



City Council Regular Meeting Agenda

Refer to the bottom of the agenda for meeting information.

Tuesday, November 18, 2025

6:00 PM

Council Chambers and Online

1. Call to Order

2. Roll Call

3. Pledge of Allegiance

4. 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.

5. Approval of Agenda and Consent Agenda Items

- A. Approval of the Minutes of October 28, 2025
- B. Approval of the Minutes of November 3, 2025
- C. Payment of claims, wages, and transfers for October 27 through November 7, 2025

6. Public Recognitions and Presentations

- A. **Lacey Youth Council Report**

7. Proclamations

A. Veterans Appreciation Month

Command Sergeant Major (Retired) Frank Handoe, Sergeants Major Association
Command Sergeant Major Tresha Jeter, Sergeants Major Association

B. Small Business Saturday

Michael Cade, Executive Director, Thurston Economic Development Council

8. Public Comment

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

9. Public Hearing

A. 2026 Budget Hearing

Troy Woo, Finance Director

Chelsea Yarwood, Acting Financial Services Manager

10. Resolutions

A. Resolution 1177: Authorizing 2026 Property Tax

Chelsea Yarwood, Acting Financial Services Manager

11. Ordinances

A. Ordinance 1685: 2026 Property Tax

Chelsea Yarwood, Acting Financial Services Manager

B. Ordinance 1686: 2026 Stormwater Utility Rates

Troy Woo, Finance Director

12. Mayor's Report

A. Youth Council Appointment (Heeyoung Kim)

13. City Manager's Report

A. Award S-06 Water Rights Grays Production Well Project

Gagan Brar, P.E., Public Works Water Resources

James Bush, Aspect Consulting

14. Council Reports

A. Mayor Andy Ryder:

1. Mayors' Forum
2. Thurston Chamber Shared Legislative Committee
3. Transportation Policy Board (TPB)

B. Deputy Mayor Malcolm Miller:

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

C. Councilmember Lenny Greenstein:

1. Emergency Medical Services (EMS)
2. TCOMM911
3. Opioid Abatement Council Independent Subcommittee

D. Councilmember Michael Steadman:

1. Nisqually River Council
2. Thurston County Law & Justice Council

E. Councilmember Carolyn Cox:

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

F. Councilmember Robin Vazquez:

1. Thurston Climate Mitigation Collaborative
2. Thurston Regional Planning Council (TRPC)

G. Councilmember Nicolas Dunning:

1. Thurston Thrives
2. Solid Waste Advisory Committee (SWAC)
3. Olympia-Lacey-Tumwater Visitor & Convention Bureau (VCB)
4. Olympic Region Clean Air Agency (ORCAA)
5. Law Enforcement Officers and Fire Fighters Plan 1 Disability Board (LEOFF-1)

15. Worksession

A. **Water Meter Replacement Project**

Troy Woo, Finance Director

Vince McGowan, Water Resources Manager

B. **2026 Lodging Tax Funding Recommendations**

Shannon Kelley-Fong, Assistant City Manager

Sadie Siglin, Management Analyst

16. Adjourn

Attendance and Public Comment

Attend Remote or In-Person

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

In-Person	Council Chambers at Lacey City Hall 420 College Street SE, Lacey, WA 98503
Zoom:	https://us02web.zoom.us/webinar/register/WN_6U8tzsZ9TtGTtoiDuHSCtw
Website:	https://cityoflacey.org/government/public-meetings/
Facebook:	https://www.facebook.com/cityoflacey
YouTube:	https://www.youtube.com/watch?v=k4NAQZxL3BE
Cable:	Channel 77 with your local cable provider
Phone:	(888) 788-0099 or (877) 853-5247 (Webinar ID 839 7000 2699)

Verbal Public Comment

Each speaker is limited to three minutes. Comments are welcome on matters connected to City business or specific agenda items.

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_6U8tzsZ9TtGTtoiDuHSCtw

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.



Lacey City Council Worksession Minutes

Tuesday, October 28, 2025

Council Chambers and Online

1. Call to Order

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

2. Roll Call

Council Present

Mayor Andy Ryder

Deputy Mayor Malcolm Miller

Councilmember Lenny Greenstein (remote)

Councilmember Carolyn Cox

Councilmember Robin Vazquez

Councilmember Nicolas Dunning (remote)

Council Excused

Councilmember Michael Steadman

Staff Present

Rick Walk, City Manager

Shannon Kelley-Fong, Assistant City Manager

Dave Schneider, City Attorney

Scott Devlin, Acting Public Works Director

Vanessa Dolbee, Community and Economic Development Director

Troy Woo, Finance Director

D'Andra Buchanan, Engineering Construction Manager

Sarah Schelling, Current Planning and Economic Development Manager

Ashley Smith, Engineering Design Manager

Chelsea Yarwood, Acting Financial Services Manager

Shannon Vincent, Senior Planner

Elissa Fontaine, City Clerk

3. Land Acknowledgement

Mayor Ryder presented the abbreviated Land Acknowledgement.

4. Approval of the Agenda

Deputy Mayor Miller moved to approve the agenda. Councilmember Cox seconded. The motion carried.

5. Public Comment

Verbal Public Comment

One (1) person signed up to speak at the meeting.

Joseph Slattery, business representative, provided public comment in support of the proposed Code Amendment on Development Guidelines Titles.

Written Public Comment

One (1) written public comment was received.

6. Agenda Items

A. Intercity Transit System Redesign

Rob LaFontaine, Planning Deputy Director, Intercity Transit

Nick Demerice, Chief Marketing, Outreach, and Communications Officer, Intercity Transit

Spencer Zeman, Bus Stop Program Coordinator, Intercity Transit

LaFontaine, Demerice, and Zeman presented on the Phase 3 System Redesign of Intercity Transit's Bus System. The redesign focuses on investing in the corridors, expanding service and access, and better connectivity overall. Discussion ensued.

B. Construction Project Update

Scott Devlin, Acting Public Works Director

D'Andra Buchanan, Engineering Construction Manager

Ashley Smith, Engineering Design Manager

Buchanan, Smith, and Devlin presented recently completed, current, and upcoming construction projects within the city. Additional details were provided on the following projects:

- 8th Ave Rehabilitation
- EV Charging Stations
- 400 Pressure Zone
- Woodland Creek Bridge Replacement
- College Street NE Extension — 6th Ave and Future "T" Intersection
- Greg Cuoio Park
- 2025 Sidewalk Repair Project
- Lakeview Meadows Utility Improvements
- Lift Station 3 Replacement
- Lift Station 11 Improvements
- Jacob Smith House Roof Improvements
- New Police Station
- Ridgeview Drive Pavement Repair
- Lift Station 9 Improvements

- Bush Park Playground Replacement

C. Code Amendment: New Development Guidelines Title LMC 11

Vanessa Dolbee, Community and Economic Development Director
Sarah Schelling, Current Planning and Economic Development Manager
Shannon Vincent, Senior Planner

Schelling, Vincent, and Dolbee presented the draft amendments to the Lacey Municipal Code and the Development Guidelines and Public Works Standards Chapters in detail. The amendments revise the permit processing and development code procedures, as well as relocate several chapters. A public hearing was held by the Planning Commission, and no public testimony was received. The Planning Commission unanimously moved to recommend approval of the proposed amendments to the City Council. The proposed amendments will be presented for action at a future meeting. Discussion ensued.

D. 2026 Stormwater Rates Discussion

Troy Woo, Finance Director
Chelsea Yarwood, Accounting Manager

Woo presented the 2026 stormwater rates. Staff advised the next update of the stormwater comprehensive plan has begun, but will not be completed in time for a multi-year rate schedule beginning in 2026. Based on past Council guidance, staff developed a one-year rate recommendation until the plan can be adopted and implemented. The proposed 2026 budget assumes adoption of a 4.5 percent stormwater rate increase consistent with prior rate recommendations. Discussion ensued.

