Shaping our community together

CITY OF LACEY

LACEY CITY COUNCIL AGENDA

THURSDAY, NOVEMBER 18, 2021
4:00 P.M.
REMOTE ATTENDANCE

The Lacey City Council meeting will be conducted remotely, not in-person. You may view the Council meeting by watching live using one of following platforms: Live Meetings, YouTube, Facebook, Thurston Community Media, Channel 3 with your local cable provider, or Zoom: https://us02web.zoom.us/webinar/register/WN_i0Cz82CaSbSFxgOgo3BrXA

The public may listen to the meeting via telephone by dialing toll-free: **(888) 788-0099** or **(877) 853-5247** - when prompted enter Webinar ID **874 1513 7501**

CALL TO ORDER:

1. **PLEDGE OF ALLEGIANCE**

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

   A. Council Worksession minutes of October 28, 2021
   B. Council Meeting minutes of November 4, 2021
   C. A motion to approve payment of claims, wages, and transfers for October 29, 2021, through November 9, 2021

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

3. **PUBLIC RECOGNITION AND PRESENTATIONS:**

   A. Lacey Youth Council Report *(Deputy Mayor Alejandra Linares)*

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

****VERBAL PUBLIC COMMENT**
Persons wishing to provide verbal public comment on items NOT on the agenda must preregister to speak at https://us02web.zoom.us/webinar/register/WN_i0Cz82CaSbSFxgOgo3BrXA
Instructions and access details will be provided once registration is complete. Registration for verbal public comment closes at 3:00 p.m. on November 18, 2021.

****WRITTEN PUBLIC COMMENT**
Public comments may also be submitted by email to publiccomment@ci.lacey.wa.us. Written comments will be provided to the City Council electronically prior to the meeting. Comments will not be addressed during the Council meeting; however, comments received will be added to the official record. The commenting period will close at 12:00 p.m. on November 18, 2021.

5. PUBLIC HEARING:***

> ***HOW TO TESTIFY AT THE PUBLIC HEARING**
> *Persons wishing to provide oral testimony on the 2022 Budget must preregister to speak at*
> https://us02web.zoom.us/webinar/register/WN_i0Cz82CaSbSFxgOgo3BrXA
> *Instructions and access details will be provided once registration is complete. Registration for verbal public comments closes at 3:00 p.m. on November 18, 2021*
>
> ***WRITTEN TESTIMONY**
> *Persons wishing to provide written testimony may send their comments to cityclerk@ci.lacey.wa.us no later than 12:00 p.m. on November 18, 2021*

A. Final 2022 Budget Hearing *(Troy Woo)*

6. PROCLAMATIONS:

A. Native American Heritage Month *(Hanford McCloud)*

B. Small Business Saturday *(Blake Knoblauch)*

7. REFERRAL FROM PLANNING COMMISSION:

8. REFERRAL FROM HEARINGS EXAMINER:

9. RESOLUTIONS:

A. Resolution 1109 – Authorize 2022 Property Tax Increase *(Troy Woo)*

B. Resolution 1110 – Amend Resolution 1087 relating to Temporary Procedures *(Dave Schneider)*

10. ORDINANCES:

A. Ordinance 1603 – 2022 Water Rate *(Troy Woo)*
B. Ordinance 1604 – 2022 Wastewater Rate *(Troy Woo)*
C. Ordinance 1605 – 2022 Stormwater Rate *(Troy Woo)*
D. Ordinance 1606 – 2022 Property Tax Levy *(Troy Woo)*
E. Ordinance 1607 – Water General Facilities Charge Amendment *(Scott Egger)*

11. MAYOR'S REPORT:

12. CITY MANAGER'S REPORT:

A. Multi-Family Tax Exemption Agreement DM Ventures 4444 LLC *(Sarah Schelling)*

B. Thurston County's Home Fund Proposal - Response *(Scott Spence)*

13. STANDING GENERAL COMMITTEE:

A. Community Relations & Public Affairs Committee (11.01.2021)
B. Utilities Committee (11.01.2021)
C. Transportation Committee (11.02.2021)

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 Cynthia Pratt*:
   1. Joint Animal Services Commission (JASCOM)
   2. LOTT Clean Water Alliance
   3. Olympic Region Clean Air Agency (ORCAA)

C. *Councilmember Carolyn Cox:*
   1. Intercity Transit (IT)
   2. Regional Housing Council

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

E. *Councilmember Malcolm Miller*:
   1. Lodging Tax Advisory Committee (LTAC)
   2. Thurston County Coalition Against Trafficking (TCCAT)
   3. Thurston Regional Planning Council (TRPC)
   4. Thurston Thrives

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

G. *Councilmember Ed Kunkel*:
   1. Economic Development Council (EDC)
   2. Lacey South Sound Chamber
   3. Olympia-Lacey-Tumwater Visitor & Convention Bureau (VCB)
   4. Solid Waste Advisory Committee (SWAC)

16. ADJOURN TO WORKSESSION:

A. Lacey Cares Parks Outreach *(Jen Burbidge; Jason Robertson)*

B. Review of 2022 State Legislative Priorities *(Shannon Kelley-Fong; Brian Enslow)*

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MINUTES OF THE JOINT WORKSESSION
LACEY CITY COUNCIL
AND
NORTH THURSTON PUBLIC SCHOOLS BOARD OF DIRECTORS

THURSDAY, OCTOBER 28, 2021
4:00 P.M. – 5:08 P.M.
REMOTE ONLY

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

NTPS BOARD PRESENT: G. MALISKA (PRESIDENT), G. SACKRISON (VICE PRESIDENT), C. NAMIT, J. THOMAS, D. NEWKIRK

CITY STAFF: S. SPENCE, R. ALMADA, D. SCHNEIDER, S. KELLEY-FONG, J. BAUERSFELD, E. FONTAINE

NTPS STAFF: D. CLEMENS, M. SABIN

ACTION: APPROVE JOINT WORKSESSION AGENDA
MOTION: MOTION MADE, SECONDED AND CARRIED BY COUNCILMEMBER GREENSTEIN AND BOARD MEMBER SACKRISON

INTRODUCTIONS

Introductions were led by Mayor Andy Ryder and Gretchen Maliska, President, North Thurston Public School District Board of Directions.

BALANCED CALENDAR

Monty Sabin, Assistant Superintendent presented on the balanced calendar. State wide interest that includes monthly meetings.

Time line:
May 2021 – First meeting / State-Wide Summit
January 2022 – Update to the Board of Directors and Community Forums
May 2022 – Recommendation to the Board of Directors
2022-2024 – Two Year Implementation

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The 180 days in the school year are spread out across a 12-month period. The fall and spring breaks are longer (15 or 10 days) than the current calendar; the winter break is 15 days; the summer break is shorter. A shorter summer break is key to the reason a balanced calendar can minimize learning loss on students.

Summer learning loss data shows students living in poverty experience learning loss over the typical 11-week summer break at a greater rate compared to their peers who are not living in poverty. This data showed the cumulative affect over several elementary school years. NTPS staff also reviewed impacts on staff, programming and operations.

OUTREACH SERVICES, COMMUNITY RESOURCE UNIT, MOT, RAPID RESPONSE

Robert Almada, Chief of Police presented an update on the City's outreach services and data collected from December 2020 through October 2021.

The Lacey Model provides the following approach towards homelessness:

- Community Caretaking Focus
- Outreach & Relationship Building
- Enforcement as needed, not as a first action
- Long term solutions to chronic problems (Community Resource Unit)
- Partnerships with Washington State Departments of Transportation & Department of Ecology

The Mobile Outreach Team (MOT) is a 4-person Crisis-Response Team that launched on August 23, 2021. The team includes peer specialists and case managers that respond seven days a week. Staff highlighted specific data collected by MOT over a 6-week period.

The Rapid-Response Clean-Up Team is a 2-person Public Works Team that cleans up abandoned homeless encampments on public property. A review of clean-up efforts and accomplishments were highlighted.

The Community Resource Unit is a 2-person team that provides proactive outreach to the houseless population in Lacey. The team responds 5 days a week by connecting people to coordinated entry and other services. Highlights reviewed for 2020 vs. 2021 showed a 77% reduction in total homeless populations within the camps.

Staff discussed challenges and action opportunities, and presented the following next steps:

- Monitor existing sites for new campers
- Patrol to locate new sites and offer services
- Continue to offer services/assistance
- Continue to enforce existing laws
- Transition to the MOT as primary contact for homeless individuals

Council expressed a desire to promote success through social media platforms in order to increase public awareness.

COMPASSIONATE COMMUNITY PROJECT: SPIRIT OF GIVING BACK

Jenny Bauersfeld, Community Relations Specialist, presented a review of the Compassionate Community Project.

The 2021-2022 Compassionate Community Project marks the 5th year partnership with NTPS and South Sound Lacey Chamber.

Staff provided the following timeline, detailing the history and success of the project:

- 2015 – Signed the International Charter for Compassion
- 2016 – Joined NTPS and held a Compassionate Community Forum
- Annual Compassionate Community Projects:
  - 2017-18 – Fundraising for the Lacey Food Bank
  - 2018-19 – 100,000 Compassionate Acts
  - 2019-20 – Seasons of Compassion
  - 2020-21 – Fundraising for the Lacey Food Pantry

The 2021-22 Compassionate Community Project launched the “Spirit of Giving Back” and provides the following ways to participate:

- Create or find a project for your business or group to engage in.
- Stop by a partnering organization and check out a “Spirit of Giving Back” banner.
  - North Thurston Public Schools
  - City of Lacey
  - South Sound Lacey Chamber
- Capture the moment with a picture and send it in so the City can spotlight your great work on social media.
- Use #GivingBack

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Staff provided examples of community involvement and encouraged continued participation.

CLOSING REMARKS

Mayor Ryder asked to connect with the Board in the near future to discuss homeless NTPS students. The Mayor also advised that a Juneteenth event will be held and has started the early stages of coordinating.

Gretchen Maliska, NTPS Board of Directors President and Mayor Andy Ryder thanked Council and the Board for the continued support in the partnership and efforts in finding solutions together.

Mayor Ryder adjourned to a Lacey City Council Worksession at 5:10 p.m.

RHC – PERMANENT SUPPORTIVE HOUSING WORKGROUP DRAFT STRATEGIC FRAMEWORK

PRESENTERS:	MAYOR ANDY RYDER RICK WALK, COMMUNITY AND ECONOMIC DEVELOPMENT DIRECTOR SCHELLI SLAUGHTER, THURSTON COUNTY PUBLIC HEALTH AND SOCIAL SERVICES, DEPARTMENT DIRECTOR TOM WEBSTER, THURSTON COUNTY OFFICE OF HOUSING & HOMELESS PREVENTION, PROGRAM MANAGER
ACTION:	INFORMATION ONLY

Tom Webster, Program Manager with Thurston County Office of Housing & Homeless Prevention, provided an overview Affordable Housing funding.

The presentation reviewed strategic framework for permanent supportive housing. Topics included the following:

- Hotel Acquisition and Conversion
- Land Acquisition and New Construction

A review of Office of Housing and Homeless Prevention (OHHP) current on-going capital and operating funding sources detailed 2021 funding amounts by program. Other potential capital funding sources included local incentives and state rapid capital acquisition funds.

Local Incentives – each jurisdiction has or is developing a list of specific incentives that it can offer to incentivize and support the creation of affordable housing units. These incentives may include reduced or waived impacts.

State Rapid Capital Acquisition Funds – funds are awarded on a competitive basis. Time frames and application requirements make this funding source difficult for Thurston County to access under this strategic framework.

Council discussed strategies on hotel acquisition, rent models, and future projects.

Staff is currently working on refining an outline and recommendation to present to Council at a future meeting.

Mayor Ryder adjourned the Lacey City Council Worksession at 5:51 p.m.

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MINUTES OF A REGULAR MEETING OF THE LACEY CITY COUNCIL HELD THURSDAY, NOVEMBER 4, 2021, REMOTE ATTENDANCE

CALL TO ORDER: Deputy Mayor Pratt called the meeting to order at 4:00 p.m.

PLEDGE OF ALLEGIANCE: Deputy Mayor Pratt led the Pledge of Allegiance.

COUNCIL PRESENT: C. Pratt, C. Cox, L. Greenstein, E. Kunkel, M. Miller, M. Steadman

COUNCIL EXCUSED: A. Ryder

STAFF PRESENT: S. Spence, R. Almada, J. Burbidge, S. Egger, M. Hardie, S. Kelley-Fong, D. Schneider, R. Walk, T. Woo, E. Fontaine

Deputy Mayor Pratt requested to amend the agenda to move agenda item *6.A Veteran's Day and Veteran's Appreciation Month Proclamation* before agenda item *5. Public Hearings.*

APPROVAL OF AGENDA AND CONSENT AGENDA:

Consent Agenda Items:

A. Council Worksession minutes of October 14, 2021.
B. Council Meeting minutes of October 21, 2021
C. A motion to approve payment of claims, wages and transfers for October 14, 2021, through October 29, 2021
D. 2021 Property Retained by Police Department

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

PUBLIC COMMENT: Persons wishing to provide public comment on items not on the agenda must pre-register to speak. Registration closed at 3:00 p.m. today.

No members of the public registered to speak.

Public comments may also be submitted by email by 12:00 p.m. today. Comments will be provided to the City Council electronically prior to the meeting. Comments will not be addressed during the meeting; however, comments received will be added to the official record.

One written public comment was received and made part of the official record.

PROCLAMATIONS: Deputy Mayor Pratt and Council proclaimed November as Veteran's Appreciation Month. Col. Jared Bordwell, accepted the proclamation.

PUBLIC HEARING: Troy Wood, Finance Director, presented the 2022 Revenue Sources. RCW 84.55.120 requires a public hearing be conducted on revenue sources for the coming year's budget, including the consideration of possible increases in property tax revenues. The hearing must be conducted before setting next year's property tax levy. Council is scheduled to set the 2022 property tax levies on November 18, 2021.

The total 2022 General Fund revenues decreased $300,560, or 0.50 percent, compared to the 2021 General Fund budget. This is a slight change compared to the proposed budget that was presented on October 21, 2021, which highlighted a $355,274 difference. Staff advised that the change is related to an updated property tax projection. The property tax projection now includes the addition of the 2021 refund levy and additional new construction.

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Staff highlighted significant General Fund revenue changes, and provided an overview of the Arterial Street Fund, Transportation Improvement Fund, and Utility Fund revenues:

Deputy Mayor Pratt opened the 2022 Revenue Sources Public Hearing at 5:10 p.m. to accept public comment and provide staff with any guidance or direction on revenue sources.

No one from the public provided public testimony.

Deputy Mayor Pratt closed the 2022 Revenue Sources Public Hearing at 5:11 p.m.

Troy Woo, Finance Director, presented the 2022 Budget and highlighted the following:

The total proposed 2022 Budget is $173,650,467, which is a decrease of $16,494,867 compared to the amended 2021 Budget. Increasing labor costs and additional workforce considerations are offset by reductions to capital expenditures and one-time transfers.

Staff highlighted that revenue growth, attributed to past new construction, is positively impacting property tax with the increase to assessed valuation. This is helping fund the growing costs required to maintain service levels. Sales taxes have been an unexpected source of strength in the local economy during the COVID-19 public health emergency, which is also a major contributor to maintaining service levels and in certain areas enhancing service levels and delivery.

The total proposed General Fund Budget is $60,091,615. This is a decrease of $300,560 or 0.6 percent compared to the amended 2021 General Fund Budget.

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The decrease to the General Fund Budget expenditures is mostly attributed to lower capital equipment purchases, the 2021 Veterans Services Hub tenant improvements, and fewer one-time transfers out to other funds for one-time capital purchases and projects.

The proposed 2022 Budget maintains all services and provides funding for a number of capital:

Subsequent to the City Manager's October 21 budget presentation, the proposed 2022 Budget has been adjusted to include property tax adjustments for the 2021 refund levy and slight increases due to new construction. These adjustments increased the property tax projection and total budget by $54,714.

