Resources Manager, Operations Manager, Public Affairs Manager and the Director of Public Works. The WSRP Team will decide which WSRP stage, if any, should be implemented based on recommendation from the WSRWG. They will take their recommendation to the City Manager. The City Council will be updated regularly about the status of the situation and may elect to pass a resolution or adopt ordinances to facilitate implementation of the WSRP.

The WSRP Team will consider a variety of factors in their decision-making to determine if and when to initiate restrictions, including:

- Duration of water shortage situation
- Risk to public health and safety
- Total supply availability, including interties and groundwater rights
- Operational status of City wells, reservoirs, pressure zones and other facilities
- Rate of decline in aquifer levels compared with normal operating levels
- Weather conditions derived from weather forecasts and modeling of the National Weather Service
- Water demand forecasts identifying normal consumption levels and projected consumption patterns based on available historical data for previous drought periods
- Time required to implement demand reduction measures and quantities expected to be saved by city owned facilities and usage
- The time delay to implement external mandatory actions
- Estimated margin of safety provided by the demand reduction compared with the level of risk assumed if no action is taken
- Consultation with elected officials, state resource agencies, the county, and other interested parties

Once WSRP implementation has been approved, the WSRP Team will coordinate as necessary with the WSRWG and other departments and staff to implement the Plan.

Water Shortage Response Plan Stages

The plan involves four stages of phased response, to be implemented as conditions warrant, in an effort to manage water demand when supplies become limited. Stages will be implemented progressively, if timing and conditions allow, providing internal staff, cooperating agencies and the public with reasonable warning that the next stage of response is needed. However, conditions may warrant immediate implementation of an advanced stage without first moving through initial stages. The four stages include a variety of communications, internal operations, and supply-side actions and demand management strategies as appropriate. Supply-side actions are actions that are taken internally to increase or better leverage water supply, such as adjusting pressure zones or well call order to better leverage supply or activating the intertie with the Olympia water system. Demand management strategies are actions that encourage or require water customers to use less water. The stages are characterized as follows:

- **Stage 1: Advisory Stage** – Internal evaluation of conditions and coordination are initiated to determine the likelihood of shortage and facilitate next steps. The public is reminded that the WSRP is in place and seasonal or other conditions may warrant its implementation. Conservation messaging is increased and targeted toward large discretionary users.
- **Stage 2: Internal Action Stage** – If supply conditions worsen, the plan moves to the internal action stage. During this stage, the City will implement demand and supply-side actions.
- **Stage 3: Mandatory Stage** – If the internal action stage does not result in needed demand reduction or if conditions worsen, the mandatory stage is implemented. During this stage, the City will implement more aggressive supply-side actions and will limit or prohibit certain uses of water by customers. This stage may involve an enforcement component with fines for non-compliance.
- **Stage 4: Emergency Stage** – This stage is implemented when supply conditions worsen and/or previous demand-reduction actions are not sufficient. Emergency curtailment addresses the most severe need for demand reduction and includes emergency restrictions.

Equation for Stage Triggers

Water Shortage Response Plan triggers involve a comparison of current water demand to potential production. Triggers are marked when current demand reaches certain percentages of potential production. In that case, the WSRP Team would evaluate whether or not to implement the corresponding stage of the Plan. Meeting or exceeding the trigger is not the sole variable to be considered and alone may not necessitate implementation of the corresponding plan stage.

Definitions for the trigger equation variables follow:

Useable Source: A source of potable water supply that can be relied upon to pump water into the system at a moment's notice. Tanks can be drawn down only a certain amount without affecting area pressures. Pumping time is limited by the amount of drawdown within the tanks, thus all well pumps within the water system do not pump for 24 hours. For the purpose of this plan, a pumping time of **21 hours** for each useable source will be utilized. Note: Sources can become unusable due to mechanical/electrical failure, the well water level being too low to the pump, or if water quality concerns render the water unusable.

Present Possible Production (P3): The maximum well pumping time of 21 hours per day is based on reservoir fill and draw cycles within the equalizing and operational storage bands. Each water source is assumed to operate at its current instantaneous flow rate, the sum of all sources operating for 21 hours is the P3 value in Million Gallons per Day (MGD). The P3 will be reevaluated by the WSRP Team annually prior to June 1st, and the adopted P3 value shall be inserted as Appendix G of this plan. During the high demand season, the P3 value will be continually monitored and updated as conditions change.

Current Demand (CD): The amount shown in the daily water production report exported each morning from the SCADA system. These values consider water pumped from wells and used from storage the previous day.

Stage 1: Advisory Stage –Reduce Demand by 15%

Objectives

- Evaluate water supply and demand conditions to determine if further implementation of the WSRP is warranted. Demand is defined as MGD.
- Initiate internal coordination to evaluate conditions and facilitate further implementation.
- Prepare City staff for a potential water shortage, thereby allowing adequate time for planning and coordination.
Inform public of WSRP and Mandatory Odd-Even Watering Schedule through press releases, City website posts, event tabling, billing insert, social media posts, and HOAs.

Triggers

- The Mandatory Odd-Even Watering Schedule is in effect annually June 1st through September 30th

Advisory Stage Actions

Coordination

- o Daily reports are posted to the N drive. Staff will monitor this in [Production Yearly Report](#)
- o The Senior Water Production Technician or other staff will inform the Water Maintenance Supervisor if a trigger has been met or exceeded.
- o If a trigger has been met, the Water Maintenance Supervisor will assemble a meeting of the WSRWG to develop a recommendation on whether to implement the WSRP and arrange a meeting with the WSRP Team to present their recommendation. The WSRP Team will decide if further implementation of the WSRP is needed.