E. Reserves Discussion

Troy Woo, Finance Director
Chelsea Yarwood, Acting Financial Services Manager

Woo and Yarwood presented the proposed committed reserve designations in detail. In alignment with the Governmental Accounting Standards Board (GASB), the City Council has taken actions to commit certain fund balances in alignment with the City's priorities and vision. In order to comply with the City's financial reporting requirements for the 2025 fiscal year, the Council must adopt the revised reserve designation ordinance no later than December 31, 2025. The ordinance is scheduled to come before Council for action at the December 16, 2025, meeting. Staff requested Council direction on a modified approach to committed reserve designations. Discussion ensued.

7. Adjourn

Mayor Ryder adjourned the meeting at 9:22 p.m.



City Council Regular Meeting Minutes

Monday, November 3, 2025

Council Chambers and Online

1. Call to Order

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

2. Roll Call

Council Present

Mayor Andy Ryder

Deputy Mayor Malcolm Miller

Councilmember Lenny Greenstein

Councilmember Robin Vazquez (remote)

Council Excused

Councilmember Michael Steadman

Councilmember Carolyn Cox

Councilmember Nicolas Dunning

Staff Present

Rick Walk, City Manager

Shannon Kelley-Fong, Assistant City Manager

Dave Schneider, City Attorney

Scott Egger, Public Works Director

Troy Woo, Finance Director

Vince McGowan, Water Resource Manager

Chelsea Yarwood, Acting Financial Services Manager

Elissa Fontaine, City Clerk

3. Pledge of Allegiance

Mayor Ryder led the flag salute.

4. Land Acknowledgement

Mayor Ryder presented the abbreviated Land Acknowledgement.

5. Approval of Agenda and Consent Agenda Items

A. Worksession minutes of October 14, 2025

- B. Council minutes of October 21, 2025
- C. Payment of claims, wages, and transfers for October 9 through October 24, 2025.

Councilmember Greenstein moved to approve the agenda and consent agenda. Deputy Mayor Miller seconded. The motion carried.

6. Proclamations

A. Native American and Indigenous Heritage Month

Mayor Ryder and Council proclaimed October 2025, Native American and Indigenous Heritage Month. Hanford McCloud, Nisqually Tribe representative, was present to accept the proclamation.

7. Public Comment

Verbal Public Comment

One (1) person signed up to speak at the meeting.

Elizabeth Burnett, Lacey resident, commented against the removal of trees as part of the sidewalk replacement program.

No one registered to speak remotely and no written public comments were received.

8. Public Hearing

A. 2026 Revenue Sources

Troy Woo, Finance Director

Woo and Yarwood detailed revenue sources for the proposed 2026 Budget, including projected property tax revenue. The purpose of the revenue hearing is to accept public comment and for the Council to provide guidance on the proposed 2026 revenues, with a focus on property taxes. Discussion ensued.

Mayor Ryder opened the Public Hearing at 6:46 p.m.

No testimony was received.

Mayor Ryder closed the Public Hearing at 6:54 p.m.

9. Resolutions

A. Utility Local Improvement District 25 - Tolmie Park Estates Sewer

Vince McGowan, Water Resource Manager

Prior to connecting to City sewer, Tolmie Parks Estates was served by a failing Large Onsite Septic System (LOSS). The failing LOSS polluted shallow groundwater and was determined to be a public health risk. This project connecting Tolmie Park

Estates to City sewer has been fully constructed, invoices paid, with staff completing the final assessment role. McGowan presented Resolution 1176, fixing a hearing date of December 2, 2025, to consider the final assessment roll for the ULID 25 Tolmie Park Estates project.

Deputy Mayor Miller moved to adopt Resolution 1176, fixing a hearing date of December 2, 2025, to consider the final assessment roll for ULID#25 Tolmie Park Estates. Councilmember Greenstein seconded. The motion carried.

10. Mayor's Report

- A. Appointment: Historical Commission - Gary Montgomery
- B. Appointment: Historical Commission - David Shipley

Mayor Ryder moved to appoint Gary Montgomery and David Shipley to the unexpired terms on the Historical Commission. Councilmember Greenstein seconded. The motion carried.

11. City Manager's Report

- A. **Interlocal Agreement: LOTT Reclaimed Water Class A+**
Vince McGowan, City of Lacey Water Resources Manager

The Lacey Olympia Tumwater Thurston County (LOTT) Alliance with partnering agencies is conducting a small-scale demonstration project to investigate the treatment of wastewater to Reclaimed Class A+ standards, destigmatize public perceptions of reclaimed water, and show that potable reuse is more than theoretically possible. McGowan presented the draft interlocal agreement between the City and LOTT to support the project, including financial support of \$50,000 in 2025.

Deputy Mayor Miller moved to authorize the City Manager to enter into an interlocal agreement with LOTT to support a reclaimed water Class A+ potable reuse demonstration project. Councilmember Vazquez seconded. The motion carried.

Walk updated Council on the following routine interlocal agreements for \$25,000 or less:

- Amendment to Lacey Veterans Services Hub Pilot Program regarding staffing.
- Agreement with Department of Enterprise Services for Plain Language Training.

12. Council Reports

- A. Mayor Andy Ryder:

1. Mayors' Forum
2. Thurston Chamber Shared Legislative Committee
3. Transportation Policy Board (TPB)

Mayor Ryder did not provide any reports.

B. Deputy Mayor Malcolm Miller:

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

Deputy Mayor Miller provided a report from the EDC.

C. Councilmember Lenny Greenstein:

1. Emergency Medical Services (EMS)
2. TCOMM911
3. Opioid Abatement Council Independent Subcommittee

Councilmember Greenstein did not provide any reports.

D. Councilmember Michael Steadman:

1. Nisqually River Council
2. Thurston County Law & Justice Council

Councilmember Steadman was excused and no reports were provided.

E. Councilmember Carolyn Cox:

1. Lacey-Olympia-Tumwater-Thurston Clean Water Alliance (LOTT)
2. Regional Housing Council
3. Intercity Transit Authority

Councilmember Cox was excused and no reports were provided.

F. Councilmember Robin Vazquez:

1. Thurston Climate Mitigation Collaborative (TCMC)
2. Thurston Regional Planning Council (TRPC)

Councilmember Vazquez did not provide any reports.

G. Councilmember Nicolas Dunning:

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

4. Olympic Region Clean Air Agency (ORCAA)
5. Law Enforcement Officers and Fire Fighters Plan 1 Disability Board (LEOFF-1)

Councilmember Dunning was excused and no reports were provided.

13. Worksession

With unanimous consent, Mayor Ryder postponed items **13.A. Water Meter Replacement Project**, and **13.B. 2026 Lodging Tax Funding Recommendations** to a future meeting.

14. Adjourn

Mayor Ryder adjourned the meeting at 7:22 p.m.