The City Council is scheduled to conduct a second and final budget hearing on November 18, 2021. Budget adoption is scheduled for December 2, 2021.

Deputy Mayor Pratt opened the 2022 Budget Public Hearing at 5:41 p.m. to accept public comment and provide staff with any guidance or direction on revenue sources.

Aaron Dumas, provided public testimony in support of the Climate Action Plan budget initiatives.

Wayne Olsen, Lacey resident, provided public testimony in support of the Climate Action Plan budget initiatives.

Nova Berkshires, Panorama resident, provided public testimony in support of the Climate Action Plan budget initiatives.

Deputy Mayor Pratt closed the 2022 Budget Public Hearing at 5:51 p.m.

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ORDINANCES:

Mary Ann Hardie, Human Resources Director, presented Ordinance 1602 to amend Lacey Municipal Code (LMC) 2.52 relating to Civil Service Eligibility.

On May 16, 2019, a special Civil Service meeting was held, where language was presented and approved by the Commission to exclude the Deputy Police Chief from Classified Service and the provisions of the Civil Service Rules. Based on this change, staff is recommending that LMC 2.52.060 be updated to reflect the change that the Deputy Police Chief (as of May 16, 2019) is also not covered under Civil Service.

The General Government & Public Safety Committee reviewed the proposed code changes at the October 26, 2021, meeting and recommended adoption.

COUNCILMEMBER STEADMAN MOVED TO APPROVE ORDINANCE 1602 TO AMEND LMC 2.52.010 AND 2.52.060 RELATING TO CIVIL SERVICE ELIGIBILITY. COUNCILMEMBER GREENSTEIN SECONDED. MOTION CARRIED.

STANDING COMMITTEES:

Finance & Economic Development Committee
Councilmember Greenstein reported the Committee met on September 28, 2021, and discussed the 2022 Budget and Investment Strategy.

Land Use & Environment Committee
Councilmember Cox reported the Committee met on September 28, 2021, and October 26, 2021, and discussed the following:

- Electric Vehicle Charging Stations
- Electric Vehicle Parking Standards
- Multi-Family Parking Standards
- Land Use Development Update

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Community Relations & Public Affairs Committee
Councilmember Steadman reported the Committee met on October 4, 2021, and discussed the 6-year art plan.

Utilities Committee
Councilmember Kunkel reported the Committee met on October 4, 2021, and discussed PSE Green Direct Program and received an update on the Utility Rates Open House.

General Government & Public Safety Committee
Deputy Mayor Pratt reported the Committee met on October 26, 2021, and discussed the following:

- 2021 Property Reclaimed by the Police Department
- LMC 2.52.060 – Civil Service Eligibility Update

BOARDS & COMMISSIONS:

JASCOM
Deputy Mayor Pratt reported the board met on November 1, 2021, and discussed the following:

- Proposed Budget Assessments
- Budget Hearing
- 5-year Strategic Plan

LOTT
Deputy Mayor Pratt reported on several items:

- Interlocal Agreement with City of Tumwater for Property Transfer
- Succession Planning for Critical Positions
- Master Planning Update Presentation
- Resolution regarding the Biological Process Improvements Loan Agreement
- North Outfall Repair

Olympic Region Clean Air Agency
Deputy Mayor Pratt reported on several items:

- County Treasurers Presentation
- Draft ORCAA Regulation Updates
- Air Quality Program Update
- Education and Outreach Update

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Intercity Transit
Councilmember Cox reported meetings were held on October 20, 2021, and November 3, 2021, and discussed the following topics:

- Task Order 1 Iteris Thurston Smart Corridors Implementation
- Amend Zero-Fare Demonstration Project Resolution
- Roadmap to Zero Emission Fleet Presentation
- Selection of CAC Candidates for Interviews
- Service Levels Update
- Staff Vaccination Rates
- Public Hearings on the 2022 Draft Budget and 2022-2027 Draft Strategic Plan

Regional Housing Council
Councilmember Cox reported a meeting was held on October 27, 2021, and discussed the following:

- Hotel and Rapid Rehousing RFP
- Thurston County and City of Olympia MOU regarding the Martin Way and Carpenter Road Project
- Permanent Supportive Housing Plan
- Home Fund Updates

TCOMM911
Councilmember Greenstein reported on the following:

- Proposed Budget scheduled for review at an upcoming joint meeting with the Operations Board
- Recruitment of a new Deputy Director
- Staffing shortages and recruitment efforts

Thurston County Coalition Against Trafficking
Councilmember Miller reported on the Community Conversations Annual Event, currently scheduled for January 26, 2022, from 6:00 – 8:00 p.m.

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Community Action Council
Councilmember Steadman reported on the Budget and Entry audit.

Olympia-Lacey-Tumwater Visitor & Convention Bureau
Councilmember Kunkel reported a Board Retreat was held on October 19, 2021, and discussed the following:

- Tourism
- Organizational outreach
- Increasing uses for modern technology

Economic Development Council
Councilmember Kunkel reported a Board Retreat was held on October 27, 2021.

Lacey South Sound Chamber
Councilmember Kunkel reported a meeting was held November 3, 2021, and discussed the upcoming Winterfest Event, Sip Savor and Shop.

Solid Waste Advisory Committee:
Councilmember Kunkel reported on the recent Budget presentation.

Deputy Mayor Pratt convened to an Executive Session at 6:25 p.m. for 20 minutes for the City Manager's performance review pursuant to RCW 42.30.110(1)(g). The regular Council meeting will reconvene at 6:45 p.m.

Deputy Mayor Pratt reconvened the regular Council Meeting at 6:45 p.m. and announced the Executive Session will reconvene for an additional 5 minutes until 6:50 p.m.

Deputy Mayor Pratt reconvened the regular Council meeting at 6:50 p.m. No action was taken.

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Deputy Mayor Pratt adjourned the meeting at 6:51 p.m.

MAYOR: ___________________________________

ATTESTED BY CITY CLERK: __________________

DATE APPROVED: ___________________________

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LACEY CITY COUNCIL MEETING
November 18, 2021

SUBJECT: **Disbursement Approval**

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

STAFF CONTACT: Troy Woo, Finance Director TW

ORIGINATED BY: Troy Woo, Finance Department

BACKGROUND:

The action requested of the City Council is by motion to approve payment of claims, wages and transfers for 10/29/2021 through 11/9/2021. The disbursements consist of the following:

Checks:	Week of	Beg. Check No.	End. Check No.	Amount
	*10/29/2021	259356	259358	1,565.13
	11/5/2021	259359	259604	2,273,928.13

Electronic Transfers:	Week of	Amount
	10/27/2021	327.00
	*10/29/2021	19,061.26
	*10/29/2021	1,421,365.12
	*10/29/2021	142,912.34
	10/29/2021	54,793.93
	11/1/2021	484,137.50
	11/3/2021	198.00
	11/4/2021	13,399.30
	11/5/2021	218,814.41
	11/8/2021	234.00

Significant Disbursements:

Vendor	Amount	Description
Freightliner NW	$ 106,854.63	Vehicle Replacement
LOTT Wastewater Alliance	$1,781,487.12	ERU's/ LOTT Reserve Cap Fees
North Thurston Pub. Sch.	$ 138,741.05	Impact Fees

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

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LACEY CITY COUNCIL MEETING
November 18, 2021

SUBJECT: **Final 2022 Budget Hearing**

RECOMMENDATION: **Conduct Budget Hearing, accept public comment, and recommend budget changes.**

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

ORIGINATED BY: Troy Woo, Finance Department

ATTACHMENTS:

FISCAL NOTE: Total Proposed 2022 Budget - $173,650,467
Total Proposed 2022 General Fund Budget - $60,091,615

PRIOR REVIEW:

BACKGROUND:

The 2022 budget process has reached its final stages thanks to the hard work and dedication of the City Council and city staff. During the summer months and concluding in September, city staff developed the budget proposals. The Finance and Economic Development Committee received a budget update on September 28, 2021. The full Council discussed and provided guidance on key 2022 Budget issues at the annual budget workshop on October 7, 2021. City Manager Spence presented a balanced 2022 Budget to the City Council on October 21, 2021. The City Council conducted two public hearings, revenue and first budget hearings, on November 4. The 2022 Proposed Budget considers all the City Council guidance and policy direction that has been given throughout this budget process. The City Council is scheduled to conduct the final public hearing on the budget on November 18, 2021.

The total Proposed 2022 Budget is $173,650,467. This is a decrease of $16,494,867 compared to the amended 2021 Budget. The primary reasons for the decrease are the completion or substantial completion of certain one-time capital projects and fewer interfund transfers for 2022 capital projects and purchases. The capital project reductions are partially offset by increasing labor costs and workforce considerations.

The total proposed General Fund Budget is $60,091,615. This is a decrease of $300,560 or 0.5 percent compared to the amended 2021 General Fund Budget. The primary reasons for the General Fund change are lower capital equipment purchases, the completion of the 2021 Veterans Services Hub tenant improvements, and fewer one-time transfers out to other funds for one-time capital purchases and projects. Offsetting the decreases are the aforementioned increases to the workforce and labor inflationary impacts.

The current proposed budget contains the following change, which was discussed at the November 4 public hearing.

- 2021 Refund Levy and slight increases due to new construction adjustments increase the property tax projection by $54,714.

The purpose of the Final 2022 Budget Hearing is to accept public testimony and for City staff to receive final direction for any budget changes. The 2022 Budget is scheduled for adoption on Thursday, December 2, 2021.

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CITY OF LACEY
Official Proclamation

Whereas, since time immemorial, Native Americans, Alaska Natives, Native Hawaiians, and Indigenous peoples have built vibrant and diverse cultures — safeguarding land, language, spirit, knowledge, and tradition across generations; and

Whereas, Indigenous people have played a vital role in every stage of our nation's history and their contributions have enhanced the social, political, environmental, and economic well-being of the United States of America and local communities, like Lacey; and

Whereas, Nisqually people of Medicine Creek Treaty were the first inhabitants of what is now the City of Lacey, having lived in the greater watershed since time immemorial; and

Whereas, the City would like to recognize that we are on the lands of Nisqually people of Medicine Creek Treaty, and acknowledge the history of dispossession that allowed for the growth of our community; and

Whereas, the City offers respect to Nisqually people of Medicine Creek Treaty and their Elders, past, present, and emerging; and

Whereas, our community reaffirms its commitment to respect and preserve the traditions and culture and to honor the unique heritage of our first inhabitants;

Now, Therefore, I, Andy Ryder, Mayor of the City of Lacey, on behalf of the City Council, do hereby proclaim the month of November 2021, as

Native American Heritage Month

in the City of Lacey, and I encourage all community members to commemorate this month with appropriate programs and activities.

Mayor Andy Ryder
November 18, 2021

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CITY OF LACEY
Official Proclamation

WHEREAS, *the City of Lacey celebrates and supports our local small businesses and recognizes the significant contributions they make to our local economy and community*; and

WHEREAS, *there are currently over 1,300 small businesses in the City of Lacey and 31.7 million small businesses in the United State, which represents 99.7% of firms with paid employees, and they are responsible for 65.1% of the net new jobs created from 2000 to 2019*; and

WHEREAS, *small businesses employ 47.1% of the employees in the private sector in the United States 88% of U.S. consumers feel a personal commitment to support small businesses in the wake of the pandemic, and 92% of small business owners have pivoted the way they do business to stay open during the pandemic* ; and

WHEREAS, *97% of Small Business Saturday Shoppers recognize the impact they can make by shopping small, 85% of them also encouraged friends and family to do so, too*; and

WHEREAS, *small businesses contribute positively to the local community by supplying jobs and generating tax revenue, and are critical to the overall economic health of the United States*; and

WHEREAS, *with the onset of the coronavirus pandemic, the City of Lacey recognized local small businesses are the foundation of Lacey's economy and that there would be a detrimental, and likely irretrievable, effect on vitally important local businesses in the community, and to help support these businesses the Lacey City Council led the region by committing $1,000,000 to mitigate economic impacts to local small businesses.*

WHEREAS, *advocacy groups, and public and private organizations in our community and across the country have endorsed the Saturday after Thanksgiving as Small Business Saturday.*

NOW, THEREFORE, I, Andy Ryder, Mayor of the City of Lacey, on behalf of the Lacey City Council, do hereby proclaim November 27, 2021, as

Small Business Saturday

in the City of Lacey and encourage community members to support small businesses and merchants on Small Business Saturday and throughout the year.

Mayor Andy Ryder
November 18, 2021

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LACEY CITY COUNCIL MEETING
November 18, 2021

SUBJECT: **Resolution authorizing the 2022 Ad Valorem Tax increase**

RECOMMENDATION: **Motion to adopt resolution relating to the 2022 Ad Valorem Tax increase.**

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

ORIGINATED BY: Troy Woo, Finance Department

ATTACHMENTS: 1. Resolution No. 1109

FISCAL NOTE: Projected 2022 General Levy Collections $8,046,612

PRIOR REVIEW: Council Worksession on October 7, 2021
Revenue Hearing on November 4, 2021

BACKGROUND:

RCW 84.55.005(2)(c) sets the property tax limit factor for a taxing jurisdiction with a population over 10,000 as the lesser of 101 percent or 100 percent plus inflation.

The Thurston County Assessor's Office suggests the adoption of a separate resolution or ordinance to satisfy the provisions of RCW 84.55.120 (3)(a), which states:

> Except as provided in (b) of this subsection (3), no increase in property tax revenue may be authorized by a taxing district, other than the state, except by adoption of a separate ordinance or resolution, pursuant to notice, specifically authorizing the increase in terms of both dollars and percentage. The ordinance or resolution may cover a period of up to two years, but the ordinance must specifically state for each year the dollar increase and percentage change in the levy from the previous year.

The exceptions referenced above relate to new construction, improvements to property, annexation adjustments, newly construction wind turbines, and state-assessed utility property.

The inflation factor to be used for the 2022 property taxes is 3.86 percent.

The proposed resolution includes provisions to comply with this requirement, which will allow the County Assessor's Office to assess the City's 2022 property tax as authorized. The resolution authorizes an increase of one percent, which is equal to $75,883.

It is requested that the City Council review and adopt the resolution relating to the 2022 property taxes.

ADVANTAGES:

1. The adopted property tax levels will help balance the proposed 2022 Budget, which preserves current service levels.

2. Exercising 101 percent revenue limit will help address the rising costs of the City's service delivery.

DISADVANTAGES:

1. Increasing property tax collections by the 1.0 percent revenue limit is challenging regardless of the economic conditions. However, this modest increase allows the City of Lacey to preserve its current and future service levels.

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RESOLUTION NO. 1109

CITY OF LACEY

A RESOLUTION OF THE CITY OF LACEY, WASHINGTON, AUTHORIZING THE INCREASE OF THE 2022 AD VALOREM TAX LEVY BY ONE PERCENT OVER THE TAX LEVY OF 2021.

WHEREAS, a public hearing was held before the City Council of the City of Lacey on November 4, 2021, for purposes of considering revenue sources to fund the City's 2022 Current Expense Budget which consists of expenditures to provide ongoing services exclusive of capital expenditures, utility and other enterprise funds and special assessment funds of the City, and

WHEREAS, the City of Lacey actual levy amount from the previous year was $7,588,344, and

WHEREAS, the population of the City of Lacey is more than 10,000, and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, that an increase in the regular property tax levy is hereby authorized for the levy to be collected in the 2022 tax year. The dollar amount of the increase over the actual levy amount from 2021 shall be $75,883, which is an increase of 1.0 percent from the previous year. This increase is exclusive of additional revenue resulting from new construction, improvements to property, newly constructed wind turbines, solar, biomass, and geothermal facilities, and any increase in the value of state assessed property within the City and allowed adjustments for annexation and refunds.

PASSED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, this 18th day of November, 2021.