Public Outreach

- o The Water Resources Specialist will develop and distribute a press release reminding the public that summer weather leads to increases in water demands and encouraging conservation. The message should include a reminder that the City has adopted a WSRP that can be implemented if necessary.
- o The Water Resources Specialist will develop a fact sheet outlining the WSRP and provide it to City customer service staff and the public, as requested, to allow for uniform, consistent dissemination of information to the public.

- The Water Resources Specialist will include information regarding relative efficiencies of various irrigation systems and equipment in water conservation messages. The public will be reminded that use of less efficient equipment may be restricted or prohibited in the case of a water shortage.
- Ask the public to follow the Mandatory Odd/Even Watering Schedule with these specific watering guidelines:
 - Apply no more than one inch of water to landscaping each week.
 - Limit all landscape watering (turf and/or ornamental) to **no more than** three days per week.
 - Water customers with address ending in an EVEN number may water Sunday, Tuesday, and Thursday
 - Water customers with address ending in an ODD number may water Monday, Wednesday, and Saturday
 - Friday is a no watering day for all addresses to allow wells and water storage to recharge before the weekend.

Stage 2: Internal Action Stage—Reduce Irrigation Usage by 10%

Objectives

- Reduce water use to accommodate supply limitations through internal actions
- Forestall or minimize the need for more stringent demand or supply management actions
- Operations will ensure that we have enough water treatment supplies on hand for continuous running of the wells.
- Minimize the disruption/inconvenience to customers while meeting demand reduction goals
- Maintain the highest water quality standards throughout the shortage
- Maximize water production capabilities

Triggers

- Determined each year in advance of the summer season by WSRG using Usable Source information, P3 data, and Current Demand data.

Internal Action Stage Actions

Internal Actions

Coordination

- The goal would be to reduce demand to Stage 1 level, by reducing internal irrigation by an additional 10%.
- Establish regular meetings for the WSRP Team and systematic communications with the Assistant City Manager.
- WSRP Team to establish regular communications with all City departments and staff to keep them up to date on conditions, goals, and City actions.
- WSRP Team will consider current and projected supply conditions and seasonal demand and set demand reduction goals that may be revised as necessary.
- Plan for staffing reassignments as needed and that may be needed for the Mandatory stage, including staff to enforce mandatory restrictions. See

Appendix E for suggested staffing assignments. Initiate planning and preparation for the Mandatory stage.

- o Technical WSR Team staff will meet to discuss potential supply-side actions based on water supply and demand.

Public Outreach

- o The Water Resources Specialist will begin additional, targeted outreach to commercial customers to remind them to adhere to the watering schedule listed above excessive users may be asked to prepare and implement a curtailment plan that reduces their water use by at least 10%.
- o The Water Resource Specialist will contact the North Thurston School District (NTSD) and ask them to reduce watering by 10% system wide to match the City of Lacey irrigation reductions.
- o Ask commercial customers and NTSD to plan ahead for possible implementation of the Mandatory stage. During that stage, they would be required to reduce irrigation water use by 20%.

Internal Operating Actions

- o The Water Resources Specialist will begin close monitoring of the City's top 25 commercial irrigation consumers for compliance with the odd-even watering schedule.
- o Reduce all operating system water uses (service line flushing, truck washing, etc.) to essential levels. Cut service line flushing program in half.
- o Reduce irrigation at City-owned and managed landscapes by 10%. Reduce or eliminate seasonal plantings. See Appendix D for more details regarding management of City parks and landscapes during the Voluntary stage.
- o Operations staff will implement recommended changes based on the technical WSR Team staff meeting.

Stage 3: Mandatory Stage - Reduce Demand by 20%

Objectives

- Achieve targeted reduction goal of at least 80% of P3 by restricting defined water uses.
- Ensure that adequate water supply will be available during the duration of the water shortage to protect public health and safety.
- Minimize the disruption to customers' lives and businesses while meeting target demand reduction goals.
- Communicate clear consistent messages about the restrictions that affect all customers pertaining to discretionary and/or wasteful water usage.
- Ensure water quality remains at the highest level possible.

Triggers

- Determined each year in advance of the summer season by WSRG using Usable Source information, P3 data, and Current Demand data.