LACEY CITY COUNCIL MEETING

November 18, 2025

SUBJECT: Disbursement Approval

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

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

ORIGINATED BY: Finance Department

BACKGROUND:

The action requested of the City Council is by motion to approve payment of claims, wages and transfers for 10/27/2025 through 11/7/2025. The disbursements consist of the following:

Checks:	<u>Week of</u>	<u>Beg. Check No.</u>	<u>End. Check No.</u>	<u>Amount</u>
	10/31/2025	281836	281966	143,453.84
	*10/31/2025	281967	281971	9,909.02
	11/7/2025	281972	282029	1,841,260.75
	11/7/2025	282030	282030	1,875.00

Electronic Transfers:	<u>Week of</u>	<u>Amount</u>
	10/27/2025	62,204.16
	10/27/2025	1,126.68
	10/29/2025	19,574.66
	10/31/2025	361,192.23
	10/31/2025	64,075.04
	*10/31/2025	21,797.99
	*10/31/2025	1,993,018.52
	*10/31/2025	481,839.19
	11/1/2025	509,112.50
	11/4/2025	159.20
	11/6/2025	45.58
	11/6/2025	128,472.78
	11/7/2025	396,621.93

Payroll:	<u>Month End</u>	<u>Wages</u>
	*10/31/2025	2,393,708.99

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

Significant Disbursements:

<u>Vendor</u>	<u>Amount</u>	<u>Description</u>
US Bank	\$ 62,204.16	September 2025 P-Card Charges
Barcott Construction, LLC	\$ 99,344.18	Lift Station 11 Improvements
Nisqually Indian Tribe	\$ 65,635.24	September 2025 Inmate Support
Olympia-CARPFD	\$ 64,075.04	October 2025 CARPFD
US Bank	\$ 509,112.50	Debt Service Principal & Interest
Department of Revenue	\$ 128,472.78	October 2025 Excise Taxes
Alamo Group Texas, LLC	\$ 98,579.50	New Slope Mower
LOTT Wastewater Alliance	\$ 81,784.89	October 2025 Reserve Capacity
LOTT Wastewater Alliance	\$ 1,374,693.06	October 2025 ERU's
North Thurston Public Schools	\$ 141,123.55	October 2025 Impact Fees
Parametrix, Inc.	\$ 73,558.45	College St. Phase 3

CITY OF LACEY
Official Proclamation

WHEREAS, members of the Army, Air Force, Navy, Marines, Coast Guard, and Merchant Marine have answered a high calling to serve and have helped protect and secure the United States of America at every turn; and

WHEREAS, our country is forever indebted to our Veterans for their courage and exemplary service as selfless individuals who, when duty called, willingly put themselves in harm's way to defend the lives and liberty of others; and

WHEREAS, we honor those who laid down their lives in freedom's defense and made the ultimate sacrifice for our benefit; and

WHEREAS, on Veterans Day, we salute those who have proudly worn the uniform of the United States of America and the families who have served alongside them, and we express our enduring gratitude, both in words and in actions, for their service; and

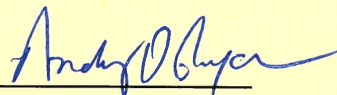
WHEREAS, as many Veterans face overwhelming unknowns, through community collaborations we can ensure that those who have served their nation receive the resources they deserve; and

WHEREAS, through their commitment to freedom, our Veterans have positively impacted millions of lives and made our country and the world more secure, and the City of Lacey resolves that their sacrifices will always be remembered;

NOW, THEREFORE, I, Andy Ryder, Mayor of the City of Lacey, on behalf of the City Council, do hereby proclaim the month of November 2025, as

Veterans Appreciation Month

in the City of Lacey, and I encourage all community members to recognize the valor and sacrifice of our Veterans and to support our local Veterans and their family members.



Mayor Andy Ryder
November 18, 2025

CITY OF LACEY

Official Proclamation

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

WHEREAS, there are currently 34.8 million small businesses in the United States, which represent 99.9% of firms with paid employees in the United States; and

WHEREAS, small businesses employ nearly 46% of employees in the private sector in the United States, and are responsible for 63% of new jobs created over the past 20 years; and

WHEREAS, 59% of shoppers reported they shopped online with a small business, and 54% reported they dined or ordered takeout from a small restaurant, bar, or café on Small Business Saturday in 2024; and

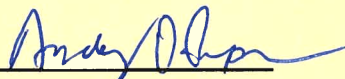
WHEREAS, the City of Lacey supports our local businesses that create jobs, boost our local economy, and preserve our communities; and

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

NOW, THEREFORE, I, Andy Ryder, Mayor of the City of Lacey, on behalf of the Lacey City Council, do hereby proclaim Saturday, November 29, 2025, as

Small Business Saturday

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



Mayor Andy Ryder
November 19, 2025



LACEY CITY COUNCIL MEETING

November 18, 2025

SUBJECT: 2026 Budget Hearing

RECOMMENDATION: Conduct Budget Hearing, accept public comment, and discuss potential changes to the proposed budget.

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

ORIGINATED BY: Finance Department

ATTACHMENTS:

FISCAL NOTE: Total Proposed 2026 Budget - \$224,622,581
Total Proposed 2026 General Fund Budget - \$74,205,300

**WORK PLAN GOAL
AND STRATEGY:** None

PRIOR REVIEW:

BACKGROUND:

On November 18, 2028, the City Council will conduct the first of two public hearings to discuss the proposed 2026 Budget. These hearings are designed to gather input from the community, allowing community members to share their comments, feedback, and concerns. Additionally, the hearings provide an opportunity for City Council members to offer guidance or recommendations to staff regarding the budget. Any direction provided by the City Council will be incorporated into the final version of the 2026 Budget. The budget is set for adoption on December 16, 2025.

The creation of the Proposed 2026 Budget is the result of significant dedication and effort from both the City Council and City staff. The budget development process began in late July when department directors submitted their initial budget proposals. Throughout August, City Manager Walk held meetings with each department director to review and refine these proposals.

On September 16, 2025, the City Council conducted a budget workshop, preliminary revenue and expenditure estimates for 2026 were presented and discussed, key budgetary issues for 2026 were thoroughly discussed and important guidance was provided. Following this

collaborative process, City Manager Walk presented a balanced 2026 Budget to the City Council on October 21, 2025. This budget reflects careful planning, strategic prioritization, and the collective input of city leadership and staff.

The total Proposed 2026 Budget is \$224,622,581, which is a decrease of \$92,146,984 compared to the amended 2025 Budget. Lower capital expenditures and one-time capital transfers are offsetting increasing labor costs.

The majority of the projected revenue growth from property taxes in 2026 is driven by recent new construction within the city, which continues to expand the city's tax base. Meanwhile, sales tax collections for 2026 are anticipated to remain relatively consistent with 2025 levels, based on current local retail trends. General Fund investment income is expected to decline due to reduced principal levels and lower earnings rates, which poses challenges for funding ongoing expenditure increases.

As a result of these financial pressures, the 2026 Budget is balanced through the strategic use of budget policy reserves totaling \$2,891,695. While this approach allows the city to manage expenses in the short term, it highlights the presence of a structural budget deficit. To address this issue, the city will develop strategies throughout 2026 aimed at eliminating the deficit and ensuring long-term fiscal sustainability. These strategies will be implemented as part of the 2027 Budget planning process.

The total proposed General Fund Budget is \$74,205,300. This is a decrease of \$14,684,370 or 16.5 percent compared to the amended 2025 General Fund Budget.

The decrease to the General Fund Budget expenditures is mostly attributed to lower one-time capital transfers related to Greg Cuoio Park Phase 1A construction and design of College Street and 7th Avenue roundabout design, one-time human and social service investments and special projects and grant expenditures for climate planning, middle housing, and home electrification and appliance rebates. There are significant increases due to the inflationary growth to the cost of labor, but lower than in recent years.

The proposed 2026 Budget maintains all services and continues to provide funding for a number of capital projects, critical community investments such as the completion of the new police station and training facility, strategic economic investments, vehicle and equipment replacements, design of the College Street and 7th Avenue roundabout, continued College Street and 16th Avenue/29th Avenue roundabout designs, 2025 and 2026 street overlay and sidewalk repair program, LED street light upgrades, reservoir and well improvements and rehabilitation, completion of pH treatment at the Madrona and Westside wells, water transmission line replacements, wastewater lift station replacement and rehabilitations, wastewater main improvements, and stormwater facility improvements and pond rehabilitation.

Subsequent to the City Manager's October 21 budget presentation, the 2026 proposed budget has been adjusted to include the following changes:

- The property tax projection increased a net of \$106,695 due to the 2025 refund levy calculation and a slight decrease to the new construction credit. This overall increase reduces the reliance on the use of the Budget Policy Implementation reserves to balance the proposed budget.
- A \$20,659 increase to the joint animal services administrative support fee.
- \$6,373 increase to the City's Long Lake Management District annual assessments.
- The Proposed 2026 Budget has been adjusted to reflect the Lodging Tax Advisory Committee's 2026 funding recommendations. The proposed recommendations impact the Regional Athletic Complex (RAC) Maintenance and Operations and the Current Expense (Parks, Culture and Recreation Department) funds.
- Two Department of Health fees for the Water Fund will be increasing a total of \$5,000 in 2026.
- The capital budgets for the Water, Wastewater and Stormwater utilities increased due to the addition of the design of two minor projections. The total net impact of the additions was \$30,000.

