Lacey City Council Worksession Agenda

Refer to the bottom of the agenda for meeting information.

Tuesday, August 12, 2025	6:00 PM	Council Chambers and Online

1. **Call to Order**
2. **Roll Call**
3. **Land Acknowledgement**
   We, the City of Lacey, are on the ancestral land of the Tribal People of the Treaty of Medicine Creek, including the Nisqually Indian Tribe and Squaxin Island Tribe. We acknowledge and remember those Tribal People not recognized today who were absorbed or relocated into other tribes for survival. We recognize the ancestors and their descendants who are still here. We recognize and respect the Tribal People of the Treaty of Medicine Creek as the traditional stewards of this land since time immemorial and their role today in taking care of these lands in perpetuity. We recognize and have the responsibility to call attention to the histories of dispossession, forced removal, and abridged treaty rights that allowed our nation, state, and city to develop as they have today. We recommend that community members read the Medicine Creek Treaty of 1854.
4. **Approval of the Agenda**
5. **Public Comment**
   Refer to the bottom of the agenda for instructions on how to provide public comment.
6. **Agenda Items**
   A. **City of Lacey Branding and Style Guide**
   Ty Keltner, Communications Manager
   Donna Feliciano, Communications Specialist

   B. **Permit Fee Schedule Corrections and Clarifications**
   Terry McDaniel, Building Official and Fire Marshal

   C. **2021 International Series of Building Codes**
   Terry McDaniel, Building Official and Fire Marshal

   D. **Comprehensive Plan Series: Community Input on Draft Comprehensive Plan**
   Ryan Andrews, Community Planning Manager

   E. **2025 Mid-Year Financial Report**
   Troy Woo, Finance Director

F. **Second Quarter 2025 Investment Report**
Troy Woo, Finance Director

G. **Business License Code Amendment**
Chelsea Yarwood, Accounting Manager
Troy Woo, Finance Director

7. Adjourn

Meeting Information:

Attendance (Remote or In-Person)

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

In-Person:	Council Chambers at Lacey City Hall 420 College Street SE, Lacey, WA 98503
Zoom:	https://us02web.zoom.us/webinar/register/WN_4PhS-78uTyyeLh3NtbVikQ
Website:	https://cityoflacey.org/government/public-meetings/
Facebook:	https://www.facebook.com/cityoflacey
YouTube:	https://www.youtube.com/watch?v=GrCDz2JwfY4
Phone:	(888) 788-0099 or (877) 853-5247 (Webinar ID 884 1409 8952)

Verbal Public Comment

Each speaker is limited to three minutes. Comments are welcome on matters connected to City business or specific agenda items. **Ballot measure endorsements (in support or opposition) are not allowed during Public Comment. This includes comments on candidates or the Lacey Metropolitan Park District (RCW 42.17A.555).**

Prior to starting your comments, please provide your:

a. Name
b. City of residence or connection to the City
c. Topic or subject matter of your comments

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

In-Person:	Use the sign-up sheet located in the Council Chambers.
Zoom:	Preregister using the following Zoom link no later than two hours prior to the meeting: https://us02web.zoom.us/webinar/register/WN_4PhS-78uTyyeLh3NtbVikQ Instructions and access details will be provided once registration is complete.

Written Public Comment

Public comments may also be submitted by email to PublicComment@cityoflacey.org. The commenting period will close two hours before the meeting time. Written comments will be provided to the City Council electronically prior to the meeting. Comments will not be addressed during the Council meeting; however, comments received will be added to the official record.

CITY OF LACEY

BRANDING GUIDE

July 2025

LAND ACKNOWLEDGEMENT

We acknowledge the ancestral land we are on today as the traditional territory of the Tribal People of the Treaty of Medicine Creek, signed in 1854, including the Nisqually Indian Tribe and Squaxin Island Tribe.

We acknowledge, remember, and must not forget those Tribal People that are named but not recognized today, and who were absorbed or relocated into other tribes for survival. We recognize the ancestors and their descendants who are still here.

We acknowledge, Indigenous People who called the land home before the arrival of settlers and have been here Since Time Immemorial.

We recognize the relationship that exists between Indigenous People and their traditional territories, which include the religious significance, self-determination, identity, and economic factors. The relationship helps all people heal from the past and learn how not to inflict new wounds today.

We recognize and respect Indigenous People as traditional stewards of this land, and acknowledge the Tribal Governments and their role today in taking care of these lands.

We recognize that this land acknowledgement, and the Nisqually-Lacey Accord of 2011, are small steps toward true allyship. We commit to partnering with the Tribal People of the Treaty of Medicine Creek to continue to uplift the voices, experience, and histories of indigenous people of this land and beyond.

We recognize and have the responsibility to call attention to the histories of dispossession, forced removal, and abridged treaty rights that allowed our nation, state, and City to develop as they have today. We recommend that community members read the Medicine Creek Treaty of 1854.

Visit **CityofLacey.org/Land-Acknowledgement** for more information or scan:

BRAND-ALIGNMENT CHECKLIST

When creating City-related materials, please make sure your final product:

- Follows guidelines outlined in the City Writing Style Guide. We use AP style writing and plain language principles, with a few City-specific exceptions.
- Prioritizes accessibility. We follow accessibility standards for different content types as closely as possible.
- Includes the appropriate plans, reports, and adopted doucments standards, if applicable. This includes the Land Acknowledgement, City Council, City staff, etc.
- Uses only City-approved logos, following the branding guidelines. Always use the primary logo or one of the logo variations (with permission from the Communications Department) shown in this guide for City materials. Parks, Culture and Recreation; Police; and Museum Departments; and the Lacey Youth Council and Lacey Veterans Services Hub each have their own logo and should be used according to the same standards as the City logo.
- Uses established brand colors. Materials should use the primary colors as the main focus and secondary colors for accents.
- Uses established brand fonts listed in this guide. Other fonts may be used on a limited basis for specific projects (i.e., Mayor’s Gala, Night Market @ the Depot, etc.). Script-type fonts should be avoided for accessibility purposes.
- Includes high-quality, City-owned images as often as possible. Photos of the people and places in Lacey are an important part of the City’s brand. Avoid using stock images, unless necessary.
- Ensures optimal viewing on applicable devices. Design content to provide the best viewing experience on the most common devices and screen sizes.

TABLE OF CONTENTS

PLANS, REPORTS, AND ADOPTED DOCUMENTS STANDARDS

BEST PRACTICES

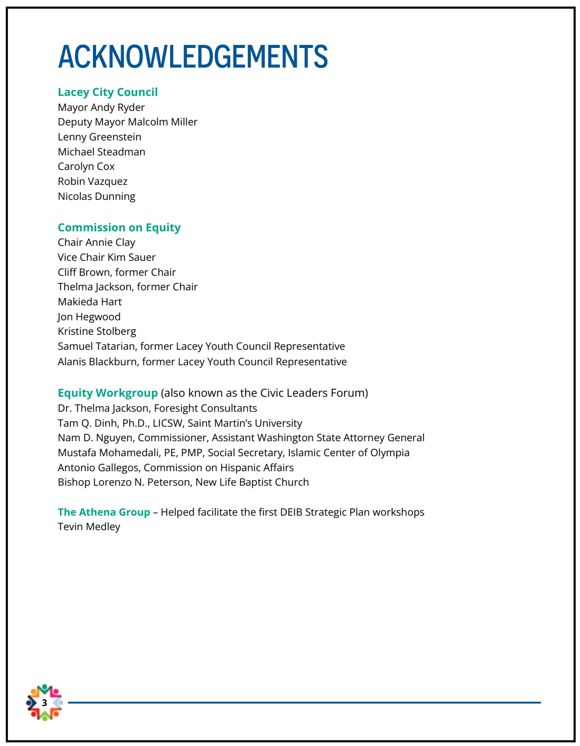
PLANS, REPORTS, AND ADOPTED DOCUMENTS STANDARDS

Best Practices

When creating a City Plan, Report, or other Adopted Document, include the following (at a minimum):

- **Land Acknowledgement** (See Policy and Procedure Manual, available on the City's Intranet, for more information.)
- **City Councilmembers**
- **Advisory Board Members**
- **Community Groups or Workgroups**
- **Contractors** the City hired to work on the project
- **City Staff** involved in the project
- **Department Directors**

EXAMPLE from DEIB Strategic Plan



ACKNOWLEDGEMENTS

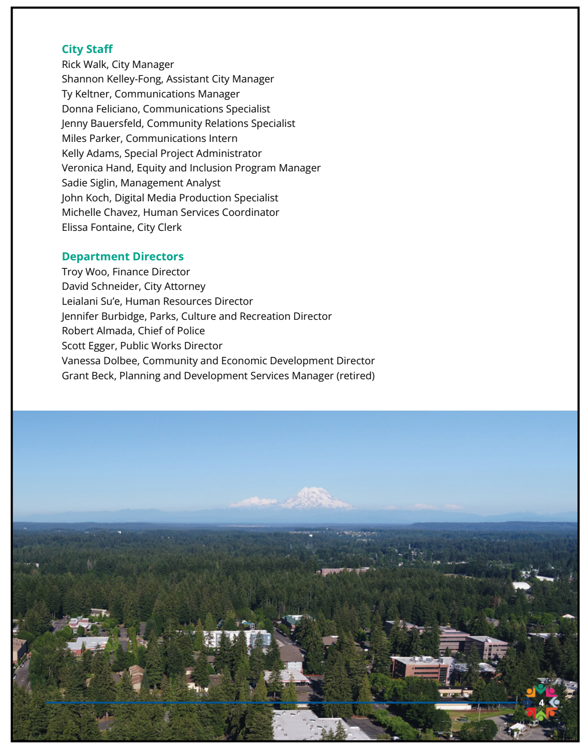
Lacey City Council
Mayor Andy Ryder
Deputy Mayor Malcolm Miller
Lenny Greenstein
Michael Steadman
Carolyn Cox
Robin Vazquez
Nicolas Dunning

Commission on Equity
Chair Annie Clay
Vice Chair Kim Sauer
Cliff Brown, former Chair
Thelma Jackson, former Chair
Makieda Hart
Jon Hegwood
Kristine Stolberg
Samuel Tatarian, former Lacey Youth Council Representative
Alanis Blackburn, former Lacey Youth Council Representative

Equity Workgroup (also known as the Civic Leaders Forum)
Dr. Thelma Jackson, Foresight Consultants
Tam Q. Dinh, Ph.D., LICSW, Saint Martin's University
Nam D. Nguyen, Commissioner, Assistant Washington State Attorney General
Mustafa Mohamedali, PE, PMP, Social Secretary, Islamic Center of Olympia
Antonio Gallegos, Commission on Hispanic Affairs
Bishop Lorenzo N. Peterson, New Life Baptist Church

The Athena Group – Helped facilitate the first DEIB Strategic Plan workshops
Tevin Medley

3



City Staff
Rick Walk, City Manager
Shannon Kelley-Fong, Assistant City Manager
Ty Keltner, Communications Manager
Donna Feliciano, Communications Specialist
Jenny Bauersfeld, Community Relations Specialist
Miles Parker, Communications Intern
Kelly Adams, Special Project Administrator
Veronica Hand, Equity and Inclusion Program Manager
Sadie Siglin, Management Analyst
John Koch, Digital Media Production Specialist
Michelle Chavez, Human Services Coordinator
Elissa Fontaine, City Clerk

Department Directors
Troy Woo, Finance Director
David Schneider, City Attorney
Leialani Su'e, Human Resources Director
Jennifer Burbidge, Parks, Culture and Recreation Director
Robert Almada, Chief of Police
Scott Egger, Public Works Director
Vanessa Dolbee, Community and Economic Development Director
Grant Beck, Planning and Development Services Manager (retired)

4

BRAND IDENTITY

MISSION

VISION

CORE VALUES

MOTTOS

BRAND IDENTITY

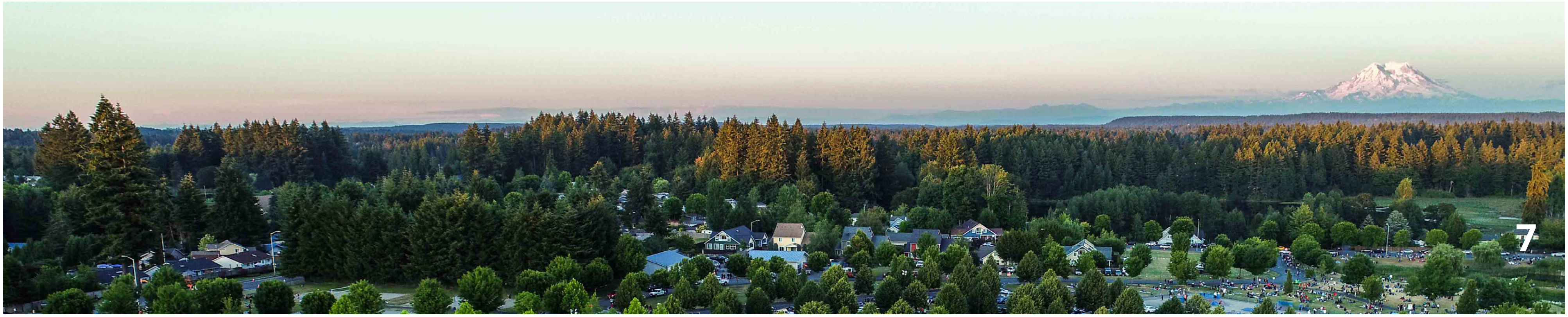
Mission

Our Mission is to enrich the quality of life in Lacey for all by building a welcoming, inclusive, and secure community. The Lacey City Council (Council), in collaboration with the public, is committed to fostering community pride, advancing economic development, planning for the future, and preserving our environment.

Vision

The Council has a clear vision for the community's future. **This vision is centered around five strategic goal areas** that guide City services, supports development, and enhances the overall quality of life for all who live, work, and visit Lacey. By fostering meaningful connections, maintaining balance between progress and preservation, providing exceptional service, encouraging creative solutions, and uniting all voices, Lacey will continue to thrive as a welcoming and dynamic city.

- **Unite:** Building a Community of Safety and Belonging
- **Create:** Be the Place to Play, Live, Work, and Gather
- **Connect:** Create and Maintain a Comprehensive Infrastructure System that Connects People and Places
- **Serve:** Providing Excellent, People-Centered Services
- **Balance:** Balance Growth with Protecting our Environment



BRAND IDENTITY

Core Values

We Value:

- Accountability
- Collaboration
- Diversity
- Empathy
- Integrity
- Innovation
- Leadership
- Productivity
- Professionalism
- Service
- Stewardship

Mottos

The City uses two mottos that reflect our values and identity:

- **Shaping our community together**
- **It's the people**

You can use these mottos in official City communications and materials to reinforce our mission and connect with the community.

Best Practices

When using a motto, DO:

- Position mottos as supporting elements — for example, at the bottom of a flyer, near the logo, or as a callout in digital or printed materials. They should not replace official program names or titles.
- Avoid overuse. Select the motto that best fits the message and use it sparingly to maintain impact.

LOGO

LOGO

The logo is the most recognizable symbol of the City, representing its identity and character. It serves as the City's "signature" and should be associated with Lacey's values, vision, and voice.

To maintain the integrity of the City's logo:

- **Only use the logos included in this guide** (available on the City's intranet).
- **DO NOT alter the logo in any way.**

When possible, use the full-color logo on a white background to provide the most contrast and readability.

Official Use ONLY

In accordance with Ordinance 1668, the City of Lacey logo shall be used for official purposes only or as authorized by the Council.

Except as authorized by the City or as otherwise provided by law, the City logos and seal shall not be used on or in connection with any advertisement or promotion for any product, business, organization, service or article, whether offered for sale, for profit or offered without charge.

No persons shall use a symbol that imitates the City logos or seal or that is deceptively similar in appearance to the City logos or seal.

See **Ordinance 1668** for more information or scan:

LOGO

Primary Logo

The primary logo should always be the first option when using the City's logo. It consists of three elements: the symbol, colors, and logotype.

The symbol includes:

- **Water** – Representing Lacey's many lakes and its location at the end of Puget Sound.
- **Trees** – Reflecting Lacey's heavily wooded landscape and its designation as a Tree City USA since the early 1990s. Tree preservation continues to be one of the Council's priorities.
- **Mount Rainier** – Symbolizing strength and pride for the people who live in the South Sound region.
- **Hawk** – Reflecting Lacey's commitment to environmental stewardship and its deep connection to the region's natural environment and history.

Primary Logo

LOGO

Logo Variations

When design challenges prevent the use of our primary logo, you can use one of the following logo variations. Contact the Communications Department for additional information on use.

Horizontal – Use when vertical space is limited.

Round – Use when the intended space for the logo is also round.

Grayscale – Use only for printing in black and white on a white or light-colored background.

White – Use only on a single-colored background.

Logo Variations

For local, internal, or community-focused materials, including the state on the logo is often unnecessary—especially if the audience already knows the City. However, in some cases, including the state on the City's logo may be relevant, such as the following:

- **When the materials may reach audiences outside the local area** (i.e., in economic development and business recruitment materials, regional or national publications, or travel ads).
- **If the city name is not unique or could be confused with other cities in different states** (e.g., Lacey, WA vs. Lacey, NJ), including the state helps avoid confusion.

The following logo should only be used in very specific circumstances. Please contact the Communications Department for more information.

City and State – Use in circumstances listed above.

Other City Logos

Some Departments and Programs have their own logo. Any new logos must be approved by the Communications Department.

Programs and Services – To create a consistent look and feel, we have a variety of logos for City programs and services. A few samples are shown below.

Lacey Museum – Has its own set of logos and a branding guide. Use of the logos should follow the same standards as the City's logos. For more information, see the Lacey Museum branding guide. Logo shown below is their primary logo.

Parks, Culture & Recreation – Has its own set of logos, icons, and a branding guide. Use of the logos should follow the same standards as the City's logos. For more information, see the Parks, Culture & Recreation branding guide. Logo shown below is their primary logo.

Lacey Police Department – Has its own logo and badge graphic. Use of the logo and badge graphic should follow the same standards as the City's logos.

Logo

Badge

LOGO

Other City Logos

Lacey Youth Council – Has its own logo and should follow the same standards as the City's logos. Contact the Communications Department for more details.

LACEY YOUTH COUNCIL

Lacey Veterans Services Hub – Has its own logo and should follow the same standards as the City's logos. Contact the Communications Department for more details.

LACEY
VETERANS
SERVICES
HUB
Serving Greater
Thurston County

Unacceptable Logo Variations

The integrity of the logo must be maintained at all times. Do not edit, modify, or distort the logo by:

- Adding, removing, or re-sizing any of the elements.
- Stretching or squishing it (must maintain original aspect ratio).
- Changing any of the colors.
- Adding a drop shadow or glow.
- Angling or rotating it.

DO NOT:

Remove elements

Squish logo

Stretch logo

Change any colors

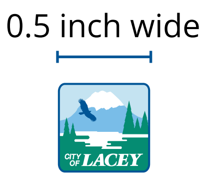
Add drop shadow

Rotate logo

LOGO

Sizing

When sized too small, the logo becomes hard to read. We suggest sizing the logo no smaller than 0.5 inch wide.



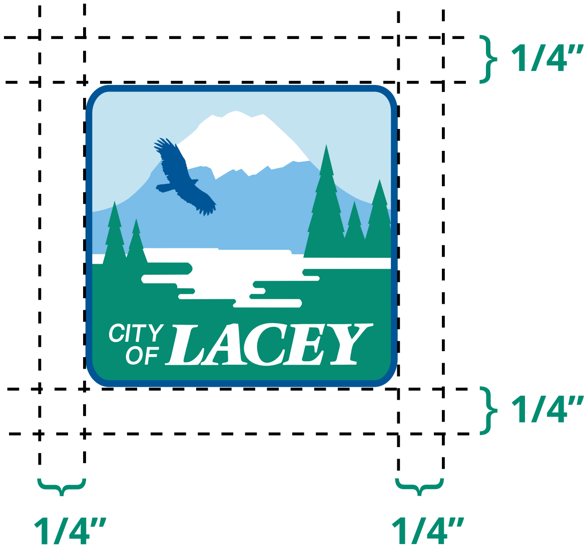
Clear Space

The logo must be kept separate from other design elements, other logos, and text for readability and respect for the Lacey brand.

Clear space around the logo is essential to maintaining brand identity and clear communication.

- Required clear space around the logo is based on the height of the word “LACEY” in the logo. The height will vary based on the size of the logo. See example below.
- More clear space is encouraged, when possible.

EXAMPLE:



LOGO

Co-branding

The City regularly works with community partners on joint projects. These projects are often co-branded to demonstrate the partnership.

When the City's logo is displayed with partner logos, our logo must be the same height or taller than the height of the shortest logo being displayed. The City logo must adhere to the minimum clear space and sizing requirements as described in this guide.

Co-branded materials may only be created for official uses that align with City mission, values, and priorities.

Get the necessary permissions from partners and the City's Communications Department before creating co-branded materials.

EXAMPLE:

LOGO

File Type

The logo file type should typically be a .jpg or .png. Use the .png file type for placement on colored backgrounds, to eliminate the white background in the parts of the logo that should be transparent. See example below.

For high-quality printed documents, .eps or vector files are the best option.

EXAMPLE:

YES: .png file

NO: .jpg file

White background shows on each corner.

COLORS

PRIMARY COLORS

SECONDARY COLORS

ACCESSIBILITY

COLORS

Primary Colors

The four colors of the primary logo represent the City. The primary colors should be used consistently when designing materials for the City.

When using our colors in a digital space, refer to the Hex and RGB codes. The CMYK codes are best for printed items.

You may use tints of the primary colors to create contrast in some materials, like charts. Tints are created by adding white to a base color, resulting in a lighter, softer version of the original hue. This helps maintain brand identity in a more subtle color, while allowing for some flexibility. Some programs (e.g., InDesign, Illustrator, etc.) have the option to adjust the tint in the swatch panel.

Lacey Blue

CMYK 100, 58, 0, 21
RGB 0, 85, 150
HEX #005596

Lacey Green

CMYK 85, 23, 66, 6
RGB 6, 140, 114
HEX #068C72

CITY OF LACEY

Mountain Blue

CMYK 49, 11, 0, 0
RGB 121, 189, 232
HEX #79BDE8

Sky Blue

CMYK 21, 2, 2, 0
RGB 196, 227, 241
HEX #C4E3F1

Secondary Colors

Secondary colors are meant to complement our primary colors, in limited usage. Some visual elements (e.g., maps, infographics, icons, etc) may warrant the use of additional colors to provide greater creative design.

You may use tints of the secondary colors to create contrast in some materials, like charts. Tints are created by adding white to a base color, resulting in a lighter, softer version of the original hue. This helps maintain brand identity in a more subtle color, while allowing for some flexibility. Some programs (e.g., InDesign, Illustrator, etc.) have the option to adjust the tint in the swatch panel.

