Lacey City Council Worksession Agenda

Refer to the bottom of the agenda for meeting information.

Tuesday, August 25, 2026	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. **2026 Human Services Grant Program**
Michelle Chavez, Human Services Coordinator

B. **Stormwater Rate Study**
Vince McGowan, Interim Public Works Director
Ryan Jewell, Stormwater Engineering Manager
Royce Young, Stormwater Permit Coordinator
Tage Aaker, Senior Project Manager, FSC, a Bowman Company

C. **2026 Budget Amendment Update**
Chelsea Knight, Deputy Finance Director

D. **Council Reports**

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_xfiihTQSsCiMecPIHthWA
Website:	https://cityoflacey.org/government/public-meetings/
Facebook:	https://www.facebook.com/cityoflacey
YouTube:	https://www.youtube.com/watch?v=3BDVV5bphJU
Phone:	(888) 788-0099 or (877) 853-5247 (Webinar ID 862 9903 9312)

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_xfiihTQSsCiMecPIHthWA 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.

STAFF REPORT
Council Worksession
August 25, 2026

Subject:	2026 HSGP Award Discussion
To:	Lacey City Council
Prepared by:	Michelle Chavez, Human Services Coordinator myc
Department Director:	Shannon Kelley-Fong, Assistant City Manager SKF
Reviewed By:	
Final Review:	Rick Walk, City Manager RW

Purpose: Briefing

Recommendation: Discuss the 2026 Human Services Grant Awards.

Human Services Commission (HSC) recommended Council adopt Option 2

1. Scores above 600 receive 80% of funding request (4 agencies), approx. $24,000
2. Scores above 590 receive 70% of funding request (2 agencies), approx. $21,000
3. Scores above 580 receive 60% of funding request (5 agencies), approx. $18,000
4. Scores above 570 receive 48% of funding request based on remaining budget available (5 agencies), approx. $14,400
5. Scores below 560 do not receive funding (15 agencies)

Brief: The purpose of this staff report is to discuss the 2026 HSGP score summary and recommendation for funding. Council is tentatively scheduled to consider approving funding awards at the September 1, 2026 Regular Meeting.

Alternatives:
1. Recommend 2026 HSGP at some other level; see Options 1 and 3.
2. Do not provide a recommendation tonight. Provide staff with feedback to continue this discussion at a future Council meeting.

Prior Review:
Human Services Commission - January 8, 2026 LINK
Human Services Commission – March 5, 2026 LINK
Human Services Commission – May 7, 2026 LINK
City Council Worksession – May 26, 2026 LINK
City Council Regular Meeting – June 2, 2026 LINK
Human Services Commission Special Meeting – July 1, 2026 LINK
Human Services Commission Regular Meeting – July 2, 2026 LINK
Human Services Commission Regular Meeting – August 6, 2026 LINK

Advisory Board Recommendation(s):
HSC Recommended Adoption of Option 2

Fiscal Impact:
Budgeted Item: Yes
Amount: $300,000
Funding Source: 001-0801-552.58-17
Project Code: N/A

Attachments:
1. 2026 HSGP Score Sheet Summary

Policy or Legal Alignment:
1. [2026 HSGP Policy]

Background: General information on the City of Lacey's (City) Human Services can be accessed here: [Human Services - City of Lacey].

As part of the 2026 Budget, the Lacey City Council allocated $300,000 to continue a comprehensive, reliable, and accessible Human Services Grant Program (HSGP). This program was established to replace the ad hoc funding the City provided to various non-profit groups in the past and make the process more equitable, efficient, and predictable for the community and the organization.

The Human Services Commission (HSC) provided recommendations on the 2026 HSGP policy. The City Council reviewed and approved the HSGP Policy for 2026. The HSGP policy remained largely the same, with the exception of the cap on social services funding and narrowing the focus of the priorities.

The cap on public service awards is $30,000. The capital project cap remains $50,000.

2026 HSGP funding priorities are:

- Affordable Housing / Homelessness Prevention
- Youth services, including child care
- Behavioral health services

Applications were open from June 3 to June 26, 2026, and an application workshop was held via Zoom on June 9th. The workshop was recorded and posted online along with the question-and-answer notes and HSGP rubric.

The City received 29 applications for a total request of $858,712, including:
- 14 new applicants
- 27 service project applications
- 2 capital project applications

The HSC received presentations from all 29 applicants over the course of two meetings held on July 1 and 2, 2026. (see link to meeting packets in Prior Review section of the is staff report)

Following the presentations, each commissioner used a standard rubric to score applications and turned them into the City for review and compilation. Each applicant could receive a total of 100 points from each reviewer (7), making a total of 700 points possible per applicant. The total point and percentage system was implemented this year to simplify the process of determining options for the HSC to consider.

Based on the cumulative rubric scores, staff recommended option 1.

Table 1		
Option 1	**Option 2**	**Option 3**
Top Scores 90/80/70 percent funded	Top Scores 80/70/60 percent funded	Something Else
Remaining $39,000 split three ways	Remaining $72,000 split five ways	
14 Non-Profits Funded	16 Non-Profits Funded	
Scores below 570 not funded	Scores below 560 not funded	
4 first-time applicants would be funded	5 first-time applicants would be funded	
2 applicants who previously applied and did not get funded would be funded on their second attempt	2 applicants who previously applied and did not get funded would be funded on their second attempt	
8 returning HSGP grantees would be funded	9 returning HSGP grantees would be funded	

After deliberation, HSC recommended **Option 2** with funding being allocated as follows:

1. Scores above 600 receive 80% of funding request (4 agencies)
2. Scores above 590 receive 70% of funding request (2 agencies)
3. Scores above 580 receive 60% of funding request (5 agencies)
4. Scores above 570 receive $14,400 each based on remaining budget available (5 agencies)
5. Scores below 560 do not receive funding (15 agencies)

The HSC decision was made based on **Option 2** allowing more agencies to be funded. Option 1 funds 14 agencies and Option 2 funds 16.