The net impact of the aforementioned changes is a reduced reliance on the Budget Policy Implementation reserves to balance the 2026 Proposed Budget. The use of this reserve is decreasing from \$3,003,526 to \$2,891,695.

As the 2025 budget year draws to a close, so does the first phase of the City's two-year effort to develop and implement a strategic plan to address the current budget gap. Throughout the remainder of 2025 and 2026, the City Council and staff will continue refining this three-pronged approach, with full implementation anticipated in the 2027 Budget. The strategy has focused on:

1. Enhancing revenue
2. Evaluating service levels and priorities
3. Developing economic development investment strategies

The City Council is scheduled to conduct a second and final budget hearing on December 2, 2025. Budget adoption is scheduled for December 16, 2025.



LACEY CITY COUNCIL MEETING

November 18, 2025

SUBJECT: Resolution authorizing the 2026 Ad Valorem Tax increase

RECOMMENDATION: Motion: To adopt Resolution 1177 authorizing the increase of the 2026 Ad Valorem tax levy by one percent over the tax levy of 2025.

STAFF CONTACT: Rick Walk, City Manager *RW*
Troy Woo, Finance Director *TW*
Chelsea Yarwood, Acting Financial Services Manager *CY*

ORIGINATED BY: Finance Department

ATTACHMENTS: 1. Resolution No. 1177

FISCAL NOTE: Projected 2026 General Levy Collections \$9,524,254

**WORK PLAN GOAL
AND STRATEGY:** None

PRIOR REVIEW: Budget Workshop on September 16, 2025
Revenue Hearing on November 3, 2025

BACKGROUND:

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

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

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

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

The inflation factor to be used for the 2025 property taxes is 2.44 percent.

The proposed resolution includes provisions to comply with this requirement, which will allow the County Assessor's Office to assess the City's 2025 property tax as authorized. The resolution authorizes an increase of one percent, which is equal to \$92,729.

It is requested that the City Council review and adopt the resolution relating to the 2026 property taxes.

NEXT STEPS:

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

Option 1: Motion to adopt Resolution No. 1177 authorizing a one percent 2026 Ad Valorem tax levy increase.

Option 2: Motion amending proposed Resolution No. 1177 to authorize an increase by an amount less than one percent.

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

RESOLUTION NO. 1177

CITY OF LACEY

A RESOLUTION OF THE CITY OF LACEY, WASHINGTON, AUTHORIZING THE INCREASE OF THE 2026 AD VALOREM TAX LEVY BY ONE PERCENT OVER THE TAX LEVY OF 2025.

WHEREAS, a public hearing was held before the City Council of the City of Lacey on November 3, 2025, for purposes of considering revenue sources to fund the City's 2026 Current Expense Budget which consists of expenditures to provide ongoing services exclusive of capital expenditures, utility and other enterprise funds and special assessment funds of the City, and

WHEREAS, the City of Lacey actual levy amount from the previous year was \$9,272,934, and

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

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, that an increase in the regular property tax levy is hereby authorized for the levy to be collected in the 2026 tax year. The dollar amount of the increase over the actual levy amount from 2025 shall be \$92,729, which is an increase of 1.0 percent from the previous year. This increase is exclusive of additional revenue resulting from new construction, improvements to property, newly constructed wind turbines, solar, biomass, and geothermal facilities, and any increase in the value of state assessed property within the City and allowed adjustments for annexation and refunds.

PASSED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, this November 18, 2025.

CITY COUNCIL

Andy Ryder, Mayor

Attest:

Approved as to form:

Elissa Fontaine, City Clerk

Dave Schneider, City Attorney



LACEY CITY COUNCIL MEETING

November 18, 2025

SUBJECT: Ad Valorem Tax Ordinance

RECOMMENDATION: Motion: To adopt Ad Valorem Tax Ordinance No. 1685

STAFF CONTACT: Rick Walk, City Manager *RW*
Troy Woo, Finance Director *W*
Chelsea Yarwood, Acting Financial Services Manager *CY*

ORIGINATED BY: Troy Woo, Finance Department

ATTACHMENTS: 1. Ordinance No. 1685

FISCAL NOTE: 2026 General Levy Collections \$9,524,254
2026 Excess Bond Levy Collections (Parks) \$364,000

**WORK PLAN GOAL
AND STRATEGY:** None

PRIOR REVIEW: Budget Workshop on September 16, 2025
Revenue Hearing on November 3, 2025

BACKGROUND:

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

There are a number of adjustments to the City's property tax levy. The proposed 2026 levy will be increased by the refund levy, revenue limit, and new construction.

The refund levy represents adjustments that were made to property assessments based on property owner assessment appeals, technical errors, or the granting of exemptions. These adjustments were made during the period of October 1, 2024, through September 30, 2025. The refunds did not change the legal property tax levy limit during that period, so the City is allowed to recover the refunded tax dollars in the following year.

The property tax revenue limit for jurisdictions with populations greater than 10,000 is 101 percent or 100 percent plus inflation, whichever is less. Increases resulting from new construction and improvements to property, newly constructed wind turbines, and state-assessed utility property are exempt from the revenue limit. The revenue limit is challenging

for the City of Lacey because property tax is a significant source of revenue for the General Fund. 12.8 percent of all proposed 2026 General Fund budgeted revenues are from property taxes. It is typical for inflation to be in excess of one percent, so the 101 percent property tax limit normally does not keep pace with the City's rising expenditures.

The inflation factor to be used to determine 2026 property tax collections is 2.44 percent, so the City Council is authorized to increase property taxes by the 101 percent property tax limit.

While the 101 percent revenue limit is challenging, the City of Lacey has been able to address growing service demands and inflationary growth to expenditures with strong property tax growth from new construction. The 2026 additions from new construction were lower than the historical projections. New construction valuing \$73,279,975 will be added to next year's assessed value. This will result in a property tax increase of \$51,465.

The overall assessed value for Lacey is increasing \$386,472,378. After removing the impacts of new construction, existing assessed valuation increased \$313,192,403. Increasing valuations result in lower overall levy rates. Properties, which experienced changes to assessed valuation at a similar rate as the overall Lacey valuation will not experience any significant increase to the City of Lacey property tax. Due to the 101 percent revenue limit, levy rates change inversely to the changes to assessed values. The following table illustrates the impact of a 10.0 percent decrease to property assessments with the one-percent revenue limit in effect.

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

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

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

The proposed ad valorem tax ordinance sets the 2026 general property tax at \$9,524,254. This will result in an estimated levy rate of \$0.7008 per \$1,000 of assessed valuation. This is an increase of \$251,320 or 2.71 percent compared to the 2025 general property tax collections. The adjustments to next year's levy include a \$51,465 increase due to new construction, a \$92,729 increase due to exercising the 1.0 percent revenue limit adjustment, and a \$107,125 increase from the 2025 refund levy.

The proposed ordinance also sets the voter-approved GO Bond redemption property tax levies. The total 2026 property tax levy collection for GO Bond redemption is \$364,000. The total estimated GO Bond redemption levy rate is \$0.02712 per \$1,000 of assessed valuation. The outstanding GO Bonds and their portion of the property tax levies are listed below.

	<u>Date Issued</u>	<u>Original Amount</u>	<u>Outstanding Balance</u>	<u>2026 Principal & Int.</u>	<u>Rate/ \$1,000 AV</u>
Parks Imp. GO Refunded Bonds 2015	May 20, 2015	2,995,000	350,000	364,000	0.02712
				\$ 364,000	\$ 0.02712

It is requested that the City Council review and adopt the ordinance setting the 2026 property tax levies.