Lake Blue

CMYK 83, 49, 0, 0
RGB 23, 119, 198
HEX #17776C

Meadow

CMYK 48, 0, 9, 29
RGB 93, 180, 163
HEX #5DB4A3

Ochre

CMYK 7, 38, 99, 0
RGB 235, 164, 34
HEX #EBA422

Sunset

CMYK 5, 87, 100, 0
RGB 228, 70, 37
HEX #E44625

Crimson

CMYK 27, 100, 100, 29
RGB 142, 25, 27
HEX #8E191B

Raspberry

CMYK 38, 100, 5, 0
RGB 166, 34, 137
HEX #A62289

COLORS

Accessibility

People with color vision deficiency and/or limited vision may have trouble distinguishing and reading certain colors, therefore accessibility must be top of mind when using both the primary and secondary color palettes. **High contrast between background and text colors increases readability.**

Below are some examples of high-contrast color combinations, and some low-contrast color combinations that are not recommended.

If you ever need to check the contrast of your text colors, use the **WebAim color contrast checker** or scan:

EXAMPLES:

High Contrast (good)**:**

Ab Ab Ab

Ab Ab Ab

Low Contrast (not recommended)**:**

Ab Ab Ab

Ab Ab Ab

FONTS

BRAND FONTS

WEB FONTS

LOGO FONT

FONTS

Brand Fonts

Just like logos and colors, fonts help establish and reinforce a brand. Using only the approved fonts for City materials provides consistency, maximum accessibility, and improved readability for readers and viewers. A family of approved fonts provides creative flexibility, while still maintaining brand identity.

Avoid using script fonts, as their decorative style can be difficult to read—especially at smaller sizes or for individuals with visual deficiencies, dyslexia, or limited English proficiency. **Prioritizing clear, legible type helps ensure accessibility and consistency across all City communications.**

Preferred Fonts

Headings:

LATO

Use this font in bold, all caps for headings in 18-point type.

Body Text:

Open Sans, Arial, and Calibri

Generally use these fonts in regular, capitals, and lowercase for body text in 12-point type.

HEADING
(18-point Lato)

This is Open Sans
Body text in 12-point type.
A B C D a b c d

This is Arial
Body text in 12-point type.
A B C D a b c d

This is Calibri
Body text in 12-point type.
A B C D a b c d

FONTS

Web Fonts

Use only the approved, pre-set fonts for all City websites. Do not change the font.

Logo Font

The font used for the word "LACEY" in the City logo is Adobe Garamond Pro. While not a unique font, it is distinctive, and has become a recognizable symbol of our brand, nicknamed "the Lacey font." **Do not use this font with any other City materials.** The logo font should never be altered, re-typed, or substituted with text.

CITY OF LACEY

Adobe Garamond Pro

Do not use this font with any other City materials.

IMAGES

SUBJECT SELECTION

INCLUSIVITY

ACCESSIBLITY

EDITING

FILE TYPES

PERMISSIONS

IMAGES

Subject Selection

"A picture's worth a thousand words" is a well-know phrase that means a single image can often convey a complex idea or story more effectively than words. With this in mind, **the photos used in City materials should reflect Lacey's values, mission, and priorities to accurately portray the people, places, and events in our city.** In addition, it is important to follow photography best practices.

Best Practices

When selecting a photo, DO (see examples to the right)**:**

- Use local photos, featuring the best parts of Lacey, such as the people, trees, water, recreational activities, community events, and the general beauty of our city.
- Feature people as much as possible to connect with the audience.
- Select images that are uplifting and reflect the community in a positive way (smiling faces, diversity, etc.).
- Choose an image that shows diversity and inclusivity. (See next section for more details on this topic.)
- Show City employees as friendly, approachable, and human as they do their work.
- Work with community members, leaders, and those with population-specific, lived experiences to develop and validate images to ensure they are culturally appropriate, clear, and inclusive.

(continued on next page)

IMAGES

Best Practices

- Include people with disabilities as part of the general public, not only when communicating about disabilities. (See example on the right.)
- Include accurate images of people with disabilities and their assistive technologies (e.g., hearing aids, mobility devices, etc.). Keep in mind not all disabilities are visible.

When selecting a photo, AVOID using images that:

- Look staged or feel artificial (a more natural look is best).
- Are stock photos, unless absolutely necessary.
- Could perpetuate negative stereotypes, including inequities in status or inappropriate humor. Instead, choose images that show people in ordinary settings wearing modern, typical, and common clothing.

EXAMPLES of staged, stock photos:

IMAGES

When selecting a photo, DO NOT USE:

- Images created with Artificial Intelligence

- Over-exposed images

(original)

- Low-resolution, grainy images

- Dark images with poor lighting

IMAGES

Inclusivity

Finding the right image can be difficult. However, **choosing inclusive images allows more people to see themselves in the situation, increases their abilty to understand the message, and fosters a sense of belonging.** Selecting the wrong image can detract from your message and possibly create the exact opposite reaction intended.

Here are a few hints to help you decide whether the image is culturally appropriate, clear, and inclusive:

- Consider the intended audience, the intended use, and the full set of images you plan to use.
- When available, include, or consult with, your intended population of focus in the decision-making process.
- If the intended audience is the general population, include representatives from diverse racial, ethnic, cultural, and other populations representing multiple identities such as age, gender, race/ethnicity, culture, national origin, disability, sexual orientation, body size, etc.

EXAMPLES:

IMAGES

Demographic Checklist

When selecting a photo, it's a good idea to do a mental checklist to help ensure you're including as many types of people as you can. The checklist is also useful for identifying when your photos include too many of one group and not another. Here are some groups to include in your mental checklist:

- **Races/ethnicities:** African/Black, Hispanic/Latinx, Asian, Middle Eastern, Caucasian/white, mixed-race, among others
- **Genders:** Women, men, transgender, non-binary, and other genders
- **Ages:** A range of ages from birth to older adults
- **Abilities:** People with a wide array of different physical and mental abilities or disabilities
- **Body types:** A range of body types, sizes, and heights

Understanding Your Bias

Underrepresented, marginalized groups of people are most often excluded from the images we see. If they do appear, they are sometimes represented in a stereotypical way.

Be aware of your bias and ask yourself these questions to help keep your bias in check:

- Who is missing or excluded?
- Should any of the photos be swapped out to represent a different group of people?
- Are any stereotypes being perpetuated in the photo?
- Can most people who view the photo see someone like themselves represented in it?

The article How to Choose Diverse and Inclusive Photos has helpful tips, including how to understand your bias in the photo selection process. To view the article, visit the link above or scan the QR code.

IMAGES

Accessibility

Make sure images are accessible to people with disabilities and limited English proficiency by including features that can be easily understood, including:

- Using photos with enough color contrast for people with low- or limited-vision and color vision deficiencies.
- Ensuring materials don't rely on images as the main source of guidance. Include clear, simple text, as well.
- Choosing simple, clear illustrations, as some may find abstract images difficult to understand.
- Using images with a responsive design that adapts to different screen sizes and devices, making them accessible to a wider range of users.
- Providing description alternative (alt) text that allows screen reader users (on websites and other electronic platforms) to understand the visual content.

  Alt text best practices:

  - Keep it concise, usually 1-2 sentences.
  - Focus on the image's key elements and purpose, not every detail.
  - Avoid redundant phrases like "image of" or "picture of".

  Example: Instead of "image of a dog," use "A golden retriever sitting in front of a park bench."

Editing

Photos may need cropping or adjustments to lighting, color balance, or other settings. However, **images should be as natural as possible, so avoid overediting.**

IMAGES

File Types

While images come in a variety of formats and resolutions, the best images are .png or .jpg.

Printed Materials

Resolution of 300 dpi or higher is preferred, especially for a larger image used in printed materials.

Web Use

For the web, specifically our website, .jpgs are preferred at a minimum resolution of 720 px and a maximum of 2,560 px.

Permissions

Because images are such a powerful communication tool, we want to use as many photos and videos as we can. However, there are certain personal rights and usage restrictions that are important to understand when it comes to using video and images. Some things to know:

- Most photos City staff take will be in public spaces, such as parks, streets, and other places people would not expect privacy. Generally, in public places, you can take photos of anything you can see. However, you cannot take photos in locations where people have a reasonable expectation of privacy, even if they are public places. Examples include bathrooms, locker rooms, restricted areas, etc., Council meetings, fairs, community events, etc. are considered public events. Anyone at a public meeting or place should expect the possibility of being recorded.
- Children may be photographed in public without their parent or guardian or their parent's or guardian's consent. However it is best to ask for permission and share the reason you are taking the photos, when feasible.
- City staff may not take pictures or film on private property without the consent of the property owner.
- City staff should expect that people may take a photo of them at any time, and the City may use the photos for a variety of purposes, including promotional or educational.

VIDEO

BEST PRACTICES

GRAPHICS

FONTS

CAPTIONS

TITLE SLIDES

Best Practices

Video is a powerful communication tool that enhances engagement, improves accessibility, and makes content more impactful and memorable.

To create a video with the best results, avoid:

- Shooting vertical video unless it's specifically for a vertical-video platform.
- Placing vertical video in a horizontal frame.
- Putting text close to the edge of the frame (see more information on safe area for videos on page 39).
- Shooting against a bright background.
- Recording narration on a laptop or smartphone without using an external microphone.
- Recording a shaky or wobbly video.
- Recording at an angle.

For further guidance, contact the Communications Department.

VIDEO

Length

It’s hard to capture and keep people’s attention for more than a few minutes. Although social media is always changing and new platforms emerging, the standard length for social media videos depends on the platform you plan to use, target audience, and goals of your content.

Guidelines

These guidelines are not meant to limit your creativity, just to help inform your content strategy.

- **Short-form videos:** These videos, typically under 90 seconds, are favored for their quick consumption, high engagement rates, and broad reach. They are good for capturing the audience’s attention.
- **Long-form videos:** These videos accommodate more in-depth content and cater to audiences wanting more details and engaging storytelling.

Consider short-form video content if your goals are:	Consider long-form video content if your goals are:
Engagement more eyes on your message	**Relational** develop a relationship with your audience
Promotional promoting events, products, and people	**Storytelling** tell a longer or more in-depth story
Social Facebook, Instagram, X, LinkedIn	

VIDEO

Graphics

Graphics used in videos must be crisp, not pixelated, pleasing to the eye, and easy to comprehend. The following best practices will help you select the appropriate graphics for best visual effect.

Logo

The City logo, other logos, and graphics should alwasy be used in a transparent format (e.g., .png, .svg, .eps, etc.) and never with a white background.

YES: .png file

NO: .jpg file

White background shows on each corner.

Format and Size

Raster image formats (e.g., .bmp, .jpg, .gif, or .png) should be of sufficient size to display without scaling beyond 100% of the resolution.

VIDEO

Branding/Colors

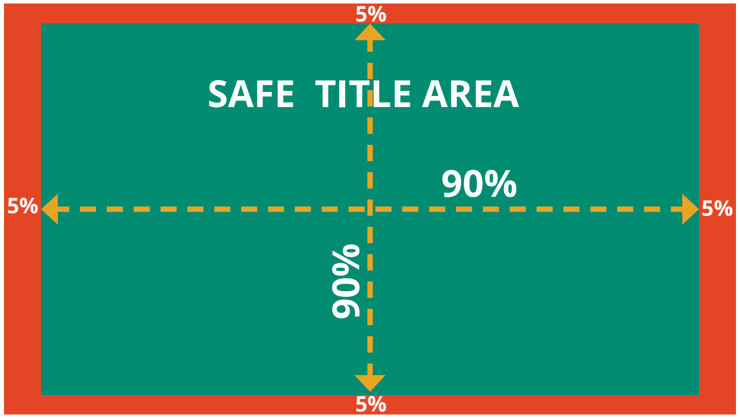
The branded primary and secondary color palettes (see pages 21 and 22) should be used as much as possible for graphics. Do not use 100% white on graphics, instead use white at 95%. Avoid graphic colors that are very bright or oversaturated.

Videos should be produced in the ITU-R Rec. 709 color space for HD videos, or ITU-R Rec. BT.2020 color space for 4K videos.

Placement

The City logo and other graphics should be placed to allow sufficient open space around the perimeter, respective to other logos or images. The City logo should not be covered by any other graphic element on the screen, but may be used with transitions or wipes.

Any graphics or titles must be placed in the Safe Title Area as defined by SMPTE ST 2046-1:2009, section 5. (See graphic on the right.)



- Text and graphics should stay within the borders of the safe area.
- Backgrounds may extend to the outer 5%.

VIDEO

Fonts

When adding titles, captions, or other text to a video, use the brand fonts found on page 25 (Arial, Calibri, Montserrat, and Open Sans).

If you are creating a title graphic, or want to achieve a certain look for a video, you may want to choose a font to match the feel of your video. In this case, use a font that is different than our guidance, but is accessible and complements our branded fonts.

Colors

Make sure the text font color is easily visible when placed on top of the video. Font colors should be selected to contrast appropriately with the video colors to ensure readability. Refer to the Color section on page 23 for more information.

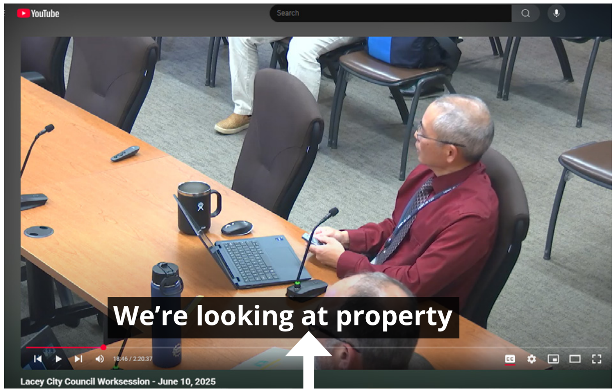
Effects

Use a subtle drop shadow or a slightly transparent block of color behind the text if it is unreadable on a video. Avoid adding an outline or stroke to the text.

Captions

All videos must include English Closed Captioning in a CEA-608 compliant format, either embedded or in separate .vtt file. Additional languages or caption formats are allowed, as long as the the primary requirement is met. Videos produced prior to the adoption of the guidelines are not required to have captions, but should be updated to include them if revised or republished.

Captions may be added manually or by use of an automated tool. However, automated captions should be proofread to ensure accuracy.



Closed Caption

Title Slides

Short-form videos (e.g., social media posts, promos, PSAs, etc.) do not require a title screen. For longer videos, opening titles should include the City logo.

GRAPHICS

ICONS

MAPS

GRAPHICS

Icons

Icons are simple, flat images that add visual interest. They use symbols to quickly show ideas and make information easier to understand. Icons are great for organizing and grouping information, helping people understand the message right away without extra explanation.

Icons should have bold lines and balance positive and negative space so it does not appear too heavy or too light.

Colors

Icons should only use one color. You should select a primary color, secondary color, black, or white.

Allow for sufficient contrast between the background and icon colors to increase readability. Keep in mind, people with color vision deficiency and/or limited vision may have trouble seeing and distinguishing certain color combinations.

These are some examples of high-contrast color combinations and some that are low contrast and not recommended.

To check the contrast of your text colors, use the [WebAim color contrast checker]() or scan:

Good Color Combinations

Not Recommended

Icons

Sizing

Icons should be scalable without losing any detail in a document, on a TV screen, computer monitor, or smartphone. A good icon is accessible and readable in a range of sizes, so avoid using icons with small details that would be illegible when scaled down.

A small margin of clear space should be used around the icon at all times similar to the City logo. If an icon is crowded by other images or text, it loses its impact and clarity.

Icons should not be placed next to logos so as not to confuse the reader that the icon is a formal organization.

Parks, Culture & Recreation Icons

Within the Parks, Culture & Recreation branding system, each division retains its own sub-brand, which includes a unique icon and signature color.

Here is a sample of a few of their icons and cooresponding color. To see the full set of icons and colors, see the Parks, Culture & Recreation branding guide.

Maps

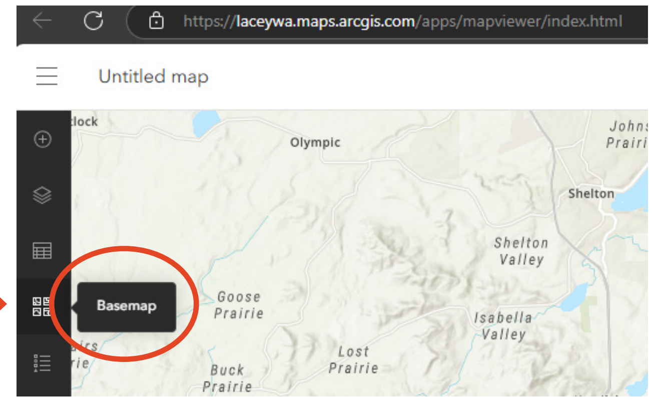
The City uses maps to show road construction closures, project areas, event layouts, etc. It is important that maps adhere to the same standards as other images in terms of size, words, accessibility, and other requirements.

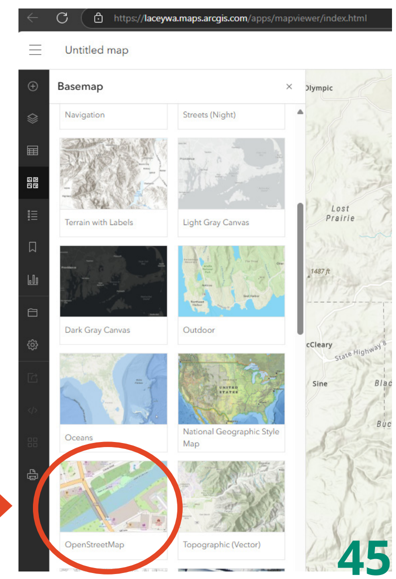
Best Practices

When creating a map (see examples on next page)**:**

- Use the Laceywa.maps.arcgis.com website. Use the “OpenStreetMap” Basemap option. (See example on the right.)
- Make sure to zoom in or out to show the bus stops (small blue squares), but not the description of the bus stop locations on the map (see example on page 45).
- Use the snipping tool on your computer to capture the map area. A square shape is best to accommodate all platforms.
- Make sure all major street names and important landmarks are legible.
- Show **construction areas and closures** in the secondary color **sunset** (see page 22).
- Show **detours** in the secondary color **lake blue** (see page 22).
- Use open sans in **black** for other **text** (e.g., legend, street names, etc.).

Click here

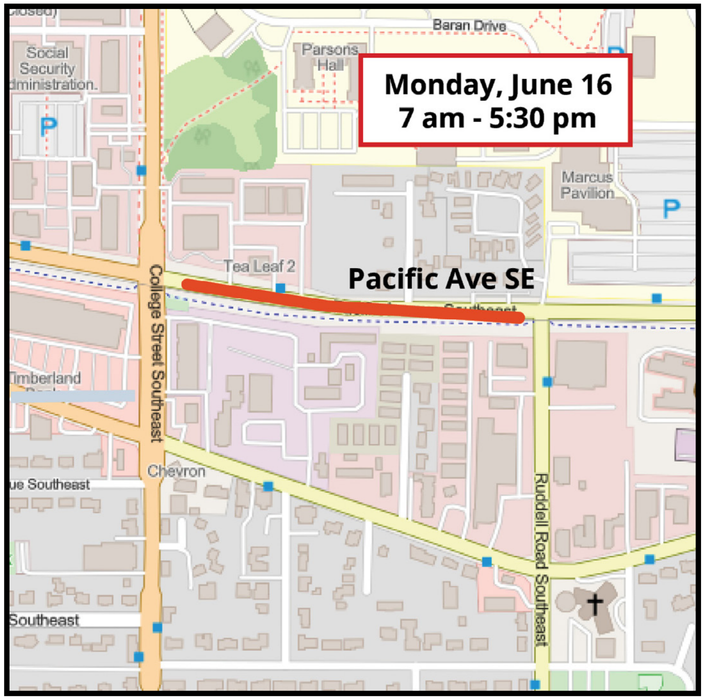




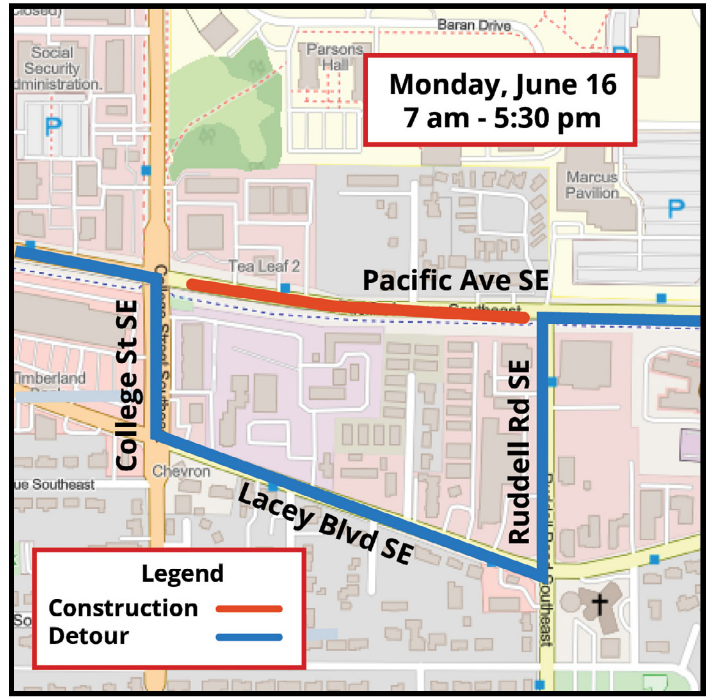
Scroll down until you see OpenStreetMap

GRAPHICS

Map Examples



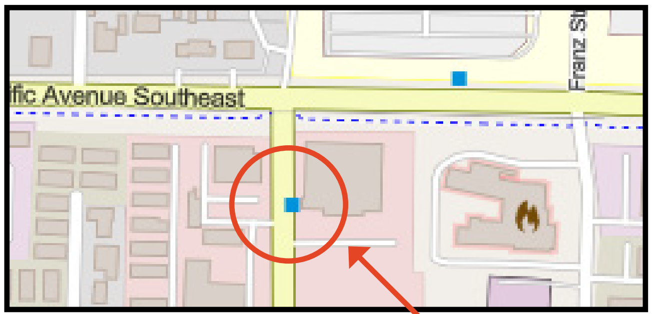
No Detour



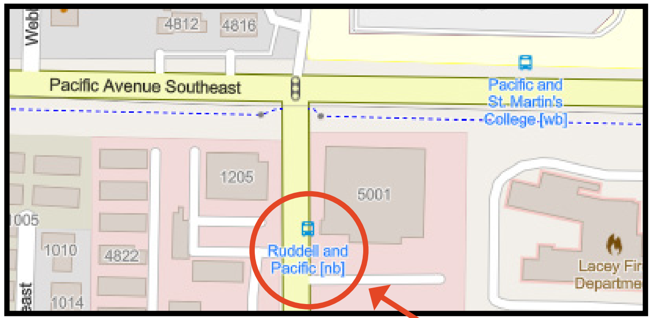
With Detour

GRAPHICS

Maps – Bus Stops



Show bus stops as blue squares (available on the OpenStreetMap basemap).



DO NOT INCLUDE the bus stop location information.

TEMPLATES

BEST PRACTICES

TEMPLATES

Best Practices

To ensure consistency and professionalism across all City communications, many templates (e.g., email signature, staff reports, presentation slides, letterhead) have been created for staff's use. You can find them on the City's intranet.