Mandatory Stage Actions

Coordination

- o The WSRT, with approval from the Public Works Director, will recommend to the City Manager, the move to the Mandatory Stage, and adopt mandatory restrictions. The WSRT will recommend the nature, scope and timing of restrictions.
- o Implement water use restrictions, as developed by the WSRT. The following list serves as the baseline for water use restrictions. The exact restrictions used will depend on the situation and may change as the severity of the situation changes. However, this list should be used as the starting point, with additional, more stringent restrictions put in place as necessary. The Water Resource Specialist will work with Public Affairs to create a communication plan:
- o Limit outdoor watering to 2 days per week, based on customer address:
 - Residential Customers:
 - Odd address: may water WEDNESDAY and SATURDAY only
 - Even address: may water THURSDAY and SUNDAY only
 - No watering on MONDAY, TUESDAY or FRIDAY
 - Commercial Irrigation:
 - Odd address: may water MONDAY and WEDNESDAY
 - Even address: may water TUESDAY and THURSDAY
 - No watering on FRIDAY, SATURDAY or SUNDAY
- o Potentially prohibit all lawn/turf, and landscape irrigation, including all city property and NTPS property.
- o Prohibit use of outdoor ornamental fountains using potable water.
- o Prohibit car washing except at commercial car wash facilities that recycle water.
- o Prohibit washing of sidewalks, streets, decks or driveways. Only waterless means of cleaning these areas are allowed during this stage.
- o Limit pressure washing of buildings to situations that require it as part of a scheduled building rehabilitation project (e.g. painting).
- o Prohibit water wasting including to permit or cause water flow, spray, or otherwise move or discharge water from the premises to or upon the street, alley, or public right-of-way, ditch or drain, or failing to repair a leak in a private plumbing system or in an irrigation system.
- o Exemptions from restrictions might include:
 - Ball fields and playfields may be watered at the minimum rate necessary for safety purposes and dust control.
 - Landscapes installed within the previous 12 months may be exempt from watering bans if such bans would result in significant property damage. Exemption Application and accompanying documentation is required to be submitted to the Water Resources Specialist for approval.
- o Implement the process for receiving, recording and responding to reported violations of restrictions. Enforcement procedures will be implemented to assess fines where mandatory restrictions are not followed (see Appendix B). The WSRT will review and process all requests for exemptions from mandatory requirements. **See Appendix F** for recommended process.
- o Increase enforcement actions in accordance with the applicable ordinance approved by City Council.

- o Notify the Police Department regarding enforcement of curtailment actions and coordinate with them regarding the need for additional enforcement assistance.
- o Work with the Lacey Fire Department to ensure that their operations and maintenance activities are consistent with actions listed in Appendix C for the Mandatory Stage.
- o Restrict hydrant usage to essential purposes, including recall of hydrant meters previously issued. Require use of best management practices to reduce water use, meet operational needs, and provide for dust control.
- o Work with the City's Community Planning and Development Department to defer landscape installation requirements until the shortage is over.
- o Evaluate resources and plans for moving into the Emergency Curtailment stage. As appropriate, begin preparations.
- o Curtail sewer line flushing and cleaning, except to address emergencies.
- o Contact the Lacey Fire Department to inform them of the situation and request implementation of actions listed in Appendix C.
- o WSR Team have the option of preparing to implement the emergency water supply agreement with Olympia if it appears likely that the City will declare Stage 4- Emergency Stage.

Public Outreach

- o The public will be notified immediately using one or more of the methods listed below. The WSRT will decide which method(s) will be most appropriate and effective based upon the specific situation:
 - Notifications using the City's choice of automated services coordinated with City Public Affairs, Community Public Relations, and the Emergency Management & Safety Coordinator
 - Directed phone calls to the City's highest water users
 - Directly contact HOAs, apartment managers, property/landscape management companies, other public agencies, and business groups listed in Appendix A
 - Deliver written notices to households through direct mailings.
 - Use Public Works Reader Boards on College St, Martin Way, and Pacific Avenue and Marvin Rd.
 - Social media outlets; Facebook, Twitter, etc.
- o When feasible, include some or all of the following information when communicating the restrictions to the public:
 - Scope and nature of mandatory restrictions
 - Reasons for imposing restrictions
 - Reasons for exemptions of City owned athletic fields
 - Demand reduction goals and ways to achieve those goals
 - Pending additional restrictions if goals not met
 - Enforcement mechanisms and fines
 - Projections for how long restrictions will be in place
- o Provide area landscape management and property management companies directly with water use restriction information.
- o Contact irrigation customers using potable water and inform them that the City

may shut off their irrigation meters in the event of an extreme water shortage situation.

- o Post updated status reports on the City web site.
- o Establish a public “hotline” or other reporting mechanism for residents to report violations of restrictions. This will be coordinated with the Special Projects Administrator in the City Manager’s Office.

Internal Operations Actions

- o City-owned property irrigation will be restricted as proposed in Appendix D and will meet or exceed irrigation reduction goals being asked of the public.
- o The Water Resource Specialist will contact NTSD and other large water use customers to request that their irrigation be reduced 25% to match City of Lacey owned irrigation reduction efforts.
- o Enhance water quality monitoring actions as necessary.
- o Fleet vehicles will be washed only at commercial facilities that recycle water and only when deemed necessary for public health and safety reasons. Notify vehicle washing staff at the maintenance center and the police department that this restriction is in place.
- o The Water Resources Specialist will begin close monitoring of the City’s top 50 commercial irrigation consumers for compliance with the odd-even watering schedule and to identify excessive discretionary water use, specifically unnecessary or wasteful consumption of water beyond essential needs.

Stage 4: Emergency Stage-Reduce Demand by 25%

Objectives

- Ensure that throughout the water shortage, an adequate water supply exists to protect public health and safety.
- Sharply reduce water demand.
- Restrict certain defined water uses in order to meet demand reduction goals.
- Ensure water quality remains at the highest level possible.

Triggers

- Determined each year in advance of the summer season by the WSRG using the Usable Source information, P3 data, and Current Demand data.