CITY COUNCIL

____
Mayor

Attest: Approved as to form:

______________________________ ______________________________
City Clerk City Attorney

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LACEY CITY COUNCIL MEETING
November 18, 2021

SUBJECT:	Temporary Procedures in Response to the COVID-19 emergency
RECOMMENDATION:	Adopt Resolution No. 1110 amending Resolution No. 1087 related to Temporary Procedures in Response to the COVID-19 emergency.
STAFF CONTACT:	Scott Spence, City Manager Shannon Kelley-Fong, Assistant City Manager Dave Schneider, City Attorney
ORIGINATED BY:	City Attorney's Office
ATTACHMENTS:	1. Proposed Resolution No. 1110
FISCAL NOTE:	None
PRIOR REVIEW:	March 26, 2020, City Council Meeting June 11, 2020, City Council Meeting

BACKGROUND:
On March 26, 2020, the City Council adopted Resolution No. 1087 providing for temporary procedures in response to the COVID-19 emergency. On June 11, 2020, recognizing that certain provisions were no longer necessary, the Council adopted Resolution No. 1093 which amended Resolution No. 1087 by removing some of the temporary procedures.

Staff now recommends three further amendments:

1. Resolution No. 1087 suspended interest charges, late fees and any enforcement action against delinquent utility accounts. Governor Inslee's Proclamation 20-23 soon followed, which prohibited the same actions throughout the state. Proclamation 20-23 et seq. expired on September 30, 2021, which set in motion certain time restrictions for the city to collect against delinquent accounts. This provision should now be

removed to allow staff to begin the process of recovering fees owed for utility services previously provided.

2. Resolution No. 1087 contains a provision that allowed businesses to defer payment of first quarter Business and Occupation (B&O) taxes for 2020 until July 31st 2020. This provision is no longer effective and should be removed.

3. Resolution No. 1087 contains a provision that suspended the requirements of LMC 8.06 related to carryout bags. This section has been superseded by state law (ESSB 5323) and is thus no longer effective.

ADVANTAGES:

1. Allows the city to recover fees owing for utility services provided.
2. Removes temporary procedures that are no longer effective.
3. Aligns temporary procedures with state law.

DISADVANTAGES:

1. None.

RESOLUTION NO. 1110

CITY OF LACEY

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LACEY AMENDING RESOLUTION 1087 RELATED TO TEMPORARY PROCEDURES IN RESPONSE TO THE NOVEL CORONAVIRUS (COVID-19).

WHEREAS, on January 31, 2020, the United States Department of Public Health and Human Services Secretary Alex Azar declared a public emergency for the novel coronavirus (COVID-19) beginning on January 27, 2020; and

WHEREAS, on February 29, 2020, Governor Jay Inslee signed a Proclamation declaring a State of Emergency exists in all counties in the State of Washington due to the number of confirmed cases of COVID-19 in the state; and

WHEREAS, on March 19, 2020 the Lacey City Council passed Resolution No. 1085 finding the COVID-19 outbreak to constitute an emergency; and

WHEREAS, on March 23, 2020, Governor Jay Inslee imposed a "Stay Home, Stay Healthy order requiring every Washingtonian to stay home unless they are engaged in an essential activity and banning all gatherings for social, spiritual and recreational purposes and ordering all businesses to close unless they are designated as an essential business; and

WHEREAS, on March 26, 2020 recognizing the health, safety and welfare of City residents, businesses, visitors and staff was of utmost importance to the City and that additional measures were needed to protect and assist the community, the Lacey City Council adopted Resolution 1087 providing for temporary procedures in response to COVID-19; and

WHEREAS, on April 17, 2020 Governor Inslee's Proclamation 20-23.2 prohibited all energy, water, and telecommunications providers from (1) disconnecting residential service due to nonpayment, (2) refusing to reconnect residential customers who were disconnected due to nonpayment, and (3) charging late fees or reconnection fees; and

WHEREAS, on June 11, 2020 the City Council passed Resolution 1093 which amended Resolution 1087 by removing some of the temporary procedures; and

WHEREAS, after multiple extensions Governor Inslee's Proclamation 20-23 et seq. related to utility late fees and shutoffs expired on September 30, 2021; and

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WHEREAS, while the emergency related to COVID-19 continues to exist, the Lacey City Council recognizes that further amendment of Resolution 1087 is required.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, that Resolution 1087 of the City of Lacey, as previously amended by Resolution 1093, be further amended to read as follows:

Section 1. Council Procedures. During the term of this Resolution, the following amendments to City Council procedures are hereby adopted:

A. Any rule or procedure adopted by City Council that would prevent or prohibit all City Councilmembers from attending City Council meetings telephonically are temporarily suspended and all City Councilmembers are encouraged to attend all meetings via telephone.

B. The requirements of Lacey Municipal Code Section 2.04.010 are amended as follows:

   a. All regular meetings of the city council shall commence at 4:00pm.

C. Any Council rules that are inconsistent with this Resolution are hereby waived and suspended during the term of this Resolution.

Section 2. ~~Utility Billing. To assist distressed citizens during this emergency:~~

~~A. Any section of Title 13 of the Lacey Municipal Code which requires or allows the charging of interest and/or a late fee to delinquent bill balances is hereby suspended. No new interest charges or late fees shall be added to utility bills issued during the effective date of this Resolution.~~

~~B. Any section of the Lacey Municipal Code which requires or allows enforcement action to be taken against delinquent accounts is hereby suspended during the effective date of this Resolution.~~

~~Section 3. Business and Occupation Taxes. To help distressed businesses manage the use of scarce cash resources, the Finance Department is directed and ordered to take administrative action to allow businesses to defer first quarter Business and Occupation (B&O) tax payments until July 31st.~~

~~Section 4. Carryout Bags. In recognition that retail establishments are disallowing the use of personal reusable bags, the requirements of Chapter 8.06 of the Lacey Municipal Code are hereby suspended.~~

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~~Section 5.~~ Sign Regulations. To help business owners inform the public via signage of shifts in business operations, the following regulations are temporarily adopted:

A. Professionally made banners and posters may be located flush mounted on the exterior building of a business;

B. One sandwich board ("A" board) type sign or feather type sign shall be allowed along the business property frontage or upon the business property exceeding the maximum 12 foot distance from the entrance of the business;

   a. sandwich board sign shall be limited in size to a maximum of 9 sq. ft. per side and a maximum of 3' wide;

   b. signs shall be placed so as not to impede pedestrian movement or cause a vision hazard to vehicles;

   c. such signs shall be in place only during open business hours.

C. The Community & Economic Development Director is authorized to take any administrative action the Director finds necessary, in the Director's sole discretion, to allow businesses additional flexibility in the application of temporary signage

D. Any Council rules or provisions of the Lacey Municipal Code that are inconsistent with this Resolution are hereby waived and suspended during the term of this Resolution.

Section 3~~6~~. The provisions of this Resolution shall become effective upon adoption and shall continue until termination of the emergency declared by the City Council on March 19, 2020.

PASSED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, this 18th day of November, 2021.

LACEY CITY COUNCIL

By______________________________

Mayor

Attest:

____
City Clerk

Approved as to form:

____
City Attorney

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LACEY CITY COUNCIL MEETING
November 18, 2021

SUBJECT: **2022 Water Rate Ordinance**

RECOMMENDATION: **Upon review and concurrence, adopt water rate ordinance setting the 2022 water rates.**

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

ORIGINATED BY: Troy Woo, Finance Department

ATTACHMENTS: 1. Ordinance No. 1603

FISCAL NOTE:

PRIOR REVIEW: Council Worksessions on May 27, 2021 and June 10, 2021
2022 Budget Workshop on October 7, 2021
2022 City Council Meeting on October 21, 2021
2022 Revenue Hearing on November 4, 2021

BACKGROUND:

The next update of the water comprehensive plan is in its final form, but will not be considered until the next City Comprehensive Plan update process in 2022. Due to the uncertain COVID-19 public health emergency economic environment, the City Council delayed the adoption of the 2021 rate increase to July 1, 2021. This delayed increase was consistent with numerous other actions taken by the City to provide financial relief for the citizens and businesses of Lacey. The combined use of reserves and mid-year increase maintains the cost recovery approach for operations and maintenance and continues to adequately fund capital improvement program.

The City Council adopted a 2021 mid-year water increase of 5.0 percent, which lowered the draft water comprehensive plan's six-year rate projection by 1.25 percent annually and lowered the overall projected debt requirement by $1.5 million. As a result, the six-year rate projection and comprehensive plan revenue analysis assumes annual increases of 5.25

percent. The mid-year action maintained the City's historical approach to keep rates more consistent and future rate increases lower.

The proposed 2022 Budget assumes adoption of the first-year rate increase (5.25 percent) of the six-year rate recommendation included in the draft water comprehensive plan. While both the water customers and utility have benefitted from past multi-year rate schedules, the scheduled water comprehensive plan adoption during 2022 will provide an opportunity to discuss the adoption of a multi-year rate schedule. Predictable and stable rates have helped the utility mitigate cashflow risk and lowered debt requirements and the customers have avoided rate shock because revenue increase requirements have been spread over a longer period.

A 5.25 percent increase to the 2022 residential water service charge is equal to $1.55 per month (700 cubic feet). The following table illustrates the impact of a 5.25 percent increase for 2022:

	2019	2020	2021	2022
Base Rate	$ 16.14	$ 16.62	$ 17.45	$ 18.37
Consumption	11.21	11.55	12.13	12.76
Total Monthly Charges	$ 27.35	$ 28.17	$ 29.58	$ 31.13

Based on the direction provided during the October 7, 2021, Budget Workshop and subsequent budget hearings, staff recommends the adoption of the 2022 Water Rate Ordinance increasing rates 5.25 percent effective January 1, 2022.

ADVANTAGES:

1. Rate adjustments are required to address future capital needs and the growing costs to produce and deliver quality water.

2. Adoption of the first-year rate increase maintains consistent and predictable rate increases for the customers' planning purposes.

3. Deferring needed capital improvements or maintenance and ignoring operational and maintenance costs can occur when rates are kept artificially low. This can result in rate spikes to adjust future rates to the correct levels.

DISADVANTAGES:

1. Increasing water rates can be is challenging to customers regardless of the economic conditions. However, this increase will help offset potentially larger future rate increases and allows the City of Lacey to maintain service levels and the protection of its clean water.

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ORDINANCE NO. 1603

CITY OF LACEY

AN ORDINANCE RELATING TO WATER SERVICE RATES, AMENDING SECTION 13.32.030 OF THE LACEY MUNICIPAL CODE AND APPROVING A SUMMARY FOR PUBLICATION.

WHEREAS, additional requirements and significant capital improvements to the City's water system have greatly impacted the operating costs of such system, and

WHEREAS, it is necessary to increase the water service rates in order to provide for the additional maintenance costs to meet system requirements and provide funding for scheduled capital improvements; NOW, THEREFORE,

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

Section 1. Section 13.32.030 of the Lacey Municipal Code is hereby amended to read as follows:

13.32.030 Service charge--Metered.
Water service charges for metered connections to the city water system shall be determined and the revenues received there from utilized as follows:

A. The customers of the water system shall be divided into two groups. Group 1 shall consist of single family residences, duplex residences and irrigation accounts. Group 2 shall consist of multi-family residential structures, mobile home parks and commercial buildings.

B. The monthly base rate and monthly consumption rate for each one hundred cubic feet of water consumed by Group 1 customers effective ~~July 1, 2021~~January 1, 2022 and thereafter until amended shall be as follows:

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In-City Rates	~~2021 Rates~~	2022 Rates
Base Rate	~~$17.45~~	$18.37
1st 600 c.f.	~~$1.4526~~	$1.5289
601 – 1200 c.f.	~~$3.4096~~	$3.5886
1201 – 2400 c.f.	~~$4.3578~~	$4.5866
Over 2400 c.f.	~~$5.8190~~	$6.1245

Out-of-City Rates	~~2021 Rates~~	2022 Rates
Base Rate	~~$20.95~~	$22.05
1st 600 c.f.	~~$1.7431~~	$1.8346
601 – 1200 c.f.	~~$4.0916~~	$4.3064
1201 – 2400 c.f.	~~$5.2294~~	$5.5039
Over 2400 c.f.	~~$6.9828~~	$7.3494

C. The monthly base rate and monthly consumption rate for each one hundred cubic feet of water consumed by Group 2 customers effective ~~July 1, 2021~~January 1, 2022 and thereafter until amended shall be as follows:

In-City Rates	~~2021 Rates~~	2022 Rates
Base Rate	~~$17.45~~	$18.37
1st 600 c.f.	~~$1.4526~~	$1.5289
Over 601 c.f.	~~$3.4096~~	$3.5886

Out-of-City Rates	~~2021 Rates~~	2022 Rates
Base Rate	~~$20.95~~	$22.05
1st 600 c.f.	~~$1.7431~~	$1.8346
Over 601 c.f.	~~$4.0916~~	$4.3064

D. Irrigation accounts shall be those accounts developed from the use of water for irrigation through a meter or meters separate from the metering of other water use upon such property. Group 2 customers who connect to the water system after passage of this ordinance will be required to use a separate meter or meters for irrigation purposes and the water usage through such separate meter or meters shall be considered as an irrigation account. If such a new Group 2 customer is assuming an existing Group 2 account, the requirement to install a separate meter or meters for irrigation purposes shall not apply.

E. Publicly owned recreation property such as city or county parks and school district playfields shall be billed pursuant to the schedule for Group 2 customers. Provided, however, that to qualify for such billing, the facility must first receive an irrigation audit by the city water department and demonstrate that a good faith effort is being made to remedy deficiencies and conserve water.

F. The billing rate to those customers utilizing water directly from water hydrants, with the consent of the city, shall be charged at a rate equivalent to the charges applicable to In-city Group 1 customers for consumption in excess of two thousand four hundred cubic feet.

G. An amount equal to fifteen percent of the revenues received from service charges as set forth herein shall be set aside by the city separately for the purpose of accumulating a depreciation reserve for the replacement of equipment and plant in place of the water system. The balance of the income received from said charges shall be used for maintenance and operation, construction and debt service requirements of said system.

Section 2. This Ordinance shall be effective as of January 1, 2022.

Section 3. The City Clerk and the codifiers of this ordinance are authorized to make necessary corrections to this ordinance including, but not limited to, the correction of scrivener's/clerical errors, references, ordinance numbering, section/subsection numbers and any references thereto.

Section 4. The Summary attached hereto is hereby approved for publication.

PASSED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, on this 18th day of November, 2021.

CITY COUNCIL

____
Mayor

Attest: Approved as to form:

____________________________ ____________________________
City Clerk City Attorney

SUMMARY FOR PUBLICATION

ORDINANCE NO. 1603

CITY OF LACEY

The City Council of the City of Lacey, Washington, passed on November 18, 2021, Ordinance No. 1603, entitled "**AN ORDINANCE RELATING TO WATER SERVICE RATES, AMENDING SECTION 13.32.030 AND APPROVING A SUMMARY FOR PUBLICATION.**"

A section by section summary of this ordinance is as follows:

Section 1 amends section 13.32.030 establishing water rates effective January 1, 2022 for purposes of providing revenue for increased maintenance and capital expenditures for the water utility system.

Section 2 establishes the effective date of January 1, 2022.

Section 3 provides provisions for corrections.

Section 4 approves this summary.

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: November 22, 2021

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LACEY CITY COUNCIL MEETING
November 18, 2021

SUBJECT: **2022 Sewer Rate Ordinance**

RECOMMENDATION: **Upon review and concurrence, adopt sewer rate ordinance setting the 2022 sewer rates.**

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

ORIGINATED BY: Troy Woo, Finance Department

ATTACHMENTS: 1. Ordinance No. 1604

FISCAL NOTE:

PRIOR REVIEW: Council Worksession on May 27, 2021
Council Worksession on June 10, 2021
2022 Budget Workshop on October 7, 2021
2022 City Council Meeting on October 21, 2021
2022 Revenue Hearing on November 4, 2021

BACKGROUND:

The next scheduled update of the sewer comprehensive plan is anticipated to take place by 2023. The update requirements for the sewer comprehensive plan (2015) was extended beyond the last multi-year sewer rate schedule. This has created a timing issue between operational and capital needs of the utility and the projected rates required to meet the revenue needs. To address this issue, the City's water rate consultant prepared a multi-year rate recommendation for the sewer utility in conjunction with the water rate recommendation. This identified the septic-to-sewer relationship between water and sewer and the funding required to fund a long-term septic abatement construction improvement plan.