Follow these best practices when using City-branded templates:

- **Use Approved Templates Only** – Always start with the official City-provided templates to maintain brand alignment.
- **Do Not Alter Branding Elements** – Do not change the City logo, colors, fonts, or layout structure. These elements are standardized to reflect our identity.
- **Keep Content Clear and Professional** – Use concise language, correct grammar, and tone appropriate for the intended audience.
- **Replace Placeholder Text and Images** – Make sure to update all dummy content with accurate and relevant information before distributing.
- **Maintain Visual Balance** – Don't overcrowd templates with too much text or imagery. White space helps readability.
- **Check for Accessibility** – Ensure content is legible, color contrast meets accessibility standards, and images include alt text when needed (see page 33 for alt text best practices).
- **Get Final Approval When Required** – Some materials may need the Communications Department to review them before public use or distribution.

WRITING

PLAIN LANGUAGE

WRITING

Plain Language

Plain language is writing that is clear, concise, and easy to understand. The goal is to communicate in a way that is inclusive, accessible, and free of unnecessary jargon and technical terms.

Plain Language allows readers to:

- Quickly find what they need.
- Understand it the first time they read it.
- Use the information effectively.

Plain language is especially important in government writing, where materials often inform community members about services, policies, or opportunities that directly affect their lives. They must be able to clearly understand the information.

Why Use Plain Language?

Writing in plain language:

- Improves understanding for all readers, including people with limited English proficiency, lower literacy levels, or cognitive disabilities.
- Helps the City communicate more transparently and effectively.
- Reduces confusion, errors, and the need for follow-up clarification.
- Builds trust and makes the City appear more approachable and responsive.

Tip: **If the reader can't understand it the first time, it's not plain language.** Always aim for clarity.

WRITING

Plain Language Principles (with examples)

Following Plain Language principles helps make information more accessible and easier for everyone to understand, promoting a more inclusive and equitable community.

1. Write for the audience

- Understand your reader's needs and tailor the message to their level of understanding.
- Only include the details relevant to the reader with a link for more information if they want to learn more.
- Avoid jargon or technical terms the reader may not be familiar with.

Example message to community members:

Before: The municipality will commence implementation of Phase II of the stormwater infrastructure enhancement initiative.

Plain Language: We started work on Phase II, which will improve stormwater drains and reduce neighborhood flooding.

2. Choose a clear, easy-to-read font (sans serif)

Select one of the City's preferred fonts for consistency, maximum accessibility, and improved readability for readers and viewers.

Headings:

LATO

Use this font in bold, all caps for headings in 18-point type.

Body Text:

Open Sans, Arial, and Calibri

Generally use these fonts in regular, capitals, and lowercase for body text in 12-point type.

Plain Language Principles (with examples)

3. Speak to the reader (use personal pronouns like “you”)

Before: Participants must adhere to all applicable safety guidelines.

Plain Language: You must follow all safety rules.

4. Use familiar, everyday words

Before: Utilize City facilities whenever feasible.

Plain Language: Use City facilities when possible.

5. Be direct and conversational

Before: It is recommended that individuals refrain from entering the premises during the hours of operation.

Plain Language: Please do not enter the building during work hours.

6. Keep sentences short and focused

Before: Due to anticipated inclement weather conditions, all scheduled recreational activities taking place at outdoor park facilities will be suspended until further notice.

Plain Language: We canceled all outdoor recreational activities due to weather conditions.

7. Use active voice

Before: The request was submitted by the applicant.

Plain Language: The applicant submitted the request.

LACEY CITY COUNCIL WORKSESSION
AUGUST 12, 2025

SUBJECT: Permit Fee Schedule Corrections and Clarifications

BRIEFING: Community and Economic Development staff will brief the City Council on proposed administrative revisions to the Community and Economic Development fee schedule. Based on City Council direction, revisions to the fee schedule will be scheduled for an upcoming regular meeting for formal action.

STAFF CONTACT: Rick Walk, City Manager RW
Vanessa Dolbee, Community and Economic Development Director VD
Terry McDaniel, Community and Economic Development Building Official/Fire Marshal TM

ORIGINATED BY: Community and Economic Development Department

ATTACHMENTS:
1. Resolution 1143
2. Draft Redline Fee Schedule

FISCAL NOTE: It is anticipated that adjustments to the fee schedule could result in potentially reduced permit fee revenues.

WORK PLAN GOAL AND STRATEGY: N/A

PRIOR REVIEW: None. The last update to the fee schedule was adopted March 19, 2024.

BACKGROUND:

On March 19, 2024, Resolution 1143 was signed, adopting a simplified fee schedule to ensure permit fees aligned with the City's software system capabilities and in an effort to resolve issues found by an Accountability Audit from the Office of the Washington State Auditor.

Since the adoption of this Resolution, staff has identified administrative errors in the fee schedule reflected in Attachment 2, and noted below:

1) IBC and IRC fee scale for items below $50,000 were transposed;

2) Design Review Fees for Commercial and Mixed Use projects and Development Regulation Text Amendments were copied in error; and
3) The "per hour" designation for staff time related to Environmental Impact Statements was inadvertently deleted.

Staff recommends revisions to the fee schedule to address the unintended administrative errors.

In addition, Community and Economic Development staff is currently working on code amendments to streamline permitting processes. This includes consolidating Chapter 1 of the Public Works Development Standards into the Lacey Municipal Code and introducing new land use application processes. This work is ongoing and not yet adopted, including the anticipated land use applications into the fee schedule now will help reduce the need for future amendments and additional Council action. New application types proposed in Attachment 2 are as follows:

1) Rezone with Development Application – $2,562.00
2) Clarifying that the limited administrative review fee includes administrative variance, temporary use permits, limited administrative street merchant permits, and code interpretations, via a footnote.

In addition to new permit types some existing land use permits were not reflected in the fee schedule and others are no longer available. The Land Use Permit fee schedule is proposed to be updated to reflect these permits accurately. These changes include the following:

1) Adding a fee for Development Agreements, at $173 per hour of staff time.
2) Removing the Village Center Application, Site Plan Minor Amendment, Wetlands Review (Limited Administrative) and Wetlands Review (Administrative).

Staff recommends amending the Land Use Permit fee schedule to reflect the above changes.

Lastly, staff recommends two clarifications to Resolution 1143 language to ensure clarity and consistency in calculating application fees. The following amendments are proposed:

1) Item 4. of Resolution 1143, indicates that "*if the AFSCME Contract is not signed by June 1st, the fee increase shall be based on the first half Consumer Price Index for the Seattle area.*" More direction is needed for staff to determine the appropriate percentage to apply. Therefore, staff is recommending amending this language to the following: *"if the AFSCME Contract is not signed by June 1st, the fee increase shall be based on the 1st half of the previous year, Seattle/Tacoma/Bellevue CPI-W"*
2) Item 7. indicated that *"plan review fees are charged based on the estimated permit fee at the time of complete application"*. Staff recommends this item be amended to state "*Fees are charged based on the fee in effect at the time of payment*". The

current language can necessitate staff manually adjusting fees to prices from years past. For example, if a permit is submitted by an applicant in 2023 but not picked up until 2025, Permit Technician staff manually adjust fees back to 2023 fee amounts. This can result in errors, inconsistencies, and potential audit challenges. By charging fees at the time of payment it eliminates the potential for human error, allows for fee consistencies, and streamlines payments.

NEXT STEPS:

Option 1: Authorize staff to develop a Resolution to address and correct unintended administrative errors, add clarity to fee calculations, and incorporate new land use fees anticipated to be available in the near future.

Option 2: Do not authorize the development of a new permit fee Resolution.

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

RESOLUTION 1143
CITY OF LACEY

A RESOLUTION REVISING THE LACEY FEE SCHEDULE AS IT RELATES TO SERVICES PERFORMED BY THE COMMUNITY & ECONOMIC DEVELOPMENT.

WHEREAS, Section 1.20.010 Lacey Municipal Code requires that certain fees, charges, and bonding requirements and penalties for failure to pay said fees and charges in a timely manner be established by resolution of the City Council; and

WHEREAS, city staff and City Council extensively reviewed the costs of performing services within the Community & Economic Development Department in 2018, and adopted an updated cost recovery fee schedule through Resolution 1059; and

WHEREAS, an Accountability Audit Report for the period January 1, 2021 through December 31, 2022 issued by the Office of the Washington State Auditor found issues with construction permit fees which were inconsistent with Resolution 1059 adopted in 2018, and

WHEREAS, a simplified fee schedule which could be readily adopted to the permitting software the City implemented in 2022 would, in part, address the findings of the audit and increase accountability in charging customers for construction permit services, and

WHEREAS, the City Council finds that updating the fee schedule as it relates to services performed by the Community & Economic Development Department to be in the public interest;

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

1. Those certain fees and charges as set forth on Exhibit A attached hereto, shall be the fees and charges for the construction plan review and inspection services provided by the City of Lacey's Community & Economic Development Department, effective July 1, 2024.

2. Those certain fees and charges as set forth on Exhibit B attached hereto, shall be the fees and charges for the electrical plan review and inspection services provided by the City of Lacey's Community & Economic Development Department, effective July 1, 2024.

3. Those certain fees and charges as set forth on Exhibit C attached hereto, shall be the fees and charges for the land use permitting services provided by the City of Lacey's Community & Economic Development Department, effective July 1, 2024.

4. All said fees shall be increased on July 1, 2025 and annually thereafter in an amount equal to the cost of living increase of Community and Economic Development Department employees as documented in the most current contract between the City and AFSCME. If the City and AFSCME have not entered into a contract by June 1st, the fee increase shall be based on the first half Consumer Price Index for the Seattle area.

5. Construction (Exhibit A) and Land Use (Exhibit C) fee increases shall be truncated to the dollar. Electrical (Exhibit B) fee increases shall be truncated to the cent.

6. Building values will be calculated using the most current building valuation data as published by the International Code Council or by a valid contract with a licensed General Contractor.

7. Plan review fees are charged based on the estimated permit fee at the time of a complete application.

8. Tiny homes are single family dwelling units less than 1,500 square feet in living area.

9. The Hearings Examiner may refund a portion of or the entire appeal fee if a finding is made that the original decision was based on unreasonable grounds or without proper consideration of circumstances.

10. The Community & Economic Development Director may refund a portion of or the entire appeal fee is an application is withdrawn. The amount of the refund should be generally based on the amount of staff time which has been expended on review of the application.

PASSED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, this 19 day of March, 2024.

CITY COUNCIL

By Andy D. Ryder

Mayor

Attest:

DocuSigned by:
Elissa Fontaine
0A8D4C422A71483...
City Clerk

Approved as to form:

DocuSigned by:
Dave Schneider
E60EBB47FF4C4D1...
City Attorney

Exhibit A - Construction Permit Fees

	Fee	Extended Fee	Extended Fee Unit
Adult Family Home	$ 525		
Alarm (Fire/Security)	$ 118		
Building Permit (International Building Code)			
Less than $10,000	$ 183		
$10,000 to $25,000	$ 550		
$25,000 to $50,000	$ 734		
$50,000 to $100,000	$ 1,272		
$100,000 to $500,000	$ 4,139		
$500,000 to $1,000,000	$ 7,177		
Greater than $1,000,000	$ 7,177	$ 4.38	Per $1,000 over $1,000,000
Building Permit (International Residental Code)			
Less than $50,000	$ 805		
$50,000 to $100,000	$ 1,243		
$100,000 to $500,000	$ 1,243	$ 7.00	Per $1,000 value over $100,000
$500,000 to $1,000,000	$ 4,043	$ 5.94	Per $1,000 value over $500,000
Greater than $1,000,000	$ 7,012	$ 4.56	Per $1,000 value over $1,000,000
Building Permit (Tiny Home/ADU)	80%		Building Permit Fee (IRC)
Demolition	$ 87		

Exhibit A - Construction Permit Fees

	Fee	Extended Fee	Extended Fee Unit
Fire Permits			
Less than $50,000	$ 412		
$50,000 to $100,000	$ 558		
$100,000 to $500,000	$ 770		
$500,000 to $1,000,000	$ 981		
$1,000,000 to $5,000,000	$ 1,627		
Greater than $5,000,000	$ 5,507		
Grading Permit			
Less than 100 cubic yards	$ 156		
100 to 1,000 cy	$ 342		
1,000 to 10,000 cy	$ 826		
10,000 to 100,000 cy	$ 1,905		
Greater than 100,000 cy	$ 3,180		
Manufactured Homes			
Single Wide	$ 249		
Double Wide	$ 312		
Triple Wide	$ 587		
Mechanical	$ 77	$ 25.00	Per mechanical fixture over 3
Mechanical (Whole House)	$ 366		
Plan Review (IBC)	65%		Building Permit Fee (IBC)
Plan Review (IRC)	50%		Building Permit Fee (IRC)
Plan Review (Tiny Home/ADU)	25%		Building Permit Fee (Tiny Home/ADU)
Plumbing	$ 51	$ 13.00	Per plumbing fixture over 3

Exhibit A - Construction Permit Fees

	Fee		Extended Fee	Extended Fee Unit
Plumbing (Whole House)	$	244		
Pools & Spas	$	63		
Sign Permits				
Wall Sign	$	314	$ 160.00	Each additional wall sign
Electronic Message Board	$	439		
All Other Signs	$	314		
Solar Installation	$	169		
Inspections not specified in this schedule			$ 146.00	Hour of staff time

Exhibit B - Electrical Permit Fees

New Construction (International	Multi-Family Residential Service	Multi-Family Residential Feeder	Multi-Family Residential Altered Service	Commercial/Industrial Service	Commercial/Industrial Feeder	Commercial/Industrial Altered Service
0 to 100 Amps	$ 107.40	$ 31.80	$ 91.20	$ 107.40	$ 65.50	$ 107.40
101 to 200 Amps	$ 107.40	$ 31.80	$ 91.20	$ 130.80	$ 83.50	$ 107.40
201 to 400 Amps	$ 133.60	$ 65.50	$ 133.60	$ 251.90	$ 99.60	$ 251.90
401 to 600 Amps	$ 183.50	$ 91.20	$ 133.60	$ 293.70	$ 117.20	$ 251.90
601 to 800 Amps	$ 235.50	$ 125.40	$ 201.40	$ 379.80	$ 159.70	$ 379.80
801 to 1000 Amps	$ 335.90	$ 251.90	$ 201.40	$ 463.70	$ 193.20	$ 379.80
1001 Amps and over	$ 335.90	$ 251.90	$ 201.40	$ 505.90	$ 269.70	$ 421.90

Temporary Services	Service	Feeder
0 to 60 Amps	$ 57.40	$ 29.40
61 to 100 Amps	$ 65.50	$ 31.80
101 to 200 Amps	$ 83.50	$ 41.40
201 to 400 Amps	$ 99.60	$ 49.50
401 to 600 Amps	$ 133.60	$ 65.50
601 Amps and over	$ 151.60	$ 75.40

Other Installations	Fee	Extended Fee	Extended Fee Units
New Circuits (IRC)	$ 65.50	$ 6.90	Each circuit over 4
New Circuits (IBC)	$ 93.50	$ 6.90	Each circuit over 5
New Construction (IRC)	$ 99.60	$ 31.80	Each 500 sq. ft. over 1,300 sq. ft.

Exhibit B - Electrical Permit Fees

New Construction (International	Multi-Family Residential Service		Feeder		Altered Service	Commercial/Industrial Service	Feeder	Altered Service
Low Voltage Thermostat	$	49.50	$	15.30	Each additional thermostat			
Low Voltage Systems	$	57.40	$	15.30	Each 2,500 sq. ft. over 2,500			
Generators	$	91.20						
Signs	$	49.50						
Inspections not in this schedule			$	146.00	Hour of staff time			

Exhibit C - Land Use Permit Fees

	Fee	Extended Fee	Extended Fee Units
Annexation Initiated by Property Owners	$ 2,128		
Appeal of Administrative Determination	$ 2,581	$ 261	Per Hour of Examiner's Time
Binding Site Plan (Preliminary)	$ 1,893		
Binding Site Plan (Final)	$ 834		
Boundary Line Adjustment	$ 624		
Comprehensive Plan Amendment	$ 4,193		
Comprehensive Plan and Map Amendment	$ 4,944		
Conditional Use Permit	$ 2,877		
Condominium	$ 624		
Design Review (Residential)	$ 123		
Design Review (Industrial)	$ 436		
Design Review (Commercial/Mixed Use)	$ -		
Project Value less than $1 million	$ 436		
Project Value $1 million to $5 million	$ 186		
Project Value $5 million to $10 million	$ 436		
Project Value over $10 million	$ 751		
Development Regulation Text Amendment	$ 1,001		
Environmental Checklist	$ 485		
Environmental Impact Statement	$ 166		
Forester Review	$ -	$ 130	Per Hour of Forester's Time
Land Clearing (Minor)	$ 123		
Land Clearing (No other permit)	$ 374		
Limited Administrative Review	$ 248		
Master Plan Amendment	$ -	$ 124	Per Hour of Planner's Time

Exhibit C - Land Use Permit Fees

	Fee	Extended Fee	Extended Fee Units
Planned Residential Development (Preliminary)	$ 624		
Planned Residential Development (Final)	$ 248		
Shoreline Conditional Use Permit	$ 3,128		
Shoreline Variance	$ 3,128		
Shoreline Substantial Development Permit	$ 3,128		
Shoreline Master Program Amendment	$ 7,199		
Short Subdivision (Preliminary)	$ 1,193	$ 160	Per Lot
Short Subdivision (Final)	$ 1,193	$ 160	Per Lot
Sign Departure (Freeway Oriented)	$ 2,877	$ -	
Site Plan Minor Amendment	$ 123	$ -	
Site Plan Review (Administrative, Limited, & Woodland District)	$ -	$ -	
Project Value less than $1 million	$ 2,018	$ -	
Project Value $1 million to $5 million	$ 2,457	$ -	
Project Value $5 million to $10 million	$ 3,408	$ -	
Project Value over $10 million	$ 4,335	$ -	
Subdivision (Preliminary)	$ 2,671	$ 48	Per Lot
Subdivision (Final)	$ 1,940	$ 48	Per Lot
Variance	$ 1,876	$ -	
Village Center Application	$ -	$ 165	Per Hour of Planner's Time
Wetlands Review (Limited Administrative)	$ 1,001	$ -	
Wetlands Review (Administrative)	$ 863	$ -	
Wetlands Review (Quasi-Judicial with other permits)	$ 1,250	$ -	
Wetlands Review (Quasi-Judicial)	$ 4,193	$ -	

City of Lacey - Building Fee Schedule

	Fee	Extended Fee	Extended Fee Unit
Adult Family Home Certification	$547.00		
Building Permit (Commercial -IBC)			
~~Less than $10,000~~	~~$191.00~~		
~~$10,000 to $25,000~~	~~$573.00~~		
Less than $50,000	~~$765.00~~ $839.00		
$50,000 to $100,000	$1,325.00		
$100,000 to $500,000	$4,313.00		
$500,000 to $1,000,000	$7,478.00	$7.29	Per $1,000 value over $100,000
Greater than $1,000,000	$7,478.00	$4.56	Per $1,000 over $1,000,000
Building Permit (Residential -IRC)			
~~Less than $50,000~~	~~$839.00~~		
Less than $10,000	$191.00		
$10,000 to $25,000	$573.00		
$25,000 to $50,000	$765.00		
$50,000 to $100,000	$1,295.00		
$100,000 to $500,000	$1,295.00	$7.29	Per $1,000 value over $100,000
$500,000 to $1,000,000	$4,213.00	$6.19	Per $1,000 value over $500,000
Greater than $1,000,000	$7,307.00	$4.75	Per $1,000 value over $1,000,000
Building Permit (Tiny Home/ADU)	80%		Building Permit Fee (IRC)
Greater than $1,000,000	$7,307.00	$4.75	Per $1,000 value over $1,000,000
Building Permit (Tiny Home/ADU)	80%		Building Permit Fee (IRC)
Demolition Permit	$91.00		Per Structure
Fire Alarm Permit	$123.00		
Fire Inspection	$77.00		
Fire Sprinkler Permit			
Less than $50,000	$429.00		
$50,000 to $100,000	$581.00		
$100,000 to $500,000	$802.00		
$500,000 to $1,000,000	$1,022.00		
$1,000,000 to $5,000,000	$1,695.00		
Greater than $5,000,000	$5,738.00		
Grading Permit			
Less than 100 cubic yards	$163.00		
100 to 1,000 cy	$356.00		
1,000 to 10,000 cy	$861.00		
10,000 to 100,000 cy	$1,985.00		
Greater than 100,000 cy	$3,314.00		

City of Lacey - Building Fee Schedule

Manufactured Home Placement			
Single Wide	$259.00		
Double Wide	$325.00	$26.00	Per Mechanical Fixture over 3
Triple Wide	$612.00		
Mechanical Permit	$80.00		Building Permit Fee (IBC)
Mechanical Permit (Whole House)	$381.00		Building Permit Fee (IRC)
Plan Review (IBC/IFC)	65%		Building Permit Fee (Tiny Home/ADU)
Plan Review (IRC)	50%		
Plan Review (Tiny Home/ADU)	25%		

	Fee	*Extended Fee*	*Extended Fee Unit*
		$14.00	Per Plumbing Fixture over 3
Plumbing Permit	$53.00		
Plumbing Permit (Whole House)	$254.00		
Pools & Spas	$66.00		
Residential Roof	$213.00		
School Impact Fees			
Single Family	$5,588.59		
Multi-Family (Per Unit)	$2,356.67	$167.00	Each Additional Wall Sign
Sign Permit			
Wall Sign	$327.00		
Electronic Message Board	$457.00		
All Other Signs	$327.00		
Electrical Sign	$52.00		
Solar Installation Permit	$176.00		
Washington State Fees		$2.00	Per Unit over 1
State Building Code Fee Commercial	$25.00		
State Building Code Multi-Family Fee			
State Building Code Fee Residential	$6.50		
State Energy Code Fee Commercial	$211.00	$152.00	Hour of staff time
State Energy Code Fee Residential	$101.00		
Inspections not in this schedule			

City of Lacey - Land Use Fee Schedule

	Fee	*Extended Fee*	*Extended Fee Units*
Annexation Initiated by Property Owners	$2,217.00		
Appeal of Administrative Determination	$2,689.00	$272.00	Per Hour of Examiner's Time
Binding Site Plan (Preliminary)	$1,973.00		
Binding Site Plan (Final)	$869.00		
Boundary Line Adjustment	$650.00		
Comprehensive Plan Text Amendment	$4,369.00		
Comprehensive Plan and Map Amendment	$5,152.00		
Conditional Use Permit	$2,998.00		
Condominium	$650.00		
Design Review (Residential)	$128.00		
Design Review (Industrial)	$454.00		
Design Review (Commercial/Mixed Use)			
Project Value less than $1 million	~~$454.00~~ $194.00		
Project Value $1 million to $5 million	~~$194.00~~ $455.00		
Project Value $5 million to $10 million	~~$454.00~~ $784.00		
Project Value over $10 million	~~$783.00~~ $1,046.00		
Development Agreement		$173.00	Per Hour of Staff Time
Development Regulation Text Amendment	~~$1,043.00~~ $4,381.00		
Environmental Checklist	$505.00		
Environmental Impact Statement	$173.00		Per Hour of Staff Time
Forester Review		$130.00	Per Hour of Forester's Time
Land Clearing (Minor)	$128.00		
Land Clearing (No other permit)	$390.00		
***Limited Administrative Review**	$258.00		
Master Plan Amendment		$173.00	Per Hour of Planner's Time
Planned Residential Development (Preliminary)	$650.00		
Planned Residential Development (Final)	$258.00		
Rezone	$2,562.00		
Shoreline Conditional Use Permit	$3,259.00		
Shoreline Variance	$3,259.00		
Shoreline Substantial Development Permit	$3,259.00		
Shoreline Master Program Amendment	$7,501.00		

Effective July 1, 2025

City of Lacey - Land Use Fee Schedule

Short Subdivision (Preliminary)	$1,243.00	$167.00	Per Lot
Short Subdivision (Final)	$1,243.00	$167.00	Per Lot
Sign Departure (Freeway Oriented)	$2,998.00		
Site Plan Minor Amendment	$128.00		
Site Plan Review			
(Administrative, Limited, & Woodland District)			
Project Value less than $1 million	$2,103.00		
Project Value $1 million to $5 million	$2,560.00		
Project Value $5 million to $10 million	$3,551.00		
Project Value over $10 million	$4,517.00		
Subdivision (Preliminary)	$2,783.00	$50.00	Per Lot
Subdivision (Final)	$2,021.00	$50.00	Per Lot

	Fee	*Extended Fee*	*Extended Fee Units*
Variance (Hearing Examiner)	$1,955.00		
~~**Village Center Application**~~		~~$173.00~~	~~Per Hour of Planner's Time~~
~~**Wetlands Review (Limited Administrative)**~~	~~$1,043.00~~		
~~**Wetlands Review (Administrative)**~~	~~$899.00~~		
Wetlands Review (Hearings Examiner)	$4,369.00		
Wetlands Review (Examiner with other applications)	$1,303.00		

* Includes but is not limited to administrative variances, temporary use permits, street merchant applications, code interpretations.