NEXT STEPS:

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

Option 1: Motion to adopt Ordinance No. 1685 establishing the 2026 Ad Valorem tax levy.

Option 2: Motion amending proposed Ordinance No. 1685 to authorize an amount lower than the lawful limit.

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

ORDINANCE NO. 1685

CITY OF LACEY

AN ORDINANCE OF THE CITY OF LACEY, WASHINGTON, FIXING THE AMOUNT OF THE ESTIMATED EXPENDITURES, LESS THE ESTIMATED REVENUES FROM SOURCES OTHER THAN AD VALOREM TAXATION, NEEDED FOR THE CURRENT EXPENSE BUDGET AND FOR THE PAYMENT OF PRINCIPAL AND INTEREST UPON THE GENERAL BONDED INDEBTEDNESS OF THE CITY OF LACEY FOR THE FISCAL YEAR 2026; LEVYING THE ANNUAL AD VALOREM TAXES OF THE CITY OF LACEY FOR THE FISCAL YEAR 2026 AND APPROPRIATING SAME TO CERTAIN FUNDS FOR CERTAIN PURPOSES AND ADOPTING A SUMMARY FOR PUBLICATION.

WHEREAS, a public hearing was held before the City Council of the City of Lacey on November 3, 2025, for purposes of considering revenue sources to fund the City's 2026 Current Expense Budget which consists of expenditures to provide ongoing services exclusive of capital expenditures, utility and other enterprise funds and special assessment funds of the City, and

WHEREAS, the assessed valuation of all taxable property within the City as determined by the Thurston County Assessor is \$13,589,965,693 for the General Levy and \$13,422,797,597 for the park improvement general obligation levies, and

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

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

WHEREAS, "inflation" to be used for 2026 is 2.44 percent and the limit factor is therefore 101 percent, meaning the taxes levied in the City of Lacey in 2025 for collection in 2026 will increase an amount equal to one percent over the amount collected in 2025 except for the amounts resulting from new construction and improvements to property, adjustments for annexation, newly constructed wind turbines, and any increase in the value of state-assessed utility property.

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

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

	Adjustment Amount	% Increase/ Decrease
2025 Property Tax Levy	\$ 9,272,934	
2026 General Levy Increase	92,729	1.00%
2026 New Construction Levy	51,465	0.56%
2026 Annexation Levy	-	0.00%
2026 Net Refund Levy	<u>107,125</u>	<u>1.16%</u>
2026 General Property Tax Levy	\$ 9,524,254	2.71%

Section 2. The levies to raise \$364,000 from property tax for bond redemption and interest on voted general obligation bond indebtedness for the City of Lacey are as follows:

	Total Assessed Valuation	\$ Amount per \$1,000 Assessed Value	\$ Amount of Levy
2015 Refunded Parks Imp.	13,422,797,597	0.02712	364,000

Section 3. The taxes herein provided for are levied for the purpose of raising revenue sufficient to pay the principal and interest upon the general bonded indebtedness, if any, of the City of Lacey, for a portion of the General Fund, and for the operation of the different departments of the municipal government of the City of Lacey for the fiscal year beginning January 1, 2026, and ending December 31, 2026 (current expense budget); and are hereby levied upon all the real and personal property as shown by the assessment in the County of Thurston as finally fixed by the County and State Board of Equalization, and as extended upon the books of the County Assessor showing the property within said City subject to taxation for municipal purposes and upon the amount of real and personal property as certified by the County Assessor, all pursuant to and under and by virtue of the laws of the State of Washington.

Section 4. That the taxes collected from the levies hereby fixed and made are hereby appropriated and this appropriation, together with the estimated revenues from all sources other than ad valorem taxation shall, when the annual budget for the fiscal year 2026 is finalized and adopted by ordinance, constitute the appropriations of the City of Lacey for the fiscal year 2026.

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

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

PASSED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON,
this November 18, 2025.

CITY COUNCIL

Mayor

Attest:

Approved as to form:

City Clerk

City Attorney

Publish: November 20, 2025

SUMMARY FOR PUBLICATION

ORDINANCE NO. 1685

CITY OF LACEY

The City Council of the City of Lacey, Washington, passed on November 18, 2025, Ordinance No. 1685, entitled "AN ORDINANCE OF THE CITY OF LACEY, WASHINGTON, FIXING THE AMOUNT OF THE ESTIMATED EXPENDITURES, LESS THE ESTIMATED REVENUES FROM SOURCES OTHER THAN AD VALOREM TAXATION, NEEDED FOR THE CURRENT EXPENSE BUDGET AND FOR THE PAYMENT OF PRINCIPAL AND INTEREST UPON THE GENERAL BONDED INDEBTEDNESS OF THE CITY OF LACEY FOR THE FISCAL YEAR 2026; LEVYING THE ANNUAL AD VALOREM TAXES OF THE CITY OF LACEY FOR THE FISCAL YEAR 2026 AND APPROPRIATING SAME TO CERTAIN FUNDS FOR CERTAIN PURPOSES AND ADOPTING A SUMMARY FOR PUBLICATION."

The main points of the Ordinance are described as follows:

1. The Ordinance sets the 2026 general property tax levy to be in the sum of \$9,524,254.00 and sets the amount of ad valorem tax levies for the payment of outstanding bonded indebtedness.
2. The Ordinance declares that the taxes levied, together with estimated revenues from all other sources other than ad valorem taxation shall constitute the appropriations of the City for the 2026 fiscal year budget.
3. Provides provisions for corrections.
4. The Ordinance approves this Summary for publication.

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

Published: November 20, 2025.



LACEY CITY COUNCIL MEETING

November 18, 2025

SUBJECT: 2026 Stormwater Rate Ordinance

RECOMMENDATION: Motion: To Adopt Ordinance No. 1686, amending LMC 13.70.030 establishing stormwater rates for 2026.

STAFF CONTACT: Rick Walk, City Manager *RW*
Troy Woo, Finance Director *TW*
Chelsea Yarwood, Acting Financial Services Manager *CY*

ORIGINATED BY: Finance Department

ATTACHMENTS: 1. Ordinance No. 1686

FISCAL NOTE:

**WORK PLAN GOAL
AND STRATEGY:** None

PRIOR REVIEW: 2026 Budget Workshop on September 16, 2025
2026 Council Worksession on October 28, 2025
2026 Revenue Hearing on November 3, 2025

BACKGROUND:

The most recent stormwater comprehensive plan update was completed and adopted by the City Council on November 19, 2020, as a part of the City's comprehensive plan update. The stormwater comprehensive plan financial chapter assumed 4.5 percent annual increases for the years 2021 through 2025.

The next scheduled update of the stormwater comprehensive plan has begun, but will not be completed in time for a multi-year rate schedule beginning in 2026. Based on past City Council guidance, staff has developed a one-year rate recommendation until the stormwater comprehensive plan can be adopted and implemented. It is anticipated that the next plan will be complete by the second quarter of 2026. The short-term stormwater financial model uses an average cost methodology rather than a more detailed line-by-line item analysis that is typically performed in a full Comprehensive Plan update.

The current National Pollutant Discharge Elimination System (NPDES) Stormwater permit has been effective since August 1, 2024 and expires on July 31, 2029. This permit includes

additional regulation and requirements that must be implemented during this five-year term. A sample of the new requirements include:

- Map storm system outfall locations, including pipe sizes and materials, and connections to privately-owned storm systems.
- Provide and document public participation opportunities in Stormwater Management Program (SWMP) and Stormwater Management Action Plan (SMAP) development, including overburdened communities and highly-impacted communities.
- Map tree canopy to support stormwater management on City properties
- Track the cost of development and implementation of each component of the City's overall SWMP and sources of funding, and provide annual report to Ecology.
- Submit a completed SMAP for water quality retrofits for at least one new high-priority catchment area.
- Develop and implement a street sweeping program that targets high-priority areas and specific times of the year for water quality benefits.
- Map basin areas tributary to storm facilities, outfalls, and discharge points, and submit map and acreage of managed and unmanaged areas.
- Submit documentation showing that the City has fully funded, started construction, or completely implemented projects that meet assigned equivalent acreage per the SMED permit component.