HSC also amended the motion to approve **Option 2** to include a contingency that if an agency declined their grant award, excess funds would be distributed evenly across all grantees.

The Commissioners discussed the annual increases in applications since the program began and expressed a shared interest in considering additional funding for the program.

The original total request in 2024 was $1.2 million dollars. That was before there was a maximum award amount incorporated into the HSGP policy. The total requested amount was similar in 2025 and 2026: $841,761 and $858,712. However, the award maximum was lowered on service programs from $50,000 to $30,000 based on the average HSGP award ($26,087) over the past two years. The number of agencies that applied in 2024 was 15. In 2026, the applications increased from 20 to 29.

Table 2	
Proposed 2026 Human Services Grant Program Timeline (Dates subject to change)	
Activity	**2026 Dates**
HSC Review Program Materials, Policy, Scoresheet (Rubric) Options	January
SC Review Draft Policy and Rubric	March
City Council Reviews Draft Policy and Rubric – Motion to Adopt	May 26
Program Opens for Applications	June
Applicant Presentations / Review and Score Applications	July (2 dates)
HSC Award Recommendations	August
City Council Final Approval	September
Program Year Begins	September

Agency (New Applicants in Blue)	Project	Priority Area	Service or Capital Project	Amount Requested in 2026	Reviewer 1	2	3	4	5	6	7	Total Score (Possible 700)	Percent of Request	Suggested Award	
Project / Program Summaries															
North Thurston Education Foundation (NTEF)	Student Assistance Program	Affordable Housing / Homelessness Prevention / Youth	Service	$30,000	96	100	100	95	76	78	88	633	90.00%	$27,000	90% Funding
Boys and Girls Club of Thurston County	Club Membership and Services for Youth Experiencing Homelessness	Youth	Service	$30,000	97	100	100	97	64	75	83	616	90.00%	$27,000	
Family Promise of Puget Sound	The Lacey Family Stabilization and Transitions Project	Affordable Housing / Homelessness Prevention / Youth / Behavioral Health	Service	$30,000	87	100	100	99	58	75	91	610	90.00%	$27,000	
All Kids Win	Weekend Food Bag	Youth	Service	$30,000	94	100	100	91	66	76	80	607	90.00%	$27,000	
Rebuilding Together Thurston County (RTTC)	Critical Home Repair	Affordable Housing / Homelessness Prevention	Service	$30,000	91	100	100	90	61	70	79	591	80.00%	$24,000	80% Funding
TOGETHER!	Host Homes	Affordable Housing / Homelessness Prevention	Service	$30,000	92	100	95	88	70	70	75	590	80.00%	$24,000	
Family Support Center	Homeless Family Services Program	Affordable Housing / Homelessness Prevention	Service	$30,000	90	99	84	98	61	65	90	587	70.00%	$21,000	70% Funding
Strophy Foundation	Pathways to Stability	Affordable Housing / Homelessness Prevention / Behavioral Health	Service	$30,000	92	100	90	96	59	74	75	586	70.00%	$21,000	
The Skoolie Foundation	Hygiene Haven	Affordable Housing / Homelessness Prevention	Service	$30,000	89	100	100	92	51	77	76	585	70.00%	$21,000	
Community Youth Services	Haven House Crisis Residential Center	Affordable Housing / Homelessness Prevention / Youth / Behavioral Health	Service	$30,000	90	100	100	93	55	79	67	584	70.00%	$21,000	
Mi Chiantla	Raices Unidas: Strengthening Families through Culture and Connection	Youth / Behavioral Health	Service	$30,000	79	100	95	86	73	72	77	582	70.00%	$21,000	
Big Brothers Big Sisters of Southwest Washington	Site-Based Mentoring	Youth	Service	$30,000	82	100	90	95	63	60	87	577	43.33%	$13,000	Remaining $39,000
Thurston County Inclusion	Inclusive Community Youth Program	Youth	Service	$29,586	83	100	85	92	65	68	84	577	43.94%	$13,000	
Community Action Council of Lewis, Mason, and Thurston Counties	Lacey Housing Services	Affordable Housing / Homelessness Prevention	Service	$30,000	96	100	100	85	62	61	72	576	43.33%	$13,000	
Interfaith Works	Sergio's Service Center	Affordable Housing / Homelessness Prevention / Behavioral Health	Service	$30,000	95	100	60	91	67	71	81	565			
Ground Zero Outreach - GZOR	The Bridge to Stability and Mobile Outreach Program	Affordable Housing / Homelessness	Capital	$30,000	83	100	70	92	69	76	73	563			
Innovations Human Trafficking Collaborative	Healing Journey Home	Affordable Housing / Homelessness Prevention / Behavioral Health	Service	$30,000	90	99	85	83	55	73	70	555			
The Crisis Clinic of Thurston and Mason Counties	Youth and Adult Crisis Intervention and Resource Referral	Youth / Behavioral Health	Service	$30,000	89	100	55	93	72	78	68	555			
Senior Services for South Sound	Home Share	Affordable Housing / Homelessness Prevention	Service	$30,000	90	100	75	91	52	70	75	553			
Garden-Raised Bounty	Youth Program	Youth	Service	$30,000	84	85	100	77	54	62	79	541			
South Puget Sound Habitat for Humanity	Home Repair Program	Affordable Housing / Homelessness Prevention	Service	$30,000	88	100	65	92	52	71	72	540			
South Sound Dance Access	Creative Dance in Lacey Schools	Youth / Behavioral Health	Service	$30,000	76	90	70	93	57	71	76	533			
Cancer Pathways	Sparkle Family Program	Youth / Behavioral Health	Service	$30,000	85	85	85	82	53	71	64	525			
Oly Camp Kitties	Spay, Neuter, Vaccination and Supply Program for Maple Court Enhanced Shelter	Affordable Housing / Homelessness Prevention	Service	$7,555	68	81	85	92	60	47	76	509			
Aerospace Machinists Joint Training Committee (AJAC)	Future Ready Makers	Youth	Service	$22,000	79	88	60	87	63	76	45	498			
God's Land	The Pathways to Self-Employment and Economic Independence Program (PSEEI)	Affordable Housing / Homelessness Prevention	Service	$30,000	72	88	80	90	53	64	50	497			
Thurston Community Television-Thurston Community Media	Studio Production and Life Skills Building for Teens	Youth / Behavioral Health	Service	$30,000	73	85	70	88	55	60	63	494			
Homes First	Maintain Affordable Housing for 8 Residents	Affordable Housing / Homelessness Prevention	Capital	$49,572	89	85	70	74	44	58	62	482			
Institute for Therapeutic Renewal (ITR)	Community Behavioral Health and Suicide Prevention Initiative	Behavioral Health	Service	$30,000	70	90	20	60	55	55	57	407			
Total Requested 2026				$858,712										$300,000	