LACEY CITY COUNCIL WORKSESSION
AUGUST 12, 2025

SUBJECT: **2021 International Series of Building Codes**

BRIEFING: Community and Economic Development Staff will brief the City Council on the 2021 International Series of Building Codes status. Based on City Council direction, the 2021 International Series of Building Codes will be scheduled for an upcoming regular meeting for formal action.

STAFF CONTACT: Rick Walk, City Manager
Vanessa Dolbee, Community and Economic Development Director VD
Terry McDaniel, Community and Economic Development Building Official/Fire Marshal TM

ORIGINATED BY: Community and Economic Development Department

ATTACHMENTS: N/A

FISCAL NOTE: N/A

WORK PLAN GOAL AND STRATEGY: N/A

PRIOR REVIEW: Council Work Session, June 8, 2023

BACKGROUND:

What are commonly referred to as the "Building Codes" are a series of documents updated every three years by the International Code Council (ICC) and the International Association of Plumbing and Mechanical Officials.

The "Building Codes" are designed to work together for the protection of life and property. The most recent additions were published in 2021. Following publication, the Washington State Building Code Council review and amend these documents and then adopt the new "Building Code" for all jurisdictions within the State of Washington to be effective March 15th, 2024. The State of Washington is very active in the code development process, and once completed, requires each jurisdiction to adopt these minimum standards by local ordinance.

Per Title 51 of the Washington Administrative Code (WAC), all jurisdictions in the State of Washington are required to adopt and enforce the State Building Codes by local ordinances. Any Jurisdiction is further allowed to amend the State Building Codes, provided the amendments do not reduce the minimum performance standards of the codes.

The State of Washington, in Title 51 of the WAC, has adopted the 2021 editions of the following:

- International Building Code
- International Existing Building Code
- International Mechanical Code
- International Fuel Gas Code
- Uniform Plumbing Code
- International Residential Code
- International Fire Code
- International Property Maintenance Code
- International Energy Conservation Code (Washington State Energy Codes)
- International Swimming Pool & Spa Code

Staff recommends adoption of the 2021 International Series of Building Codes including the Appendix Chapters E, G, I, J, Q, and T in accordance with Title 51 of the Washington State Administrative Code.

Community and Economic Development staff initially discussed adoption of the 2021 Codes with Council at the June 8th, 2023 work session. The 2021 Codes were scheduled to be adopted by the State Building Code Council in November of 2023. However, after various delays, the 2021 Codes were not adopted by the State Building Code Council until March 15th, 2024.

Since March 15th of 2024, the City of Lacey Community and Economic Development Department has applied the 2021 International Series of Codes on all projects, consistent with state law.

NEXT STEPS:

Option 1: Direct staff to develop an Ordinance for consideration at a future City of Lacey council meeting, adopting amendments to LMC enacting the 2021 International Series of Building Codes.

Option 2: Provide direction to staff on additional information needed prior to adopting the 2021 ICC regulations.

LACEY CITY COUNCIL WORKSESSION
August 12, 2025

SUBJECT: **Comprehensive Plan Series: Community Comments on Draft Comprehensive Plan**

BRIEFING: Community and Economic Development Staff will brief the City Council on the comments and community input receive during the public engagement process for the Draft Comprehensive Plan. This briefing is for informational purposes.

STAFF CONTACT: Rick Walk, City Manager RW
Vanessa Dolbee, Community and Economic Development Director VD
Ryan Andrews, Community Planning Manager RA
Hans Shepherd, Senior Planner HS

ORIGINATED BY: Community and Economic Development Department

ATTACHMENTS:
1. Communications and Community Engagement Plan (Linked)
2. Previous Staff Reports in Series (Linked)

FISCAL NOTE: None.

WORK PLAN GOAL AND STRATEGY: Coordinated and Collaborative Planning: Update the Comprehensive Plan and Review Development Regulations (B)

PRIOR REVIEW: The City Council was last briefed on the development of the Comprehensive Plan at a meeting on May 20.

BACKGROUND:

In early 2024, City staff partnered with a consultant to develop a Communications and Community Engagement Plan in preparation for the development of the 2025 Comprehensive Plan. The goal of the Community Engagement Plan was to ensure an inclusive, informative update to the Comprehensive Plan, fostering active community participation and a sense of ownership in the final product (Attachment 1).

Starting in late spring of 2025, we transitioned from Phase 2 of the Comprehensive Plan Update process, to Phase 3 where draft materials were released back to the community for additional review and feedback. The purpose of the review was to ensure that the draft policies contained in the Comprehensive Plan align with those of the community.

Summer 2025 Outreach Efforts:

In July 2025, the project team launched a Goal and Policy Review Platform (Linked Here) that offers an avenue for community members to review the draft goals and policies of the 2025 Comprehensive Plan and provide inline comments directly to the project team. This platform was developed to encourage community members to review draft content, share ideas, and respond to the comments and ideas provided by others – allowing for a two-way dialog on how to further shape the plan into something reflective of the community as a whole.

In tandem with the launch of the Goal and Policy Review Platform, a Future Land Use and Zoning Code Storymap (Linked Here) was developed to collect additional community feedback on the proposed updates for 2025. The storymap helps guide the community through the draft Future Land Use Map while offering additional information on how it aligns with the Lacey Zoning Map, 2025 community rezone requests, and proposed zoning code text amendments.

To help raise community awareness and ensure broad community participation, staff published information to the city website, released informational videos, posted links through city social media platforms, distributed emails to various community groups, gave community presentations at Jubilee and to the Olympia Master Builders, and attended a range of community events including the Depot District Night Market, South Sound BBQ Festival, and Lacey in Tune events at Huntamer Park. This Phase of community outreach conclude in July.

NEXT STEPS:

The purpose of this briefing is to inform the City Council on:

1. the public engagement efforts conducted through Phase 3 of the Comprehensive Update process,
2. Summarize the community comments received through the public engagement process;
3. Receive direction from the City Council for any modifications to proposed goals and policies based on the community engagement results.

Based on City Council direction, the City of Lacey Planning Commission will schedule a public hearing on Draft Comprehensive Plan.

LACEY CITY COUNCIL WORKSESSION
August 12, 2025

SUBJECT: **2025 Mid-Year Financial Report**

BRIEFING: Finance staff will brief the City Council on the City of Lacey's 2025 Mid-Year Financial Report

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

ORIGINATED BY: Finance Department

ATTACHMENTS:
1. Expenditure Report for the Quarter ending June 30, 2025
2. Revenue Report for the Quarter ending June 30, 2025

FISCAL NOTE: None

WORK PLAN GOAL AND STRATEGY: None

PRIOR REVIEW: None

BACKGROUND:

The 2025 mid-year financial report has been completed. This report focuses on the General Fund. The detailed expenditure and revenue summaries are attached.

GENERAL FUND EXPENDITURES

As of June 31, 2025, total General Fund Expenditures were $42,962,492 or 48.7 percent of the amended 2025 Budget. This is a decrease of $8,709,578 or 16.9 percent compared to the mid-year 2024 expenditure level. The decrease is attributed to a $12.0 million reduction to transfers related to the construction of the new police station and training center. When removing the transfer impacts, General Fund expenditures increased $3.3 million.

In the first half of 2025, General Fund salaries and benefits rose by $1,241,764. This level of growth was anticipated and incorporated into the adopted budget. It is worth noting that throughout the first half of 2025 the AFSCME (Association of Federal, State, County, and

Municipal Employees) labor contract remained unsettled, so the salaries and benefits do not include cost-of-living adjustment for the City's largest represented labor group.

Most of the remaining increase was also expected or can be attributed the new Public Safety tax expenditures, a land purchase, one-time grant related expenditures and capital equipment purchases.

Although all first quarter expenditure categories show variances from the previous year, only the most significant variances are described below.

- A $238,719 increase occurred in the Contracted Services Department during the first half of 2025. Increases occurred in the following contracted services: District Court (+$20,666), Indigent defense (+$52,161), jail services (+$57,384) and Joint Animal Services (+$28,818)

- The City Clerk Department's expenditures were $225,759 higher as a result of establishing a new budget department separate from the Communications Department. There was a similar level of decrease to expenditures in the Communications Department, which was formerly a combined department.

- An increase to the City's liability insurance (+$45,448) and a payment into the Association of Washington Cities (AWC) Labor and Industries (L&I) Retro Program (+$100,407) caused the Common Facilities Overhead Department to have a $135,847 increase over the same period in 2024. The Retro Program settled the 2021 claims year. Unfortunately, 2021 ended with a need to assess additional premiums totaling $2.5 million pool-wide. Key reasons for the assessment include:

    - Increased number and severity of presumptive Post-Traumatic Stress Disorder (PTSD) claims
    - Higher percentage of claims with time loss and disability award payments
    - A general increase to the number of claims

- The Community and Economic Development Department experienced a $251,418 increase compared to the first half of 2024. The main reasons include a $121,366 increase to salaries and benefits and a $172,794 increase to professional services relating to the Home Electrification and Appliance Rebate (HEAR) grant.

- A $932,942 increase occurred in the Public Safety Fund during the first half of the year. This fund was not established until mid-year 2024 as a result of the voter-approved county-wide 0.2 percent public safety sales tax. Making up the majority of the 2025 expenditures are salaries and benefits ($568,368) and capital purchases (four police vehicles at $263,681).

Additional details are provided in the attached expenditure summaries for the General Fund departments and other funds.

GENERAL FUND REVENUES

As of June 31, 2025, total General Fund Revenues were $37,288,934 or 42.3 percent of the amended budget. Last year at this same time, revenues were 37.5 percent of budget. Mid-year General Fund revenues increased $710,582 compared to the previous year.

- Through June 2025, $4,692,520 of property taxes have been collected. This is equal to 53.3 percent of the annual property tax budget. This is an increase of $653,062 compared to the previous year. A total $444,734 increase was expected for all of 2025 due to a combination of the one percent increase, new construction credit, and refund levy. The mid-year property allocation to the Community Buildings Fund was $183,187 lower in 2025. The remainder of the increase is directly related to higher property tax collections. The increase is most likely related to timing differences due to activity related to the housing market. Property taxes are paid and prorated at the sales closing, which can result in a higher-than-normal amount of property taxes paid outside of the two half-year payments (April 30 and October 31).

- 2025 sales tax receipts totaled $7,887,975 at the end of June. This is $124,172 or 1.6 percent lower than last year. It should be noted the sales taxes revenues reported in the June 30, 2025 Revenue Report use the cash basis, which recognizes the revenue when receipted. For financial reporting purposes, the first two 2025 sales tax receipts were based on sales that took place in November and December 2024, so those revenues were accrued and reported in the City's 2024 annual comprehensive financial report. Adjusting for this accrual, sales tax collections at mid-year are $45,815 or 0.9 percent lower than 2024. When looking past mid-year, the accrual-basis sales tax collections through July are $52,215 or 0.8 percent higher than through July 2025 due to a recent two-month uptick in sales tax collections. It is worth noting that the 2025 sales tax collections are below the 2022-2023 sales tax peak.

Category	Year-To-Date This Year	Year-To-Date Last Year	% Chg	Last 12 Months
General Merchandise Retailers	$ 1,276,108	$ 1,298,366	(1.7)	$ 2,593,808
Sporting Goods, Hobby, Musical Instrument, Book	921,632	921,686	(0.0)	1,810,883
Construction of Buildings	903,621	799,468	13.0	1,744,297
Food Services and Drinking Places	791,416	787,182	0.5	1,649,137
Building Material and Garden Equipment and Supplies	382,744	434,082	(11.8)	877,905
Specialty Trade Contractors	349,905	503,736	(30.5)	801,383
Motor Vehicle and Parts Dealers	263,593	300,309	(12.2)	682,177
Merchant Wholesalers, Durable Goods	338,536	308,334	9.8	627,805
Administrative and Support Services	277,026	286,130	(3.2)	563,682
Furniture, Home Furnishings, Electronics, and Appliances	262,234	260,058	0.8	543,025
Professional, Scientific, and Technical Services	219,896	245,591	(10.5)	435,529
Food and Beverage Retailers	188,285	177,936	5.8	380,136
Clothing, Clothing Accessories, Shoe, and Jewelry	170,852	170,604	0.1	333,702
Repair and Maintenance	148,056	163,557	(9.5)	311,577
Telecommunications	138,785	144,730	(4.1)	275,987
Merchant Wholesalers, Nondurable Goods	110,278	111,432	(1.0)	241,726
Rental and Leasing Services	125,670	111,607	12.6	233,942
Couriers and Messengers	115,950	94,067	23.3	225,520
Health and Personal Care Retailers	123,951	113,360	9.3	222,539
Amusement, Gambling, and Recreation Industries	76,105	74,254	2.5	167,974
	$ 7,184,645	**$ 7,306,489**		**$ 14,722,730**

At this point in the year, the top 20 sources have provided 92.6 percent of all sales tax. The largest sales tax category, “General Merchandise Stores”, experienced a first half 1.7 percent decrease compared to the first half of 2024. The “Construction of Buildings” category increased 13.0 percent. Year-to-date, the “Food Services and Drinking Places” category continues to show growth, but at a much lower rate than 2024.

The most recent sales tax data broke the 12th straight month of sales tax decline trend. Despite this declining, the 2025 projections remain valid. Sales tax collections will continue to be closely monitored and if any changes to the projections are warranted it will be communicated as timely as possible.

- Overall, utility tax collections for the first half of 2025 were $475,845 higher than the previous year. During the first quarter natural gas and electricity utility taxes increased $186,760 and $149,416, respectively. Utility tax from the City-owned utilities was up $155,064. These increases are consistent with rate increases and weather trends.

- Non-business license (includes building, mechanical, plumbing, and electrical permits fees) revenues have been collected at 48.0 percent of the budget estimate. Building permits decreased $39,123, but mechanical and electrical permit fees increased $27,712 and $23,271, respectively. Building permit activity can be an indicator of future one-time sales tax increases, ongoing property tax, and utility tax increases, so the current economic indicator is certain taxes may experience slower growth in the future.

- Plan check fees continued its declining trend with a $281,078 decrease through the second quarter. This is an indicator of potential future building permit activity.

- The Other Miscellaneous revenue category decreased $213,352 due to a 2024 National opioid settlement receipt.

- Interest earnings decreased $719,452 due to a $395,678 *unrealized* market investment value loss. An unrealized loss is only an accounting, or *"on paper"*, loss that will not be realized unless investments are sold before the maturity date. As an example, a loss could occur in the event an investment is sold prior to the maturity date *and* the open market is paying a higher interest rate than the investment instrument the City is attempting to sell. The current market is experiencing rising interest rates and a number of the City's investment instruments were purchased prior to the 2022 interest rate increases. The City has no intention of selling investments prior to maturity dates, which means *no loss is anticipated* by the City. The City carefully analyzes its cashflow needs to avoid selling investments before maturity. It would take multiple and rare circumstances for the City to sell investments at a loss. When removing the impacts of the market value adjustment, interest earning decreased $320,139. Significant cash reserves were transferred to the Building Improvement Fund for the new police station and training facility project, which resulted in lower principal balances.

UTILITY FUNDS

Mid-year 2025 operating expenditures for the City's utilities were consistent with the amended budget.

The Water Utility Maintenance and Operations Fund expenditures were $3.6 million or 27.2 percent higher in 2025. An $1,195,992 increase is related 2024 backordered water meter and meter transmitting units being received and purposely building inventory levels for a future meter replacement program. Salaries and benefits increased $250,634, indirect (overhead) cost recovery charges increased $127,872 and the annual capital improvement program transfer increased $1,984,158. Water sales increased $1,080,198 due to water rate increases. The water revenue increase is higher than the adopted 5.25 percent rate increase, but still within projections when considering the dry spring and summer weather.

Wastewater Utility Maintenance and Operations Fund expenditures were $3.3 million or 31.1 percent higher in 2025. The revenue distributions to the LOTT Clean Water Alliance increased $414,769. Salaries and benefits increased $109,549, indirect cost recovery charges increased $110,016 and the annual capital improvement program transfer increased $2,303,096. Wastewater total revenues were $1.3 million higher than the previous year. LOTT revenues increased $528,673 and Wastewater Sales increased $694,918. These increases are consistent with rate increases.

The Stormwater Maintenance and Operations Fund expenditures were $184,159 or 4.9 percent higher than 2024. The primary reason expenditures were higher was due to a

$215,937 increase to the annual capital improvement program transfer. Stormwater revenues were $146,869 higher than 2024 due to a $158,548 increase to Stormwater sales. 2025 Stormwater rates were increased 4.5 percent.

CONCLUSION AND FORECAST

The 2025 Budget was balanced with the use of $1.8 million of budget strategy committed reserves and the development of an action plan to address the budget gap. The preliminary action plan includes the following approaches:

- Encourage and spur private development and expansion of the commercial base.
- Assess opportunities to expand revenues or increase the revenue structure.
- Review Council priorities and essential services.

The current economic outlook is mixed, but resilient and impacted by uncertainty. At the June Federal Open Market Committee meeting, the Federal Reserve projected two quarter-point cuts by year-end citing slowing growth, rising unemployment and elevated inflation. The current policy debate, however, includes deep splits. Roughly half of the officials see two cuts as appropriate and the other half prefer no cuts for 2025.

- Gross Domestic Product (GDP) slowed to around 1.4 – 1.6 percent, but it was not a steep downturn, so the Fed saw room to wait for clearer signs of weakness before acting.
- The labor market continues to show resilience. Despite a mild slowdown, unemployment stayed relatively low (around 4.2 – 4.3 percent), and wage growth—while moderating—was still above the level consistent with long-run price stability.
- Although consumer spending growth was softening, consumption didn’t contract sharply, suggesting the economy wasn’t in immediate need of emergency stimulus.

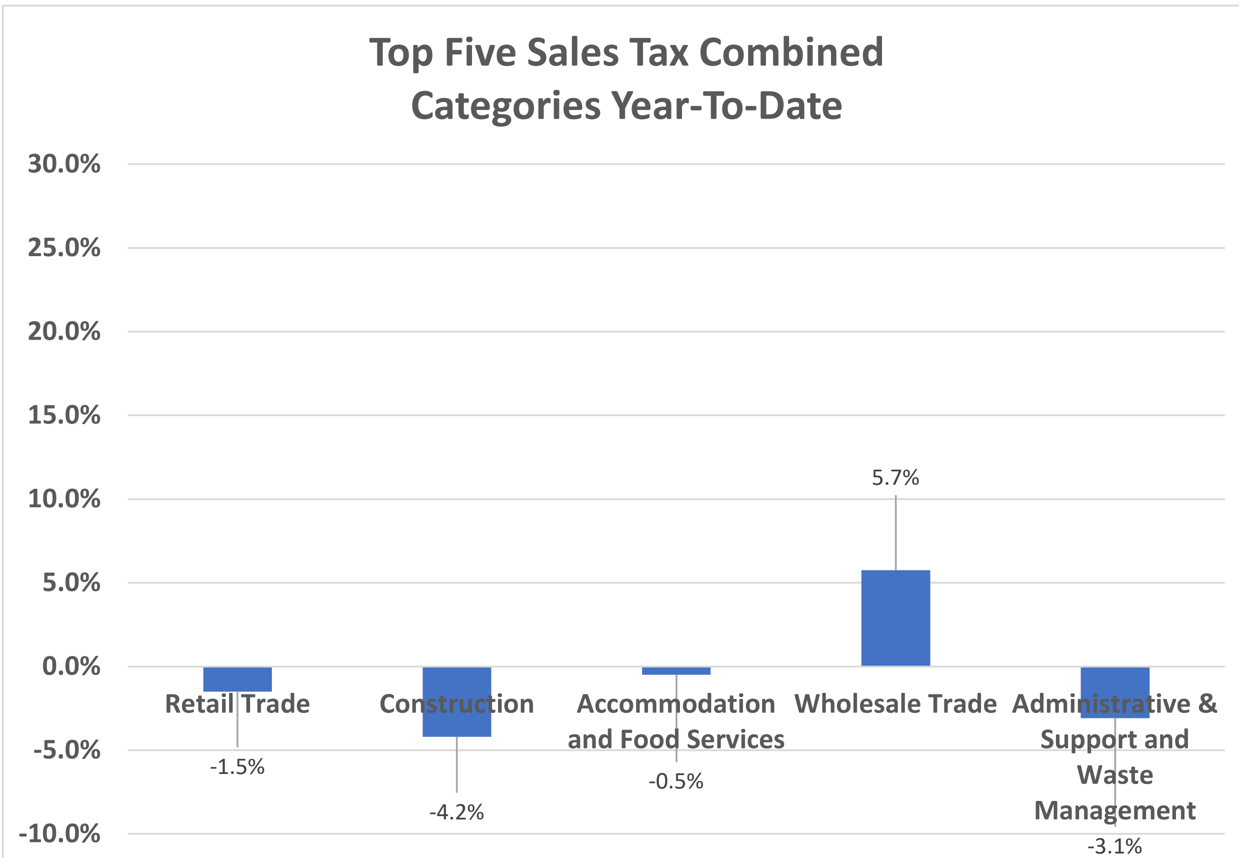
Currently, there is a 50-60 percent likelihood of a rate cut in September and a likelihood of two rate cuts by year-end.

The U.S. economic outlook for 2026 includes moderate economic growth and slightly higher consumer spending. While the labor market is expected to weaken with higher unemployment rates and slower hiring especially in manufacturing ang Federal Government, it is expected that the Federal Reserve will gradually lower interest rates throughout 2026. The Federal Reserve's response will continue to be data driven and include monitoring of risks related to inflation and uncertain trade tensions.