Due to the uncertain COVID-19 public health emergency economic environment, the City Council delayed the adoption of the 2021 rate increase to July 1, 2021. This delayed increase was consistent with numerous other actions taken by the City to provide financial relief for the citizens and businesses of Lacey. The combined use of reserves and mid-year increase maintains the cost recovery approach for operations and maintenance and continues to adequately fund capital improvement program.

The City Council adopted a mid-year sewer increase of 5.0 percent, which lowered the rate study's six-year projection by 1.0 percent annually and lowered the short-term projected debt requirement by $1.5 million. As a result, the six-year revenue analysis assumes annual increases of 9.5 percent. The mid-year action maintained the City's historical approach to keep rates more consistent and future rate increases lower.

The proposed 2022 Budget assumes adoption of the first-year rate increase (9.5 percent) of the six-year rate recommendation. While both the sewer customers and utility have benefitted from past multi-year rate schedules, 2022 will provide an opportunity to discuss the adoption of a multi-year rate schedule. Predictable and stable rates have helped the utility mitigate cashflow risk and lowered debt requirements and the customers have avoided rate shock because revenue increase requirements have been spread over a longer period.

A 9.5 percent increase to the 2022 residential sewer service charge is equal to $2.19. The following table illustrates the impact of a 9.5 percent increase for 2022:

	2017 Rate	**2018 Rate**	**2019 Rate**	**2020 Rate**	**2021 Rate**	**2022 Rate**
Basic Sewer Service Charge	$19.60	$20.43	$21.30	$21.94	$23.04	$25.23

Based on the direction provided during the October 7, 2021, Budget Workshop and subsequent budget hearings, staff recommends the adoption of the 2022 Sewer Rate Ordinance increasing rates 9.5 percent effective January 1, 2022.

ADVANTAGES:

1. Rate adjustments are required to address future capital needs and the growing costs to convey wastewater and maintain the region's water quality.

2. Adoption of the first-year rate increase maintains consistent and predictable rate increases for the customers' planning purposes.

3. Deferring needed capital improvements or maintenance and ignoring operational and maintenance costs can occur when rates are kept artificially low. This can result in rate spikes to adjust future rates to the correct levels.

DISADVANTAGES:

1. Increasing sewer rates can be is challenging to customers regardless of the economic conditions. However, this modest increase will help offset potentially more significant future rate increases and allows the City of Lacey to maintain service levels and the protection of its environment.

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ORDINANCE NO. 1604

CITY OF LACEY

AN ORDINANCE RELATING TO SEWER SERVICE RATES, AMENDING SECTION 13.16.060 OF THE LACEY MUNICIPAL CODE AND APPROVING A SUMMARY FOR PUBLICATION.

WHEREAS, additional requirements and significant capital improvements to the City's water system have greatly impacted the operating costs of such system, and

WHEREAS, it is necessary to increase the sewer service rates in order to provide for the additional maintenance costs to meet system requirements and provide funding for scheduled capital improvements; NOW, THEREFORE,

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

Section 1. Section 13.16.060 of the Lacey Municipal Code is hereby amended to read as follows:

13.16.060 Service charge - Designated.

A. The "basic sewer service charge" of Lacey for each equivalent residential unit for all utility billings effective ~~July 1, 2021~~January 1, 2022 and thereafter until amended shall be as follows:

	~~2021 Rate~~	2022 Rate
Basic Sewer Service Charge	~~$23.04~~	$25.23

B. The "wastewater service charge" shall be an amount equal to that set by the LOTT Alliance Board of Directors pursuant to the LOTT Alliance Intergovernmental Agreement.

Section 2. This Ordinance shall be effective as of January 1, 2022.

Section 3. The City Clerk and the codifiers of this ordinance are authorized to make necessary corrections to this ordinance including, but not limited to, the correction of scrivener's/clerical errors, references, ordinance numbering, section/subsection numbers and any references thereto.

Section 4. The Summary attached hereto is hereby approved for publication.

PASSED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, on this 18th day of November, 2021.

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CITY COUNCIL

____
Mayor

Attest:

Approved as to form:

____
City Clerk

____
City Attorney

SUMMARY FOR PUBLICATION

ORDINANCE NO. 1604

CITY OF LACEY

The City Council of the City of Lacey, Washington, passed on November 18, 2021, Ordinance No. 1604, entitled "**AN ORDINANCE RELATING TO SEWER SERVICE RATES, AMENDING SECTION 13.16.060 OF THE LACEY MUNICIPAL CODE AND APPROVING A SUMMARY FOR PUBLICATION.**"

A section by section summary of this ordinance is as follows:

Section 1 amends section 13.16.060 establishing sewer rates for 2022 for purposes of providing revenue for increased maintenance and capital expenditures for the sewer utility system.

Section 2 establishes the effective date of January 1, 2022.

Section 3 provides provisions for corrections.

Section 4 approves this summary.

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: November 22, 2021

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CITY OF LACEY
Shaping our community together

LACEY CITY COUNCIL MEETING
November 18, 2021

SUBJECT: **2022 Stormwater Rate Ordinance**

RECOMMENDATION: **Upon review and concurrence, adopt stormwater rate ordinance setting the 2022 stormwater rates.**

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

ORIGINATED BY: Troy Woo, Finance Department

ATTACHMENTS: 1. Ordinance No. 1605

FISCAL NOTE:

PRIOR REVIEW: City Council on November 19, 2020
2022 Budget Workshop on October 7, 2021
2022 City Council Meeting on October 21, 2021
2022 Revenue Hearing on November 4, 2021

BACKGROUND:

The most recent stormwater comprehensive plan update was completed and adopted by the City Council on November 19, 2020, as a part of the City's comprehensive plan update. The stormwater comprehensive plan financial chapter assumes 4.5 percent annual increases for the years 2021 through 2025. As 2020 was ending and the proposed 2021 Budget was anticipating continued uncertain and difficult economic conditions related to the COVID-19 public health emergency, the City's stormwater comprehensive plan update consultant and staff were completing the final draft comprehensive plan. To provide a minimum six months of financial relief to City utility customers, the City Council was considering a delay to implementing 2021 utility rates. The City's stormwater comprehensive plan consultant determined the financial condition of the Stormwater utility would not be significantly weakened as a result of the delay. The City Council delayed the adoption of the 2021 stormwater rate increase to July 1, 2021. This delayed increase was consistent with

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numerous other actions taken by the City to provide financial relief for the citizens and businesses of Lacey.

The City Council adopted a mid-year water increase of 4.5 percent, which was consistent with the adopted stormwater comprehensive plan's six-year rate recommendation for 2021

The proposed 2022 Budget assumes adoption of the third-year rate increase (4.5 percent) of the six-year rate recommendation. While both the stormwater customers and utility have benefitted from past multi-year rate schedules, 2022 will provide an opportunity to discuss the adoption of a multi-year rate schedule. Predictable and stable rates have helped the utility mitigate cashflow risk and lowered debt requirements and the customers have avoided rate shock because revenue increase requirements have been spread over a longer period.

The proposed increase has the following impacts to stormwater rates:

	Rate Category	Percent of Impervious Surface	2019 Monthly Service Charge Per Gross Acre	2020 Monthly Service Charge Per Gross Acre	2021 Monthly Service Charge Per Gross Acre	2022 Monthly Service Charge Per Gross Acre
1	Single Family Residence	N/A	11.36	11.87	12.40	12.96
2	Duplex Family Residence	N/A	22.72	23.74	24.80	25.92
3	Very Light	0% to 10%	5.21	5.45	5.69	5.95
4	Moderate Light	>10% to 25%	18.84	19.69	20.58	21.51
5	Light	>25% to 40%	36.48	38.12	39.83	41.62
6	Moderate	>40% to 55%	55.60	58.11	60.72	63.45
7	Moderately Heavy	>55% to 70%	75.70	79.11	82.67	86.39
8	Heavy	>70% to 85%	97.66	102.05	106.64	111.44
9	Very Heavy	>85% to 100%	120.82	126.26	131.94	137.88

Based on the direction provided during the October 7, 2021 Budget Workshop and subsequent budget hearings, staff recommends the adoption of the 2022 Stormwater Rate Ordinance increasing rates 4.5 percent effective January 1, 2022.

ADVANTAGES:

1. Rate adjustments are required to address future capital needs and the growing costs of stormwater services.

2. Maintaining consistent rate increases provides customers consistent and predictable rate increases for planning purposes.

3. Deferring needed capital improvements or maintenance and ignoring operational and maintenance costs can occur when rates are kept artificially low. This can result in rate spikes to adjust future rates to the correct levels.

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DISADVANTAGES:

1. It is often a challenging time to increase rates and a 4.5 percent increase seems significant. However, compared to many other consumer products and services, a $0.56 per month increase is reasonable for this important community service.

ORDINANCE NO. 1605

CITY OF LACEY

AN ORDINANCE RELATING TO STORMWATER SERVICE RATES, AMENDING SECTION 13.70.030 OF THE LACEY MUNICIPAL CODE AND APPROVING A SUMMARY FOR PUBLICATION.

WHEREAS, the City of Lacey is committed to comply with the Phase II Western Washington Municipal Stormwater Permit, which provides for the requirements necessary to preserve water quality and resources, and

WHEREAS, it is necessary to increase the stormwater service rates in order to provide for the additional maintenance costs to meet system requirements and provide funding for scheduled capital improvements; NOW, THEREFORE,

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

Section 1. Section 13.70.030 of the Lacey Municipal Code is hereby amended to read as follows:

13.70.030 Service charge rate.

Subject to the rate adjustments provided in LMC 13.70.035, the storm and surface water utility charges shall be levied upon the basis of a flat monthly rate for all developed single-family residential parcels and two-family residential parcels and a sliding rate for all other parcels. The sliding rate shall be determined by measuring the amount of impervious surface area on each parcel and dividing that figure by the total area of the parcel to determine the percent of impervious surface and therefore the rate category. The monthly charge shall be that amount resulting from multiplying the service charge for the rate category applicable to the parcel by the total area of the parcel. The rate categories, the parameters of impervious surface for said rate categories and the monthly service charge applicable to each category shall be as follows:

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	Rate Category	Percent of Impervious Surface	~~2021 Monthly Service Charge Per Gross Acre~~	2022 Monthly Service Charge Per Gross Acre
1	Single Family Residence	N/A	~~12.40~~	12.96
2	Duplex Family Residence	N/A	~~24.80~~	25.92
3	Very Light	0% to 10%	~~5.69~~	5.95
4	Moderate Light	>10% to 25%	~~20.58~~	21.51
5	Light	>25% to 40%	~~39.83~~	41.62
6	Moderate	>40% to 55%	~~60.72~~	63.45
7	Moderately Heavy	>55% to 70%	~~82.67~~	86.39
8	Heavy	>70% to 85%	~~106.64~~	111.44
9	Very Heavy	>85% to 100%	~~131.94~~	137.88

The rates set forth above shall be effective for all stormwater utility billings beginning ~~July 1, 2021~~January 1, 2022 and thereafter until further amended.

Section 2. This Ordinance shall be effective as of January 1, 2022.

Section 3. The City Clerk and the codifiers of this ordinance are authorized to make necessary corrections to this ordinance including, but not limited to, the correction of scrivener's/clerical errors, references, ordinance numbering, section/subsection numbers and any references thereto.

Section 4. The Summary attached hereto is hereby approved for publication.

PASSED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, on this 18th day of November, 2021.

CITY COUNCIL

____
Mayor

Attest:

____
City Clerk

Approved as to form:

____
City Attorney

SUMMARY FOR PUBLICATION

ORDINANCE NO. 1605

CITY OF LACEY

The City Council of the City of Lacey, Washington, passed on November 18, 2021, Ordinance No. 1605, entitled "**AN ORDINANCE RELATING TO STORMWATER SERVICE RATES, AMENDING SECTION 13.70.030 OF THE LACEY MUNICIPAL CODE AND APPROVING A SUMMARY FOR PUBLICATION.**"

A section by section summary of this ordinance is as follows:

Section 1 amends section 13.70.030 establishing stormwater rates for 2022 for purposes of providing revenue for increased maintenance and capital expenditures for the stormwater utility system.

Section 2 establishes the effective date of January 1, 2022.

Section 3 provides provisions for corrections.

Section 4 approves this summary.

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: November 22, 2021

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LACEY CITY COUNCIL MEETING
November 18, 2021

SUBJECT: **Ad Valorem Tax Ordinance**

RECOMMENDATION: **Motion to adopt Ad Valorem Tax Ordinance 1606.**

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

ORIGINATED BY: Troy Woo, Finance Department

ATTACHMENTS: 1. Ordinance No. 1606

FISCAL NOTE: 2022 General Levy Collections $8,046,612
2022 Excess Bond Levy Collections (Parks) $683,000

PRIOR REVIEW: Budget Workshop on October 7, 2021
Revenue Hearing on November 4, 2021

BACKGROUND:

Each year the taxing districts must certify their budgets and property tax levies by November 30 or the County Assessor must use the previous year's certified levy amounts.

There are a number of factors that will affect the City's property tax levy. The proposed 2022 levy will be increased by the refund levy, revenue limit, annexation adjustments, and new construction.

Refund Levy represents adjustments that were made to property assessments based on property owner assessment appeals, technical errors, or the granting of exemptions. The refunds were granted during the period of October 1, 2020, through September 30, 2021. The refunds did not change the legal property tax levy limit during that period, so the City is allowed to recover the refunded tax dollars in the following year.

The property tax revenue limit for jurisdictions with populations greater than 10,000 is 101 percent or 100 percent plus inflation, whichever is less. Increases resulting from new

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construction and improvements to property, newly construction wind turbines, and state-assessed utility property are exempt from the revenue limit. The revenue limit is challenging for the City of Lacey because property tax is a significant source of revenue for the General Fund. 13.4 percent of all proposed 2022 General Fund budgeted revenues are from property taxes. It is typical for inflation to be in excess of one percent, so the 101 percent property tax limit does not keep pace with the City's rising expenditures.

The inflation factor to be used to determine 2022 property tax collections is 3.86 percent, so the City Council is authorized to increase property taxes by the 101 percent property tax limit.

While the 101 percent revenue limit is challenging, the City of Lacey has been able to address growing service demands and inflationary growth to expenditures with strong property tax growth from new construction. The additions from new construction were better than expected for 2022. New construction valuing $221,444,047 will be added to next year's assessed value. This will result in property tax increases of $213,198. Also, $119,783,324 of valuation is was added to Lacey's total assessed valuation due to the Marvin and Steilacoom annexation. The result of this annexation is a property tax increases of $115,323.

The overall assessed value for Lacey is increasing $1,251,717,117. After removing the new construction additions, existing assessed valuation increased $1,030,273,070. Increasing valuations result in lower levy rates. Properties, which experienced increases in assessed valuation at a similar rate as the overall Lacey valuation will not experience any change to property tax owed related to the decrease to the levy rate. The following table illustrates the impact of a 10.0 percent increase to property assessments with the one-percent revenue limit in effect.

Tax District - City of Lacey	Year 1	Year 2	Change
Revenue Limit (1%)	$ 1,000,000	$ 1,010,000	1.0%
Total District Assessed Value	100,000,000	110,000,000	10.0%
Levy Rate per $1,000 Assessed Value	$ 10.00	$ 9.18	-8.2%

House in Lacey	Year 1	Year 2	Change
Assessed Value	$ 100,000	$ 110,000	10.0%
Taxes Due (Assessed Value x Levy Rate)	$ 1,000	$ 1,010	1.0%

The table illustrates that a house in Lacey that is appreciating in value at the same rate (10.0 percent) as the average appreciation rate for Lacey, and without considerations of statewide levies or other taxing districts, will have taxes due increased by one percent or the revenue limit.