Emergency Stage Actions

Coordination

- o The WSRT will define the water shortage as an emergency and work through the City Manager to implement procedures to formally declare a Water Shortage Emergency.
- o The WSRT will recommend to the City Manager a list of water use restrictions, prohibitions and exemptions for consideration once water levels are back at capacity to supply for irrigation. Restrictions and prohibitions may include any of the following:

Emergency – Step 1

- Prohibit all lawn/turf, and landscape irrigation, including all city property and NTPS property.
- City staff will be authorized to shut off irrigation meters.
- Prohibit use of any ornamental fountains using potable water for operation
- Prohibit car washing except at commercial car wash facilities that recycle water.
- Rescind all hydrant meters
- Prohibit washing of sidewalks, streets, decks and driveways
- Prohibit use of potable water for pressure washing of buildings
- Prohibit filling or adding potable water to swimming pools at public and private facilities
- Prohibit the use of water in training exercises and flushing activities by the Fire Department until the emergency is over

Emergency – Step 2

- Continue prohibition of items in Emergency - Step 1 and:
 - Prohibit all irrigation of gardens and ornamental landscapes
 - Prohibit irrigation of all turf and landscapes. Exemptions for turf and landscapes less than 6 weeks old are no longer in effect.
 - Prohibit use of any ornamental fountains using potable water for operation
- o Exemptions may include:
 - If dust control is required to comply with air quality standards and dust control and other hydrant uses are determined to be necessary to meet essential health and safety requirements, water may be applied to construction or other areas at the minimum rate necessary to achieve the desired result, provided that all appropriate best management practices are being employed.
 - o Increase enforcement actions in accordance with the applicable ordinance approved by City Council.
 - o Provide training for staff and deploy additional “Water Watcher” patrols.
 - o Notify the Police Department regarding enforcement of curtailment actions and coordinate with them regarding the need for additional enforcement assistance.
 - o The WSRT will increase the frequency of reports to the City Manager and City Council. Reports will provide detail on the implementation of the Emergency Curtailment Stage and customer response data.
 - o WSRP Team will coordinate use of emergency interties with neighboring water suppliers to increase emergency supply availability.
 - o Communicate with neighboring water suppliers (Cities of Olympia and Tumwater, Thurston PUD), state resource agencies, the county, and other interested parties to gauge regional status of supply.

Public Outreach

- The public will be notified immediately using one or more of the methods listed below. The WSRT will decide which method(s) will be most appropriate and effective based upon the specific situation:
 - Notifications using the City's choice of automated services coordinated with City Public Affairs, Community Public Relations, and the Emergency Management & Safety Coordinator
 - Directed phone calls to the City's highest water users
 - Directly contact HOAs, apartment managers, property/landscape management companies, other public agencies, and business groups listed in Appendix A
 - Direct mail pamphlets to households
 - Use Public Works Reader Boards on College St, Martin Way, Pacific Avenue, and Marvin Rd.
 - Social media outlets; Facebook, Twitter, etc.
 - TV- Lacey's new channel, also network tv news, etc.
- When feasible, include some or all of the following information when communicating the restrictions to the public:
 - Scope and nature of mandatory restrictions
 - Reasons for imposing restrictions
 - Demand reduction goals and ways to achieve those goals
 - Pending additional restrictions if goals not met
 - Enforcement mechanisms and fines
 - Projections for how long restrictions will be in place
- Clearly identify and communicate exemptions from water use curtailment, such as for medical facilities and other public health situations.
- Inform customers about possible pressure reductions and problems this may cause.
- Provide area landscape firms with water use curtailment information to facilitate their compliance and ability to explain the need for compliance to their customers.
- Post updated status reports on the City website.

Appendix A: City of Lacey Shortage Response Contact List

A working list of contacts for easy reference has been developed and is to be regularly updated by the Water Resources Specialist on an excel spreadsheet. In the event of a weather-related water shortage, natural or human-caused disaster, or other water system operating emergency, the following will be contacted directly by City Staff. They will be apprised of the situation, and their support and cooperation in reducing demand will be requested.

Other Public Agencies

- City of Olympia
- City of Tumwater
- Thurston County
- North Thurston School District
- State Department of Ecology
- State Department of Health
- Thurston County PUD #1
- Washington Water Service

Intertied Water Systems

- City of Olympia

High Water Use Customers

- Includes top 25 commercial irrigation customers
- List will be extended to top 50 top water utility customers in Mandatory and Emergency Stages
- List Updated Annually

Landscape Interests

- WSU/Thurston County Cooperative Extension
- Local nurseries
- Local landscape contractors
- The Irrigation Association
- Washington Association of Landscape Professionals
- Washington State Nursery and Landscape Association
- Country Green Turf Farm

Business Groups

- Thurston County Chamber of Commerce
- Lacey/Olympia Chamber of Commerce
- Rotary Clubs of Thurston County
- Master Builders Association
- Home Owners Associations
- Apartment managers