General Fund Revenues

Sales tax, the General Fund's single largest source of revenue, is projected to provide about 25 percent of all 2025 revenues. Through the mid-year, sales tax collections were 1.6 percent lower than 2024. Although the latest sales tax receipts broke the 12-month long declining trend, it should be assumed the local economy remains in a decline.

The July (May activity) year-to-date comparison of the top five combined sales tax categories are illustrated below:



Year-to-date, retail trade is 46.7 percent of all sales tax, by far the largest category. Retail trade is 1.5 percent lower than 2024. The next largest category is construction, making up 16.8 percent of all sales tax and it is potentially one of the most cyclical categories.

The recent sales tax trend that includes 12 consecutive months of decline followed by two months of growth doesn't provide much clarity for the 2026 sales tax projections. In short, there are not indicators that support growth to next year's sales activity.

Based on the current construction sales tax trend, the 2026 property tax growth from new construction is expected to consistent with recent years, which is higher than the long-term projected levels. Property tax growth from new construction has been strong in recent years, but it is worth noting the impacts have been less due to low levy rates. The following table illustrated the recent property tax growth due to new construction.

Year	Property Tax Increase from Construction
2025	$ 209,284
2024	119,170
2023	155,648
2022	213,198
2021	306,555
2020	267,222
2019	208,770
2018	190,971
2017	133,103
2016	$ 124,578

The 2025 new construction increase was based on $288.5 million of new assessed valuation. For 2026, the preliminary estimate is $175.0 million of new construction will be added to the City's assessed valuation generating an estimated $122,904 of new property taxes.

Projected Labor Costs

Labor costs account for roughly two-thirds of all General Fund operating expenditures, making them the largest driver of ongoing expenses.

For 2026, police labor contract wage increases are projected at 2.7 percent, while the American Federation of State, Local, and Municipal Employees (AFSCME) wage adjustments are expected to average 2.3 percent.

Using the 2025 labor budget, each 1.0 percent increase in General Fund salaries and wages equates to approximately $323,145. Over the past decade (2015–2024), General Fund salary and wage costs have grown at an average annual rate of 7.0 percent, reflecting both cost-of-living adjustments and salary schedule step increases related to a relatively new workforce.

Preliminary 2026 Association of Washington Cities (AWC) Benefit Trust projections indicate notable increases in health benefit costs:

- Regence plans: projected to rise between 8.0 percent and 11.0 percent

- Kaiser Permanente plans: expected to increase 10.0 percent to 14.0 percent

- Delta Dental and Willamette Dental plans: anticipated to grow 3.0 percent to 6.0 percent

These projections are significantly higher than recent years, signaling increasing upward pressure on benefit-related expenses.

The City's pension contribution rate for the Public Employees' Retirement System (PERS) for Plan 1 and Plan 2 are being reduced to 5.58 percent, which is down from 9.11 percent. There are no changes expected for PERS Plan 3 and Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) employer contributions.

The employer contribution rate decrease to the PERS Plan 1 and Plan 2 should be considered short-term in nature due to the reasons behind the decreases. The reasons for the decrease outlined in Engrossed Substitute Senate Bill (ESSB) 5357 include:

- A higher assumed investment return, which was increased from 7.00 percent to 7.25 percent, while it is expected that short-term rates will be reduced and the economic growth will be slower.

- Suspension of PERS 1 unfunded liability contributions for four years, while the liabilities continue to exist.

- The costs associated with the recent benefit increases for PERS Plan 1 were re-amortized over a longer, which spreads out the burden and eases the annual payments.

Given the risks of underfunding pension obligations, there are possibilities that future contribution rates will be even higher to make up for lost time.

Historically, total employee benefits have grown by an average of 6.5 percent annually (2015–2024). Using the 2025 benefits budget, each 1.0 percent increase in benefits translates to approximately $112,871 in additional costs.

<u>2026 Recommendations</u>

It has become customary to end the Mid-Year Financial Report by repeating the 2026 Budget Call and Instructions memorandum (dated June 16, 2025) to set the tone for the beginning of the upcoming budget development:

> "The development of the 2026 budget shall prioritize the preservation of existing service levels and the fulfillment of all essential operations and maintenance responsibilities. Departments are directed to prepare their budgets with a focus on fiscal discipline and sustainability.
>
> Proposals for new programs, expanded services, or additional staffing will not be considered unless they are accompanied by a clearly identified and

> dedicated funding source or demonstrate a strategic benefit with strong potential to increase future revenues.
>
> All budget submissions must align with this directive and reflect the City's commitment to maintaining core functions while navigating current financial constraints."

Given the economic indicators, the conservative tone of the 2026 Budget Call and Instructions memorandum remain warranted.

It is recommended that the 2026 Budget be developed with continued caution due to the current economic indicators and expected high cost to sustain current obligations and service levels. To continue to meet the high level of quality services provided Lacey community members, the City should continue to follow its long history of conservative budgeting policies and practices. This approach has served a prominent role in the City's financial stability and ability to fund City Council initiatives and project goals.

City of Lacey
Monthly Expenditure Summary
June 2025

Expenditures: **General Fund**	**2024 Amended Budget**	**YTD 6/30/2024 Actual**	**2024 YTD % of Budget**	**2025 Amended Budget**	**YTD 6/30/2025 Actual**	**2025 YTD % of Budget**	**2025-2024 YTD Variance**
City Council	$ 588,626	$ 293,633	49.9%	$ 552,638	$ 310,338	56.2%	$ 16,705
Contracted Services	2,635,541	1,095,361	41.6%	3,242,102	1,334,080	41.1%	238,719
City Manager	1,405,290	578,026	41.1%	1,463,878	639,514	43.7%	61,488
Human Resources	1,987,558	827,068	41.6%	1,905,533	798,759	41.9%	(28,309)
Human and Social Services	4,824,371	279,522	5.8%	5,561,049	924,696	16.6%	645,174
Communications	1,218,939	567,400	46.5%	860,135	442,481	51.4%	(124,919)
City Clerk	-	-		493,926	225,759	45.7%	225,759
Finance	2,415,890	1,008,557	41.7%	2,584,875	1,015,016	39.3%	6,459
Legal & Judicial	818,301	414,078	50.6%	972,646	460,255	47.3%	46,177
Common Facilities Overhead	1,706,031	1,101,894	64.6%	1,846,333	1,237,741	67.0%	135,847
Police	14,849,249	7,667,378	51.6%	16,240,193	7,735,992	47.6%	68,614
Public Works - Support SVC	149,448	65,206	43.6%	184,743	72,550	39.3%	7,344
Public Works - Engineering	5,389,924	2,674,070	49.6%	5,882,752	2,706,080	46.0%	32,010
Public Works - Parks Maint.	4,146,427	1,945,284	46.9%	4,307,444	1,942,264	45.1%	(3,020)
Public Works - Facilities Maint.	1,168,554	444,387	38.0%	1,232,630	570,454	46.3%	126,067
Community & Economic Dev.	5,003,656	2,077,954	41.5%	6,463,772	2,329,372	36.0%	251,418
Public Works - Water Resources	2,237,550	1,134,952	50.7%	2,864,662	1,284,609	44.8%	149,657
Parks, Culture, & Recreation	3,612,613	1,545,479	42.8%	3,710,326	1,580,139	42.6%	34,661
Transfers Out	27,857,328	21,946,214	78.8%	12,583,648	10,543,234	83.8%	(11,402,980)
Total Current Expense Fund:	**$ 82,015,296**	**$ 45,666,463**	**55.68%**	**$72,953,285**	**$ 36,153,333**	**49.56%**	**$ (9,513,129)**
					-		
Criminal Justice Fund	$ 3,143,349	$ 2,348,272	74.7%	$ 1,546,195	$ 831,717	53.8%	$ (1,516,555)
Public Safety Fund	1,981,037	86,079	4.3%	2,510,962	1,019,021	40.6%	932,942
Community Buildings Fund	986,535	372,719	37.8%	997,177	457,639	45.9%	84,920
Regional Athletic Complex	1,281,355	727,855	56.8%	1,515,013	771,931	51.0%	44,076
Street Fund	4,758,499	2,079,062	43.7%	5,962,500	3,247,330	54.5%	1,168,268
Capital Equipment Fund	2,288,157	391,621	17.1%	2,745,951	481,521	17.5%	89,900
Total General Fund Expenditures	**$ 96,454,228**	**$ 51,672,070**	**53.57%**	**$ 88,231,083**	**$ 42,962,492**	**48.69%**	**$ (8,709,578)**

Expenditures:
Other Funds

Arterial Street Fund	$ 26,304,704	$ 13,751,021	52.3%	$ 18,899,270	$ 8,539,984	45.2%	$ (5,211,037)
Transportation Improvement	5,340,000	357,210	6.7%	4,325,000	471,512	10.9%	114,302
Lodging Tax	600,000	329,576	54.9%	607,225	365,879	60.3%	36,302
Community Block Grant	769	-	0.0%	1,010	-	0.0%	-
Hicks Lake Management District	48,931	104	0.2%	50,099	2,800	5.6%	2,696
General Obligation Bond	954,262	62,300	6.5%	1,986,080	46,100	2.3%	(16,200)
LID Debt	138,134	-	0.0%	164,382	-	0.0%	-
Building Improvement	29,919,717	3,532,151	11.8%	40,509,640	10,576,363	26.1%	7,044,213
Parks & Open Space	6,479,624	180,643	2.8%	8,787,921	3,217,874	36.6%	3,037,231
Capital Project Revenue					1,040,004		
Regional Athletic Complex Capital	4,416,219	2,492,473	56.4%	4,511,833	1,154,640	25.6%	(1,337,833)
Water Utility	22,537,855	13,273,405	58.9%	25,300,577	16,876,724	66.7%	3,603,319
Wastewater Utility	24,282,717	10,633,977	43.8%	29,518,468	13,940,861	47.2%	3,306,884
Stormwater Utility	5,688,576	3,781,903	66.5%	6,283,986	3,966,063	63.1%	184,159
Reclaimed Water	2,223	-	0.0%	2,921	-	0.0%	-
Water Capital	46,475,835	5,428,894	11.7%	32,077,961	10,597,958	33.0%	5,169,064
Wastewater Capital	18,480,320	3,538,789	19.1%	19,165,288	2,794,024	14.6%	(744,765)
Stormwater Capital	2,043,125	147,811	7.2%	2,482,135	194,490	7.8%	46,679
Reclaimed Water Capital	43,177	-	0.0%	56,743	-	0.0%	-
Water Debt Service	15,055,324	105,353	0.7%	5,085,477	134,138	2.6%	28,785
Wastewater Debt Service	10,656,313	21,274	0.2%	3,404,735	19,149	0.6%	(2,125)
Stormwater Debt Service	2,354,289	17,185	0.7%	2,352,267	15,838	0.7%	(1,346)
Equipment Rental	4,922,482	1,350,750	27.4%	5,706,608	2,146,487	37.6%	795,737
Information Management	3,555,772	1,251,179	35.2%	3,854,903	1,790,337	46.4%	539,159
Total Expenditures	**$ 326,754,596**	**$ 111,928,066**	**34.25%**	**$ 305,865,612**	**$ 120,853,716**	**39.51%**	**$ 8,925,650**

City of Lacey
Monthly Revenue Summary
June 2025

Revenues: General Fund	2024 Amended Budget	YTD 6/30/2024 YTD Actual	2024 YTD % of Budget	2025 Amended Budget	YTD 6/30/2025 YTD Actual	2025 YTD % of Budget	2025-2024 YTD Variance
Taxes:							
Property	$ 8,186,519	$ 4,039,458	49.3%	$ 8,812,119	$ 4,692,520	53.3%	$ 653,062
Sales	15,710,508	8,012,147	51.0%	15,773,405	7,887,975	50.0%	(124,172)
Business & Occupation	3,503,777	2,163,588	61.8%	3,697,413	2,255,052	61.0%	91,464
Admissions	180,000	66,664	37.0%	150,000	79,187	52.8%	12,523
Utility - Electric	3,255,750	1,816,040	55.8%	3,390,982	2,002,799	59.1%	186,760
Utility - Natural Gas	1,222,299	658,457	53.9%	938,441	807,873	86.1%	149,416
Utility - Solid Waste	598,901	282,344	47.1%	588,455	295,020	50.1%	12,676
Utility - Telephone	480,555	301,950	62.8%	543,725	273,880	50.4%	(28,070)
Utility - Water/Sewer/Storm	3,003,394	1,444,848	48.1%	3,457,269	1,599,911	46.3%	155,064
Excise - Forest/Leasehold	20,000	12,854	64.3%	20,000	903	4.5%	(11,950)
Gambling	540,700	310,947	57.5%	540,700	275,922	51.0%	(35,026)
Total Taxes	**$ 36,702,403**	**$ 19,109,295**	**52.07%**	**$ 37,912,509**	**$ 20,171,042**	**53.20%**	**$ 1,061,747**
Penalties & Interest	$ 5,000	$ 3,835	76.7%	$ 5,000	$ 11,389	227.8%	$ 7,554
Franchises	716,838	322,805	45.0%	654,158	299,693	45.8%	(23,113)
Licenses & Permits	1,675,123	798,874	47.7%	1,731,822	831,186	48.0%	32,312
Inter-Governmental:							
Criminal Justice	$ -	$ -		$ -	$ -		$ -
Traffic Safety	-	-		-	-		-
Liquor Excise	429,679	207,244	48.2%	394,978	174,173	44.1%	(33,071)
Liquor Profits	448,697	224,320	50.0%	443,748	224,495	50.6%	175
Other State Entitlements	135,000	75,395	55.8%	135,000	66,969	49.6%	(8,425)
Inter-Gov. Service Charges	335,678	114,624	34.1%	335,678	236,138	70.3%	121,514
Other Grants	719,614	54,223	7.5%	430,668	200,373	46.5%	146,150
Total Inter-Governmental	**$ 2,068,668**	**$ 675,805**	**32.67%**	**$ 1,740,072**	**$ 902,147**	**51.85%**	**$ 226,342**
Service Charges:							
General Government	$ 6,750	$ 78,488	1162.8%	$ 6,750	$ 113,341	1679.1%	$ 34,853
Security of Persons/Property	181,500	81,963	45.2%	181,500	122,104	67.3%	40,141
Economic Environment/Plan Checking	604,500	511,490	84.6%	604,500	261,263	43.2%	(250,227)
Culture and Recreation	852,940	344,962	40.4%	856,650	355,131	41.5%	10,169
Total Service Charges	**$ 1,645,690**	**$ 1,016,903**	**61.79%**	**$ 1,649,400**	**$ 851,840**	**51.65%**	**$ (165,064)**
Interfund Charges:							
Engineering Services	$ 3,472,012	$ 2,053,358	59.1%	$ 4,679,490	$ 1,751,013	37.4%	$ (302,345)
Park Maintenance	557,575	313,360	56.2%	525,846	308,453	58.7%	(4,907)
Water Resources	2,675,841	1,363,067	50.9%	3,090,593	1,464,232	47.4%	101,165
Other Interfund Charges	1,548,204	774,102	50.0%	2,167,944	1,083,972	50.0%	309,870
Total Interfund Charges	**$ 8,253,632**	**$ 4,503,887**	**54.57%**	**$ 10,463,873**	**$ 4,607,670**	**44.03%**	**$ 103,783**
Violations	$ 100,000	$ 46,676	46.7%	$ 100,000	$ 87,678	87.7%	$ 41,002
Interest Earnings	1,350,508	1,956,942	144.9%	1,089,875	1,237,491	113.5%	(719,452)
Other Miscellaneous	62,900	277,269	440.8%	62,900	63,917	101.6%	(213,352)
Contributions	76,000	73,654	96.9%	186,000	76,874	41.3%	3,220
Financing	-	-		-	-		-
Transfers	48,500	48,500	100.0%	177,902	40,000	22.5%	(8,500)
Beginning Cash	30,306,227	-		17,179,774	-		-
Total Current Expense Fund Revenues	**$ 83,011,489**	**$ 28,834,447**	**34.74%**	**$ 72,953,285**	**$ 29,180,926**	**40.00%**	**$ 346,479**
Criminal Justice Fund	$ 3,143,349	$ 835,287	26.6%	$ 1,546,195	$ 807,574	52.2%	$ (27,713)
Public Safety Fund	1,981,037	744,413	37.6%	2,510,962	1,174,363	46.8%	429,950
Community Buildings Fund	986,535	792,007	80.3%	997,177	621,409	62.3%	(170,598)
Regional Athletic Complex Fund	1,281,355	976,548	76.2%	1,515,013	942,443	62.2%	(34,105)
Street Fund	4,758,499	4,265,843	89.6%	5,962,500	4,467,857	74.9%	202,014
Capital Equipment Fund	2,288,157	129,808	5.7%	2,745,951	94,362	3.4%	(35,446)
Total General Fund Revenues	**$ 97,450,421**	**$ 36,578,352**	**37.54%**	**$ 88,231,083**	**$ 37,288,934**	**42.26%**	**$ 710,582**

Revenues: Other Funds	2024 Amended Budget	YTD 6/30/2024 YTD Actual	2024 YTD % of Budget	2025 Amended Budget	YTD 6/30/2025 YTD Actual	2025 YTD % of Budget	2025-2024 YTD Variance
Arterial Street Fund	$ 26,304,704	$ 3,115,003	11.8%	$ 18,899,270	$ 2,968,388	15.7%	$ (146,615)
Transportation Improvement Fund	5,340,000	1,961,927	36.7%	4,325,000	1,958,437	45.3%	(3,490)
Lodging Tax	600,000	253,684	42.3%	607,225	260,395	42.9%	6,710
Community Block Grant	769	1,142	148.5%	1,010	1,006	99.6%	(137)
Hicks Lake Management District	48,931	33,546	68.6%	50,099	33,244	66.4%	(302)
General Obligation Bond	954,262	765,077	80.2%	1,986,080	1,825,986	91.9%	1,060,909
LID Debt	138,134	141,036	102.1%	164,382	128,137	78.0%	(12,899)
Building Improvement	29,919,717	30,868,201	103.2%	40,509,640	26,237,914	64.8%	(4,630,288)
Parks & Open Space	6,479,624	42,409	0.7%	8,787,921	6,091,956	69.3%	6,049,546
Capital Project Revenue		-		2,500,000	1,194,559	47.8%	1,194,559
Regional Athletic Complex Capital	4,416,219	996,914	22.6%	4,511,833	1,295,872	28.7%	298,958
Water Utility	22,537,855	9,893,180	43.9%	25,300,577	10,889,082	43.0%	995,902
Wastewater Utility	24,282,717	13,023,847	53.6%	29,518,468	14,310,544	48.5%	1,286,697
Stormwater Utility	5,688,576	2,964,519	52.1%	6,283,986	3,111,388	49.5%	146,869
Reclaimed Water	2,223	3,301	148.5%	2,921	2,907	99.5%	(395)
Water Capital	46,475,835	10,037,213	21.6%	32,077,961	15,576,039	48.6%	5,538,826
Wastewater Capital	18,480,320	2,022,124	10.9%	19,165,288	4,414,432	23.0%	2,392,307
Stormwater Capital	2,043,125	2,105,923	103.1%	2,482,135	2,385,779	96.1%	279,856
Reclaimed Water Capital	43,177	64,137	148.5%	56,743	56,470	99.5%	(7,667)
Water Debt Service	15,055,324	531,762	3.5%	5,085,477	646,139	12.7%	114,378
Wastewater Debt Service	10,656,313	11,409	0.1%	3,404,735	9,286	0.3%	(2,124)
Stormwater Debt Service	2,354,289	102,907	4.4%	2,352,267	103,559	4.4%	651
Equipment Rental	4,922,482	2,429,586	49.4%	5,706,608	2,564,346	44.9%	134,760
Information Management	3,555,772	1,760,533	49.5%	3,854,903	1,784,622	46.3%	24,089
Total Revenues	**$ 327,750,789**	**$ 119,707,735**	**36.52%**	**$ 305,865,612**	**$ 135,139,417**	**44.18%**	**$ 15,431,682**

LACEY CITY COUNCILWORKSESSION
August 12, 2025

SUBJECT: **Second Quarter 2025 Investment Report**

RECOMMENDATION: **Review Second Quarter Investment Report**

STAFF CONTACT: Rick Walk, City Manager RW
Troy Woo, Finance Director TW
Alix Turcotte, Senior Accountant AT

ORIGINATED BY: Finance Department

ATTACHMENTS: 1. Government Portfolio Advisors Quarterly Investment Report

FISCAL NOTE:

PRIOR REVIEW:

BACKGROUND:

The City's adopted investment policy requires quarterly reporting to the City Manager and annual reporting to the City Council. In practice, the investment report has been presented to the City Council semi-annually.

The 2025 second quarter report has been prepared by the City's investment advisor, Government Portfolio Advisors (GPA). The three main components of the quarterly report include the following:

1. The report opens with a market commentary, market outlook, current investment policy compliance report, updates to the strategic outlook, and portfolio positioning.

2. There are sections illustrating the quarterly asset allocation changes and historical balances.

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

Lacey's core fund portfolio narrowly outperformed the investment strategy benchmark this quarter. The benchmark total return, net of fees, was 1.28 percent while the core fund's return for the period was 1.32 percent. The total net return includes changes to market value, which decreased from the previous quarter.

The total portfolio *unrealized gain* at the end of the quarter was $822,042. This is an improvement from the first quarter unrealized loss of $15,214. During the second quarter, short-term treasury yields decreased and long-term yields increased. It should be noted an unrealized gain is only an accounting, or *“on paper”*, gain that will not be realized unless investments are sold before the maturity date.

- The Fed’s Federal Open Market Committee (FOMC) is forecasting two rate cuts later in 2025, 25 basis points each.

- Two-year Treasury yields decreased to 3.72% and five-year notes decreased to 3.80% during the quarter.

- The total portfolio book yield increased from 3.613% to 3.640% during the quarter.

- The core portfolio duration decreased this quarter, from 2.112 to 2.081. This is slightly lower than the benchmark duration, which ended the quarter at 2.113.

Quarterly Investment Report
City of Lacey

June 30, 2025

Total Aggregate Portfolio

Contents

June 30, 2025

Market Commentary

Market Yields: Front end interest rates decreased over the quarter with 2-year Treasury notes falling by 16 basis points to 3.72% while 5-year notes fell by 15 basis points to 3.80%. The curve steepening was exacerbated by the long end of the curve which saw 10-year yields climb by a meager 2 basis points to 4.23% while the 30-year long bond increased by 21 basis points to 4.78%. Muted price growth and a moderating labor market influenced short rates to move lower while concerns regarding fiscal policy and US debt levels propped up the long end of the curve.

FOMC: The Fed has remained cautious to resume lowering rates citing increased economic uncertainty stemming from rapidly developing trade and fiscal policy. Economists and the FOMC predict that freshly implemented and increased tariff rates are likely to boost inflation and lower growth, putting the committee in a difficult position to guide monetary policy. The Fed's most recent forecast aligns with market expectations, both of which are forecasting two 25 basis point rate cuts to occur in late 2025.