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Total Requested 2026				$858,712										$300,000	

STAFF REPORT

Council Worksession
August 25, 2026

Subject:	Stormwater Strategic Plan - Rate Study
To:	Lacey City Council
Prepared by:	Royce Young, Stormwater Permit Coordinator RY
Department Director:	Vince McGowan, Interim Public Works Director VMc
Reviewed By:	Ryan Jewell, Stormwater Engineering Manager RJ
Final Review:	Rick Walk, City Manage RW

Purpose: Briefing

Recommendation: Review only.

Brief: Lacey's Water Resources Division briefed City Council on the Stormwater Strategic Plan update at the July 28, 2026, Worksession. We are returning to discuss the Rate Study conducted to support that Plan. The Rate Study analysis included four scenarios with associated rate increases that would enable implementation of the Stormwater Strategic Plan with varying considerations for the Stormwater Utility's Long-Term Goals, State/Federal Permit Regulatory Requirements, and Capital Improvement Projects.

Alternatives:

1. Provide direction on preferred level of service and associated rate increase.
2. Direct staff to conduct additional analysis.
3. Some other option not contemplated in the above.

Prior Review:

City Council Worksession – 7/28/2026 Link
Planning Commission – 7/22/2026 Link
Planning Commission – 6/10/2026 Link
Planning Commission – 3/11/2026 Link

Advisory Board Recommendation(s):

Planning Commission Recommendation of Approval (July 22).

Fiscal Impact:

Budgeted Item: Yes

Attachments:

1. Stormwater Rate Study Report

Policy or Legal Alignment:

1. Comprehensive Plan
2. State/Federal Permit Requirement

Background:

The Stormwater Strategic Plan (SSP) will guide the Stormwater Utility's programs, activities, and Capital Improvement Program (CIP) through 2035. The SSP update was driven by two primary factors. First, it ensures the Stormwater Utility's long-term goals are aligned with the overall City of Lacey Comprehensive Plan. Second, it ensures the City is positioned to comply with new requirements of the 2024–2029 Western Washington National Pollutant Discharge Elimination System (NPDES) Phase II Municipal Stormwater Permit.

As the SSP was updated, Water Resources staff and consultants (Herrera Environmental and FCS Group) assessed our current programs and activities, staffing, new permit requirements, and CIP. Two levels of services were developed: Required and Recommended.

The Required Level of Service keeps the City in compliance with this permit cycle's (2024-2029) requirements, maintains existing programs, and implements critical CIP projects. This level of service does not consider the City's long-term goals, the 10-year planning horizon, or prepare the City for future permit requirements. This may cause the community to experience a decrease in level of service over time.

The Recommended Level of Service considers the City's long-term goals, the 10-year planning horizon, and prepares the City for future permit requirements. It enables staff to complete preventive maintenance instead of reactive projects due to failing infrastructure, reduce localized flooding, and prevent environmental degradation.

The Rate Study considered each level of service, utility revenues, expenditures, and operating reserves to develop rate updates required for plan implementation. The Rate Study also incorporated the potential to receive grant funding from the Department of Ecology (Ecology) on high-priority water quality projects.

Ecology's Stormwater Financial Assistance Program (SFAP) is a competitive grant program within the Water Quality Combined Funding Program (WQCFP) that provides funding for stormwater capital projects that improve and protect water quality throughout the state. Funding for this program is appropriated by the legislature from the State Model Toxics Control Act (MTCA) Stormwater Account. Ecology has awarded approximately $15M annually over the last several years. Projects are ranked by how much they will benefit water quality, and construction readiness.

The Required Level of Service yields an 8.5% increase without grant funding. Staff do not recommend this option as it does not align with the City's Comprehensive Plan and may result in a decreased level-of-service provided to the community over time.

The Recommended Level of Service yields a 9.5% rate increase with grant funding and an 11% increase without grant funding. This option keeps the Stormwater Utility's programs, activities, and CIP progressing towards the City's long-terms goals and better prepares the utility for the future permit requirements.

The 9.5% ($1.46 per Single-Family Residential parcel) increase assumes grants will be received to fund high-priority, permit-required water quality capital improvement projects. If grant funds are not received, projects designed to address community-reported flooding will be delayed until future rate increases provide adequate funding. Table 1 outlines the competitiveness of Ecology's Water Quality Combined Funding Program (WQCFP) from fiscal year 2020 through fiscal year 2026.

Table 1: WQCFP Requests vs Awards

Fiscal Year	Funding Requested	Funding Awarded	% Awarded
FY2020	$ 338,587,603	$ 183,129,515	54.1%
FY2021	$ 398,386,585	$ 226,976,076	57.0%
FY2022	$ 568,598,477	$ 311,655,511	54.8%
FY2023	$ 413,486,555	$ 317,203,818	76.7%
FY2024	$ 331,543,801	$ 313,318,549	94.5%
FY2025	$ 363,608,576	$ 309,592,456	85.1%
FY2026	$ 567,867,040	$ 187,993,135	33.1%

Note: Stormwater Retrofit requirements were introduced in the 2024-2029 NPDES Phase II Municipal permit. Retrofit projects for this permit cycle must be completed by March 31, 2028. This requirement increased the demand for grant funds, as shown in the low award rate for projects in FY2026.