Appendix B: Mandatory Restrictions – Enforcement Procedures

1. Violations of the water use restrictions constitute civil violations, as explained in LMC 14.40. Upon determination by the Director of Public Works that a violation has occurred, a written notice, allowing for voluntary correction, as described in 14.40.030 will be issued. All subsequent offenses will be charged using the same schedule provided in LMC 14.40.040, as follows:
 - a. 1st day of each violation: \$100 fine
 - b. 2nd day of each violation: \$200 fine
 - c. 3rd day of each violation: \$300 fine
 - d. 4th day of each violation: \$400 fine
 - e. Each additional day of violation beyond four days: \$500/day
2. Assign and train staff with customer service and communication experience to “Water Watch”, providing an explanation to the customer regarding the violation, suggestions for correcting the problem, and a reminder that further offenses result in fines.
3. Civil Violation notices may be issued by City law enforcement officers. Utility Billing is to be notified of violations, and fines applied to the customer’s utility account. The Water Resource Specialist will document and monitor all violations.
4. Establish “due process” to consistently collect and document evidence of violations. Violations must be documented by a Water Watcher in the following way:
 - a. Record written report including date, time, location, type of violation, or electronically report on the Violation Report link at <https://cityoflacey.jotform.com/team/public-works/odd-even-violation>
 - b. Take a photograph of the offense.
 - c. Note corroboration from any witnesses to the violation.
 - d. If the violation is not witnessed first-hand by a Water Watcher and a photograph is not obtained, the suspected violator can be issued only a warning.
 - e. All violations are to be submitted to the Water Resources Specialist for processing and monitoring.
 - f. City staff reporting violations must sign an affidavit prepared by the Water Resources Specialist. The affidavits will be held on file by the Water Resources Specialist.
5. Establish a reporting mechanism for customers to report violations. To help avoid frivolous complaints, recorded message should note that only complaints with name and address of complainant will be pursued. This will be coordinated with the Special Projects Administrator in the City Manager’s Office.

Appendix C: Lacey Fire Department Shortage Response

The Fire Department uses water in a variety of ways. These uses include:

- Fire flow pressure testing
- Vehicle washing
- Washing of drill pad
- Training (evolution/wet training)
- Irrigation

The following explains how these water uses might be affected during the four stages of drought response.

Advisory Stage

At this stage, we would be communicating a possible water supply shortage to our customers. It may make sense to schedule any line flushing or wet training for earlier in the season in case restrictions are in place. Irrigation should be restricted to no more than 1 inch of water per week

Internal Action Stage

In this stage, we would be asking our internal City staff to reduce their water use by a certain amount (generally about 10 percent). The Fire Department may change their water use at this stage in the following ways:

- Vehicle washing: Currently, several of the vehicles washed or at least rinsed daily. Washing is more frequent during the wet season, when vehicles are muddy. During this stage, vehicles would only be washed if they have mud on them but could continue to be rinsed each evening.
- Drill pad washing: The pad is now washed twice during the summer. If this internal action stage occurs during summer months, a sweeper from the Public Works Department would be brought in to sweep the pad instead of washing it.
- Fire flow testing: Testing could still occur at this stage.
- Training: Scheduled training could still occur at this stage. However, the need for the training should be weighed carefully against the water use.
- Irrigation: Irrigation of landscape should be reduced by an additional 10% at this stage.

Mandatory Stage

At this stage, we would acknowledge a serious water supply shortage. Water use restriction would be enforced with fines. The Fire Department may alter their water use in the following way at this stage:

- Vehicle washing: As in the Internal Action Stage, vehicles would only be washed or rinsed if there is mud on them.

- Drill pad washing: As in the Internal Action Stage, the sweeper would be used instead of water.
- Fire flow testing: Testing should be postponed during this stage.
- Training: Scheduled training should not occur at this stage. If this stage continues for more than one month, limited training exercises would resume.
- Irrigation: Irrigation of landscape should be reduced further by 20% at this stage.

Emergency Stage

At this stage, the utility would be faced with a critical water supply shortage. The goal would be to provide enough water to provide for our customers' health and safety during the duration of the emergency. No outdoor irrigation would be allowed for any of our customers. At this stage, the Fire Department would need to change their water uses in the following ways:

- Vehicle washing: Vehicles would only be washed if there is mud on them. No rinsing could occur. Vehicles that can fit in commercial washes must be washed only at facilities that recycle water.
- Drill pad washing: As in the Internal Action and Mandatory Stages, the sweeper would be used instead of water.
- Fire flow testing: Testing may not occur during this stage.
- Training: Scheduled training may not occur at this stage.
- Irrigation: No irrigation of landscape may occur at this stage.

Appendix D: Lacey Parks Department Alternative Irrigation Plan

This plan will provide for reductions in irrigation water usage that meet thresholds provided for each of the stages of the Water Shortage Response Plan. The plan reduces water use at City-owned parks, streetscapes and other facilities by shifting irrigation schedules and prioritizing City facilities based on the age of landscaping, watering needs and public use.

In Stage 2, Action Stage, water use consumed through non-exempt meters will be reduced by 10%.

Stage 3, the Mandatory Stage, provides for water use reduction of 20%.

In Stage 4, the Emergency Stage – Step 1, provides for water use reduction of 25%, which would also be required for playfields. During the Emergency Stage – Step 2, all outdoor watering at City-owned facilities would cease, to comply with the severity of the situation and related restrictions.

Appendix E: Water Watcher Staffing Assignments

- All City staff will watch for violations when in the field as they go about their usual business
- During the Advisory and Internal Advisory and Internal Action Stages, meter readers will watch for non-compliance with the odd-even watering schedule, and report non-compliance to the Water Resources Specialist.
- During the Mandatory and Emergency Stages, Water Watchers would respond to reports of suspected violations from a public “hotline” or other reporting mechanism. This will be coordinated with the Special Projects Administrator in the City Manager’s Office.
- Staff available for duty may include: Water Quality Technician, Water Resources Specialist, Water Resources Manager, Public Works Inspectors, Senior Patrols.
- Water Watchers would investigate complaints, interact with customers for 1st offenses (friendly encounters) and gather evidence for all offenses.
- Police Officers would deliver civil violation notices for subsequent offenses involving fines. It is expected that there will be very few civil violations. Police officers could complete this task as time allows, since the evidence will have been gathered previously by the Water Watchers and the fines will be included on the water bills.