The proposed 2026 Budget assumes adoption of the 4.5 percent stormwater rate increase consistent with prior rate recommendations, which will provide funding for inflationary operating and maintenance costs increases and the ability to comply with the new requirements of the NPDES Stormwater permit.

The proposed annual increases have the following impacts to stormwater rates:

Rate Category	Percent of Impervious Surface	2025	2026
		Monthly Service Charge Per Gross Acre	Monthly Service Charge Per Gross Acre
Single Family Residence	N/A	14.79	15.46
Duplex Family Residence	N/A	29.58	30.92
Very Light	0% to 10%	6.79	7.10
Moderate Light	>10% to 25%	24.55	25.65
Light	>25% to 40%	47.49	49.63
Moderate	>40% to 55%	72.41	75.67
Moderately Heavy	>55% to 70%	98.59	103.03
Heavy	>70% to 85%	127.17	132.89
Very Heavy	>85% to 100%	157.34	164.42

City staff presented the above proposal to the City Council at the September 16, 2025 Budget Workshop, the October 28, 2025 Council Worksession, and the November 3, 2025 Revenue Hearing.

NEXT STEPS:

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

Option 1: Motion to adopt Ordinance No. 1686 amending LMC 13.70.030 establishing stormwater rates for 2026.

Option 2: Motion amending proposed Ordinance No. 1686 to authorize alternative stormwater rates.

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

ORDINANCE NO. 1686

CITY OF LACEY

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

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

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

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

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

13.70.30 Service charge rate.

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

Rate Category	Percent of Impervious Surface	2024 Monthly Service Charge Per Gross Acre	2025 Monthly Service Charge Per Gross Acre	2026 Monthly Service Charge Per Gross Acre
1 Single Family Residence	N/A	14.15	14.79	15.46
2 Duplex Family Residence	N/A	28.31	29.58	30.92
3 Very Light	0% to 10%	6.50	6.79	7.10
4 Moderate Light	>10% to 25%	23.49	24.55	25.65
5 Light	>25% to 40%	45.45	47.49	49.63
6 Moderate	>40% to 55%	69.29	72.41	75.67
7 Moderately Heavy	>55% to 70%	94.34	98.59	103.03
8 Heavy	>70% to 85%	121.69	127.17	132.89
9 Very Heavy	>85% to 100%	150.56	157.34	164.42

The rates set forth above shall be effective for all stormwater utility billings during the years 2024 through 2025 year 2026 and thereafter until further amended.

- B. Service charge revenues shall be used for the purpose of maintenance and operations, debt service requirements, and maintaining minimum maintenance and operations reserve thresholds. The balance of revenues received from said charges shall be used for the replacement, repair and expansion of stormwater systems and equipment.

Section 2. This Ordinance shall be effective as of January 1, 2026.

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

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

PASSED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, this November 18, 2025.

CITY COUNCIL

Andy Ryder, Mayor

Attest:

Approved as to form:

Elissa Fontaine, City Clerk

Dave Schneider, City Attorney

**SUMMARY FOR PUBLICATION
ORDINANCE NO. 1686
CITY OF LACEY**

The City Council of the City of Lacey, Washington, passed on November 18, 2025, Ordinance No. 1686, entitled **“AN ORDINANCE RELATING TO STORMWATER SERVICE RATES, AMENDING SECTION 13.70.030 OF THE LACEY MUNICIPAL CODE AND APPROVING A SUMMARY FOR PUBLICATION.”**

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

Section 1 amends section 13.70.030 establishing stormwater rates during the year 2026 for purposes of providing revenue for increased maintenance and capital expenditures for the stormwater utility system.

Section 2 establishes the effective date of January 1, 2026.

Section 3 provides provisions for corrections.

Section 4 approves this summary.

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

City Clerk

Published: November 20, 2025



LACEY CITY COUNCIL MEETING

November 18, 2025

SUBJECT: Youth Council Representative

RECOMMENDATION: Motion to “Appoint Heeyoung Kim to the Lacey Youth Council for the 2025-2026 term.”

STAFF CONTACT: Rick Walk, City Manager *RW*
Shannon Kelley-Fong, Assistant City Manager
Sadie Siglin, Management Analyst *SS*

ORIGINATED BY: City Manager’s Office

ATTACHMENTS: None

FISCAL NOTE: None

PRIOR REVIEW: None

BACKGROUND: A resignation from the Lacey Youth Council (Youth Council) has left a vacancy on the Youth Council for the 2024 – 2025 term. Pursuant to the [Lacey City Council Policies and Procedures Manual](#) previous eligible applicants are eligible to fill vacant positions.

During the application process for the 2025-2026 Youth Council, Heeyoung Kim was selected for consideration as an alternative to serve on the Youth Council in the event of a vacancy throughout the term.

NEXT STEPS:

Option 1: Move to appoint Heeyoung Kim to fill the vacancy and serve on the Lacey Youth Council for the 2025-2026 term.

Option 2: Do not approve the recommendation as described above.

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



STAFF REPORT

Nov 18th, 2025

SUBJECT: S06 Water Rights Grays Production Well

RECOMMENDATION: Motion to award Lacey Contract Number PW 2024-01 to the low bidder Holt Services Inc., in the amount of \$1,001,122.20

STAFF CONTACT: Rick Walk, City Manager *RW*
Scott Egger, Public Works Director *SE*
Vince McGowan, Water Resources Manager *VMc*
Teri O'Neal, Senior Utility Engineer *TSO*
Gagan Brar, Utility Engineer *GSB*
Tyson Poeckh, Project Administrator *TP*

ORIGINATED BY: Public Works Department

ATTACHMENTS: Attachment #1 Bid Tab Summary
Attachment #2 Project Vicinity Map

FISCAL NOTE: Funding for this contract is provided through fund source 410-3418-534.90, and there are sufficient funds for this project.

WORK PLAN GOAL AND STRATEGY: A Safe and Secure Community - (H)(12)

PRIOR REVIEW: Council approved the 2025 Water Capital Funds as part of the 2025 Budget. This project is listed as a 2025 Water Capital Fund project.

BACKGROUND:

Meeting the water rights development schedule is critical to maintaining sufficient supply capacity for the community. Additional water supply is needed to ensure a reliable and adequate domestic and fire-flow supply for the city's customers.

The City holds a water right permit G2-27373(A), which authorizes the withdrawal of 600 gallons per minute (GPM) and 967 acre-feet per year (AFY). To retain the full authorized quantity, the water right must be perfected by drilling a new potable water well. The new well must be operational by 2030 to comply with the G2-27373(A) water right development schedule.

Under state water law, water rights are limited to a designated quarter-quarter section. To meet this requirement, the City recently purchased an undeveloped parcel (aka Gray's

Parcel) – located at 5012 21st Avenue SE, Lacey, WA 98503, which was previously owned by Herberta L. Gray. This parcel lies within the water right's designated quarter-quarter section.

The City advertised the project to drill a potable well along with land clearing on Oct 8th, 2025, with bids to open on Oct 29th, 2025. Only one bid was received from Holt Services Inc, in the amount of \$1,001,122.20. The Engineer's Estimate is \$864,929.65. A Bid Summary Sheet is below, along with the project vicinity map.

Holt Services Inc. is qualified and capable of performing the work. Depending on Holt's schedule, the anticipated start date is between January and April 2026, with 120 working days allotted for completion. Drilling and other related work on Gray's parcel are expected to be completed by October 31, 2026.

NEXT STEPS:

Option 1: Approve the motion to award Lacey Contract Number PW 2024-01 to the low bidder Holt Services Inc. in the amount of \$1,001,122.20.