The 11% ($1.70 per Single-Family Residential parcel) increase would enable the completion of all CIP projects regardless of grant funding availability. Should grant funds be received, revenues would be utilized to address currently unanticipated expenses, which are likely as we begin performing condition assessments of existing publicly owned drainage infrastructure for the first time. Remaining grant revenues will benefit rate payers by decreasing the magnitude of future rate increases.

Both recommended rate increases keep Lacey's rates in the middle of similar sized cities in the region for the 2026 Single Family Residential rate. Most jurisdictions will be increasing their rates in 2027 to keep up with the evolving permit requirements. Staff recommend the 11% increase for the Stormwater Strategic Plan's planning horizon.

CITY OF LACEY

Stormwater Utility Rate Study

Submitted by:

FCS, a Bowman company
7525 166th Ave NE
Ste D-215
Redmond, WA 98052
P: 425.867.1802

Submitted to:

Royce Young
Stormwater Permit Coordinator – Water Resources
City of Lacey, WA
420 College Street SE
Lacey, WA 98503

July 2026

July 2026

Royce Young, Stormwater Permit Coordinator – Water Resources
City of Lacey, WA
420 College Street SE
Lacey, WA 98503

Re: City of Lacey Stormwater Utility Rate Study

Dear Ms. Young:

Attached is the **DRAFT REPORT** documenting the results of the City of Lacey's stormwater rate study. We want to thank you and other City staff for your assistance and participation in gathering information and various study discussions. It has been a pleasure to work with you and City staff on this study. Please let us know if you have any questions. Tage can be reached at (425) 615-6487 or Tage.Aaker@bowman.com.

Sincerely,

John Ghilarducci
FCS President/Principal

Tage Aaker
Senior Project Manager

Amanda Levine
Assistant Project Manager

Sachin Goradia
Project Consultant

Contents

Exhibits

1.0 Introduction

Project Background

In 2024, the City of Lacey (City) contracted with Herrera Environmental Consultants Inc. (Herrera) to update the City's Stormwater Strategic Plan (SSP). As part of this effort, Herrera subcontracted with FCS, a Bowman company (FCS), to update the City's stormwater utility rate study, which was last completed in 2018.

As part of this updated rate study, FCS first reviewed key City policies and developed supporting policy papers addressing rate structure alternatives, rate credits, and snowbird rates for stormwater utility customers.

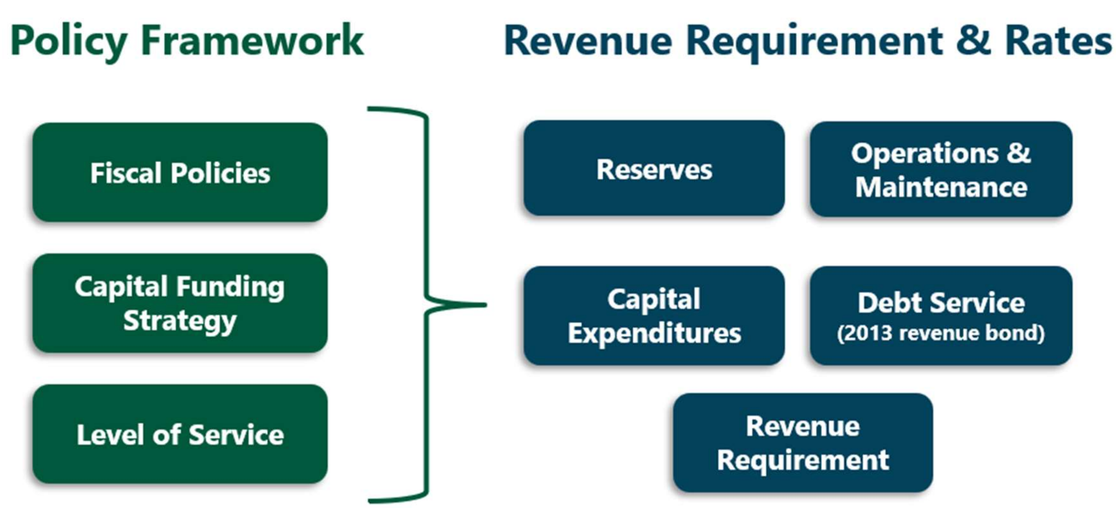
FCS also updated the stormwater utility's revenue requirement analysis. This included incorporating updated staffing and programmatic costs needed to support the Recommended level of service (LOS), as well as the City's updated ten-year capital improvement program (CIP). This report documents the study's objectives, assumptions, findings, and recommendations.

The City originally established its stormwater utility in 1985 to address the growing need to manage surface water. Today, as outlined in the City's SSP, the utility is responsible for maintaining a large system that includes approximately 7,140 catch basins and storm drains, 150 miles of pipe, 65 outfalls, and other stormwater assets. The utility is funded through monthly service charges collected from properties within City limits. These revenues support the planning, management, design, construction, maintenance, and replacement of the stormwater system.

Revenue Requirement Overview

The primary purpose of this rate study is to develop a funding plan ("revenue requirement") for the City's stormwater utility for the 2027–2035 planning horizon to align with the SSP. The revenue requirement defines the total funding needed to support the utility on a standalone basis, accounting for current operating obligations, additional programmatic and staffing needs identified through Herrera's Required and Recommended LOS analysis, and planned capital investments. Rate increases are applied across-the-board, with no changes to rate design included in this study. The overall approach is summarized in **Exhibit 1**.

Exhibit 1. Revenue Requirement Overview



Revenue Requirement Results

This report documents two revenue requirement scenarios:

- **Scenario 1** documents a rate strategy which implements the Recommended LOS and completes the utility's full CIP on schedule with grant funding assumed for select projects. To cover the new forecasted financial obligations of the stormwater utility, Scenario 1 requires annual rate increases of 9.50% through 2034.
- **Scenario 2** documents a rate strategy that covers the same expenses as in Scenario 1, but without any grant funding, and therefore requires annual rate increases of 11.00% through 2034.