Employment: On the surface, the labor market continues to prove resilient in the wake of restrictive policy as the U.S. added 147 thousand workers to payrolls in June, beating expectations while the unemployment rate fell from 4.2% to 4.1%. However, the strength isn't as evident when reading between the lines. The June report was influenced by an outsized contribution from public education departments within state and local governments. Private payrolls added a weaker than expected 74 thousand positions – the lowest since October 2024. Additionally, labor force participation fell for a third consecutive month consequently contributing to a decline in the unemployment rate.

Inflation: The Fed preferred core PCE deflator advanced at an annual 2.7% in May and was driven by costs for services. Price growth for core goods remained muted but economists and the Fed alike are concerned that tariffs will hit price tags and consumer wallets when current inventories purchased at pre-tariff costs are depleted which is thought to occur in late summer or early fall. And while there is a chance that some businesses may absorb or find ways to circumvent increased costs, many speculate that tariffs will add a one-time boost to inflation.

Market Outlook

GDP: The third and final estimate of Q1 GDP showed the US economy contract at an annualized rate of -0.5% and was driven by an outsized drag from net exports as businesses accelerated imports to get ahead of pending tariff induced cost increases. Consumption, known as the growth engine of the economy, added only 0.31% to GDP growth – down from 2.7% in Q4 and warrants more concern than the headline growth number itself. Growth is expected to rebound in Q2 with the Atlanta Fed's GDP Now model forecasting the economy to expand at an annualized 2.5%.

Fed Funds: The FOMC has not adjusted the level of the fed funds rate since December of 2024 when they lowered the benchmark interest rate to a median 4.375%. The committee has defined the current level of the fed funds rate as moderately restrictive and sufficient to contain inflation without unnecessarily harming economic growth. While it appears we may be on the cusp of shift in Fed thinking, the FOMC has reiterated that there is more downside risk to prematurely easing policy which could potentially undo their recent efforts to restore price stability versus moving too slowly which could cause economic growth to stall.

2-year Yield Expectations: Market analysts predict that interest rates will gradually move lower over the back half of this year and into 2026. Forecasts are predicting a bull steepening of the yield curve where short-term interest rates fall more than longer-term rates as slower economic growth influences the Fed to stimulate the economy by providing more accommodative monetary policy. The forecasts call for a terminal fed funds rate to settle around 3% with 2-year yields commanding a 50-basis point term premium suggesting the tenor will fall to approximately 3.50%.

Portfolio Positioning: As market and Fed consensus call for lower rates headed into 2026, we advise clients to manage portfolio durations neutral to overweight strategic targets to anchor portfolio earnings over the easing cycle. After briefly surging in April, credit spreads tightened in but remained above the historic lows encountered in late 2024 and early 2025. We therefore advise clients to manage credit exposures neutral to underweight strategic allocations.

Quarterly Yield Change

	09/30/24	12/31/24	03/31/25	06/30/25
3 month bill	4.62	4.31	4.29	4.29
2 year note	3.64	4.24	3.88	3.723
5 year note	3.56	4.38	3.95	3.799
10 year note	3.78	4.57	4.21	4.232

Economists' Survey Projections

	Q3-25	Q4-25	Q1-26	Q2-26
Real GDP	1.3	1.0	1.4	1.3
Core PCE (YOY%)	3.1	3.3	3.1	3.0
Unemployment	4.4	4.5	4.5	4.5

Economists' Survey Projections for Rates

	Q3-25	Q4-25	Q1-26	Q2-26
Fed Funds	4.35	4.05	3.85	3.65
2 Year	3.83	3.7	3.59	3.56
10 year	4.36	4.29	4.22	4.2

Compliance Report

City of Lacey | Total Aggregate Portfolio

June 30, 2025

Category

Policy Diversification Constraint	Policy Limit	Actual Value*	Status
US Treasury Obligations Maximum % of Holdings	100.000	35.273	Compliant
US Agency Callable Securities Maximum % of Total Portfolio	31.500	0.000	Compliant
US Agency FFCB Issuer Concentration	35.000	11.419	Compliant
US Agency FHLB Issuer Concentration	35.000	13.404	Compliant
US Agency FHLMC Issuer Concentration	35.000	0.000	Compliant
US Agency FNMA Issuer Concentration	35.000	0.000	Compliant
US Agency Obligations - All Other Issuers Combined	35.000	0.000	Compliant
US Agency Obligations Issuer Concentration	35.000	13.404	Compliant
US Agency Obligations Maximum % of Holdings	35.000	24.822	Compliant
Supranationals - Issuer is ADB, IADB, IBRD, or IFC	0.000	0.000	Compliant
Supranationals Issuer Concentration	5.000	2.027	Compliant
Supranationals Maximum % of Holdings	10.000	4.748	Compliant
Municipal Bonds Issuer Concentration	5.000	2.600	Compliant
Municipal Bonds Maximum % of Holdings	30.000	6.087	Compliant
Municipal Bonds WA issues GO/Local and GO only Outside WA	0.000	0.000	Compliant
Municipal Issue Directly Internally or Interfund Loans Maximum % of Holdings	15.000	0.000	Compliant
Corporate Notes & Commercial Paper Foreign Exposure except Canada	2.000	0.000	Compliant
Corporate Notes & Commercial Paper Maximum % of Holdings	25.000	5.996	Compliant
Corporate Notes & Commercial Paper Single Issuer %	3.000	1.268	Compliant
Certificates of Deposit Issuer Concentration	5.000	0.000	Compliant
Certificates of Deposit Maximum % of Holdings	20.000	0.000	Compliant
Banker's Acceptance Issuer Concentration	5.000	0.000	Compliant
Banker's Acceptance Maximum % of Holdings	10.000	0.000	Compliant
LGIP Maximum % of Holdings	100.000	17.462	Compliant
PDPC Bank Deposits Issuer Concentration	100.000	5.613	Compliant
PDPC Bank Deposits Maximum % of Holdings	20.000	5.613	Compliant

1) Actual values are based on market value.
2) The compliance report allows for resolutions to be documented if an actual value exceeds a limit. The specific resolution can be found on the client portal site.

Compliance Report

City of Lacey | Total Aggregate Portfolio

June 30, 2025

Category

Policy Maturity Structure Constraint	Policy Limit	Actual %	Status
Maturity Constraints Under 30 days Minimum % of Total Portfolio	10.000	23.074	Compliant
Maturity Constraints Under 1 year Minimum % of Total Portfolio	25.000	40.804	Compliant
Maturity Constraints Under 5.5 years Minimum % of Total Portfolio	100.000	100.000	Compliant
Policy Maturity Constraint	**Policy Limit**	**Actual Term**	**Status**
US Treasury Maximum Maturity At Time of Purchase (years)	5.500	5.455	Compliant
US Agency Maximum Maturity At Time of Purchase (years)	5.500	5.181	Compliant
Supranationals Maximum Maturity At Time of Purchase (years)	5.500	4.921	Compliant
Municipals Maximum Maturity At Time of Purchase (years)	5.500	5.148	Compliant
Corporate Maximum Maturity At Time of Purchase (years)	5.500	4.956	Compliant
Corporate Note Portfolio Duration (years)	3.000	1.206	Compliant
Commercial Paper Maximum Maturity At Time of Purchase (days)	270.000	0.000	Compliant
Certificates of Deposit Maximum Maturity At Time of Purchase (years)	5.500	0.000	Compliant
Banker's Acceptance Maximum Maturity At Time of Purchase (days)	180.000	0.000	Compliant
Weighted Average Maturity (years)	2.000	1.727	Compliant
Policy Credit Constraint			**Status**
Supranationals Ratings AA-/Aa3/AA- or better (Rated by 1 NRSRO)			Compliant
Municipal Bonds Ratings Minimum A-/A3/A- (Rated by 1 NRSRO)			Compliant
Corporate Notes AA-/Aa3/AA- by All If Rated Issuer Concentration (3%)			Compliant
Corporate Notes Ratings Minimum A-/A3/A- by All if rated			Compliant
Corporate Notes Single A with Negative Outlook Cannot Purchase			Compliant
Corporate Notes Split AA- to A- Issuer Concentration % (All must be rated at least A-) (2%)			Compliant
Commercial Paper Over 100 days Minimum Long Term Rating A-/A3/A- by one			Compliant
Commercial Paper Ratings Minimum ST Rating A1/P1/F1 (Rated by 2 NRSROs)			Compliant

1) Actual values are based on market value.
2) The compliance report allows for resolutions to be documented if an actual value exceeds a limit. The specific resolution can be found on the client portal site.

Strategic Quarterly Update

City of Lacey | Total Aggregate Portfolio

June 30, 2025

Strategic Outlook

- **Yields & Fed Outlook:** Short-term Treasury yields dropped while longer-term yields rose, steepening the curve amid mixed signals—softer inflation and labor data vs. fiscal concerns. The Fed remains cautious but market expectations point to rate cuts later in 2025.

- **Economic Conditions:** Employment data looks strong at the surface, but underlying softness in private hiring and labor participation suggests hidden fragility. Q1 GDP contracted slightly, with trade and weak consumption dragging growth.

- **Portfolio Strategy:** With expected rate cuts ahead, positioning favors neutral-to-overweight duration and cautious credit exposure to balance return potential with risk.

Portfolio Positioning

- The Investment Core portfolio is positioned nicely for the back half of the year, with duration line with benchmark and book yield anchored in above the 2 year treasury yield at quarter end
- They City continues to hold addiitonal liquidity to support anticipated Public Works spending and keep Investment Core portfolio balances stable
- The total portfolio book yield increased from 3.613 to 3.640.
- The total portfolio unrealized gain ended the quarter at $822,042.
- The core portfolio duration decreased over the quarter from 2.112 last quarter to 2.081 this quarter. The benchmark duration ended the quarter at 2.113.
- Net total return for the core portfolio, which includes change in market value and interest income, was 1.32%. The benchmark total return for the period was 1.28%.

Strategic Quarterly Update

City of Lacey | Total Aggregate Portfolio

June 30, 2025

Metric	Previous	Current
Strategy	**03/31/2025**	**06/30/2025**
Effective Duration		
Investment Core	2.11	2.08
Benchmark Duration	2.11	2.11
Total Effective Duration	**1.58**	**1.61**
Total Return (Net of Fees %)*		
Investment Core	1.81	1.32
Benchmark Return	1.81	1.28
Total Portfolio Performance	**1.55**	**1.20**
**Changes in Market Value include net unrealized and realized gains/ losses.*		
Maturity Total Portfolio		
Average Maturity Total Holdings	**1.71**	**1.73**

Metric	Previous	Current
Book Yield	**03/31/2025**	**06/30/2025**
Ending Book Yield		
Investment Core	3.64%	3.74%
Liquidity	3.52%	3.32%
Total Book Yield	**3.61%**	**3.64%**
Values	**03/31/2025**	**06/30/2025**
Market Value + Accrued		
Investment Core	210,444,043	211,450,480
Liquidity	71,284,409	62,980,663
Total MV + Accrued	**281,728,452**	**274,431,143**
Net Unrealized Gain/Loss		
Total Net Unrealized Gain/Loss	**(15,214)**	**822,042**

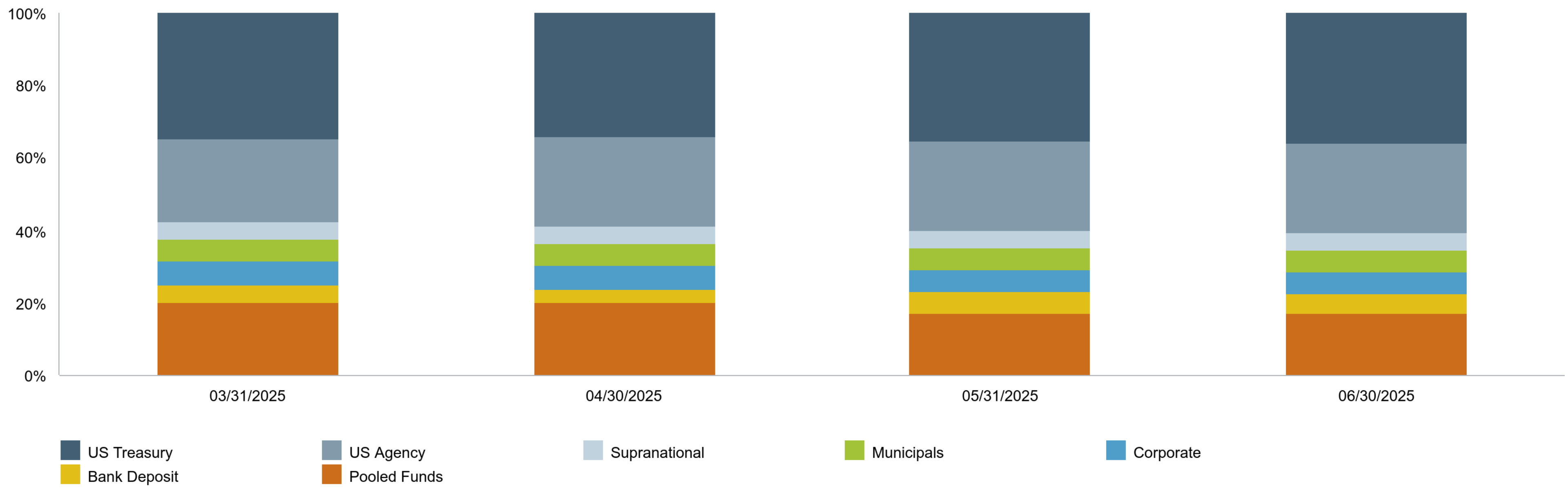
Asset Allocation Change over Quarter

City of Lacey | Total Aggregate Portfolio

June 30, 2025

Asset Allocation Changes

	03/31/2025		06/30/2025		Change	
Security Type	**Market Value + Accrued**	**% of Portfolio**	**Market Value + Accrued**	**% of Portfolio**	**Market Value + Accrued**	**% of Portfolio**
US Treasury	96,049,482.10	34.09%	96,753,064.37	35.26%	703,582.26	1.16%
US Agency	65,759,262.46	23.34%	68,270,946.48	24.88%	2,511,684.02	1.54%
Supranational	12,949,068.26	4.60%	13,155,182.01	4.79%	206,113.75	0.20%
Municipals	16,689,067.50	5.92%	16,788,175.75	6.12%	99,108.25	0.19%
Corporate	18,997,162.61	6.74%	16,483,110.94	6.01%	(2,514,051.67)	(0.74%)
Bank Deposit	14,185,947.24	5.04%	15,319,638.17	5.58%	1,133,690.93	0.55%
Pooled Funds	57,098,461.63	20.27%	47,661,025.23	17.37%	(9,437,436.40)	(2.90%)
Total	281,728,451.81	100.00%	274,431,142.95	100.00%	(7,297,308.86)	



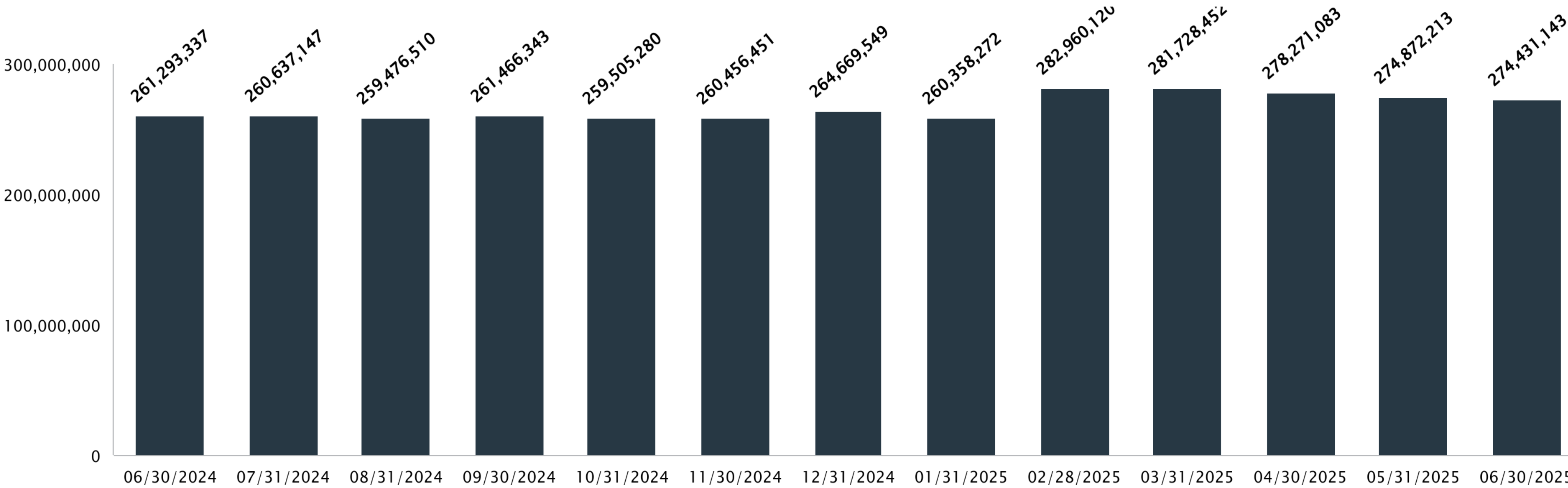
If negative cash balance is showing, it is due to a pending trade payable at the end of period.

Historical Balances

City of Lacey | Total Aggregate Portfolio

June 30, 2025

Market Value



Market Value and Return

Period Begin	Period End	Market Value + Accrued	Earned Income	Book Yield	Effective Duration	Maturity in Years
06/01/2024	06/30/2024	261,293,337	791,056	3.67%	1.61	1.73
07/01/2024	07/31/2024	260,637,147	815,363	3.78%	1.65	1.78
08/01/2024	08/31/2024	259,476,510	820,832	3.71%	1.61	1.73
09/01/2024	09/30/2024	261,466,343	757,493	3.49%	1.65	1.78
10/01/2024	10/31/2024	259,505,280	759,126	3.50%	1.61	1.75
11/01/2024	11/30/2024	260,456,451	748,657	3.49%	1.67	1.82
12/01/2024	12/31/2024	264,669,549	759,602	3.44%	1.65	1.79
01/01/2025	01/31/2025	260,358,272	765,077	3.52%	1.65	1.79
02/01/2025	02/28/2025	282,960,120	732,080	3.24%	1.57	1.70
03/01/2025	03/31/2025	281,728,452	780,835	3.61%	1.58	1.71
04/01/2025	04/30/2025	278,271,083	839,183	3.70%	1.60	1.72
05/01/2025	05/31/2025	274,872,213	835,179	3.59%	1.61	1.74
06/01/2025	06/30/2025	274,431,143	812,550	3.64%	1.61	1.73

Summary Overview

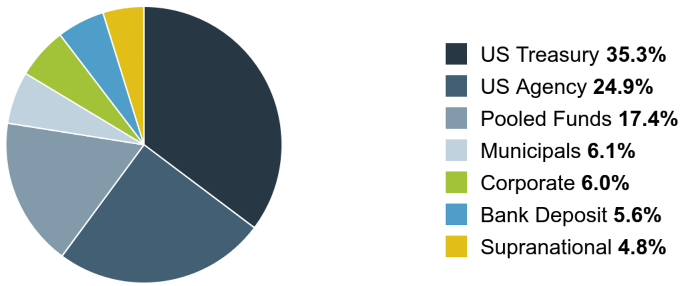
City of Lacey | Total Aggregate Portfolio

June 30, 2025

Portfolio Characteristics

Metric	Value
Cash and Cash Equivalents	62,980,663.40
Investments (Market Value + Accrued)	211,450,479.55
Book Yield	3.64%
Market Yield	3.79%
Effective Duration	1.61
Years to Maturity	1.73
Avg Credit Rating	AA+

Allocation by Asset Class



Strategic Structure

Account	Par Amount	Original Cost	Book Value	Market Value	Net Unrealized Gain (Loss)	Yield at Cost	Effective Duration	Benchmark Duration	Benchmark
LACEY-Investment Core	212,745,000.00	206,559,747.46	209,145,913.71	209,967,955.30	822,041.59	3.74%	2.08	2.11	ICE BofA 0-5 Year US Treasury Index
LACEY-Liquidity	62,980,663.40	62,980,663.40	62,980,663.40	62,980,663.40	0.00	3.32%	0.01	0.08	ICE BofA US 1-Month Treasury Bill Index
Total	**275,725,663.40**	**269,540,410.86**	**272,126,577.11**	**272,948,618.70**	**822,041.59**	**3.64%**	**1.61**		

Portfolio Activity

City of Lacey | Total Aggregate Portfolio

June 30, 2025

Accrual Activity Summary

	Quarter to Date	Fiscal Year to Date (01/01/2025)
Beginning Book Value	280,188,873.20	265,150,278.20
Maturities/Calls	(12,000,000.00)	(27,500,000.00)
Purchases	11,829,117.57	27,005,446.09
Sales	0.00	0.00
Change in Cash, Payables, Receivables	(8,303,745.47)	6,691,350.03
Amortization/Accretion	412,331.81	779,502.80
Realized Gain (Loss)	0.00	0.00
Ending Book Value	272,126,577.11	272,126,577.11

Fair Market Activity Summary

	Quarter to Date	Fiscal Year to Date (01/01/2025)
Beginning Market Value	280,173,658.82	263,212,868.17
Maturities/Calls	(12,000,000.00)	(27,500,000.00)
Purchases	11,829,117.57	27,005,446.09
Sales	0.00	0.00
Change in Cash, Payables, Receivables	(8,303,745.47)	6,691,350.03
Amortization/Accretion	412,331.81	779,502.80
Change in Net Unrealized Gain (Loss)	837,255.97	2,759,451.61
Net Realized Gain (Loss)	0.00	0.00
Ending Market Value	272,948,618.70	272,948,618.70

Maturities/Calls	Market Value
Quarter to Date	(12,000,000.00)
Fiscal Year to Date	(27,500,000.00)

Purchases	Market Value
Quarter to Date	11,829,117.57
Fiscal Year to Date	27,005,446.09

Sales	Market Value
Quarter to Date	0.00
Fiscal Year to Date	0.00

Return Management-Income Detail

City of Lacey | Total Aggregate Portfolio

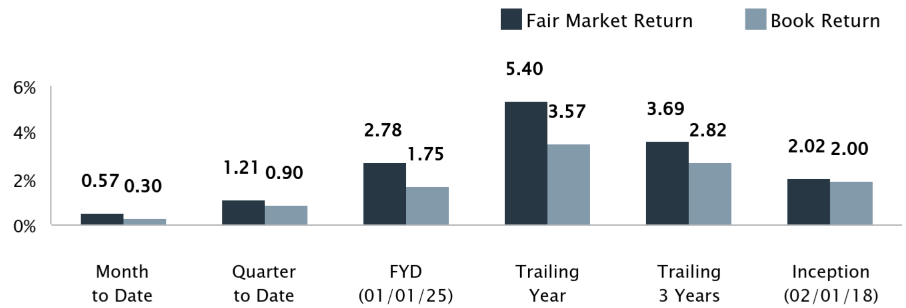
June 30, 2025

Accrued Book Return

	Quarter to Date	Fiscal Year to Date (01/01/2025)
Amortization/Accretion	412,331.81	779,502.80
Interest Earned	2,074,580.02	3,985,400.50
Realized Gain (Loss)	0.00	0.00
Book Income	2,486,911.83	4,764,903.30
Average Portfolio Balance	276,389,970.95	272,371,296.54
Book Return for Period	0.90%	1.75%

Return Comparisons

Periodic for performance less than one year. Annualized for performance greater than one year.