The proposed ad valorem tax ordinance sets the 2022 general property tax at $8,046,612. This will result in an estimated levy rate of $0.8810 per $1,000 of assessed valuation. This is an increase of $458,268 or 6.04 percent compared to the 2021 general property tax collections. The adjustments to next year's levy include a $213,197 increase due to new construction, an $115,323 increase from annexation adjustments, a $75,883 increase due

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exercising the 1.0 percent revenue limit adjustment, and a $53,864 increase from the 2021 refund levy.

The proposed ordinance also sets the voter-approved GO Bond redemption property tax levies. The total 2019 property tax levy collection for GO Bond redemption is $683,000. The total estimated GO Bond redemption levy rate is $0.0756 per $1,000 of assessed valuation. The outstanding GO Bonds and their portion of the property tax levies are listed below.

	Date Issued	Original Amount	Outstanding Balance	2022 Principal & Int.	Rate/ $1,000 AV
Parks Imp. GO Refunded Bonds 2012	December 19, 2012	2,845,000	620,000	323,600	0.03583
Parks Imp. GO Refunded Bonds 2015	May 20, 2015	2,995,000	1,610,000	359,400	0.03979
				$ 683,000	0.07561

It is worth noting the 2002 Fire Safety GO Bonds will be retired at the end of 2021, so this voter-approved levy will expire in 2021. As a result, the vast majority of property owners of Lacey will experience an overall decrease to the City of Lacey property tax levy.

It is requested that the City Council review and adopt the ordinance setting the 2022 property tax levies.

ADVANTAGES:

1. The proposed property tax levels will help balance the proposed 2022 Budget, which preserves current service levels.

2. Exercising 101 percent revenue limit will help offset the rising costs of the City's service delivery.

DISADVANTAGES:

1. Increasing property tax collections by the 1.0 percent revenue limit is challenging regardless of the economic conditions. However, this modest increase allows the City of Lacey to preserve its current and future service levels.

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ORDINANCE NO. 1606

CITY OF LACEY

AN ORDINANCE OF THE CITY OF LACEY, WASHINGTON, FIXING THE AMOUNT OF THE ESTIMATED EXPENDITURES, LESS THE ESTIMATED REVENUES FROM SOURCES OTHER THAN AD VALOREM TAXATION, NEEDED FOR THE CURRENT EXPENSE BUDGET AND FOR THE PAYMENT OF PRINCIPAL AND INTEREST UPON THE GENERAL BONDED INDEBTEDNESS OF THE CITY OF LACEY FOR THE FISCAL YEAR 2022; LEVYING THE ANNUAL AD VALOREM TAXES OF THE CITY OF LACEY FOR THE FISCAL YEAR 2022 AND APPROPRIATING SAME TO CERTAIN FUNDS FOR CERTAIN PURPOSES AND ADOPTING A SUMMARY FOR PUBLICATION.

WHEREAS, a public hearing was held before the City Council of the City of Lacey on November 4, 2021, for purposes of considering revenue sources to fund the City's 2022 Current Expense Budget which consists of expenditures to provide on going services exclusive of capital expenditures, utility and other enterprise funds and special assessment funds of the City, and

WHEREAS, the assessed valuation of all taxable property within the City as determined by the Thurston County Assessor is $9,133,563,980 for the General Levy and $9,032,762,991 for the park improvement general obligation levies, and

WHEREAS, under RCW 84.55.005(2)(c), the limit factor for a taxing jurisdiction with a population of 10,000 or more is the lesser of 101 percent or 100 percent plus inflation, and

WHEREAS, RCW 84.55.005(1) defines “inflation” as the percentage change in the implicit price deflator for personal consumption expenditures for the United States as published for the most recent twelve-month period by the Bureau of Economic Analysis of the federal Department of Commerce by September 25 of the year before the taxes are payable, and

WHEREAS, “inflation” to be used for 2022 is 3.86 percent and the limit factor is therefore 101 percent, meaning the taxes levied in the City of Lacey in 2021 for collection in 2022 will increase an amount equal to one percent over the amount collected in 2021 except for the amounts resulting from new construction and improvements to property, adjustments for annexation, newly constructed wind turbines, and any increase in the value of state-assessed utility property.

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

Section 1. The property tax levy, together with all adjustments thereto is shown below:

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	Adjustment Amount	% Increase/ Decrease
2021 Property Tax Levy	$ 7,588,344	
2022 General Levy Increase	75,883	1.00%
2022 New Construction Levy	213,198	2.81%
2022 Annexation Levy	115,323	1.52%
2022 Net Refund Levy	53,864	0.71%
2022 General Property Tax Levy	$ 8,046,612	6.04%

Section 2. The levies to raise $683,000 from property tax for bond redemption and interest on voted general obligation bond indebtedness for the City of Lacey are as follows:

	Total Assessed Valuation	$ Amount per $1,000 Assessed Value	$ Amount of Levy
2012 Refunded Parks Imp.	9,032,762,991	0.03583	323,600
2015 Refunded Parks Imp.	9,032,762,991	0.03979	359,400

Section 3. The taxes herein provided for are levied for the purpose of raising revenue sufficient to pay the principal and interest upon the general bonded indebtedness, if any, of the City of Lacey, for a portion of the General Fund, and for the operation of the different departments of the municipal government of the City of Lacey for the fiscal year beginning January 1, 2022, and ending December 31, 2022 (current expense budget); and are hereby levied upon all the real and personal property as shown by the assessment in the County of Thurston as finally fixed by the County and State Board of Equalization, and as extended upon the books of the County Assessor showing the property within said City subject to taxation for municipal purposes and upon the amount of real and personal property as certified by the County Assessor, all pursuant to and under and by virtue of the laws of the State of Washington.

Section 4. That the taxes collected from the levies hereby fixed and made are hereby appropriated and this appropriation, together with the estimated revenues from all sources other than ad valorem taxation shall, when the annual budget for the fiscal year 2022 is finalized and adopted by ordinance, constitute the appropriations of the City of Lacey for the fiscal year 2022.

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

Section 6. The Summary attached hereto is hereby approved for publication.

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PASSED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, this 18th day of November, 2021.

CITY COUNCIL

____
Mayor

Attest:

____
City Clerk

Approved as to form:

____
City Attorney

SUMMARY FOR PUBLICATION

ORDINANCE NO. 1606

CITY OF LACEY

The City Council of the City of Lacey, Washington, passed on November 18, 2021, Ordinance No. 1606, entitled "AN ORDINANCE OF THE CITY OF LACEY, WASHINGTON, FIXING THE AMOUNT OF THE ESTIMATED EXPENDITURES, LESS THE ESTIMATED REVENUES FROM SOURCES OTHER THAN AD VALOREM TAXATION, NEEDED FOR THE CURRENT EXPENSE BUDGET AND FOR THE PAYMENT OF PRINCIPAL AND INTEREST UPON THE GENERAL BONDED INDEBTEDNESS OF THE CITY OF LACEY FOR THE FISCAL YEAR 2022; LEVYING THE ANNUAL AD VALOREM TAXES OF THE CITY OF LACEY FOR THE FISCAL YEAR 2022 AND APPROPRIATING SAME TO CERTAIN FUNDS FOR CERTAIN PURPOSES AND ADOPTING A SUMMARY FOR PUBLICATION."

The main points of the Ordinance are described as follows:

1. The Ordinance sets the 2022 general property tax levy to be in the sum of $8,046,612.00 and sets the amount of ad valorem tax levies for the payment of outstanding bonded indebtedness.

2. The Ordinance declares that the taxes levied, together with estimated revenues from all other sources other than ad valorem taxation shall constitute the appropriations of the City for the 2022 fiscal year budget.

3. Provides provisions for corrections.

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: November 22, 2021.

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LACEY CITY COUNCIL MEETING
November 18, 2021

SUBJECT: **Water General Facilities Charge Amendment**

RECOMMENDATION: **Adopt Ordinance to amend LMC 13.32.005 to updated Water General Facilities Charges.**

STAFF CONTACT: Scott Spence, City Manager
Scott Egger, Public Works Director
Troy Woo, Finance Director
Peter Brooks, Water Resources Manager
Brandon McAllister, Utility Engineer

ORIGINATED BY: Public Works Department

ATTACHMENTS: 1. Ordinance No. 1607

FISCAL NOTE: These LMC revisions represent a reduced GFC increase for future years

PRIOR REVIEW: November 1, 2021, Utility Committee

BACKGROUND:

As part of the City's Water System Plan Update our financial consultant, FCS Group, was asked to evaluate and provide recommendations on the water utility's general facilities charges (GFC). This is a separate exercise from rate setting, as it involves only one-time revenue collected from the sale of new connections and is intended to provide an equitable contribution by new customers toward the City's existing water infrastructure and its planned capacity development projects. The City's authority to administer such fees can be found in RCW 35.92.025.

To calculate an equitable rate for the GFC, our financial consultants determined the existing cost basis of the water utility's infrastructure. They then add the estimated costs of planned capital projects that specifically contain either an increase to system capacity or functional improvement component. That total cost is then divided by the total number of anticipated customers at the end of the planning period, which yields the theoretical cost share for each new connection. The consultants then applied inflationary adjustments through August of this year and arrived at a new GFC rate of $8,374 for the City's base meter size beginning in 2022. All other meter sizes are proposed to be priced as multiples of the base meter size, following the City's current multipliers. This is in contrast to the current 2021 GFC charge of $8,194; and represent a 2.2% increase from 2021 to 2022.

Currently, LMC 13.32.005, which sets forth the current charges and calculations for annual adjustments states that the GCF rate will be increased annually by an amount equal to the Engineering News Record construction cost index (CCI) or 6%, whichever is greater. Continuing with this practice would cause the 2022 GFC rate to exceed the maximum allowable charge calculated by our financial consultants. For this reason, City staff and its consultants are recommending that LMC 13.32.005 be amended to fix the 2022 GFC rates to match those calculated by FCS Group. FCS Group further recommends that the City set its annual inflationary adjustments to be calculated only from the Engineering News Record 20-city average CCI (August over August), and eliminate the "or 6%" clause.

In order to change the schedule of connection fees and procedure for calculating future inflationary adjustments, the Council will be required to approve an ordinance revising LMC 13.32.005.

ADVANTAGES:

1. These changes will ensure that the water utility's GFC does not exceed the calculated amount.

2. Modifying the language for annual adjustments provides for a transparent and verifiable way to keep pace with inflation.

3. The proposed changes to the LMC lower the annual GFC increases when compared with the current LMC methodology.

DISADVANTAGES:

1. Revenues collected through the sale of water GFC's will be lower than they would be if calculated under the current LMC language.

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ORDINANCE NO. 1607

CITY OF LACEY

AN ORDINANCE OF THE CITY OF LACEY, WASHINGTON, RELATED TO WATER GENERAL FACILITIES CHARGES, AMENDING SECTION 13.32.005 OF THE LACEY MUNICIPAL CODE, AND APPROVING A SUMMARY FOR PUBLICATION.

WHEREAS, the city retained a financial consultant to evaluate the city's water utility's general facilities charges (GFC) as part of the city's Water System Plan Update; and

WHEREAS, based on the consultant's evaluation, city staff recommends amendments to the city's GFC rates; and

WHEREAS, the proposed amendments will provide for a more transparent and verifiable process to keep pace with inflation; and

WHEREAS, the proposed amendments will result in lower annual GFC increases when compared with the current methodology.

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

Section 1. Section 13.32.005 of the Lacey Municipal Code is hereby amended to read as follows:

General facilities charge for new connections.

There is established a general facilities charge to be paid for all connections made to the city's water system~~ on or after April 1, 1987~~. For single-family residential or two-family structures, the general facilities charge shall be paid prior to connection to the city's water system. For all other structures, the general facilities charge shall be paid prior to final public works approval and prior to issuance of the certificate of occupancy. In no case shall any structure be occupied prior to payment of the general facilities charge. The rate during ~~that portion of the~~ calendar year ~~2008~~ 2022 ~~remaining after the effective date of the ordinance codified in this section~~ shall be in accordance with the schedule set forth below for each service connection.

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The rate of said charge shall be increased on January 1st of each calendar year subsequent to ~~2008~~ 2022 by an amount equal to the increase in the Engineering News Record Construction Cost Index, 20-city average, August over August ~~or by six percent per annum, whichever rate of increase is higher~~. The payment of such connection charges shall be in accordance with Chapter 13.02 LMC. Such schedule shall be as follows:

Meter Size	**GFC**
5/8" to 3/4"	$~~3,842~~8,374
1"	~~7,698~~16,780
1 1/2"	~~15,329~~33,414
2"	~~25,035~~54,570
3"	~~47,232~~102,955
4"	~~78,720~~171,593
6"	~~157,278~~342,833

Section 2. This Ordinance shall be effective as of January 1, 2022.

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

Section 4. CORRECTIONS. The City Clerk and the codifiers of this ordinance are authorized to make 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 5. The Summary Attached is hereby approved for publication.

PASSED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, at a regularly-called meeting thereof, held this 18th day of November, 2021.

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CITY COUNCIL

BY: ___________________________
Mayor

Attest:

____
City Clerk

Approved as to form:

____
City Attorney

SUMMARY FOR PUBLICATION
ORDINANCE NO 1607
CITY OF LACEY

The City Council of Lacey, Washington passed on November 18, 2021, Ordinance No. 1607, entitled "AN ORDINANCE OF THE CITY OF LACEY, WASHINGTON, RELATED TO WATER GENERAL FACILITIES CHARGES, AMENDING SECTION 13.32.005 OF THE LACEY MUNICIPAL CODE, AND APPROVING A SUMMARY FOR PUBLICATION."

The main points of the Ordinance are described as follows:

1. The Ordinance amends Section 13.32.005 of the Lacey Municipal Code related to general facility charges.

2. 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: November 22, 2021.

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CITY OF LACEY
Shaping our community together

LACEY CITY COUNCIL MEETING
November 18, 2021

SUBJECT: **Multi – Family Tax Exemption Program**

RECOMMENDATION: **Pass a motion to: authorize the City Manager to execute a contract between DM Ventures 4444 and the City of Lacey, enrolling the parcel addressed as 4444 6th Avenue SE into an eight-year multi-family tax exemption status in accordance with LMC 3.64**

STAFF CONTACT: Scott Spence, City Manager
Rick Walk, Director of Community & Economic Development
Sarah Schelling, Senior Planner

ORIGINATED BY: Community and Economic Development Department

ATTACHMENTS:
1. Ordinance #1452
2. Multi-Family Housing 8-Year Property Tax Exemption Agreement

FISCAL NOTE:

PRIOR REVIEW: Land Use Committee – April 19, 2021
City Council – Adoption of Ordinance #1452 - Multifamily Tax Exemption Program – December 18, 2014
City Council – Adoption of resolution to hold a public hearing related to the proposed ordinance and tax exemption program – November 13, 2014
Land Use Committee – October 6, 2014
Land Use Committee – November 4, 2013
Action Item 2.2 recommended by the Woodland District Strategic Plan

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BACKGROUND:

On December 18, 2014, the Lacey City Council adopted ordinance number 1452, which identified the requirements for a Multi-Family Tax Exemption program and designated

Lacey Mid-town as a Residential Target Area as defined by RCW 84.14. Adoption of the ordinance provided an incentive for property owners and developers to construct new multi-family and new or redeveloped mixed-use buildings within the identified target area.

RCW 84.14 Multi-Family Tax Exemption Program: The Multi-family Tax Exemption Program is a program created by the State Legislature and enumerated in RCW 84.14. The purpose is to encourage increased residential opportunities through new construction and rehabilitation of existing buildings located within the urban centers of cities planning under the GMA. The program exempts the value of new housing construction, conversion, and rehabilitation improvements qualifying under RCW 84.14 from ad valorem property taxation. The exemption applies to all levies assessed by taxing districts. Participating cities may offer a 12-year tax exemption if the developer chooses to build, develop, or rehabilitate at least 20 percent of the units as affordable housing; Developers choosing not to include affordable housing receive only eight years of tax exemption.