Exhibit 2 shows the recommended across-the-board utility rate increases for the Recommended LOS with and without grant funding along with the monthly stormwater rate for a single-family residence. Sample bills for other types of customers are included in the Conclusion section of this report.

Exhibit 2. Across-The-Board Rate Increases (Minimum Charge Monthly Rate)

Level of Service	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Scenario 1: Recommended Level of Service with Grants										
Annual Percent Change	4.50%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%	2.00%
Monthly Single-Family Rate	$15.46	$16.92	$18.53	$20.29	$22.22	$24.33	$26.64	$29.17	$31.94	$32.58
Scenario 2: Recommended Level of Service without Grants										
Annual Percent Change	4.50%	11.00%	11.00%	11.00%	11.00%	11.00%	11.00%	11.00%	11.00%	2.00%
Monthly Single-Family Rate	$15.46	$17.16	$19.04	$21.14	$23.46	$26.04	$28.91	$32.09	$35.62	$36.33

2.0 Fiscal Policies

The basic framework for evaluating utility revenue needs includes sound fiscal policies. Several policy topics are important to consider further as part of managing the finances of the stormwater utility, including operating reserves, capital reserves, debt service coverage, and rate funded capital.

Operating Reserve

An operating reserve is designed to provide a liquidity cushion; it protects the utility from the risk of short-term variation in the timing of revenue collection or payment of expenses. City *Resolution No. 992*, which documents City-adopted fiscal policies, states there needs to be at least two months' worth of operating revenue (excluding one-time revenues) in each utility's operating fund. Based on this adopted policy, the forecast targets an operating reserve for the stormwater utility of between two and three months' worth of annual rate revenues.

> ***Recommended Policy:*** *Achieve a year-end minimum balance target of 60 days (16%) of total annual operating revenues. This equates to approximately $1.0 million based on the 2026 forecasted annual rate revenue of $6,400,000.*

Capital Reserve

The capital reserve provides a source of emergency funding for unexpected asset failures or other unanticipated capital needs. It can also help the utility address cash flow issues related to capital projects. Given these different purposes, there are a variety of potential benchmarks for setting a minimum balance for this reserve. Some potential options include: a percentage (commonly 1 – 2%) of the original cost of total fixed assets; a rolling multi-year average of capital improvement program costs; or an amount sufficient to fund an equipment failure. This capital reserve policy is not intended to guard against catastrophic system failure or extreme acts of nature.

> ***Recommended Policy:*** *A minimum capital ending fund balance target of 2% of fixed assets (non-depreciated original cost of construction) is recommended. This equates to $1.5 million based on a fixed asset inventory totaling approximately $74.7 million as of the beginning of 2026. The reserve increases as the City executes the CIP, thereby adding fixed assets to the utility. Capital reserves larger than this may be prudent if the City is saving for future capital projects that cannot be funded with same-year rate revenues.*

Debt Service Coverage

Debt service coverage is typically a requirement associated with revenue bonds and some state loans, and it is an important benchmark to measure the riskiness of the utility's capital funding plans. Coverage is most easily understood as a factor applied to annual bonded debt service. If a utility sells revenue bonds, a coverage requirement of 1.20 means that the utility agrees to collect enough revenue to meet operating expenses and not only pay debt service but collect an additional 20% increment above bonded debt service.

The extra revenue is a financial cushion that makes bondholders more confident that debt service will be paid on time. The extra revenue can be used for capital expenditures, to build reserves for future asset replacement, or for debt service on subordinate debt. Achieving a bonded debt service coverage level greater than the minimum required level is a positive signal that bond rating agencies notice, and it can result in more favorable terms if the utility needs to go to the market to sell bonds.

Recommended Policy: *While 1.20 is the legal minimum coverage for the City's 2013 revenue bonds—the City's only stormwater utility related debt—FCS recommends a target coverage of at least 1.50 to 2.00. Throughout the forecast, a debt service coverage of 12.70 or greater is achieved.*

Rate Funded Capital

Rate funded capital is the funding of long-term infrastructure replacement needs through a regular (annual) and predictable rate provision. Most commonly, utilities that have addressed replacement funding needs have used historical (original cost) depreciation expense as the basis for a reasonable level of reinvestment in the system. This strategy can help minimize a utility's reliance on debt.

Recommended Policy: *The City desires to fund its capital program without relying on debt and instead plans to rely on a mix of existing reserves and annual rate funded capital. Therefore, the utility should strive to generate revenues to cover operating costs, existing debt service, and the approximate annual average capital program. Any funding deficit between annual capital expenditures and annual rate funded capital must be covered by drawing down capital reserves.*

Exhibit 3 provides a summary of the recommended fiscal policies for the City.

Exhibit 3. Summary of Fiscal Policies

Policy	Stormwater
Operating Reserve (days of revenues)	60 days of operating revenues (16%)
Capital Reserve	A minimum of 2% of the original cost of fixed assets
Minimum Debt Service Coverage Ratio	If debt is issued, an internal policy target of at least 1.50-2.00x is prudent
Rate Funded Capital	Set rates to allow the utility to cash fund its capital program to be supplemented by existing capital reserves as available

3.0 Revenue Requirement Forecast

This section explains the key assumptions and inputs used to forecast the revenue requirement under each scenario. The analysis uses the City's 2026 budget, added costs to implement the recommended LOS, existing debt, the 10-year CIP, fiscal policy targets, and expected economic conditions to estimate the annual rate revenue needed through 2035.