Option 2: Do not approve the motion to award Lacey Contract Number PW 2024-01 to low bidder Holt Services Inc. Staff do not recommend this option.

BID SUMMARY:

PW 2024-01

[illegible]

Attachment #2
Project Vicinity Map:





LACEY CITY COUNCIL MEETING

November 18, 2025

SUBJECT: Water Meter Replacement Project

BRIEFING: Staff will brief the City Council on the meter replacement project scope and schedule to replace approximately 10,000 meters that are at the end of the meters service life.

STAFF CONTACT: Rick Walk, City Manager *RW*
Troy Woo, Director of Finance *TW*
Scott Devlin, Acting Public Works Director *SD*
Vince McGowan, P.E., Water Resources Manager *VME*
Teri O'Neal, P.E., Senior Utility Engineer
Justin Knox, P.E., Utilities Engineer *JK*

ORIGINATED BY: Finance and Public Works Department

ATTACHMENTS: None

FISCAL NOTE: Council was updated, on the Water Meter replacement project, at the August 20th 2025, City Council Meeting. The project funding is available under project code WA25ME, using Water Utility Funds (410-3418-535.90). Pending City Council authorization, the project funding will be incorporated into the 2026 budget amendment.

WORK PLAN GOAL AND STRATEGY: Quality Transportation & Infrastructure

PRIOR REVIEW: N/A

BACKGROUND:

There are approximately 10,000 AMCO water meters and Aclara meter transmission units (MTUs) at the end of their service life. Over 3,000 meters have failed to communicate with the billing system, and an additional 100 meters and/or MTUs are failing each month. Utility Billing Automated Meter Infrastructure (AMI) Technicians are spending time and resources manually reading failed meters or estimating bills based on past usage. This project involves replacing all AMCO water meters and failed MTUs, with the priority of replacing currently failed meters first.

There are several benefits in completing a program to replace the MTUs and meters. New meters and MTUs allow the City to have daily real-time water consumption data, improved billing accuracy, and the meter readers' time needed to read meters is reduced, allowing them to complete critical tasks they cannot accomplish due to the extra work of manual reads.

Meter & MTU Replacement Options

City staff evaluated three options for the meter replacement program. Option one was for Aclara to oversee the project. This company supplies the MTUs and the computer program that the City utilizes for our Utility Billing process. Their bid came in at \$4.3 million. For option 2, we evaluated the City hiring the subcontractor directly as part of a formal bid process and administering the contract. Subtracting out Aclara's 10% project management to oversee the work, the subcontractor option resulted in a cost of \$3.9 million.

City staff developed a third option, where the City hires three Limited Term Employees (LTEs), two AMI Technicians and an administrative position for a 2-year term. These costs were included along with upfront one-time and 2-year period costs. The detail for this estimate is shown in the table below.

In-House Option - Needs and Associated Costs

Need	Type	#	Cost Per	2 Yr Cost
Vehicles*	Ford Maverick	2	\$ 38,000	\$ 76,000
Staff	2-year LTE	3	\$ 112,000	\$ 672,000
Tools*	Small Hand Tools	2	\$ 1,000	\$ 2,000
Uniforms	Rain Gear, Shirts, Boots Etc.	2	\$ 1,500	\$ 6,000
Office Supplies	Misc., Office and Operating	2	\$ 2,000	\$ 8,000
Telecommunications	Phone, iPad, cell service	2	\$ 2,000	\$ 8,000
Total				\$ 772,000
Plus 50% Contingency*				\$ 1,158,000

* Vehicles and Tools are one-time purchases

A 50% contingency is standard for this level of estimate.

None of the three options include the replacement meters or MTU purchase costs.

Staff Recommendation

Staff recommends the In-House Option and hiring the additional LTE staff to perform the meter and MTU replacements. This is the least expensive option, and it also provides several benefits to the vehicle fleet along with allowing the City to be more involved with the day-to-day activities. Our involvement in the daily activities allows us to anticipate, plan for, and handle issues that arise in a more timely and efficient manner.

NEXT STEPS: Based on the discussion, staff is seeking direction from the City Council on whether to proceed with the meter replacement program and include the project in the 2026 budget amendment.

- Option 1:** Approve staff to proceed with hiring additional LTE staffing to manage the water meter and MTU replacement program.
- Option 2:** Provide direction to City staff on other elements to consider. After further diligence on these elements, City Staff will submit their finding to the Lacey City Council.
- Option 3:** Some other option not contemplated in the above options.



LACEY CITY COUNCIL MEETING

November 18, 2025

SUBJECT: 2026 Lodging Tax Funding Recommendations

BRIEFING: Staff will brief the City Council on the Lodging Tax Advisory Committee's 2026 funding recommendation. Pending discussion, this item could be approved or could return for final action on November 18, 2025.

Option 1 is recommended.

Motion to "Approve lodging tax funding awards outlined in **Table A** for the 2026 funding cycle, as recommended by the LTAC."

STAFF CONTACT: Rick Walk, City Manager *RW*
Shannon Kelley-Fong, Assistant City Manager *SKF*
Sadie Siglin, Management Analyst *SS*

ORIGINATED BY: City Manager's Office

ATTACHMENTS: 1. 2026 Budget Tool

FISCAL NOTE: None

PRIOR REVIEW: [Lodging Tax Advisory Committee Meeting 10.16.2025](#)

BACKGROUND: Pursuant to [Lacey Municipal Code 3.03](#) the City of Lacey imposes a lodging excise tax on eligible lodging stays. The Lacey City Council (Council) annually reviews recommendations and grants funding awards for use of lodging tax revenues. State law limits the use of lodging tax revenues to tourism marketing, marketing and operations of special events and festivals designed to attract tourists, and supporting the operations of tourism-related facilities in accordance with [RCW 67.28.1816](#).

Selection Process

Eligible organizations apply for lodging tax funding awards on an annual basis. The Lodging Tax Advisory Committee (LTAC) is tasked to review applications and makes funding recommendations to Council for use of lodging tax revenues. LTAC must select candidates from the current year applicant pool.

Council reviews recommendations from LTAC. Council may not award funds to applicants that were not recommended by LTAC. Council is not required to fund the full list of recommended applicants. Should Council decide to modify the LTAC's funding recommendation, the modified proposal would need to be submitted to LTAC for review and comment (RCW 67.28.1817(2)). This request for LTAC review must occur at least 45 days before Council takes final action on the funding allocation. If LTAC provides comments, they must include an analysis of the extent to which the proposal will accommodate activities for tourists or increase tourism, and the extent to which the proposal will affect the long-term stability of the Lodging Tax fund.

2026 Funding Recommendations

At the October 14, 2025 Worksession, Council reviewed the lodging tax program and provided the following direction for LTAC during the 2026 application review and recommendation process:

- Increase lodging tax funding distribution for the Regional Athletic Complex (RAC)
- Prioritize funding applicants with activities that take place in Lacey
- Prioritize funding applicants with the highest potential for activities that will generate paid overnight stays in Lacey

At the October 16, 2025, LTAC meeting, committee members discussed the direction provided by Council, reviewed funding applications, and recommended the applications and funding awards outlined in **Table A**:

Table A Recommended 2026 Lodging Tax Funding Awards	
Applicant	Recommended Award
Experience Olympia & Beyond Visitor & Convention Bureau of Thurston County	\$100,000
Regional Athletic Complex (RAC) City of Lacey	\$278,739
Lacey Night Market SWAE LLC	\$5,000
FC Olympia Artesian USL Soccer Matches Oly Soccer	\$40,000
Cascades National Championship Tournament Celebration Tournaments	\$10,000
Lacey Chamber Visitors Center Lacey South Sound Chamber	\$35,000
Washington State Senior Games Washington State Senior Games	\$13,000
Lacey Fireworks Spectacular City of Lacey	\$11,000
South Sound BBQ Festival Lacey South Sound Chamber	\$10,000
Lacey Poly Fest Polynesian Association of Thurston County	\$5,000
Lacey Museum & Cultural Center City of Lacey	\$30,000
Lacey MakerSpace Lacey MakerSpace	\$15,000
Holiday Market Lacey South Sound Chamber	\$5,000
Olympia/Lacey Fan Zone Thurston County Chamber	\$80,000
Thurston County Fairgrounds & Event Center Thurston County	\$15,000
Washington Center Washington Center for the Performing Arts	\$15,000
2026 Olympia Funk Festival PARC Foundation of Thurston County	\$2,500
South Sound Block Party Team-Tomorrow LLC	\$10,000
Nisqually Reach Nature Center Nisqually Reach Nature Center	\$5,000

The LTAC recommendation would allocate a total of \$685,329 in lodging tax funding, comprising \$577,239 from proposed 2026 revenues and \$108,000 from reserves, leaving a remaining available reserve balance of \$159,420.