All projects receiving tax exemption must be multiple-unit housing of four or more units that are located in a residential targeted area as designated by the City. The housing must meet guidelines as adopted by the city, which may include density, size, parking, and other adopted requirements. New construction must be completed within three years of the application's approval unless an extension of up to two years has been authorized by the local jurisdiction. The property to be rehabilitated must be vacant at least 12 months prior to application. The applicant must enter into a contract with the city to agree to terms and conditions.

All cities issuing tax exemptions must report annually to the Department of Commerce regarding tax exempt properties. The annual report must include the following:

a) Total number of tax exemptions granted and the total value of those exemptions;
b) Total number of units produced and the total development cost of each unit;
c) Total monthly rent of each unit or the total sale price of each unit;
d) Income of each renter at occupancy of a rental unit, and the income of each initial purchaser of a homeownership unit if the project is using the 12-year exemption with at least 20 percent of its units rented or sold to income-eligible tenants.

Effect of Tax Exemption: The multi-family tax exemption program exempts the ad valorem tax specific to the value of new housing construction and the increase value of housing rehabilitation. The tax exemption would not apply to the ad valorem tax on land value or improvements not related to housing. For example, the value of the commercial space within a mixed-used residential building would not be exempt from ad valorem tax. The tax exemption would be for a period of eight years or twelve years if the developer commits to reserve 20% of the units for moderate to low income residents (80% of median family income adjusted for family size).

Current Application and Council Role:
On March 9, 2021, the City issued land use approval to DM Ventures 4444 for the development of a 151-unit, multi-story apartment building with a ground floor commercial

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space at 4444 6th Ave SE. The developer has since (on April 8th, 2021) submitted a Multi-Family Tax Exemption application to receive the eight-year exemption. This is the first application for the program that the City has received since adopting the ordinance and developing the program. The application was approved on May 13, 2021.

Following administrative approval of the application for tax exemption, the applicant must enter into contract with the City regarding the terms of the tax exemption per the requirements of RCW 84.14.

To qualify for the exemption from property taxation under the City of Lacey and State of Washington requirements, the project must satisfy all of the following requirements:

1) The project must be located within a residential target area identified in LMC 3.64.030;

2) A qualifying multifamily apartment project must include a minimum of twenty units of multifamily housing;

3) The project must be designed to comply with the city's Comprehensive Plan, building, housing, and zoning codes and any other applicable regulations in effect at the time the application is approved. Specifically, the requirements of Chapter 16.24 LMC, Woodland District, and Chapter 14.23 LMC, Design Review, must be satisfied in addition to any other standards and guidelines adopted by the city council for the residential target area in which the project will be located.

4) At least fifty percent of the space in new, converted, or rehabilitated multiple units must be for permanent residential housing. In the case of existing occupied multifamily development, the multifamily housing must also provide for a minimum of four additional multifamily units. Existing multifamily vacant housing that has been vacant for twelve months or more does not have to provide additional units;

5) The applicant must enter into a contract with the city, approved by city council, under which the applicant agrees to the implementation of the development on terms and conditions satisfactory to the city council; and

6) The project must be completed within three years from the date of approval of the contract by the city council. The administrator may grant one two-year extension, provided the applicant has demonstrated a good faith effort to complete the project. (Ord. 1452 §1 (part), 2014).

The DM Ventures 4444 project includes redevelopment of a commercial site and construction of 151 multi-family units, with some ground floor commercial space. The project is located within the Lacey Midtown – Woodland Zoning District, which is the residential target area identified in LMC 3.64. All residential units in the project are for permanent residential housing. The applicant submitted a Woodland District Site Plan Review application to the Community and Economic Development Department for review

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and approval. The application was reviewed for compliance with the standards of the applicable zoning and design review requirements of the Lacey Municipal Code. The project received land use approval on March 9, 2021. No appeals were filed. The applicant also received administrative approval from the Community & Economic Development Dept. for the multi-family tax exemption application submitted on May 13, 2021. The applicant subsequently submitted Public Works construction drawings and building permit applications. These plans and permit applications were approved and the project is under construction.

Next steps

The contract is attached for Council review. Following review and approval of the contract by Council, the project will meet the requirements for a conditional certificate of tax exemption. Upon construction completion, the applicant may submit a final application for tax exemption and shall show that the project complies with the approved contract, and was constructed in compliance with the approved plans and permits. Upon administrative approval of the application for final tax exemption, a final certificate of tax exemption will be issued and filed with the Thurston County Assessor. The applicant must continue to meet the requirements of the ordinance throughout the duration of the tax exemption period or the City may cancel the tax exemption status.

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ORDINANCE NO. 1452

CITY OF LACEY

AN ORDINANCE OF THE CITY OF LACEY RELATING TO THE MULTI-FAMILY TAX EXEMPTION PROGRAM, ADOPTING A NEW CHAPTER 3.64 OF THE LACEY MUNICIPAL CODE AND APPROVING A SUMMARY FOR PUBLICATION.

WHEREAS, the Multi-Family Tax Exemption Program has been established by the Washington State Legislature in RCW 84.14; and

WHEREAS, the Program functions as a tool to encourage residential opportunities, including affordable housing, in the urban centers of cities planning under the Growth Management Act (GMA) and to stimulate multi-family housing development; and

WHEREAS, the purpose of the tax exemption is to facilitate reinvestment and redevelopment in the area around the residential project that would, over time, provide additional commercial services, and to increase revenues for the tax districts to continue to provide public services; and

WHEREAS, the Multi-Family Tax Exemption Program is an action item identified in the Woodland District Strategic Plan that, if implemented, would facilitate reinvestment in the District meeting the Community's vision; and

WHEREAS, the Woodland District meets the criteria identified in RCW 84.14 for a residential target area; and

WHEREAS, the City Council held a public hearing on the proposed ordinance on December 18th 2014; and

WHEREAS, after consideration of comments received during the public hearing and discussing the merits of the Multi-Family Tax Exemption, the City Council finds that it is in the best interest of the citizens of the City of Lacey to adopt the Multi-Family Tax Exemption Ordinance.

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

Section 1. There is hereby added to the Lacey Municipal Code a new Chapter 3.64 to read as follows:

3.64.010 Purpose.
A. As provided for in chapter 84.14 RCW, the purpose of this Section is to provide limited, eight (8) or twelve (12) year exemptions from ad valorem property taxation for qualified new multi-family housing located in designated residential targeted areas.

B To promote and incentivize the development, and redevelopment, of a balanced socio-economic mix of housing within the residential target area as a catalyst for additional investment and development of land uses that createsa vibrant, urban mixed-use district.

3.64.020 Definitions.

For the purposes of this chapter, the following definitions shall apply:

A. "Administrator" means the Director of the City of Lacey Community Development Department or designee assigned to carry out this chapter.

B. "Affordable housing" means residential housing that is rented by a person or household whose monthly housing costs, including utilities other than telephone, do not exceed thirty percent of the household's monthly income. For the purposes of housing intended for owner occupancy, "affordable housing" means residential housing that is within the means of low or moderate-income households.

C. "Household" means a single person, family, or unrelated persons living together.

D. "Low-income household" means a single person, family, or unrelated persons living together whose adjusted income is at or below eighty percent of the median family income adjusted for family size, for the county where the project is located, as reported by the United States department of housing and urban development.

E. "Moderate-income household" means a single person, family, or unrelated persons living together whose adjusted income is more than eighty percent but is at or below one hundred fifteen percent of the median family income adjusted for family size, for the county where the project is located, as reported by the United States department of housing and urban development. For cities located in high-cost areas, "moderate-income household" means a household that has an income that is more than one hundred percent, but at or below one hundred fifty percent, of the median family income adjusted for family size, for the county where the project is located.

F. "Multiple-unit housing" means a building having four or more dwelling units not designed or used as transient accommodations and not including hotels and motels. Multifamily units may result from new construction or rehabilitated or conversion of vacant, underutilized, or substandard buildings to multifamily housing.

G. "Owner" means the property owner of record.

H. "Permanent residential occupancy" means multiunit housing that provides either rental or owner occupancy on a nontransient basis. This includes owner-occupied or rental accommodation that is leased for a period of at least one month. This excludes hotels and motels that predominately offer rental accommodation on a daily or weekly basis.

I. "Rehabilitation improvements" means modifications to existing structures, that are vacant for twelve months or longer, that are made to achieve a condition of substantial compliance with existing building codes or modification to existing occupied structures which increase the number of multifamily housing units.

J. "Residential targeted area" means an area within an urban center or urban growth area that has been designated by the governing authority as a residential targeted area in accordance with this chapter. With respect to designations after July 1, 2007, "residential targeted area" may not include a campus facilities master plan.

K. "Substantial compliance" means compliance with local building or housing code requirements that are typically required for rehabilitation as opposed to new construction.

L. "Urban center" means a compact identifiable district where urban residents may obtain a variety of products and services. An urban center must contain:

a. Several existing or previous, or both, business establishments that may include but are not limited to shops, offices, banks, restaurants, governmental agencies; and

b. Adequate public facilities including streets, sidewalks, lighting, transit, domestic water, and sanitary sewer systems; and
c. A mixture of uses and activities that may include housing, recreation, and cultural activities in association with either commercial or office, or both, use.

3.64.030 Residential target area, hearing on resolution, target area designation and standards.

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A. Woodland District Target Area Classification. Those areas as located within the Woodland District zoning district as shown on the City of Lacey Comprehensive Plan and Land Use Maps are designated as residential target areas.

B. Designation of additional residential target areas shall follow the process and procedures identified in RCW 84.14.040.

3.64.040. Tax exemption for multi-family housing in target areas.

A. Duration of Exemption: The value of improvements qualifying under this chapter is exempt from ad valorem property taxation as follows:

1. For properties for which applications are submitted after the date of the ordinance adoption, the value is exempt:

    i. For eight (8) successive years beginning January 1st of the year immediately following the calendar year of issuance of the final certificate of tax exemption; or

    ii. For twelve (12) successive years beginning January 1st of the year immediately following the calendar year of issuance of the final certificate of tax exemption, if the property otherwise qualifies for the exemption and the applicant/owner rents or sells at least twenty percent (20%) of the multi-family housing units as affordable housing to low and moderate income households as further defined in this Section. Provided, the total number of qualifying affordable housing units does not exceed 30% of the total number of housing units within the same project.

        1. For rental projects, at least twenty percent (20%) of the multi-family housing units in the project must be rented throughout the duration of the twelve (12) year exemption period as affordable housing to low-income households at eighty percent (80%) or less of median income.

        2. For ownership projects, at least twenty percent (20%) of the multi-family housing units in the project must be sold as affordable housing to low or moderate income households at one hundred twenty percent (120%) or less of median income.

B. Limits on Exemption: The exemption does not apply to the value of land or to the value of nonhousing-related improvements not qualifying under this chapter, nor does the exemption apply to increases in assessed valuation of land and nonqualifying improvements. This Section also does not apply to increases in assessed valuation made by the County Assessor on nonqualifying portions of building and value of land, nor to increases made by lawful order of a County Board of Equalization, the Department of Revenue, or a county, to a class of property throughout the county or specific area of the county to achieve the uniformity of assessment or appraisal required by law.

3.64.050 Project eligibility and performance standards.

To qualify for exemption from property taxation under this Section, the project must satisfy all of the following requirements:

A. Location. The project must be located within a residential target area identified in section 3.64.030.

B. Size. The qualifying new multi-family residential apartment project must include a minimum of twenty (20) units of multi-family housing. Existing multi-family housing that has been vacant for twelve (12) months or more does not have to provide additional units.

C. Exception for existing residential structure. In the case of an existing occupied residential structure that is proposed for demolition and redevelopment as new multi-family housing, the project must provide as a minimum number of dwelling units in the new multi-family housing project, the greater of:

   a. Replace the existing number of dwelling units and, unless the existing residential rental structure was vacant for twelve (12) months or more prior to demolition, provide for a minimum of four (4) additional dwelling units in the new multi-family housing project; or

   b. Provide the number of dwelling units otherwise required in subsection B of this Section.

D. Exception for New Mixed Use and Mixed Use Redevelopment Projects.

   a. New, and redevelopment projects of existing buildings, located within the residential target area proposing a mixed use commercial, office, and/or retail project with multi-family residential units may qualify for the tax-exemption if four or more residential units are included within the project.

E. Compliance with Guidelines and Standards. The project must be designed to comply with the City's comprehensive plan, building, housing, and zoning codes and any other applicable regulations in effect at the time the application is approved. Specifically, the requirements of Lacey Municipal Code 16.24 'Woodland District', and Lacey Municipal Code 14.23 'Design Review' must be satisfied in addition to any other standards and guidelines adopted by the City Council for the residential target area in which the project will be developed.

F. At least fifty percent (50%) of the space in a new, converted, or rehabilitated multiple units must be for permanent residential housing. In the case of existing occupied multi-family development, the multi-family housing must also provide for a minimum of four additional multi-family units. Existing multi-family vacant housing that has been vacant for twelve months or more does not have to provide additional units.

G. The applicant must enter into a contract with the City approved by City Council under which the applicant agrees to the implementation of the development on terms and conditions satisfactory to the City Council.

H. Completion deadline. The project must be completed within three (3) years from the date of approval of the contract by the City Council. The Administrator may grant one two-year extension provided the applicant has demonstrated a good faith effort to complete the project.

3.64.060 Application procedure.

A property owner who wishes to propose a project for a tax exemption shall complete the following:

A. File with the Community Development Department the required application form, provided by the Department, setting forth the grounds for tax exemption along with the required application fees. The application materials shall include the following information:

    1. A brief written description of the project, and schematic site and floor plans of the multi-family dwelling units and the structure(s) in which they are proposed to be located.

    2. Floor and site plans of the proposed project, which plans may be revised by the owner provided such revisions are made and presented to the Administrator prior to the City's final action on the exemption application.

    3. A statement from the owner acknowledging the potential tax liability when the property ceases to be eligible for exemption under this Section.

    4. Verification by oath or affirmation of the information submitted.

B. Deadline. The application shall be submitted prior to the issuance of the building permit for the project, unless otherwise approved by the Council. The Administrator shall approve or deny an exemption application within ninety (90) days of receipt of a complete application.

3.64.070 Application review and conditional certification.

A. Approval. The Administrator may approve an application if he or she finds that:

1. The owner has complied with all of the requirements of this Section, including but not limited to the project eligibility requirements contained in this chapter and the applicable requirements contained within the Lacey Municipal Code; and

2. The proposed project is, or will be at the time of completion, in conformance with all approved plans, and all applicable requirements of the Lacey Municipal Code or other applicable requirements or regulations in effect at the time the application is approved.

B. Contract required. If the application is approved, the owner shall enter into a contract with the City, approved by the City Council, regarding the terms and conditions of the project under this Section.

C. Issuance of conditional certificate. Following Council approval of the contract, the Administrator shall issue a conditional certificate of acceptance of tax exemption. The conditional certificate shall expire three (3) years from the date of Council approval of the contract unless an extension is granted as provided in Section 3.64.080.

D. Application Denial.

1. Denial. The Administrator shall deny an application if the criteria in LMC 3.64 are not met. The Administrator shall state in writing the reasons for the denial and send notice of denial to the owner's last known address within ten (10) days of the denial.

2. Appeal. The owner may appeal the Administrator's decision to the Hearing Examiner in accordance with chapter 1 of the City of Lacey Development Guidelines and Public Works Standards.

E. Contract Amendment. An owner may request an amendment(s) to the contract by submitting a request in writing to the Administrator, together with the required fee, any time within three (3) years of the date of the approval of the contract as provided for in LMC 3.64.080. The date for expiration of the conditional certificate shall not be extended by contract amendment unless all the conditions for extension are met.