General Forecast Assumptions

The following general assumptions are used in this rate forecast and applied to the City's 2026 budget and any additional programmatic and/or staffing additions associated with the recommended level of service:

- **General cost inflation** – assumed to be 3.00% per year based on both the Washington State Economic & Revenue Forecast Council projection for the Consumer Price Index (CPI) as well as the recent historical performance of the Seattle-Tacoma-Bellevue CPI.
- **Construction cost inflation** – assumed to be 3.00% per year based on the recent performance of the Engineering News Record's Construction Cost Index (20-City Average).
- **Taxes** – State Business and Occupation tax rate of 2.10%; City utility tax rate of 6.00%. Note that this 6.00% utility tax is applied as a markup on the utility bill above the stated rates.
- **Personnel Cost Inflation** – based on Employment Cost Indices from the U.S. Bureau of Labor Statistics, as well as discussion with City staff, and consideration of their budgeting process.
  - Labor Cost Inflation: assumed to be 4.00% per year.
  - Benefits Cost Inflation: assumed to be 5.00% per year.
- **Fund earnings rate** – assumed to be 3.50% in 2026, 3.00% in 2027, 2.50% in 2028, and 2.00% thereafter, based on the long-term average of the Washington State Local Government Investment Pool (LGIP).
- **Customer account growth** – based on the City's recent population growth history and discussions with City staff, growth is assumed to be 1.25% per year.
- **Realization Factor**. To consider the historical spending within the stormwater utility, all operating expenses are set to a 97% completion factor beginning in 2027.

Fund Balances

The stormwater utility's operating activity is tracked in Fund 403, its capital activity is tracked in Fund 412, and its debt activity tracked in Fund 452. The starting 2026 balance for each fund is shown in **Exhibit 4**. For the operating fund, Fund 403, any amount exceeding sixty days of revenue (the operating reserve target) is assumed to be available for capital projects.

Exhibit 4. Stormwater 2026 Utility Fund Balances

Fund	2026 Beginning Balance
Operating Fund - 403	$5,290,000
Capital Fund - 412	$12,150,000
Debt Fund - 452	$50,000
Combined 2026 Beginning Fund Balance	**$17,490,000**

Debt Obligations

The City has one existing debt obligation related to the stormwater utility: a 2013 Revenue Bond. The stormwater utility's share is 16.8% and the average principal plus interest payment is approximately $100,000 per year. The final payment for this loan will be made in 2033.

Levels of Service Operating Assumptions

This report documents two (2) scenarios for the City. Both scenarios incorporate the Recommended LOS developed by Herrera, which includes additional full-time equivalents (FTEs) and other programmatic costs. The Recommended LOS includes enhancements to the City's stormwater management program at approximately $75,000 per year (2026 $), plus a one-time cost ($750,000) to acquire a Vactor truck (2026 $). The Recommended LOS also includes about $700,000 per year in expanded maintenance activities (2026 $). Lastly, as shown in **Exhibit 5**, the Recommended LOS includes additional FTEs, which total roughly $1 million per year 2028-35 (salaries plus benefits, with assumed cost escalation).

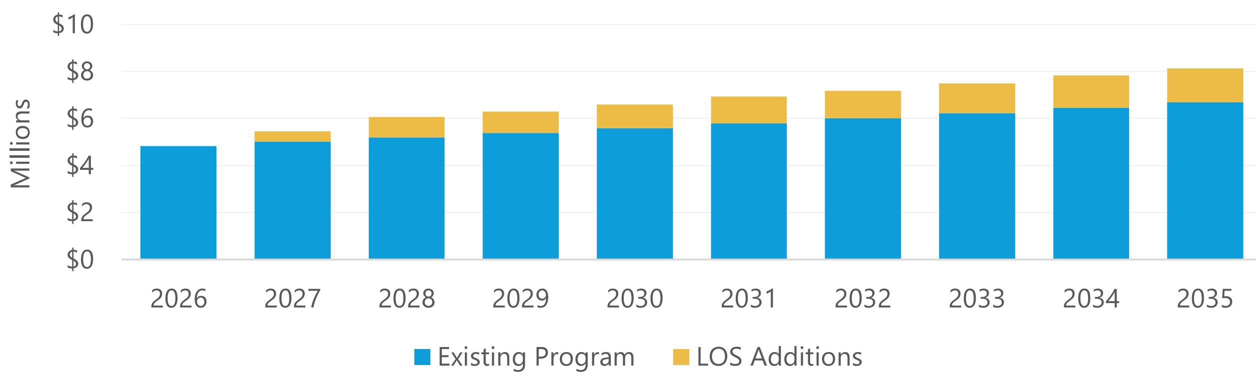
Exhibit 5. Total FTEs Per Year for the Recommended LOS

Stormwater Additional FTEs	2027	2028	2029	2030	2031	2032	2033	2034	2035
Project Administrator	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Civil Engineer II – Public Works	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Engineering Technician III	0.56	1.06	1.06	1.06	1.06	1.06	1.06	1.06	1.06
Wet-Season Maintenance Technician	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Water Resources Specialist	0.28	0.79	0.73	0.74	0.74	0.71	0.69	0.63	0.63
Journey Level Maintenance Technician	0.00	1.00	1.25	1.25	1.25	1.25	1.25	1.25	1.25

Stormwater Additional FTEs	2027	2028	2029	2030	2031	2032	2033	2034	2035
Senior Maintenance Technician	0.00	1.06	1.07	1.36	1.31	1.31	1.31	1.31	1.31
GIS Intern	0.00	0.00	0.25	0.00	0.00	0.00	0.00	0.00	0.00
Total FTEs	**2.84**	**5.90**	**6.36**	**6.41**	**6.36**	**6.32**	**6.30**	**6.24**	**6.24**

Exhibit 6 below shows the City's baseline budget over the forecast period (in blue), the costs of the LOS additions in yellow. The total bar represents the total operating expenses within the stormwater utility.