Fair Market Return

	Quarter to Date	Fiscal Year to Date (01/01/2025)
Fair Value Change	424,924.16	1,979,948.82
Amortization/Accretion	412,331.81	779,502.80
Interest Earned	2,074,580.02	3,985,400.50
Fair Market Earned Income	2,911,835.99	6,744,852.12
Average Portfolio Balance	276,389,970.95	272,371,296.54
Fair Market Return for Period	1.21%	2.78%

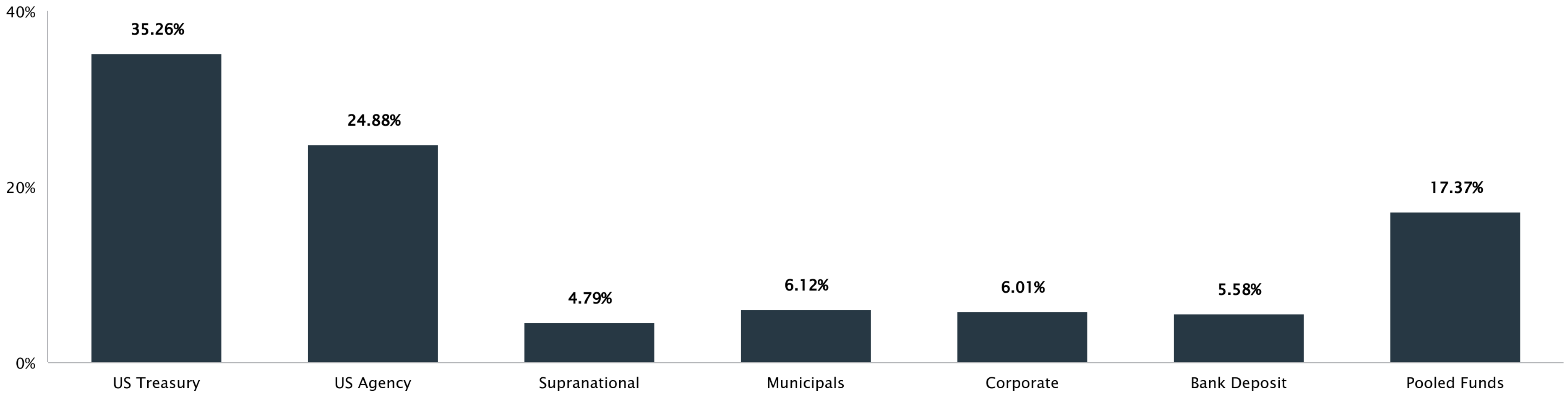
Interest Income

	Quarter to Date	Fiscal Year to Date (01/01/2025)
Beginning Accrued Interest	1,554,792.99	1,456,681.11
Coupons Income	2,238,321.32	4,061,822.85
Purchased Accrued Interest	91,472.56	102,265.49
Sold Accrued Interest	0.00	0.00
Ending Accrued Interest	1,482,524.25	1,482,524.25
Interest Earned	2,074,580.02	3,985,400.50

Security Type Distribution

Security Type	Par Amount	Book Yield	Market Value + Accrued	% of Market Value + Accrued
US Treasury	98,450,000.00	3.14%	96,753,064.37	35.26%
US Agency	67,745,000.00	4.19%	68,270,946.48	24.88%
Supranational	13,000,000.00	4.23%	13,155,182.01	4.79%
Municipals	17,050,000.00	4.41%	16,788,175.75	6.12%
Corporate	16,500,000.00	4.26%	16,483,110.94	6.01%
Bank Deposit	15,319,638.17	0.00%	15,319,638.17	5.58%
Pooled Funds	47,661,025.23	4.38%	47,661,025.23	17.37%
Total	**275,725,663.40**	**3.64%**	**274,431,142.95**	**100.00%**

Security Type Distribution



Risk Management-Credit/Issuer

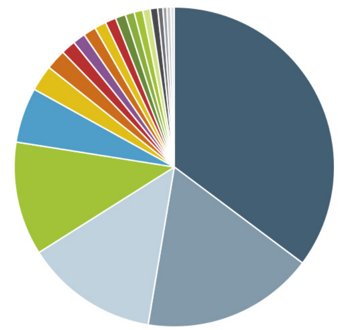
City of Lacey | Total Aggregate Portfolio

June 30, 2025

Credit Rating S&P/Moody's/Fitch

	Market Value + Accrued	%
S&P		
A	4,420,919.58	1.61
A+	5,478,076.22	2.00
AA	9,464,438.67	3.45
AA+	169,241,487.65	61.67
AA-	9,690,375.42	3.53
AAA	13,155,182.01	4.79
NA	62,980,663.40	22.95
Moody's		
A1	7,907,304.58	2.88
Aa1	165,024,010.85	60.13
Aa2	19,828,566.03	7.23
Aa3	4,552,082.19	1.66
Aaa	14,138,515.90	5.15
NA	62,980,663.40	22.95
Fitch		
A+	1,470,039.58	0.54
AA	15,869,219.03	5.78
AA+	166,127,217.85	60.54
AA-	8,499,278.44	3.10
AAA	3,494,440.35	1.27
NA	78,970,947.71	28.78
Total	**274,431,142.95**	**100.00**

Issuer Concentration



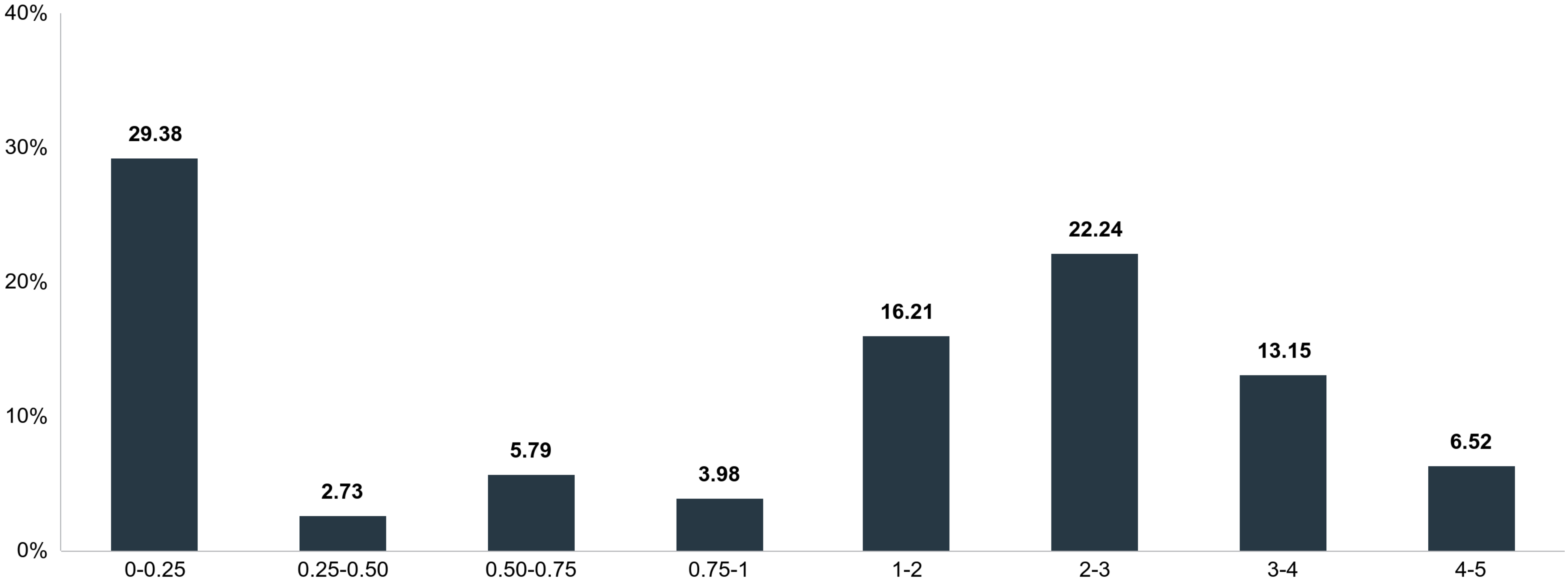
Risk Management-Maturity/Duration

City of Lacey | Total Aggregate Portfolio

June 30, 2025

1.61 Yrs	Effective Duration
1.73 Yrs	Years to Maturity
632	Days to Maturity

Distribution by Effective Duration



Holdings by Maturity & Ratings

City of Lacey | Total Aggregate Portfolio

June 30, 2025

Cusip	Par Amount	Security	Coupon Rate	Maturity Date	Call Date	Market Value	Accrued	Market Value + Accrued	Book Yield	Market Yield	% of Portfolio	Years to Maturity	Eff Duration	S&P, Moody, Fitch
LACEY_UMP_DEP	665.59	UMPQUA BANK DEPOSIT	0.130%	06/30/2025		665.59	0.00	665.59	0.13%	0.13%	0.00	0.01	0.01	NA NA NA
LACEY_UMP_CHK	15,318,972.58	UMPQUA BANK DEPOSIT	0.000%	06/30/2025		15,318,972.58	0.00	15,318,972.58	0.00%	0.00%	5.58	0.01	0.01	NA NA NA
WA_LGIP	47,661,025.23	WASHINGTON LGIP	4.383%	06/30/2025		47,661,025.23	0.00	47,661,025.23	4.38%	4.38%	17.37	0.01	0.01	NA NA NA
91282CAB7	2,500,000.00	UNITED STATES TREASURY	0.250%	07/31/2025		2,491,550.00	2,607.04	2,494,157.04	0.91%	4.21%	0.91	0.08	0.09	AA+ Aa1 AA+
06428CAC8	1,000,000.00	BANK OF AMERICA NA	5.650%	08/18/2025	08/05/2025	1,000,810.00	20,873.61	1,021,683.61	5.83%	4.51%	0.37	0.13	0.08	A+ Aa2 AA
91282CAJ0	3,000,000.00	UNITED STATES TREASURY	0.250%	08/31/2025		2,978,970.00	2,506.79	2,981,476.79	1.34%	4.44%	1.09	0.17	0.17	AA+ Aa1 AA+
9128284Z0	3,000,000.00	UNITED STATES TREASURY	2.750%	08/31/2025		2,991,120.00	27,574.73	3,018,694.73	2.94%	4.48%	1.10	0.17	0.17	AA+ Aa1 AA+
91282CAM3	2,750,000.00	UNITED STATES TREASURY	0.250%	09/30/2025		2,722,527.50	1,728.14	2,724,255.64	0.99%	4.26%	0.99	0.25	0.25	AA+ Aa1 AA+
13063D2T4	5,000,000.00	CALIFORNIA ST	5.500%	10/01/2025		5,014,450.00	68,750.00	5,083,200.00	4.24%	4.29%	1.85	0.25	0.25	AA- Aa2 AA
91282CAT8	2,500,000.00	UNITED STATES TREASURY	0.250%	10/31/2025		2,466,625.00	1,052.99	2,467,677.99	0.98%	4.30%	0.90	0.34	0.33	AA+ Aa1 AA+
3130ATUC9	2,500,000.00	FEDERAL HOME LOAN BANKS	4.500%	12/12/2025		2,501,625.00	5,937.50	2,507,562.50	3.86%	4.34%	0.91	0.45	0.44	AA+ Aa1 AA+
92826CAD4	2,500,000.00	VISA INC	3.150%	12/14/2025	09/14/2025	2,486,350.00	3,718.75	2,490,068.75	4.30%	4.37%	0.91	0.46	0.45	AA- Aa3 NA
3133EN6A3	5,000,000.00	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.000%	01/13/2026		4,991,550.00	93,333.33	5,084,883.33	4.04%	4.32%	1.85	0.54	0.52	AA+ Aa1 AA+
91282CBH3	2,500,000.00	UNITED STATES TREASURY	0.375%	01/31/2026		2,444,950.00	3,910.57	2,448,860.57	1.04%	4.22%	0.89	0.59	0.57	AA+ Aa1 AA+

Holdings by Maturity & Ratings

City of Lacey | Total Aggregate Portfolio

June 30, 2025

Cusip	Par Amount	Security	Coupon Rate	Maturity Date	Call Date	Market Value	Accrued	Market Value + Accrued	Book Yield	Market Yield	% of Portfolio	Years to Maturity	Eff Duration	S&P, Moody, Fitch
91282CBQ3	2,500,000.00	UNITED STATES TREASURY	0.500%	02/28/2026		2,440,050.00	4,177.99	2,444,227.99	1.10%	4.17%	0.89	0.67	0.65	AA+ Aa1 AA+
3130AUU36	3,000,000.00	FEDERAL HOME LOAN BANKS	4.125%	03/13/2026		2,999,430.00	37,125.00	3,036,555.00	4.80%	4.15%	1.11	0.70	0.68	AA+ Aa1 AA+
3133EPHH1	3,000,000.00	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.000%	04/28/2026		2,995,350.00	21,000.00	3,016,350.00	3.96%	4.19%	1.10	0.83	0.80	AA+ Aa1 AA+
91282CBW0	2,500,000.00	UNITED STATES TREASURY	0.750%	04/30/2026		2,432,250.00	3,158.97	2,435,408.97	1.09%	4.09%	0.89	0.83	0.82	AA+ Aa1 AA+
91282CCF6	2,500,000.00	UNITED STATES TREASURY	0.750%	05/31/2026		2,426,375.00	1,588.11	2,427,963.11	1.15%	4.05%	0.88	0.92	0.90	AA+ Aa1 AA+
3133EPNG6	3,000,000.00	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.375%	06/23/2026		3,010,200.00	2,916.67	3,013,116.67	4.39%	4.02%	1.10	0.98	0.95	AA+ Aa1 AA+
91282CCP4	2,500,000.00	UNITED STATES TREASURY	0.625%	07/31/2026		2,411,825.00	6,517.61	2,418,342.61	1.13%	3.98%	0.88	1.08	1.06	AA+ Aa1 AA+
91282CCW9	5,000,000.00	UNITED STATES TREASURY	0.750%	08/31/2026		4,818,950.00	12,533.97	4,831,483.97	2.68%	3.95%	1.76	1.17	1.14	AA+ Aa1 AA+
037833DN7	1,000,000.00	APPLE INC	2.050%	09/11/2026	07/11/2026	977,070.00	6,263.89	983,333.89	3.33%	4.03%	0.36	1.20	1.16	AA+ Aaa NA
91282CCZ2	4,000,000.00	UNITED STATES TREASURY	0.875%	09/30/2026		3,853,120.00	8,797.81	3,861,917.81	2.21%	3.91%	1.41	1.25	1.22	AA+ Aa1 AA+
61690U7W4	2,000,000.00	MORGAN STANLEY BANK NA	5.882%	10/30/2026	09/30/2026	2,042,080.00	19,933.44	2,062,013.44	5.73%	4.14%	0.75	1.33	1.19	A+ Aa3 AA-
912828YQ7	1,500,000.00	UNITED STATES TREASURY	1.625%	10/31/2026		1,456,350.00	4,106.66	1,460,456.66	2.58%	3.88%	0.53	1.34	1.30	AA+ Aa1 AA+
91282CLS8	4,000,000.00	UNITED STATES TREASURY	4.125%	10/31/2026		4,011,080.00	27,798.91	4,038,878.91	4.08%	3.91%	1.47	1.34	1.28	AA+ Aa1 AA+
91282CDK4	4,500,000.00	UNITED STATES TREASURY	1.250%	11/30/2026		4,338,990.00	4,764.34	4,343,754.34	2.84%	3.87%	1.58	1.42	1.38	AA+ Aa1 AA+

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Cusip	Par Amount	Security	Coupon Rate	Maturity Date	Call Date	Market Value	Accrued	Market Value + Accrued	Book Yield	Market Yield	% of Portfolio	Years to Maturity	Eff Duration	S&P, Moody, Fitch
3130AQF65	5,000,000.00	FEDERAL HOME LOAN BANKS	1.250%	12/21/2026		4,813,550.00	1,736.11	4,815,286.11	4.52%	3.88%	1.75	1.48	1.44	AA+ Aa1 AA+
912828Z78	2,000,000.00	UNITED STATES TREASURY	1.500%	01/31/2027		1,929,140.00	12,513.81	1,941,653.81	2.57%	3.82%	0.71	1.59	1.53	AA+ Aa1 AA+
46647PBW5	3,000,000.00	JPMORGAN CHASE & CO	1.040%	02/04/2027	02/04/2026	2,938,140.00	12,740.00	2,950,880.00	3.03%	4.59%	1.08	1.60	0.58	A A1 AA-
3133EP4U6	4,000,000.00	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.375%	03/08/2027		4,037,560.00	54,930.56	4,092,490.56	4.51%	3.79%	1.49	1.69	1.60	AA+ Aa1 AA+
24422EWD7	1,500,000.00	JOHN DEERE CAPITAL CORP	2.350%	03/08/2027		1,458,975.00	11,064.58	1,470,039.58	3.02%	4.04%	0.54	1.69	1.62	A A1 A+
023135CF1	3,500,000.00	AMAZON.COM INC	3.300%	04/13/2027	03/13/2027	3,461,360.00	25,025.00	3,486,385.00	4.89%	3.94%	1.27	1.79	1.67	AA A1 AA-
91282CET4	2,700,000.00	UNITED STATES TREASURY	2.625%	05/31/2027		2,644,218.00	6,003.07	2,650,221.07	3.35%	3.75%	0.97	1.92	1.84	AA+ Aa1 AA+
3130ASGU7	2,000,000.00	FEDERAL HOME LOAN BANKS	3.500%	06/11/2027		1,986,080.00	3,888.89	1,989,968.89	3.15%	3.87%	0.73	1.95	1.86	AA+ Aa1 AA+
64966QZY9	3,000,000.00	NEW YORK CITY	1.396%	08/01/2027		2,838,690.00	17,450.00	2,856,140.00	5.30%	4.11%	1.04	2.09	2.01	AA Aa2 NA
70914PW65	2,500,000.00	PENNSYLVANIA (COMMONWEALTH OF)	1.450%	08/01/2027		2,379,275.00	15,104.17	2,394,379.17	4.32%	3.88%	0.87	2.09	2.01	A+ Aa2 AA
045167FP3	3,500,000.00	ASIAN DEVELOPMENT BANK	3.125%	08/20/2027		3,454,640.00	39,800.35	3,494,440.35	4.52%	3.76%	1.27	2.14	2.02	AAA Aaa AAA
3130AT7E1	3,000,000.00	FEDERAL HOME LOAN BANKS	3.250%	09/10/2027		2,967,450.00	30,062.50	2,997,512.50	3.35%	3.77%	1.09	2.20	2.08	AA+ Aa1 AA+
3133EPYM1	3,000,000.00	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.750%	10/13/2027		3,064,920.00	30,875.00	3,095,795.00	4.81%	3.75%	1.13	2.29	2.13	AA+ Aa1 AA+
912833QB9	5,000,000.00	UNITED STATES TREASURY	0.000%	11/15/2027		4,573,350.00	0.00	4,573,350.00	4.38%	3.79%	1.67	2.38	2.33	AA+ Aa1 AA+

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Cusip	Par Amount	Security	Coupon Rate	Maturity Date	Call Date	Market Value	Accrued	Market Value + Accrued	Book Yield	Market Yield	% of Portfolio	Years to Maturity	Eff Duration	S&P, Moody, Fitch
3130ATUS4	5,000,000.00	FEDERAL HOME LOAN BANKS	4.250%	12/10/2027		5,055,150.00	12,395.83	5,067,545.83	3.75%	3.77%	1.85	2.45	2.30	AA+ Aa1 AA+
4581X0EH7	2,500,000.00	INTER-AMERICAN DEVELOPMENT BANK	4.000%	01/12/2028		2,514,525.00	46,944.44	2,561,469.44	4.14%	3.76%	0.93	2.54	2.35	AAA Aaa NA
9128283W8	5,000,000.00	UNITED STATES TREASURY	2.750%	02/15/2028		4,881,050.00	51,657.46	4,932,707.46	4.10%	3.71%	1.80	2.63	2.48	AA+ Aa1 AA+
3130ATS57	3,000,000.00	FEDERAL HOME LOAN BANKS	4.500%	03/10/2028		3,059,070.00	41,625.00	3,100,695.00	4.42%	3.72%	1.13	2.70	2.49	AA+ Aa1 AA+
931142FB4	2,000,000.00	WALMART INC	3.900%	04/15/2028	03/15/2028	2,002,240.00	16,466.67	2,018,706.67	3.97%	3.86%	0.74	2.79	2.56	AA Aa2 AA
91282CHE4	3,000,000.00	UNITED STATES TREASURY	3.625%	05/31/2028		2,993,670.00	9,211.07	3,002,881.07	4.24%	3.70%	1.09	2.92	2.74	AA+ Aa1 AA+
91282CCE9	2,750,000.00	UNITED STATES TREASURY	1.250%	05/31/2028		2,565,447.50	2,911.54	2,568,359.04	4.26%	3.70%	0.94	2.92	2.82	AA+ Aa1 AA+
3130AVVX7	4,000,000.00	FEDERAL HOME LOAN BANKS	3.750%	06/09/2028		4,003,440.00	9,166.67	4,012,606.67	3.91%	3.72%	1.46	2.94	2.76	AA+ Aa1 AA+
3130AWN63	2,000,000.00	FEDERAL HOME LOAN BANKS	4.000%	06/30/2028		2,017,840.00	222.22	2,018,062.22	4.10%	3.68%	0.74	3.00	2.81	AA+ Aa1 AA+
459058KT9	4,000,000.00	INTERNATIONAL BANK FOR	3.500%	07/12/2028		3,970,240.00	65,722.22	4,035,962.22	4.56%	3.76%	1.47	3.03	2.80	AAA Aaa NA
419792YT7	3,500,000.00	HAWAII ST	1.145%	08/01/2028		3,217,445.00	16,697.92	3,234,142.92	4.41%	3.95%	1.18	3.09	2.97	AA+ Aa2 AA
762223PB5	1,050,000.00	RHODE ISLAND ST	5.000%	08/01/2028		1,081,332.00	21,875.00	1,103,207.00	4.46%	3.96%	0.40	3.09	2.79	AA Aa2 AA+
3133EPUN3	4,000,000.00	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.500%	08/28/2028		4,077,240.00	61,500.00	4,138,740.00	4.46%	3.84%	1.51	3.16	2.89	AA+ Aa1 AA+
91282CCY5	3,500,000.00	UNITED STATES TREASURY	1.250%	09/30/2028		3,238,200.00	10,997.27	3,249,197.27	4.42%	3.71%	1.18	3.25	3.13	AA+ Aa1 AA+