Attachment 1 provides a table listing all 2026 applicants, and includes information on: 2024 reported paid stays, 2026 estimated paid stays, 2025 awards (if applicable), 2026 request, if it is located in Lacey, the LTAC average award recommendation, an option provided by City staff to LTAC, and the final LTAC recommendation for 2026 funding.

After the City Council approves the 2026 LTAC funding allocation, the City will contact the successful applicants to sign a professional services agreement that includes the scope of work associated with their funding activity. The agreement will also specify the approved funding amount and the funding will be distributed on a reimbursement basis. The agreement will also specify reporting requirements associated with their event.

NEXT STEPS: This item is intended to be for discussion only. However, if the Council would like to take action, **Option 1** is recommended.

Option 1: Approve lodging tax funding awards outlined in **Table A** for the 2026 funding cycle, as recommended by the LTAC.

Option 2: Do not approve the recommendation as outlined in **Table A**. Do not award funding as recommended by LTAC. Provide an alternative proposal to be approached as outlined per RCW 67.28.1817(2).

Option 3: Provide direction to City staff on other elements to consider. After further diligence on these elements, City Staff would then return to the Council to review additional materials for consideration.

Attachment 1: 2026 Budget Tool

Applicant	2024 Reported Paid Stays	2026 Estimated Paid Stays	2025 Award (If Applicable)	2026 Request	In Lacey	LTAC Average Funding by 2026 Budget Tool	Option 1 RAC & City Located	2026 LTAC Recommendations
Experience Olympia & Beyond Visitor & Convention Bureau of Thurston County	18,338	10,372	\$ 100,000	\$ 110,000	Y	\$ 48,000	\$ 100,000	\$ 100,000
Regional Athletic Complex (RAC) City of Lacey	5,200	10,000	\$ 180,000	\$ 180,000	Y	\$ 178,000	\$ 326,000	\$ 278,739
Lacey Night Market SWAE LLC	N/A	5,200	\$ 8,500	\$ 45,000	Y	\$ 10,500	\$ 10,500	\$ 5,000
FC Olympia Artesian USL Soccer Matches Oly Soccer	1,850	3,500	\$ 35,000	\$ 55,000	Y	\$ 40,000	\$ 35,000	\$ 40,000
Cascades National Championship Tournament Celebration Tournaments	N/A	1,700	\$ 5,475	\$ 10,000	Y	\$ 7,700	\$ 7,500	\$ 10,000
Lacey Chamber Visitors Center Lacey South Sound Chamber	30	1,200	\$ 35,000	\$ 70,000	Y	\$ 27,004	\$ 35,000	\$ 35,000
Lacey Holiday Market SWAE LLC	N/A	500	\$ 2,500	\$ 12,000	Y	\$ 6,200	\$ 5,000	\$ -
Washington State Senior Games Washington State Senior Games	546	360	\$ 13,000	\$ 13,000	Y	\$ 11,300	\$ 13,000	\$ 13,000
Lacey Fireworks Spectacular City of Lacey	28	198	\$ 22,000	\$ 22,000	Y	\$ 18,800	\$ 22,000	\$ 11,000
South Sound BBQ Festival Lacey South Sound Chamber	30	150	\$ 8,000	\$ 35,000	Y	\$ 11,925	\$ 8,000	\$ 10,000
Lacey Poly Fest Polynesian Association of Thurston County	N/A	140	\$ 8,000	\$ 13,719	Y	\$ 8,944	\$ -	\$ 5,000
Lacey Museum & Cultural Center City of Lacey	24	130	\$ 40,000	\$ 48,500	Y	\$ 36,000	\$ 40,000	\$ 30,000
Lacey MakerSpace Lacey MakerSpace	N/A	95	\$ 17,500	\$ 30,000	Y	\$ 19,200	\$ 17,000	\$ 15,000
Holiday Market Lacey South Sound Chamber	5	50	\$ 2,250	\$ 7,500	Y	\$ 4,500	\$ -	\$ 5,000
Lacey Cultural Celebration City of Lacey	2	20	\$ 10,000	\$ 10,000	Y	\$ 7,800	\$ -	\$ -
Lacey Spring Fun Fair City of Lacey	7	2	\$ 18,000	\$ 18,000	Y	\$ 16,000	\$ -	\$ -
Lacey In Tune City of Lacey	-	2	\$ 18,000	\$ 18,000	Y	\$ 14,200	\$ -	\$ -
Haunted 5k All Kids Win	N/A	-	\$ 3,000	\$ 5,000	Y	\$ 1,800	\$ -	\$ -
Olympia/Lacey Fan Zone Thurston County Chamber	N/A	3,000	-	\$ 84,000	N/Y	\$ 57,500	\$ 84,000	\$ 80,000
Thurston County Fairgrounds & Event Center Thurston County	N/A	5,000	\$ 17,000	\$ 25,000	N	\$ 17,800	\$ -	\$ 15,000
Washington Center Washington Center for the Performing Arts	1,877	2,008	\$ 20,000	\$ 35,000	N	\$ 24,000	\$ -	\$ 15,000
Capital Lakefair Capital Lakefair Inc	150	1,600	\$ 5,000	\$ 20,000	N	\$ 7,000	\$ -	\$ -
2026 Olympia Funk Festival PARC Foundation of Thurston County	N/A	650	\$ 2,500	\$ 15,000	N	\$ 6,100	\$ -	\$ 2,500

South Sound Block Party Team-Tomorrow LLC	N/A	550	\$ 7,500	\$ 10,000	N	\$ 7,900	\$	\$ 10,000
Meet the Beach South Sound Estuary Association	N/A	300	N/A	\$ 10,000	N	\$ 3,800	\$	\$ -
Harlequin Productions 2026 Season	N/A	285	\$ 2,500	\$ 15,000	N	\$ 2,000	\$	\$ -
Olympia Symphony 2026 Concerts Olympia Symphony Orchestra	N/A	100	N/A	\$ 15,000	N	\$ 6,100	\$	\$ -
Nisqually Reach Nature Center Nisqually Reach Nature Center	N/A	40	\$ 35,000	\$ 35,000	N	\$ 16,000	\$	\$ 5,000
		47,012	\$ 615,725			\$ 616,073	\$ 703,000	\$ 685,239
Use \$50,000 of Reserves?						Yes	Yes	Yes
Total 2026 Revenues						\$ 577,239	\$ 577,239	\$ 577,239
Administrative Expenses 5%						\$ 28,862	\$ -	\$ -
Reserves						\$ 50,000	\$ 126,000	\$ 108,000
Remaining Available						\$ (17,696)	\$ 239	\$ 0
Tourism Marketing Funding						\$ 48,000	\$ 100,000	\$ 100,000
Tourism Marketing %						8%	14%	15%
Tourism-Related Facility Funding						\$ 280,704	\$ 432,000	\$ 381,739
Facility Funding %						46%	61%	56%
Special Event Funding						\$ 287,369	\$ 171,000	\$ 203,500
Special Event %						47%	24%	30%