Exhibit 6. Operating Forecast 2026-2035



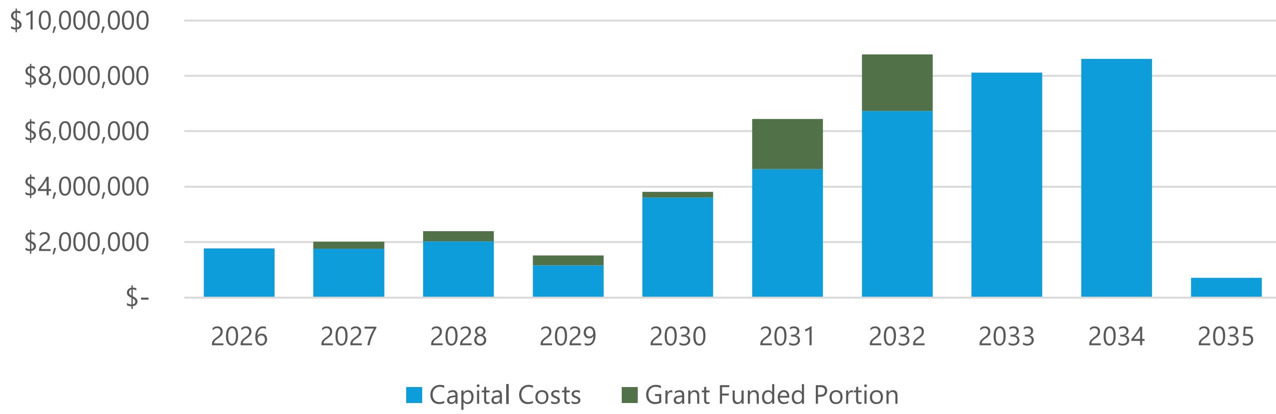
Capital Program

The 2026-2035 capital improvement plan (CIP) was provided by Herrera. Costs were provided by project, by year, and are in 2026 dollars. To estimate the actual spending by year, costs are escalated to the estimated year of construction. Based on discussions with City staff, Scenario 1 assumes 85% grant funding for the following four capital projects – the remainder would be funded by the stormwater utility:

- Woodland Creek at Martin Way Stormwater Improvements Study
- Hawks Ridge Neighborhood Drywell Repair
- Glen Mary Drive Stormwater Improvements
- Wedgewood Manor - Clearwater Court Flood Reduction

Total capital projects for the 2026–2035 period are estimated at $37.6 million in 2026 dollars. After applying cost escalation, total capital spending through 2035 increases to $44.1 million (as shown in **Exhibit 7**). The capital funding strategy assumes no debt financing. Scenario 1 includes $5.1 million in grant funding, while Scenario 2 assumes no grant funding.

Exhibit 7. Stormwater CIP (In Escalated Dollars)



Scenario 1: Recommended LOS + Grant Funding

Scenario 1: Recommended LOS + Grant Funding Revenue Requirement Forecast

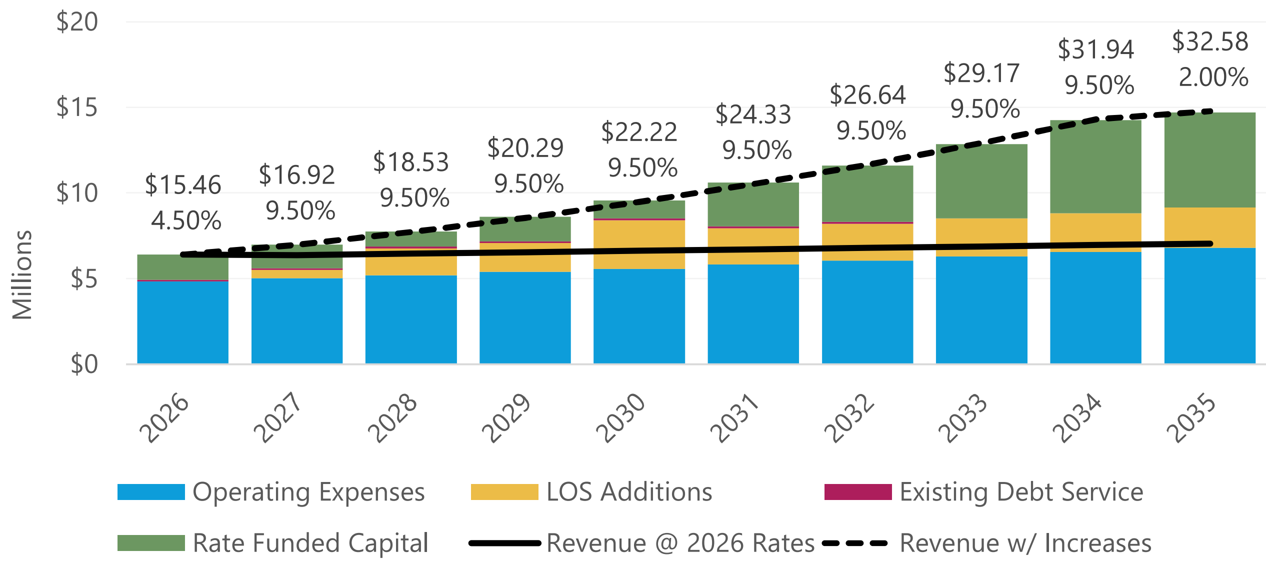
Exhibit 8 graphically represents the revenue requirement forecast for the stormwater utility from 2026 (the current baseline year) through 2035. The stacked columns represent the costs of the utility such as operating expenses, and cash for capital. The solid black line represents revenue at existing rates, and the dotted black line shows forecasted revenue with rate increases. Above the stacked bars, the monthly charge for single-family customers is noted along with the proposed rate increase percentages for each year.

- **Solid black line:** Revenue at existing rates.
  - Revenue is expected to be $6.4 million in 2026 and grow 1.25% per year with customer growth.
- **Dashed black line:** Revenues with rate increases.
  - As the costs associated with the additional programming and staffing needs are incorporated into the forecast starting in 2027, rate revenue must increase to continue to allow the utility to cash-fund capital projects.
  - Rate revenues are expected to grow to just over $14.8 million per year by 2035.
- **Blue bar:** Cash operating expenses.
  - Operating expenses are based on the adopted 2026 budget and increase with the annual cost escalation assumptions previously discussed.
  - This bar does not include the costs for additional program and staffing needs, which make up much of the operating expense increases during the forecast.
- **Magenta bar:** Existing debt service.
  - The stormwater utility's share of the 2013 revenue bond debt service is approximately $100,000 per year and is expected to be fully repaid in 2033, with the final payment covered by a debt reserve.
- **Yellow bar:** Recommended LOS Operating Costs
  - Operating expenses increased in 2027 to reflect the results of Herrera's LOS analysis and selecting the Recommended LOS from the SSP, which identifies additional program and staffing needs beyond those included in the adopted 2026 budget.