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91282CJF9	4,500,000.00	UNITED STATES TREASURY	4.875%	10/31/2028		4,661,730.00	36,959.92	4,698,689.92	4.55%	3.72%	1.71	3.34	3.04	AA+ Aa1 AA+
3130AXQK7	3,000,000.00	FEDERAL HOME LOAN BANKS	4.750%	12/08/2028		3,086,670.00	9,104.17	3,095,774.17	4.40%	3.84%	1.13	3.44	3.15	AA+ Aa1 AA+
91282CJW2	4,000,000.00	UNITED STATES TREASURY	4.000%	01/31/2029		4,036,080.00	66,740.33	4,102,820.33	4.13%	3.73%	1.50	3.59	3.26	AA+ Aa1 AA+
3130AVBD3	3,995,000.00	FEDERAL HOME LOAN BANKS	4.500%	03/09/2029		4,094,635.30	55,930.00	4,150,565.30	4.23%	3.77%	1.51	3.69	3.34	AA+ Aa1 AA+
3133ERAK7	4,000,000.00	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.375%	04/10/2029		4,065,320.00	39,375.00	4,104,695.00	4.63%	3.90%	1.50	3.78	3.43	AA+ Aa1 AA+
91282CES6	4,750,000.00	UNITED STATES TREASURY	2.750%	05/31/2029		4,580,425.00	11,063.87	4,591,488.87	4.26%	3.74%	1.67	3.92	3.66	AA+ Aa1 AA+
45818WFV3	3,000,000.00	INTER-AMERICAN DEVELOPMENT BANK	3.900%	08/15/2029		3,019,110.00	44,200.00	3,063,310.00	3.54%	3.73%	1.12	4.13	3.73	AAA Aaa NA
13063EBP0	2,000,000.00	CALIFORNIA ST	5.125%	09/01/2029		2,082,940.00	34,166.67	2,117,106.67	3.68%	4.03%	0.77	4.17	3.68	AA- Aa2 AA
91282CFT3	3,000,000.00	UNITED STATES TREASURY	4.000%	10/31/2029		3,028,590.00	20,217.39	3,048,807.39	4.29%	3.76%	1.11	4.34	3.93	AA+ Aa1 AA+
3133EN4P2	2,500,000.00	FEDERAL FARM CREDIT BANKS FUNDING CORP	3.875%	12/20/2029		2,493,025.00	2,960.07	2,495,985.07	4.00%	3.94%	0.91	4.47	4.06	AA+ Aa1 AA+
91282CGJ4	5,500,000.00	UNITED STATES TREASURY	3.500%	01/31/2030		5,435,980.00	80,296.96	5,516,276.96	3.91%	3.78%	2.01	4.59	4.13	AA+ Aa1 AA+
91282CGS4	3,500,000.00	UNITED STATES TREASURY	3.625%	03/31/2030		3,474,975.00	31,892.08	3,506,867.08	4.10%	3.79%	1.28	4.75	4.29	AA+ Aa1 AA+
91282CGZ8	4,000,000.00	UNITED STATES TREASURY	3.500%	04/30/2030		3,948,600.00	23,586.96	3,972,186.96	4.30%	3.79%	1.45	4.83	4.38	AA+ Aa1 AA+
3133ELYY4	2,750,000.00	FEDERAL FARM CREDIT BANKS FUNDING CORP	1.300%	05/13/2030		2,431,990.00	4,766.67	2,436,756.67	3.94%	3.93%	0.89	4.87	4.62	AA+ Aa1 AA+
Total	**275,725,663.40**		**3.035%**			**272,948,618.70**	**1,482,524.25**	**274,431,142.95**	**3.64%**	**3.79%**	**100.00**	**1.73**	**1.61**	

Transactions

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Cusip	Security	Trade Date	Settlement Date	Coupon Payment	Price	Par Amount	Principal Amount	Accrued Amount	Total Amount	Broker
Buy										
3133ELYY4	FED FARM CR BNKS 1.300 05/13/30	04/25/2025	04/30/2025	0.00	88.06	2,750,000.00	2,421,578.50	16,584.03	2,438,162.53	BARCLAY CAPITAL MARKETS
91282CGJ4	US TREASURY 3.500 01/31/30	05/08/2025	05/13/2025	0.00	97.93	2,500,000.00	2,448,242.19	24,654.70	2,472,896.89	BMO-CHICAGO BRANCH
91282CLS8	US TREASURY 4.125 10/31/26	05/12/2025	05/15/2025	0.00	100.07	4,000,000.00	4,002,656.25	6,725.54	4,009,381.79	RBC CAPITAL MARKETS
91282CGJ4	US TREASURY 3.500 01/31/30	06/25/2025	06/30/2025	0.00	98.55	3,000,000.00	2,956,640.63	43,508.29	3,000,148.92	MUFG Securities
WA_LGIP	WASHINGTON LGIP	05/28/2025	05/28/2025	0.00	1.00	377,260.58	377,260.58	0.00	377,260.58	Direct
LACEY_UMP_CHK	UMPQUA BANK DEPOSIT	05/31/2025	05/31/2025	0.00	1.00	6,956,882.59	6,956,882.59	0.00	6,956,882.59	Direct
Total				**0.00**		**19,584,143.17**	**19,163,260.74**	**91,472.56**	**19,254,733.30**	
Sell										
LACEY_UMP_CHK	UMPQUA BANK DEPOSIT	05/13/2025	05/13/2025	0.00	1.00	5,823,191.88	5,823,191.88	0.00	5,823,191.88	Direct
WA_LGIP	WASHINGTON LGIP	05/31/2025	05/31/2025	0.00	1.00	9,814,696.98	9,814,696.98	0.00	9,814,696.98	Direct
Total				**0.00**		**15,637,888.86**	**15,637,888.86**	**0.00**	**15,637,888.86**	
Maturity										
912828ZL7	US TREASURY 0.375 04/30/25 MATD	04/30/2025	04/30/2025	0.00	100.00	2,500,000.00	2,500,000.00	0.00	2,500,000.00	
037833BG4	APPLE 3.200 05/13/25 MATD	05/13/2025	05/13/2025	0.00	100.00	2,500,000.00	2,500,000.00	0.00	2,500,000.00	
91282CEQ0	US TREASURY 2.750 05/15/25 MATD	05/15/2025	05/15/2025	0.00	100.00	4,000,000.00	4,000,000.00	0.00	4,000,000.00	
912828ZW3	US TREASURY 0.250 06/30/25 MATD	06/30/2025	06/30/2025	0.00	100.00	3,000,000.00	3,000,000.00	0.00	3,000,000.00	
Total				**0.00**		**12,000,000.00**	**12,000,000.00**	**0.00**	**12,000,000.00**	
Coupon										
13063D2T4	CALIFORNIA ST 5.500 10/01/25	04/01/2025	04/01/2025	137,500.00		0.00	0.00	0.00	137,500.00	
3133ERAK7	FED FARM CR BNKS 4.375 04/10/29	04/10/2025	04/10/2025	87,500.00		0.00	0.00	0.00	87,500.00	
023135CF1	AMAZON.COM 3.300 04/13/27 '27	04/13/2025	04/13/2025	57,750.00		0.00	0.00	0.00	57,750.00	
3133EPYM1	FED FARM CR BNKS 4.750 10/13/27	04/13/2025	04/13/2025	71,250.00		0.00	0.00	0.00	71,250.00	
931142FB4	WALMART 3.900 04/15/28 '28	04/15/2025	04/15/2025	39,000.00		0.00	0.00	0.00	39,000.00	
3133EPHH1	FED FARM CR BNKS 4.000 04/28/26	04/28/2025	04/28/2025	60,000.00		0.00	0.00	0.00	60,000.00	
912828YQ7	US TREASURY 1.625 10/31/26	04/30/2025	04/30/2025	12,187.50		0.00	0.00	0.00	12,187.50	
912828ZL7	US TREASURY 0.375 04/30/25 MATD	04/30/2025	04/30/2025	4,687.50		0.00	0.00	0.00	4,687.50	
91282CAT8	US TREASURY 0.250 10/31/25	04/30/2025	04/30/2025	3,125.00		0.00	0.00	0.00	3,125.00	

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Cusip	Security	Trade Date	Settlement Date	Coupon Payment	Price	Par Amount	Principal Amount	Accrued Amount	Total Amount	Broker
91282CBW0	US TREASURY 0.750 04/30/26	04/30/2025	04/30/2025	9,375.00		0.00	0.00	0.00	9,375.00	
91282CFT3	US TREASURY 4.000 10/31/29	04/30/2025	04/30/2025	60,000.00		0.00	0.00	0.00	60,000.00	
91282CGZ8	US TREASURY 3.500 04/30/30	04/30/2025	04/30/2025	70,000.00		0.00	0.00	0.00	70,000.00	
91282CJF9	US TREASURY 4.875 10/31/28	04/30/2025	04/30/2025	109,687.50		0.00	0.00	0.00	109,687.50	
61690U7W4	MSBNA 5.882 10/30/26 '26	04/30/2025	04/30/2025	58,820.00		0.00	0.00	0.00	58,820.00	
3133ELYY4	FED FARM CR BNKS 1.300 05/13/30	05/13/2025	05/13/2025	17,875.00		0.00	0.00	0.00	17,875.00	
037833BG4	APPLE 3.200 05/13/25 MATD	05/13/2025	05/13/2025	40,000.00		0.00	0.00	0.00	40,000.00	
91282CEQ0	US TREASURY 2.750 05/15/25 MATD	05/15/2025	05/15/2025	55,000.00		0.00	0.00	0.00	55,000.00	
91282CCF6	US TREASURY 0.750 05/31/26	05/31/2025	05/31/2025	9,375.00		0.00	0.00	0.00	9,375.00	
91282CCE9	US TREASURY 1.250 05/31/28	05/31/2025	05/31/2025	17,187.50		0.00	0.00	0.00	17,187.50	
91282CDK4	US TREASURY 1.250 11/30/26	05/31/2025	05/31/2025	28,125.00		0.00	0.00	0.00	28,125.00	
91282CET4	US TREASURY 2.625 05/31/27	05/31/2025	05/31/2025	35,437.50		0.00	0.00	0.00	35,437.50	
91282CES6	US TREASURY 2.750 05/31/29	05/31/2025	05/31/2025	65,312.50		0.00	0.00	0.00	65,312.50	
91282CHE4	US TREASURY 3.625 05/31/28	05/31/2025	05/31/2025	54,375.00		0.00	0.00	0.00	54,375.00	
3130AXQK7	FHLBANKS 4.750 12/08/28	06/08/2025	06/08/2025	71,250.00		0.00	0.00	0.00	71,250.00	
3130AVVX7	FHLBANKS 3.750 06/09/28	06/09/2025	06/09/2025	75,000.00		0.00	0.00	0.00	75,000.00	
3130ATUS4	FHLBANKS 4.250 12/10/27	06/10/2025	06/10/2025	106,250.00		0.00	0.00	0.00	106,250.00	
3130ASGU7	FHLBANKS 3.500 06/11/27	06/11/2025	06/11/2025	35,000.00		0.00	0.00	0.00	35,000.00	
3130ATUC9	FHLBANKS 4.500 12/12/25	06/12/2025	06/12/2025	56,250.00		0.00	0.00	0.00	56,250.00	
92826CAD4	VISA 3.150 12/14/25 '25	06/14/2025	06/14/2025	39,375.00		0.00	0.00	0.00	39,375.00	
3133EN4P2	FED FARM CR BNKS 3.875 12/20/29	06/20/2025	06/20/2025	48,437.50		0.00	0.00	0.00	48,437.50	
3130AQF65	FHLBANKS 1.250 12/21/26	06/21/2025	06/21/2025	31,250.00		0.00	0.00	0.00	31,250.00	
3133EPNG6	FED FARM CR BNKS 4.375 06/23/26	06/23/2025	06/23/2025	65,625.00		0.00	0.00	0.00	65,625.00	
3130AWN63	FHLBANKS 4.000 06/30/28	06/30/2025	06/30/2025	40,000.00		0.00	0.00	0.00	40,000.00	
912828ZW3	US TREASURY 0.250 06/30/25 MATD	06/30/2025	06/30/2025	3,750.00		0.00	0.00	0.00	3,750.00	
Total				**1,675,757.50**		**0.00**	**0.00**	**0.00**	**1,675,757.50**	
Cash Transfer										
CCYUSD	US DOLLAR	04/01/2025	04/01/2025	0.00		137,500.00	(137,500.00)	0.00	(137,500.00)	
CCYUSD	US DOLLAR	04/10/2025	04/10/2025	0.00		87,500.00	(87,500.00)	0.00	(87,500.00)	
CCYUSD	US DOLLAR	04/14/2025	04/14/2025	0.00		129,000.00	(129,000.00)	0.00	(129,000.00)	
CCYUSD	US DOLLAR	04/15/2025	04/15/2025	0.00		39,000.00	(39,000.00)	0.00	(39,000.00)	

Transactions

City of Lacey | Total Aggregate Portfolio

June 30, 2025

Cusip	Security	Trade Date	Settlement Date	Coupon Payment	Price	Par Amount	Principal Amount	Accrued Amount	Total Amount	Broker
CCYUSD	US DOLLAR	04/28/2025	04/28/2025	0.00		60,000.00	(60,000.00)	0.00	(60,000.00)	
CCYUSD	US DOLLAR	04/30/2025	04/30/2025	0.00		389,719.97	(389,719.97)	0.00	(389,719.97)	
CCYUSD	US DOLLAR	05/13/2025	05/13/2025	0.00		84,978.11	(84,978.11)	0.00	(84,978.11)	
CCYUSD	US DOLLAR	05/15/2025	05/15/2025	0.00		45,618.21	(45,618.21)	0.00	(45,618.21)	
CCYUSD	US DOLLAR	06/02/2025	06/02/2025	0.00		209,812.50	(209,812.50)	0.00	(209,812.50)	
CCYUSD	US DOLLAR	06/09/2025	06/09/2025	0.00		146,250.00	(146,250.00)	0.00	(146,250.00)	
CCYUSD	US DOLLAR	06/10/2025	06/10/2025	0.00		106,250.00	(106,250.00)	0.00	(106,250.00)	
CCYUSD	US DOLLAR	06/11/2025	06/11/2025	0.00		35,000.00	(35,000.00)	0.00	(35,000.00)	
CCYUSD	US DOLLAR	06/12/2025	06/12/2025	0.00		56,250.00	(56,250.00)	0.00	(56,250.00)	
CCYUSD	US DOLLAR	06/16/2025	06/16/2025	0.00		39,375.00	(39,375.00)	0.00	(39,375.00)	
CCYUSD	US DOLLAR	06/20/2025	06/20/2025	0.00		48,437.50	(48,437.50)	0.00	(48,437.50)	
CCYUSD	US DOLLAR	06/23/2025	06/23/2025	0.00		96,875.00	(96,875.00)	0.00	(96,875.00)	
CCYUSD	US DOLLAR	06/30/2025	06/30/2025	0.00		43,601.08	(43,601.08)	0.00	(43,601.08)	
Total				**0.00**		**1,755,167.37**	**(1,755,167.37)**	**0.00**	**(1,755,167.37)**	
Interest Income										
WA_LGIP	WASHINGTON LGIP	04/30/2025	04/30/2025	206,176.62		0.00	206,176.62	0.00	206,176.62	
WA_LGIP	WASHINGTON LGIP	05/31/2025	05/31/2025	185,303.02		0.00	185,303.02	0.00	185,303.02	
WA_LGIP	WASHINGTON LGIP	06/30/2025	06/30/2025	171,083.96		0.00	171,083.96	0.00	171,083.96	
Total				**562,563.60**		**0.00**	**562,563.60**	**0.00**	**562,563.60**	

This report is for general informational purposes only and is not intended to provide specific advice or recommendations. Government Portfolio Advisors (GPA) is an investment advisor registered with the Securities and Exchange Commission and is required to maintain a written disclosure statement of our background and business experience.

Questions About an Account: GPA's monthly & quarterly reports are intended to detail the investment advisory activity managed by GPA. The custodial bank maintains the control of assets and settles all investment transactions. The custodial statement is the official record of security and cash holdings and transactions. GPA recognizes that clients may use these reports to facilitate record keeping and that the custodial bank statement and the GPA report should be reconciled, and differences documented.

Trade Date versus Settlement Date: Many custodial banks use settlement date basis and post coupons or maturities on the following business days when they occur on weekend. These items may result in the need to reconcile due to a timing difference. GPA reports are on a trade date basis in accordance with GIPS performance standards. GPA can provide all account settings to support the reason for any variance.

Bank Deposits and Pooled Investment Funds Held in Liquidity Accounts Away from the Custodial Bank are Referred to as Line Item Securities: GPA relies on the information provided by clients when reporting pool balances, bank balances and other assets that are not held at the client's custodial bank. GPA does not guarantee the accuracy of information received from third parties. Balances cannot be adjusted once submitted however corrective transactions can be entered as adjustments in the following months activity. Assets held outside the custodial bank that are reported to GPA are included in GPA's oversight compliance reporting and strategic plan.

Account Control: GPA does not have the authority to withdraw or deposit funds from or to any client's custodial account. Clients retain responsibility for the deposit and withdrawal of funds to the custodial account. Our clients retain responsibility for their internal accounting policies, implementing and enforcing internal controls and generating ledger entries or otherwise recording transactions.

Custodial Bank Interface: Our contract provides for the ability for GPA to interface into our client's custodial bank to reconcile transactions, maturities and coupon payments. The GPA client portal will be available to all clients to access this information directly at any time.

Market Price: Generally, GPA has set all securities market pricing to match custodial bank pricing. There may be certain securities that will require pricing override due to inaccurate custodial bank pricing that will otherwise distort portfolio performance returns. GPA may utilize Refinitiv pricing source for commercial paper, discount notes and supranational bonds when custodial bank pricing does not reflect current market levels. The pricing variances are obvious when market yields are distorted from the current market levels.

Performance Calculation: Historical returns are presented as time-weighted total return values and are presented gross and net of fees.

Amortized Cost: The original cost on the principal of the security is adjusted for the amount of the periodic reduction of any discount or premium from the purchase date until the date of the report. Discounts or premiums are amortized on a straight-line basis on all securities. This can be changed at the client's request.

Callable Securities: Securities subject to redemption in whole or in part prior to the stated final maturity at the discretion of the security's issuer are referred to as "callable". Certain call dates may not show up on the report if the call date has passed or if the security is continuously callable until maturity date. Bonds purchased at a premium will be amortized to the next call date while all other callable securities will be amortized to maturity. If the bond is amortized to the call date, amortization will be reflected to that date and once the call date passes, the bond will be fully amortized.

Duration: The duration is the effective duration. Duration on callable securities is based on the probability of the security being called given market rates and security characteristics.

Benchmark Duration: The benchmark duration is based on the duration of the stated benchmark that is assigned to each account.

Rating: Information provided for ratings is based upon a good faith inquiry of selected sources, but its accuracy and completeness cannot be guaranteed.

Coupon Payments and Maturities on Weekends: On occasion, coupon payments and maturities occur on a weekend or holiday. GPA's report settings are on the accrual basis so the coupon postings and maturities will be accounted for in the period earned. The bank may be set at a cash basis, which may result in a reconciliation variance.

Cash and Cash Equivalents: GPA has defined cash and cash equivalents to be cash, bank deposits, LGIP pools and repurchase agreements. This may vary from your custodial bank which typically defines cash and equivalents as all securities that mature under 90 days. Check with your custodial bank to understand their methodology.

Account Settings: GPA has the portfolio settings at the lot level, if a security is sold our setting will remove the lowest cost security first. First-in-first-out (FIFO) settings are available at the client's request.

Historical Numbers: Data was transferred from GPA's legacy system, however, variances may exist from the data received due to a change of settings on Clearwater. GPA is utilizing this information for historical return data with the understanding the accrual settings and pricing sources may differ slightly.

Financial Situation: In order to better serve you, GPA should be promptly notified of any material change in your investment objective or financial situation.

No Guarantee: The securities in the portfolio are not guaranteed or otherwise protected by GPA, the FDIC (except for non-negotiable certificates of deposit) or any government agency. Investment in securities involves risks, including the possible loss of the amount invested.

GPA GOVERNMENT PORTFOLIO ADVISORS

LACEY CITY COUNCIL WORKSESSION
August 12, 2025

SUBJECT: **Business License Code Amendment.**

RECOMMENDATION: Not applicable. Staff will brief the City Council on amendments to the City's minimum licensing threshold for out-of-city businesses based on recent legislation. Final action regarding amendments to Lacey Municipal Code 5.12 Business Registration will be consider by the Council at a future regular Council meeting.

STAFF CONTACT: Rick Walk, City Manager
Troy Woo, Finance Director TW
Chelsea Yarwood, Accounting Manager CY

ORIGINATED BY: Finance Department

ATTACHMENTS: None

FISCAL NOTE: None

WORK PLAN GOAL AND STRATEGY: None

PRIOR REVIEW: None

BACKGROUND:

Since 2004, RCW 35.90 has required cities that impose a general business license and business and occupation (B&O) tax to adopt and maintain a model ordinance to ensure consistency across jurisdictions. The B&O tax cities will implement two separate amendments to the model ordinance effective January 1, 2026:

1. Update classification definitions to align with recent changes adopted by the State for service and retail classifications under the State B&O tax

2. Increase the out-of-city licensing threshold, reducing administrative burdens for small businesses operating across jurisdictions.

An Association of Washington Cities/City task force is currently reviewing and revising the classification definitions, with work anticipated to conclude by September 2025. All affected cities will be required to formally adopt these changes by the end of the year to meet the January 1, 2026, implementation deadline. The proposed amendments will be presented to the City Council later in 2025 for consideration and adoption.

Along with the classification amendment, staff will be bringing forward further information based on direction from the January City Council retreat to examine the City's existing B&O tax structure. This review is aimed at identifying opportunities to enhance or expand revenue capacity in order to address ongoing expenditure growth and long-term fiscal sustainability.

The Association of Washington Cities collaborated with municipalities and incorporated input from the business community to propose an updated minimum licensing threshold for out-of-city businesses.

The proposed changes will impact Lacey Municipal Code (LMC) 5.12.010. The proposed changes to the model ordinance are as follows:

Existing language:

> To the extent set forth in this section, the following persons and businesses shall be exempt from the registration, license and/or license fee requirements as outlined in this chapter: (1) Any person or business whose annual value of products, gross proceeds of sales, or gross income of the business in the city is equal to or less than $2,000 and who does not maintain a place of business within the city shall be exempt from the general business license requirements in this chapter. The exemption does not apply to regulatory license requirements or activities that require a specialized permit.

Proposed language:

> Beginning January 1, 2026, the threshold amount is $4,000 [or higher threshold as determined by city]. The threshold amount will be adjusted every forty-eight months on January 1, by an amount equal to the increase in the Consumer Price Index ("CPI") for "West Urban, All Urban Consumers" (CPI-U) for each 12-month period ending on June 30 as published by the United States Department of Labor Bureau of Labor Statistics or successor agency. To calculate this adjustment, the current rate will be multiplied by one plus the cumulative four-year (forty-eight month) CPI increase using each 12-month period ending on June 30 of each prior year, and rounded to the nearest $100. However, if any of the annual CPI increases are more than five (5) percent, a five (5) percent increase will be used in computing the annual basis and if any of the annual CPI decreased during the forty-eight-month period, a zero (0) percent increase will be used in computing the annual basis.

RCW 35.90.080(1)(c) requires that all of the participating cities adopt any amendments to the model ordinance with the same effective date. An effective date of January 1, 2026, has been agreed upon by the impacted cities.

Due to system upgrades planned later this year, cities that use the Business License Service for license administration are encouraged to adopt and notify Department of Revenue of the changes by August 26, 2025. This factor has accelerated the typical timeline for a January 1 effective date.

It is recommended the City Council consider adopting an ordinance updating the business registration code provisions to be consistent with the model ordinance as required by State code.