3.64.080 Extension of conditional certificate.

A. Application. The conditional certificate may be extended by the Administrator for a period not to exceed twenty-four (24) consecutive months. The owner shall submit a written request stating the grounds for the extension together with the required application fee.

B. Approval. The Administrator may grant an extension if he/she finds that:

1. The anticipated failure to complete construction within the required time period is due to circumstances beyond the control of the owner; and

2. The owner has been acting, and could reasonably be expected to continue to act, in good faith and with due diligence; and

3. All the conditions of the original contract between the owner and the City will be satisfied upon completion of the project.

C. Denial – Appeal. The owner may appeal the Administrator's decision to the Hearing Examiner in accordance with chapter 1 of the City of Lacey Development Guidelines and Public Works Standards.

3.64.090. Final certificate.

A. Application. Upon completion of the construction as provided in the contract between the owner and the City, of certificate of occupancy, the owner may request a final certificate of tax exemption. The owner shall pay all required fees and file with the Administrator such information as the Administrator may deem necessary or useful to evaluate eligibility for the final certificate, which shall at a minimum include:

1. A statement of expenditures made with respect to each multi-family housing unit and the total expenditures made with respect to the entire property;

2. A description of the completed work and a statement of qualification for the exemption;

3. The total monthly rent or total sale amount of each multi-family housing unit rented or sold to date;

4. The income of each renter household to date at the time of initial occupancy and the income of each initial purchaser of owner-occupied multi-family housing units to date at the time of purchase;

5. If applicable, a statement that the project meets the affordable housing requirements of this Section, along with the number, type, and specific multi-family housing units rented or sold to date, as applicable, to meet the affordable housing requirements;

6. Any additional information requested by the City pursuant to meeting any reporting requirements under Chapter 84.14 RCW; and

7. A statement that the work was completed within the required three (3) year period or any approved extension.

B. Determination. Within thirty (30) days of receipt of all materials required for a final certificate, the Administrator shall determine whether the completed work is consistent with the contract between the City and owner, whether all or a portion of the completed work is qualified for exemption under this Section and, if so, which specific improvements satisfy the requirements of this Section.

C. Filing with County Assessor. For projects that comply with the requirements of LMC 3.64, the City shall file a final certificate of tax exemption with the County Assessor within ten (10) days of the expiration of the thirty (30) day period provided in the prior subsection.

D. Denial. The Administrator shall notify the owner in writing that the City will not file a final certificate if: (a) the Administrator determines that the project was not completed within the required three (3) year period or any approved extension, or was not completed in accordance with the contract between the owner and the City and the requirements of this Section, or the owner's property is otherwise not qualified for the limited exemption under this Section; or (b) the owner and Administrator cannot come to an agreement on the allocation of the value of the improvements allocated to the exempt portion of the project.

E. Appeal. The owner may appeal the Administrator's decision to the Hearing Examiner in accordance with chapter 1 of the City of Lacey Development Guidelines and Public Works Standards.

3.64.100 Annual certification and report.

A. Within thirty (30) days after the first anniversary of the date the City issued the final certificate of tax exemption and each year thereafter for the duration of the tax exemption period, the property owner shall file an annual report with the Administrator. Failure to submit the annual report may result in cancellation of the tax exemption. The certification shall contain such information as required by Chapter 84.14 RCW and as the Administrator may deem necessary or useful, and shall at a minimum include the following information:

   1. A statement of occupancy and vacancy of the multi-family dwelling units during the twelve (12) months ending with the anniversary date;

   2. A certification that the property has not changed use and, if applicable, that the property has been in compliance with the affordable housing requirements as described in this Section since the date the City issued the final certificate of tax exemption and that the project continues to be in compliance with the contract with the City and the requirements of this Section;

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3. A description of any improvements or changes to the property made after the City issued the final certificate of tax exemption;

4. The total monthly rent of each multi-family housing unit rented or the total sale amount of each multi-family housing unit sold to an initial purchaser during the twelve (12) months ending with the anniversary date;

5. The income of each renter household at the time of initial occupancy and the income of each initial purchaser of owner-occupied multi-family housing units at the time of purchase during the twelve (12) months ending with the anniversary date;

6. If applicable, a breakdown of the number, type, and specific multi-family housing units rented or sold during the twelve (12) months ending with the anniversary date, as applicable, to meet the affordable housing requirements of this Section; and

7. Any additional information requested by the City pursuant to meeting any reporting requirements under Chapter 84.14 RCW.

3.64.110 Cancellation of tax exemption.

A. Cancellation. If at any time the Administrator determines that: (a) the property no longer complies with the terms of the contract or with the requirements of this Section; (b) the use of the property is changed or will be changed to a use that is other than residential; (c) the project violates applicable zoning requirements, land use regulations or building code requirements; or (d) the property for any reason no longer qualifies for the tax exemption, the tax exemption shall be canceled and additional taxes, interest and penalties imposed pursuant to State law. Upon determining that a tax exemption shall be canceled, the Administrator shall notify the property owner by certified mail, return receipt requested.

B. Appeal. The property owner may appeal the determination in accordance with Chapter 1 of the City of Lacey Development Guidelines and Public Works Standards.

C. Change of Use. If the owner intends to convert the multi-family housing to another use, the owner must notify the Administrator and the County Assessor within sixty (60) days of the change in use. Upon such change in use, the tax exemption shall be canceled and additional taxes, interest and penalties imposed pursuant to State law.

3.64.120 Effective Period

This Chapter shall remain in effect through December 31, 2024 and shall automatically expire after that date unless, prior to that date, the City Council takes action to extend the same.

Section 2. SEVERABILITY. If any section, sentence, clause or phrase of this

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

Section 4. The Summary attached hereto is hereby approved for publication.

PASSED BY THE CITY COUNCIL OF THE CITY OF LACEY,

WASHINGTON, at a regularly-called meeting thereof, held this 18th day of

December, 2014.

CITY COUNCIL

By: Cynthia R. Pratt for Mayor Ryder
Mayor

Approved as to form:

City Attorney

Attest:

Carol Litten
City Clerk

SUMMARY FOR PUBLICATION

ORDINANCE NO 1452

CITY OF LACEY

The City Council of the City of Lacey, Washington, passed on December 18, 2014, Ordinance No. 1452, entitled "AN ORDINANCE OF THE CITY OF LACEY RELATING TO THE MULTI-FAMILY TAX EXEMPTION PROGRAM, ADOPTING A NEW CHAPTER 3.64 OF THE LACEY MUNICIPAL CODE AND APPROVING A SUMMARY FOR PUBLICATION."

The main points of the Ordinance are described as follows:

1. The Ordinance adopts a new chapter, 3.64 of the Lacey Municipal Code establishing a Multi-Family Tax Exemption Program.

2. The Ordinance designates the Woodland District as a residential target area.

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: December 22, 2014.

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RETURN ADDRESS

Attn: City Clerk
City of Lacey
420 College St SE
Lacey, Washington 98503

Document Title(s)

MultiFamily Housing 8-Year Property Tax Exemption Agreement

Reference Numbers(s) of related documents

Grantor(s) (Last, First and Middle Initial)

DM VENTURES 4444 LLC, a
Washington Limited Liability Company

Grantee(s) (Last, First and Middle Initial)

City of Lacey

Legal Description (abbreviated form: i.e. lot, block, plat or section, township, range, quarter/quarter)

****

Assessor's Property Tax Parcel/Account Number

****

The Auditor/Recorder will rely on the information provided on this form. The staff will not read the document to verify the accuracy or completeness of the indexing information provided herein.

MULTI-FAMILY HOUSING
8-YEAR PROPERTY TAX EXEMPTION
AGREEMENT

This agreement is made and entered into this ____ day of _____________, 2021, by and between the City of Lacey, a Washington municipal corporation (the “City”), and DM VENTURES 4444 LLC, a Washington limited liability company, (the “Applicant”) (collectively, the “Parties”),

WITNESSETH:

WHEREAS, the City has an interest in encouraging new construction of multifamily housing in the Residential Target Area to facilitate redevelopment and reinvestment in urban centers; and

WHEREAS, the City has, pursuant to the authority granted to it by Chapter 84.14 RCW designated a Residential Target Area for the provision of a limited property tax exemption for new multi-family residential housing; and

WHEREAS, the City has, through Lacey Municipal Code 3.64, enacted a program whereby property owners may qualify for a Final Tax Exemption which certifies to the Thurston County Assessor- Treasurer that the owner is eligible to receive a limited property tax exemption; and

WHEREAS, the applicant is interested in receiving a limited property tax exemption for constructing approximately151 units of new multi-family residential housing in the Woodland Zoning District Residential Target Area; and

WHEREAS, the Applicant has submitted to the City a site plan review approval application with site plans, and floor plans for new multi-family residential housing to be constructed on property at 4444 6th Avenue Southeast, Lacey, Washington and described more specifically as follows:

Assessor’s Parcel Number(s): ************
Legal Description: ************
Street Address: ************

Herein referred to as the “Site”; and

WHEREAS, the Director of Community and Economic Development has determined that the improvements will, if completed as proposed, satisfy the requirements for a Final Certificate of Tax Exemption; and

WHEREAS, the Lacey Municipal Code requires an applicant for a limited property tax exemption to enter into a contract with the City, in which the applicant agrees to implement the proposed project on terms satisfactory to the Lacey City Council so as to maintain the improvements’ eligibility for the limited property tax exemption.

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NOW, THEREFORE, in exchange for the City's consideration of Applicant's request for a Final Certificate of Tax Exemption, Applicant and the City mutually agree as follows:

1. Each of the recitals set forth above are by this reference, incorporated into this agreement as fully set forth herein.
2. The City agrees to issue Applicant a Conditional Certificate of Acceptance of Tax Exemption
3. Applicant shall construct on the site multi-family residential housing substantially as described in the most recent site plans, floor plans, and elevations on file with the City as of the date of City approval of this Agreement. In no event shall such construction provide fewer than four new multi-family permanent residential units.
4. Applicant shall complete construction of the agreed upon improvements within three (3) years from the date the City issues the Conditional Certificate of Acceptance, unless an extension is granted to this timeframe as may be provided in LMC 3.64.080.
5. Applicant shall, upon completion of the improvements and upon issuance by the City of a permanent certificate of occupancy, file with the City's Community and Economic Development Department the following:
    a. A statement of expenditures made with respect to each multi-family housing unit and the total expenditures made with respect to the entire property;
    b. A description of the completed work and a statement of qualification for the exemption; and
    c. A statement that the work was completed within the required three-year period or any authorized extension.
6. Upon Applicant's successful completion of the improvements in accordance with the terms of the Agreement and the Applicant's filing of the materials described in Paragraph 5 above, and upon the City's approval of a Final Certificate of Tax Exemption, the City shall file the Final Certificate with the Thurston County Assessor-Treasurer.
7. Applicant shall, within thirty (30) days following the first anniversary of the City's filing of the Final Certificate of Tax Exemption and each year thereafter for a period of eight (8) years, file a notarized declaration with the City's Community and Economic Development Department indicating the following:
    a. A statement of occupancy and vacancy of the multifamily dwelling units during the twelve months ending with the anniversary date;
    b. A certification that the property has not changed use and, if applicable, that the property has been in compliance with the affordable housing requirements as described in this section since the date the city issued the final certificate of tax exemption and that the project continues to be in compliance with the contract with the city and the requirements of this section;
    c. A description of any improvements or changes to the property made after the city issued the final certificate of tax exemption;
    d. The total monthly rent of each multifamily housing unit rented or the total sale amount of each multifamily housing unit sold to an initial purchaser during the twelve months ending with the anniversary date; and
    e. Any additional information requested by the city pursuant to meeting any reporting requirements under Chapter 84.14 RCW.

8. If, during the term of any Final Certificate of Tax Exemption, Applicant converts to another use any of the new multi-family residential housing units constructed under this Agreement, Applicant shall notify the Thurston County Assessor- Treasurer and the City's Department of Community and Economic Development within sixty (60) days of such change in use. The City may, in its sole discretion, revoke and cancel the Final Certificate of Tax Exemption effective on the date of Applicant's conversion of any of the multi-family residential housing units to another use.
9. Applicant shall notify the City promptly of any transfer of Applicant's ownership interest in the Site or in the improvements made to the Site under this Agreement.
10. In addition to any other powers reserved to the City by law, the City may, in its sole discretion, cancel the Final Certificate of Tax Exemption should Applicant, its successors and assigns, fail to comply with any of the terms and conditions of this Agreement.
11. No modifications of the Agreement shall be made unless mutually agreed upon by the parties in writing.
12. The venue for any dispute related to this agreement shall be Thurston County, Washington.

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

CITY OF LACEY

By:________________________________

Scott Spence
Its: City Manager

DM VENTURES 4444 LLC

By:______________________________

****
Its: Governor

Approved as to form:

By:_____________________________

David S. Schneider, City Attorney

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ACKNOWLEDGMENTS

STATE OF WASHINGTON)
) ss.
County of Thurston)

I certify that I know or have satisfactory evidence that Scott Spence is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the City Manager of the City of Lacey to be the free and voluntary act of such municipality for the uses and purposes mentioned in the instrument.

DATED: this _____ day of _________________, 2021.

____
Name: _______________________________________
Notary Public in and for the State of Washington
Residing at ____________________________________
My appointment expires: _______________________

STATE OF WASHINGTON)
) ss.
County of Thurston)

I certify that I know or have satisfactory evidence that ******** is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Governor of DM VENTURES 4444 LLC, a Washington limited liability company, to be the free and voluntary act of such limited liability company for the uses and purposes mentioned in the instrument.

DATED: this _____ day of ___________________, 2021.

____
Name: _______________________________________
Notary Public in and for the State of Washington
Residing at ____________________________________
My appointment expires: _______________________

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COMMUNITY RELATIONS & PUBLIC AFFAIRS COMMITTEE MINUTES
NOVEMBER 1, 2021
11:00 A.M. – 11:08 A.M.
REMOTE ONLY

COUNCIL PRESENT: COUNCILMEMBERS STEADMAN (CHAIR), COX, AND KUNKEL

STAFF PRESENT: SCOTT SPENCE, SHANNON KELLEY-FONG, BRANDON CARTER

ACTION: APPROVE COMMUNITY RELATIONS & PUBLIC AFFAIRS COMMITTEE AGENDA
MOTION: MOTION MADE, SECONDED AND CARRIED BY COUNCILMEMBERS KUNKEL AND COX

SIX-YEAR ART PLAN UPDATE

STAFF: SHANNON KELLEY-FONG, ASSISTANT CITY MANAGER
ACTION: MOTION TO APPROVE THE PUBLIC ART 6-YEAR PLAN AND FORWARD TO FULL COUNCIL FOR APPROVAL
MOTION: MOTION MADE AND SECONDED BY COUNCILMEMBERS STEADMAN AND COX

Staff presented the draft Public Art 6-Year Plan for 2022 to 2027. The purpose of the plan is to provide an overview of possible public art funding over the next six years and identify placement of art pieces. Two funding options were presented. The first option is to use only art funds, and the second option is to use a combination of art funds and other identified funds. Funding for the public art projects are approved as part of the annual budget process.

Both funding options of the plan include the following art projects for 2022:

- Banners
- Utility Wrap
- Jackson Art Piece
- Honor Wall

The City established an internal stakeholder group, which identified the following elements as critical to consider for the future organization and management of the public art program:

- Commencing cross-departmental collaboration early.
- Consider capital cost associated with projects.
- Consider planning cycles, which can vary.

- Consider required additional staffing resources that will be necessary, such as planning, design, solicitation, acquisition, project review, inspections, on-going maintenance, repairs, etc.
- Consider connectivity with existing design standards.