Appendix F: Procedure for Exemptions

An Exemption Application and accompanying documentation, such as invoices and photographs, must be submitted to the Water Resources Specialist for approval.

Customers may request exemption for the following water uses:

- Irrigating new landscapes installed within the past 6 weeks.
- Exemptions for non-turf/grass plants may be granted for landscapes up to 12 months old by application only.
- Irrigating public ball fields used regularly by community sports teams
- Water use for dust suppression to meet air quality standards
- Landscapes installed within the previous 12 months may be exempt from watering bans if such bans would result in significant property damage.

Appendix G: Present Possible Production (P3)

Last updated: May 6, 2024

For the annual period beginning June 1, 2024 unless modified by the WSRP Team at a sooner date, the P3 value, and corresponding triggers are identified as:

P3: 19.53 million gallons per day

TRIGGERS

Stage 1- Advisory :	Every summer
Stage 2- Internal Action :	15.62 MGD 80% of P3 for 3 consecutive
Stage 3- Mandatory :	17.58 MGD 90% of P3 for 3 days or 18.55 MGD 95% of P3 for 1 day
Stage 4- Emergency :	18.55 MGD 95% for 3 consecutive days or 19.53 MGD 100% of P3 for 1 day

The P3 value for this period was determined by the WSRP Team and is summarized below:

Supply Source	Normal Operating Capacity		Zone	Notes
	GPM	MGD		
Source 1 (College St. Well 1)	650	0.94	337	
Source 2 (College St. Well 2)	600	0.86	337	
Source 3 (College St. Well 3)	200	0.29	337	
Source 4 (Capitol City)	700	1.01	337	
Source 6 (Judd Hill)	300	0.43	337	
Source 7 (Fire Station)	1,500	2.16	337	
Source 9 (Little Prairie)	750	1.08	337	
Source 10 (Mountain Greens)	1,150	1.66	337	
Source 15 (Beachcrest 1)	0	0.00	400	OFF for pH Project
Source 16 (Beachcrest 2)	0	0.00	400	OFF for pH Project
Source 19 (Hawks Prairie 1)	450	0.65	400	
Source 31 (Hawks Prairie 2)	700	1.01	400	
Source 20 (McAllister Park)	600	0.86	400	
Source 21 (Madrona 1)	4,500	6.48	400	3-pump call @ 1,500 gpm each
Source 22 (Madrona 2)				
Source 28 (Madrona 3)				
Source 24 (Nisqually 19a)	0	0.00	188	OFF for Rehab
Source 25 (Nisqually 19c)	250	0.36	188	
Source 27 (Evergreen)	800	1.15	400	
Source 29 (Betti)	1,000	1.44	400	
Source 30 (Mt. Aire)	1,350	1.94	337	Olympia Intertie
100% Production Rate	15,500	22.32		
Pumping Hours per Day	21			
P3 Value (System)	13,563	19.53	6 - 16	Demand Range MGD
337	7,200	9.07	4 - 10	Demand Range MGD
400	8,050	10.14	2.5 - 6.5	Demand Range MGD
188	250	0.32	<0.2	Demand Range MGD
Trigger Levels				
Stage 2 (3 Days)	80%	15.62		
Stage 3 (3 Days)	90%	17.58		
Stage 4 (3 Days)	95%	18.55		

Appendix H: Water Shortage Response Plan Summary

*Continued on next page

Stage 1 Advisory Stage

- This stage affects ALL water customers.
- A press release and other public outreach will remind the public of the Mandatory Odd-Even Watering Schedule in effect annually June 1 through September 30.
- Goal is to reduce demand by 15%.

Stage 2 Internal Action Stage

COORDINATION

- Maintain regular, systematic communication between the WSR Team and all City departments including the Assistant City Manager.
- Begin additional outreach to commercial irrigation customers.
- Technical WSR Team staff will meet to discuss potential supply-side actions based on water supply and demand.

INTERNAL OPERATIONS ACTIONS

- Begin to closely monitor consumption for the top 25 commercial irrigation customers for compliance with the odd-even watering schedule
- Reduce irrigation at City-owned/managed non-exempt class landscapes by 10%.
- Reduce washing of all City fleet vehicles.

P3 (Present Possible Production)

The maximum well pumping time of **21 hours per day** which is based on the available standby and operational reservoir storage capacity of the water system, expressed in MGD units.

For the annual period beginning June 1, 2024, unless modified by the water shortage response team at any time in between:

P3 = 19.53

Stage 3 Mandatory Stage

PUBLIC MESSAGE

"In order to ensure that an adequate supply of water is available to maintain public health and safety, it is necessary to impose mandatory water use restrictions."

- This stage affects ALL water customers.
- Provide customers with water use restrictions, which may include:
 - Limit watering to 2 assigned weekdays only
- Establish a reporting mechanism for customers to report violations. This will be coordinated with the Special Projects Administrator in the City Manager's Office.

COORDINATION

- The Water Shortage Response Team, with approval from the Public Works Director, will recommend to the City Manager, the move to the Mandatory Stage, and adopt mandatory restrictions.
- Lacey Fire will be notified and requested to follow a specific set of actions to reduce water consumption.
- Implement process for receiving, recording, and responding to reported violations of restrictions.

INTERNAL OPERATIONS ACTIONS

- Reduce irrigation at City-owned/managed landscapes by 20%.
- All City fleet vehicles will be washed only at facilities that recycle water.
- Begin to monitor the top 50 commercial irrigation customers.