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UTILITIES COMMITTEE MINUTES

NOVEMBER 1, 2021
12:00 P.M. – 12:35 P.M.
REMOTE ONLY

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

STAFF PRESENT: SCOTT SPENCE, SCOTT EGGER, PETER BROOKS, BRANDON MCALLISTER, SCOTT JOHNSTON, BRANDON CARTER

ACTION: APPROVE UTILITIES COMMITTEE AGENDA
MOTION: MOTION MADE, SECONDED AND CARRIED BY COUNCILMEMBERS MILLER AND STEADMAN

WATER UTILITY GENERAL FACILITIES CHARGE

STAFF: BRANDON MCALLISTER, UTILITY ENGINEER

ACTION: MOTION TO APPROVE CHANGES TO THE WATER GENERAL FACILITIES CHARGES AND FORWARD TO FULL CITY COUNCIL FOR APPROVAL

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

The Committee received recommendations from staff on the water utility general facilities charges.

As part of the Water System Plan update, the City's financial consultant, FCS Group, was asked to evaluate and provide recommendations on the water utility's general facilities charges (GFC), a one-time revenue collected from the sale of new connections intended to provide an equitable contribution by new customers toward the City's existing water infrastructure and its planned capacity development projects.

Staff and the FCS Group recommend amending LMC 13.32.005 to fix the 2022 GFC rates to match those calculated by the FCS Group. The FCS Group also recommends the City set its annual inflationary adjustments to be calculated only from the Engineering News Records 20-city average CCI, and eliminate the "or 6%" clause.

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TOLMIE PARK ESTATES SEWER ULID PETITIONS

STAFF: PETER BROOKS, WATER RESOURCES MANAGER

ACTION: MOTION TO FORWARD TO THE FULL CITY COUNCIL TO SET A DATE FOR A FORMATION HEARING FOR THE TOLMIE PARK ESTATES SEWER ULID PETITIONS AND FORWARD TO FULL CITY COUNCIL FOR APPROVAL.

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

The Tolmie Park Estates neighborhood is located in the Lacey UGA and is comprised of 47 parcels. It is served by a failing Large Onsite Septic System (LOSS). The failing LOSS pollutes shallow groundwater and flows to Woodland Creek and Henderson Inlet.

At the July 8, 2021, Council Worksession, Council agreed to contribute two million dollars of the estimated three-million-dollar project cost in response to environmental degradation concerns, if the HOA helped to complete the project for the purpose of connecting to Lacey sewer.

At a September 20, 2021, HOA meeting, City staff presented the need for the project and the option of forming a Utility Local Improvement District (ULID) to install sewer and decommission the LOSS. To move forward with the ULID the HOA needed to provide petitions from parcel owners requesting formation of the ULID. At least 74% of the parcel owners provided petitions in favor of forming the ULID.

Pursuant to RCW 35.43.125, in order to form a ULID initiated by petition, a formation hearing must be held. Staff recommends the Utilities Committee refer this matter to the full City Council so a date may be set for the formation hearing.

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TRANSPORTATION COMMITTEE MINUTES

NOVEMBER 2, 2021
11:00 A.M. – 11:40 P.M.
REMOTE ONLY

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

STAFF PRESENT: SCOTT SPENCE, SCOTT EGGER, SCOTT DEVLIN, SCOTT JOHNSTON, BRANDON CARTER

ACTION: APPROVE TRANSPORTATION COMMITTEE AGENDA
MOTION: MOTION MADE, SECONDED AND CARRIED BY COUNCILMEMBERS COX AND STEADMAN

2020-21 TRANSPORTATION MAINTENANCE OVERVIEW

STAFF: SCOTT JOHNSTON, TRANSPORTATION MAINTENANCE SUPERVISOR
ACTION: INFORMATION ONLY

The Committee received an overview of the Transportation Maintenance Department. The department includes 22 full time employees and ian additional 7 seasonal employees. A summary of responsibilities in each section of the department were provided:

Stormwater

- 47 storm ponds, totaling 110 acres
- Approximately 6100 catch basins
- Equipment:
    - 15 oil/water separators
    - 2 street sweepers,
- Maintain pit site off Martin Way and install storm systems when needed
- Responded to 100 chemical spills in 2020

Signs and Marking

- 113 miles of raised pavement markers
- 9,242 street signs
- 339 intersections with legends and symbols
- 93 miles of lane edge road line

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Electrical

- Facility electrical issues
- Perform maintenance on some county and state signals
- 5,343 street lights
- 78 signals
- 335 street light repairs
- Repaired 5 knock downs in 2020 due to car accidents

Streets

- 403.6 miles of roadway
- 223.1 miles of sidewalk
    - Repaired or replaced 6,186 sq. ft. this year
- Repair potholes
- Apply mastic and crack seal to roadways

2020-21 SNOW & ICE PLAN

STAFF: SCOTT JOHNSTON, TRANSPORTATION MAINTENANCE SUPERVISOR
ACTION: INFORMATION ONLY

The Committee was briefed on the 2020-2021 snow and ice plan. The following improvements were made to the plan over the last few years:

- Expansion of plow route
- Salt storage increased from 30 tons to 160 tons
- Quicker de-icing response
- New materials and equipment

Staff will monitor the weather throughout the season to take appropriate action, such as pre-treating roads when applicable to reduce ice or before snow fall to reduce stick, and apply road brine, salt, or sand to roadways.

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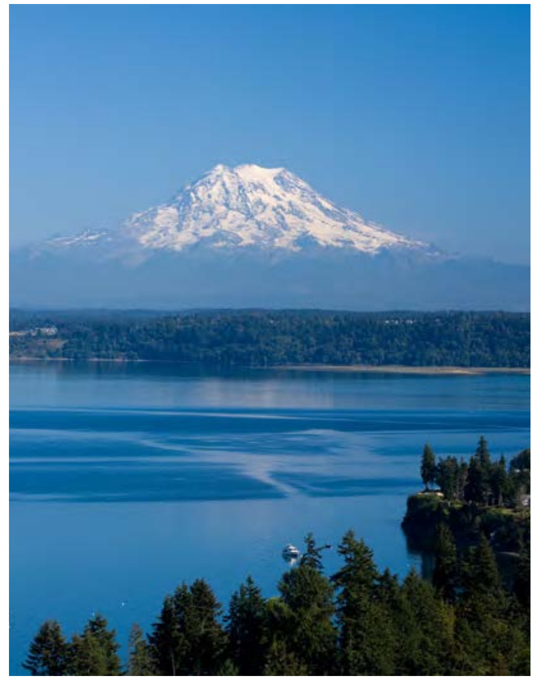
CITY OF LACEY

2022 STATE LEGISLATIVE PRIORITIES



1 **Continue to focus on I-5 Corridor, between Mounts Road & Tumwater, including the Nisqually River Delta.**

2 **Work Collaboratively to Create Affordable-housing Solutions that Work for All.**

3 **Public Safety Concerns: Return of Less-lethal Options, Use of Force, and Commission Clarifications.**

4 **Request State Leadership in Providing Strategies and Tools to Address the Growing Unsheltered Population in Washington Cities.**

5 **Capital Budget Requests:**
- **Public Electric Vehicle Infrastructure**
- **Oxford Housing Program Pilot with Non-profit Partner.**

2021 ACCOMPLISHMENTS

During the 2021 Legislative sessions, several significant achievements were accomplished, including:

- Securing $5 million for preliminary design and environmental review by WSDOT for the I-5 Corridor between Mounts Road and Tumwater.
- Securing $607,709 in Heritage Capital Project Grant funds for the new Lacey Museum and Cultural Center.
- Securing $3 million to help local entities address public health and safety risks associated with homeless encampments on WSDOT and other state-owned rights of way.
- Authorizing a property-tax-based Tax Increment Financing (TIF) tool to fund public infrastructure that helps drive economic development.

The City of Lacey greatly appreciates the support and leadership of our local legislators.

We look forward to working together during the 2021 session on several priorities that will help us meet the needs of our community and prepare for the future.

LACEY CITY COUNCIL

Andy Ryder, Mayor
Cynthia Pratt, Deputy Mayor
Lenny Greenstein, Councilmember
Michael Steadman, Councilmember
Carolyn Cox, Councilmember
Ed Kunkel, Councilmember
Malcolm Miller, Councilmember

CITY OF LACEY — 2022 STATE LEGISLATIVE PRIORITIES

1 CONTINUE TO FOCUS ON I-5 CORRIDOR BETWEEN MOUNTS ROAD & TUMWATER

The City remains committed to long-term solutions along the I-5 corridor between Mounts Road, exit 116 (north), and 93rd Avenue, exit 99 (south). This stretch of freeway is vital to the state's environmental, commerce, and transportation priorities, as well Joint Base Lewis-McChord's mission readiness. I-5 currently restricts critical ecological functions impacting salmon survival, is at a high risk of being overtopped by a major flooding event which would immobilize commerce and transportation, and has limited capacity to handle the growing South Sound economy and population. Lacey supports future investments in this segment of the I-5 corridor to ensure environmental resiliency, reliability, and efficiency of our region's and state's most significant transportation corridor. While the City is focused on a long-term solution, it recognizes the totality of such an endeavor would cost over $4 billion and will require significant time and multi-jurisdictional collaboration to fully develop. The City applauds the securing of $5 million for preliminary design and environmental for this segment—but more work is desperately need to help alleviate and remediate this vital transportation route.

REQUEST: In the short-term, the City supports prioritizing $204 million worth of investment as identified in a recent WSDOT corridor study to significantly improve the performance of this segment of freeway. The City encourages WSDOT to leverage state and federal resources to fully addresses this corridor's challenges in the short and long-term.

#	PROJECT COMPONENT	EST. COST	SCENARIO
1	Implementation of transportation demand management solutions	$5M	Transportation Demand Management
2	Part Time Shoulder Use on SB I-5 between Henderson Avenue on-ramp (Exit 105) and Sleater-Kinney Road on-ramp (Exit 108)	$15.3M	Shoulder Use (adds capacity)
3	Exit 107 – Pacific Avenue Interchange Improvements	$3.6M	Interchange Improvement
4	SR 507 Roundabouts near Yelm (SR 702 Vail Rd and Bald Hill Rd)	$19M	Operations
5	Additional planning for long-term, high-capacity transit options	$1.5 M	Transit
6	Exit 104 – I-5 NB HSR Exit 103 to Exit104	$4.1M	Interchange Improvement
7	Exit 105/104 – I-5 SB to US 101 Braided Ramp	$61.8M	Interchange Improvement
8	Exit 109 – Martin Way Interchange Improvements	$86.2M	Interchange Improvement
	TOTAL	**$204M**	

2 AFFORDABLE-HOUSING SOLUTIONS THAT WORK FOR ALL

Housing affordability is a high priority issue for Lacey and the greater Thurston County region. The City, in partnership with the Cities of Olympia and Tumwater, received a grant award from the Department of Commerce to develop a Housing Action Plan to meet the goals of HB 1923, which was created to encourage the construction of additional affordable and market-rate housing in a greater variety of housing types, and at prices that are accessible to a greater variety of incomes. The City adopted this Housing Action Plan in September 2021. In addition to this plan, with a diverse group of community stakeholders, the City crafted an Affordable Housing Strategy in 2019 to provide overarching policies and 14 individual actions that the City can take to help address affordable housing.

REQUEST: The City requests the legislature work collaboratively with local jurisdictions to create a variety of affordable housing options and tools that allow local jurisdictions to use solutions that work for their respective communities.

3 PUBLIC SAFETY CONCERNS: RETURN OF LESS-LETHAL OPTIONS, USE OF FORCE, AND COMMISSION CLARIFICATIONS

The City is committed to providing transparent and accountable public safety. While the City recognized the need for statewide reform, several policy changes made during the 2021 legislative session resulted in unintended, ancillary consequences that put the general public and public safety officers in additional and unnecessary danger.

REQUEST: The legislature do the following:

- **Provide clear definitions for the following (heretofore undefined) terms used in the legislation: Physical Force, Use of Force, Exhaust, Available, Appropriate, etc.**
- **Clarify the definition of prohibited "Military Equipment" that would expressly allow for the possession deployment of less lethal tools by law enforcement to include less lethal munitions and platforms regardless of caliber or propellant used.**
- **Clarify and expand circumstances when Use of Force is authorized to include non-arrest circumstances, such as Involuntary Treatment Act court orders, court authorized custody and seizure orders, to assist fire/paramedic/healthcare workers with restrain of non-complaint patients, etc.**
- **Permit law enforcement to use reasonable and proportional force when necessary and appropriate to over-come resistance to detain persons suspected of serious felony crimes to include but not limited to: Murder, Attempted Murder, Felony Assault, Sex Crimes, Felony Domestic Violence, Crimes against Children, Robbery, Residential Burglary, Arson, etc., using the reasonable suspicion standard.**
- **Permit law enforcement to use reasonable and proportional force when necessary and appropriate to over-come resistance and restore order stemming from unlawful activities related to unruly public demonstrations, unlawful assemblies, and riots.**
- **Provide further clarification on use of force and the requirements to leave the scene in absence of a crime or an imminent threat of death or substantial bodily harm.**
- **Allow public safety personnel to determine use of tear gas at public riots.**
- **Provide clarification on limited commission officers, such as the City's Community Service Officers and Joint Animal Services' Animal Control Officers. Current legislation places an immense unfunded and unreasonable burden upon local government to bring partially commission personnel into compliance with CJTC fully commission officer standards that do not apply to their current job duties.**

4 REQUEST STATE LEADERSHIP IN PROVIDING STRATEGIES AND TOOLS TO ADDRESS THE GROWING UNSHELTERED POPULATION IN WASHINGTON CITIES.

The City applauds the securing of $3 million to help local entities address public health and safety risks associated with homeless encampments on WSDOT and other state-owned rights of way. While these funds are vital to addressing an outcome of the on-going homeless crisis, a comprehensive response remains necessary to effectively respond holistically to this complex issue. Cities are ill-equipped to address the root causes and resulting consequences of homelessness. Issues of behavioral health, substance abuse, shelter, affordable housing, and economic disparity are overwhelming most Washington cities. Cities need help and legislative leadership!

REQUEST: The City seeks leadership from the State of Washington to provide a unified set of strategies and tools to navigate this crisis and support our unsheltered. Without State leadership and direct participation from the Washington State, meaningful headway will not be achieved.

REQUEST: Provide on-going funding of $5 million to help local entities address public health and safety risks associated with homeless encampments on WSDOT and other state-owned rights of way.

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5 CAPITAL BUDGET REQUESTS

PUBLIC ELECTRIC VEHICLE INFRASTRUCTURE EXPANSION:

The City is committed reducing its carbon footprint to combat the harmful impacts of climate change. Starting in 2022, the City is piloting a program to transition its vehicle fleet to all electric vehicles. To expedite and encourage the transition to electric vehicles in the greater community, the City plans to develop and expand accessible electric infrastructure in strategic public spaces throughout the City starting with locations in close proximity to City parks, public facilities, and the I-5 corridor.

REQUEST: The City requests $100,000 to add electric vehicle chargers and related infrastructure at City parks and public facilities for public and City use near the I-5 corridor.

OXFORD MODEL HOUSE PROGRAM WITH NON-PROFIT PARTNER:

The Oxford House Model is a community-based approach to addiction recovery which provides housing and rehabilitative support for adults recovering from addiction and who want to remain abstinent from use. The City is looking to purchase a house in Lacey for this purpose. In 2021, the City supported expanding permanent supportive housing and affordable-housing options in Lacey, including $95,000 to Senior Services for the South Sound for the Home Share pilot project, committing $260,000 to Homes First to provide housing and support for unaccompanied female, young adults obtaining their high school diplomas, and more.

REQUEST: The City is committed to providing $250,000 to a partner non-profit to support program operation for two years. The City requests $500,000 from the state to make this program a reality by providing funding to purchase and/or rehabilitate a house for this program.

CITY OF LACEY ALSO SUPPORTS THE TOP LEGISLATIVE PRIORITIES OF:

Association of Washington Cities
South Sound Military & Communities Partnership
Thurston County Shared Legislative Agenda

To view document online, scan:

FOR MORE INFORMATION

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