Stage 4 Emergency Stage

PUBLIC MESSAGE

"A water supply emergency exists. Severe restrictions on water use are necessary to maintain adequate water supplies essential for basic health and safety."

- This stage affects ALL water customers.
- Provide customers with water use restrictions, that will be strictly enforced, which may include:
 - Prohibit all lawn/turf and landscape irrigation.
 - Rescind all hydrant meters.
 - Prohibit filling of swimming pools.
 - Prohibit all use of water for cleaning sidewalks or driveways.
- Restrictions may be grouped by: **Emergency Level 1** or **Emergency Level 2**

COORDINATION

- The Water Shortage Response Team will define the water shortage as an emergency and work through the City Manager to implement procedures to formally declare a Water Shortage Emergency.

INTERNAL OPERATIONS ACTIONS

- Prohibit all lawn/turf, and landscape irrigation, including all city property and NTPS property.

TRIGGERS

Stage 1- Advisory :	Every summer
Stage 2- Internal Action :	15.62 MGD 80% of P3 for 3 consecutive
Stage 3- Mandatory :	17.58 MGD 90% of P3 for 3 days or 18.55 MGD 95% of P3 for 1 day
Stage 4- Emergency :	18.55 MGD 95% for 3 consecutive days or 19.53 MGD 100% of P3 for 1 day



LACEY CITY COUNCIL MEETING

June 4, 2024

SUBJECT: Master Interlocal Agreement for Cost Sharing and Facility Use with North Thurston Public Schools (NTPS)

RECOMMENDATION: Motion: Move to authorize the City Manager to sign Master Interlocal Agreement Between NTPS and the City of Lacey

STAFF CONTACT: Rick Walk, City Manager *RW*
Jen Burbidge, Parks, Culture & Recreation Director *JB*

ORIGINATED BY: Parks, Culture & Recreation Department and City Manager

ATTACHMENTS: 1. Master Interlocal Agreement Between NTPS and the City of Lacey

FISCAL NOTE: Revenue from field rental fees and aquatics program and rental fees offsets City administrative and direct expenses.

PRIOR REVIEW: May 1, 2024 Parks, Culture & Recreation Board Meeting

BACKGROUND:

A Joint Use Agreement between the City of Lacey and NTPS, for the purpose of joint use of NTPS and City indoor and outdoor facilities for programs of both agencies, has been successfully implemented since May of 1974. Facilities used and programs offered to students and residents under this model partnership has resulted in efficient use of tax dollars. Annually, NTPS and City staff review the elements of the joint use agreement to ensure the cost sharing is equitable.

The purpose of the proposed Master Interlocal Agreement not only keeps the original intent of the parties cooperating to provide the most efficient use of their resources for the public, but also provides a more efficient process for the City and the school district. The Master Interlocal Agreement authorizes designated representatives to enter into sub-agreements as necessary to carry out the purpose of the agreement, and to be able to be nimble to execute minor changes of such sub-agreements (such as a changing pool schedule).

Sub-agreements will include but not be limited to athletic facilities, pool facilities, and transportation resources, and to allow for certain activities on said facilities, to include but not limited to marketing and sponsorship. Sub-agreements would be for a term not to exceed four years whereas the Master Interlocal Agreement would be valid in perpetuity (unless authorizing officials of both parties want to amend).

Sub-agreements would be approved by Parks, Culture & Recreation Board and signed by the City Manager or designee and the Superintendent of NTPS or designee.

NEXT STEPS:

Staff recommends the Lacey City Council take action by proceeding with Option 1.

Option 1: Authorize city manager to sign Master Interlocal Agreement between NTPS and City of Lacey

Option 2: Do not authorize city manager to sign Master Interlocal Agreement between NTPS and City of Lacey

Option 3: Some other option not contemplated in the above options.

**MASTER INTERLOCAL AGREEMENT BETWEEN
NORTH THURSTON PUBLIC SCHOOLS
AND THE CITY OF LACEY**

This Agreement is made and entered into as of the date of the last signature hereon by and between the City of Lacey, a municipal corporation (hereinafter referred to as “CITY”), and North Thurston Public Schools, (hereinafter referred to as “District”), together referred to as the “Parties,” pursuant to RCW 39.34.080.

WHEREAS, it is to the mutual advantage of the Parties to cooperate as described herein in order to make the most efficient use of their resources to provide services and facilities needed by community members in the greater Lacey area and District catchment area; and

WHEREAS, RCW 39.34.080 authorizes a public agency to contract with another public agency to perform any governmental service, activity, or undertaking that each public agency is authorized by law to perform; and

WHEREAS, since May of 1974, the Parties have successfully implemented joint use agreements for the joint use of City and District indoor and outdoor facilities for programs for both Parties, resulting in more efficient use of tax dollars; and

WHEREAS, since 1981, the Parties have successfully shared costs for athletic fields and it is necessary to formalize the cost sharing arrangement in maintaining outdoor athletic field maintenance and operation; and

WHEREAS, since 1994, the Parties have successfully shared costs for swimming pools and it is necessary to formalize the cost sharing arrangement in maintaining and operating indoor swimming pools; and

WHEREAS, the Parties have successfully agreed on the use of District owned buses for some of the City’s trips operated by City employees; and

WHEREAS, there are other ways the City and District have successfully worked together, for example in connecting students and families to City programs and events through joint marketing and sponsorship opportunities, and there may be additional ways that the City and the District will collaborate for the good of community members in the future; and

WHEREAS, the Parties desire to create a master Interlocal Agreement which would authorize certain City and District officials to enter into sub-agreements related to the joint use of the Parties’ facilities.

NOW, THEREFORE, the Parties, in consideration of the mutual terms, conditions, covenants, and provisions contained herein, and the mutual benefits received hereunder, agree as follows:

**MASTER INTERLOCAL AGREEMENT BETWEEN
NORTH THURSTON PUBLIC SCHOOLS
AND THE CITY OF LACEY**

I

PURPOSE

- 1.0 It is the purpose of this Agreement to permit the Parties to make the most efficient use of their resources by enabling them to cooperate by sharing costs and agreeing to the use of certain facilities, to include but not limited to athletic facilities, pool facilities, and transportation resources, and to allow for certain activities on said facilities, to include but not limited to marketing and sponsorship.
- 1.1 This Agreement sets forth all terms and conditions agreed upon by the Parties and supersedes any and all prior agreements oral or otherwise with respect to the subject matters addressed herein.
- 1.2 The Parties, by and through their Designated Representatives, are hereby authorized to enter into any such sub-agreements as may be necessary to carry out the purposes as set forth in Section 1.0 of this Agreement.
- 1.3 Any sub-agreement entered into pursuant to the authority of this Agreement shall:
 - 1.3.1 reference the authority of this Agreement;
 - 1.3.2 incorporate all the terms and conditions of this Agreement;
 - 1.3.3 be for a term not to exceed four (4) years.

II

DURATION

- 2.0 This agreement shall remain in effect until terminated pursuant to Section 9 herein. Prior to becoming enforceable, this Agreement shall be executed by both Parties and recorded with the Thurston County Auditor's Office or posted upon the websites or other electronically retrievable public source as required by RCW 39.34.040.

III

RELATIONSHIP OF PARTIES

- 3.0 The employees or agents of each party who are engaged in the performance of this Agreement shall continue to be employees or agents of that party and shall not be considered for any purpose to be employees or agents of the other party. This Agreement is for the benefit of the parties, and no third party beneficiary relationship is intended. No separate legal entity and no joint organization are created by this Agreement. No common budget is to be established. No personal or real property is to be jointly acquired or held.

IV

HOLD HARMLESS AND INDEMNIFICATION

- 4.0 The parties mutually agree to defend, indemnify and hold the other, its officers, officials, employees, and volunteers harmless from any and all claims, injuries, damages, losses or suits, including reasonable attorney fees, to the extent caused by each entity's respective negligence in performance of its responsibilities under this Agreement.

V

INSURANCE

- 5.0 Both parties shall maintain General Liability and other types of insurance as may be appropriate. The specific insurance types and coverage requirements shall be listed in each sub-agreement entered into pursuant to this Agreement.
- 5.1 Participation in a governmental self-insured risk pool shall fulfill the above stated coverage requirements. An Evidence of Coverage acknowledgement letter from the jurisdictions' risk pools will be provided to each party.

VI

TERMINATION

- 6.0 Either party may terminate this Agreement upon 30 calendar days' prior written notice to the other party. If this Agreement is so terminated, the parties shall be liable only for performance rendered or costs incurred in accordance with the terms of this Agreement prior to the effective date of termination. The hold harmless and indemnification provision shall survive the termination of this Agreement and completion of the request for services.

VII

LEGAL RELATIONS

- 7.0 No liability shall attach to the parties by reason of entering into this Agreement except as expressly provided herein.

VIII

ADMINISTRATION AND NOTICE

- 8.0 The following individuals are designated as representatives of the respective parties. The representatives shall be responsible for administration of this Agreement and for coordinating and monitoring performance under this Agreement. Wherever written notice

is required under this Agreement, such notice shall be provided to the representatives designated below. In the event such representatives are changed, the party making the change shall notify the other party.

The City's representative shall be the City Manager or their designee.

The District's representative shall be the District Superintendent or their designee.

IX

CHANGES, MODIFICATIONS, AND AMENDMENTS

- 9.0 This Agreement may be changed, modified, amended or waived only by written agreement executed by the authorized officials of both parties hereto.

X

GOVERNING LAW AND VENUE

- 10.0 This Agreement shall be governed by the laws of the State of Washington as to interpretation and performance. The parties hereby agree that venue for enforcement of this Agreement shall be the Superior Court of Thurston County.

XI

WAIVER

- 11.0 A failure by either party to exercise Its rights under this Agreement shall not preclude that party from subsequent exercise of such rights and shall not constitute a waiver of any other rights under this Agreement unless stated to be such in a writing signed by an authorized representative of the party and attached to the original Agreement.

XII

SEVERABILITY

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

XIII

EQUAL OPPORTUNITY TO DRAFT

- 13.0 The parties have participated and had an equal opportunity to participate in the drafting of this Agreement, and the Exhibits, if any, attached. No ambiguity shall be construed against any party upon a claim that such party drafted the ambiguous language.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date and year first above written.

CITY OF LACEY

NORTH THURSTON PUBLIC SCHOOLS

City Manager, Rick Walk

Superintendent, Debra J. Clemens

Approved as to form:

Approved as to form:

City Attorney, David Schneider

NTPS General Counsel

MASTER INTERLOCAL AGREEMENT BETWEEN
NORTH THURSTON PUBLIC SCHOOLS
AND THE CITY OF LACEY