- These additional programmatic and staffing needs will help support the City's program elements and long-term goals for the SSP including Flood Reduction, Surface Water Quality Improvement, Groundwater Protection and Recharge, Habitat Improvement, Public Participation (Education, Outreach, and Involvement), Pollution Source Control, Infrastructure Operations and Maintenance, Development Practices, and Stormwater Planning, Administration, and Funding.

- **Green bar:** Cash available for capital (i.e., rate funded capital).
  - About $1.5 million is available for rate-funded capital in 2026. This amount decreases in 2027 due to higher operating costs associated with the Recommended LOS. By 2035, available funding increases to approximately $5.6 million.

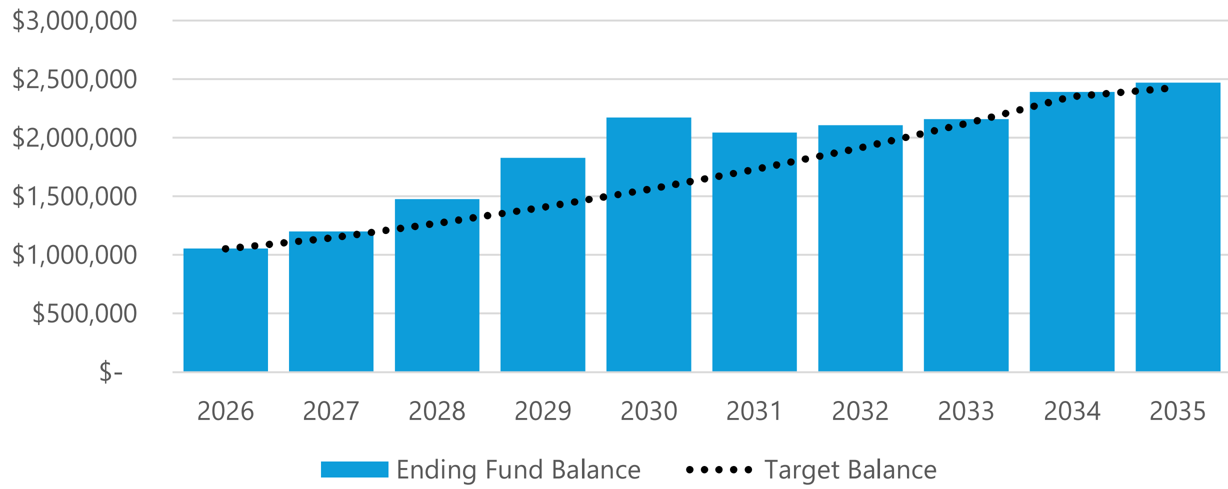
Exhibit 8. Scenario 1: Recommended LOS + Grant Funding Forecast 2026-2035



Scenario 1: Recommended LOS + Grant Funding Forecasted Reserves

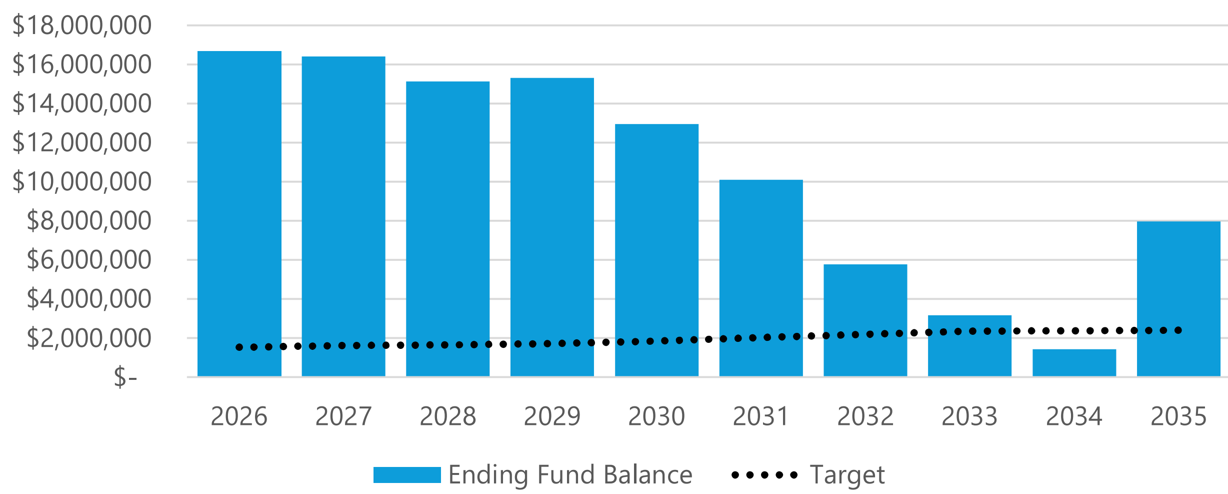
The target operating reserve is equal to 60 days of operating revenues. **Exhibit 9** shows that in each year of the forecast, the utility is expected to meet this target. The operating reserve target for the stormwater utility increases as rate revenues increase with annual rate adjustments.

Exhibit 9. Scenario 1: Operating Reserve Forecast (Fund 403)



The recommended policy for the capital reserve is to achieve a year-end balance of at least 2.0% of the original cost of fixed assets. The projected ending capital fund balance for 2026 is just under $16.7 million. As shown in **Exhibit 10**, this balance is forecast to be gradually drawn down to below target in 2034 as capital expenditures slightly outpace annual rate funded capital. The reserve is forecast to exceed the target in 2035.

Exhibit 10. Scenario 1: Capital Reserve Forecast (Fund 412)

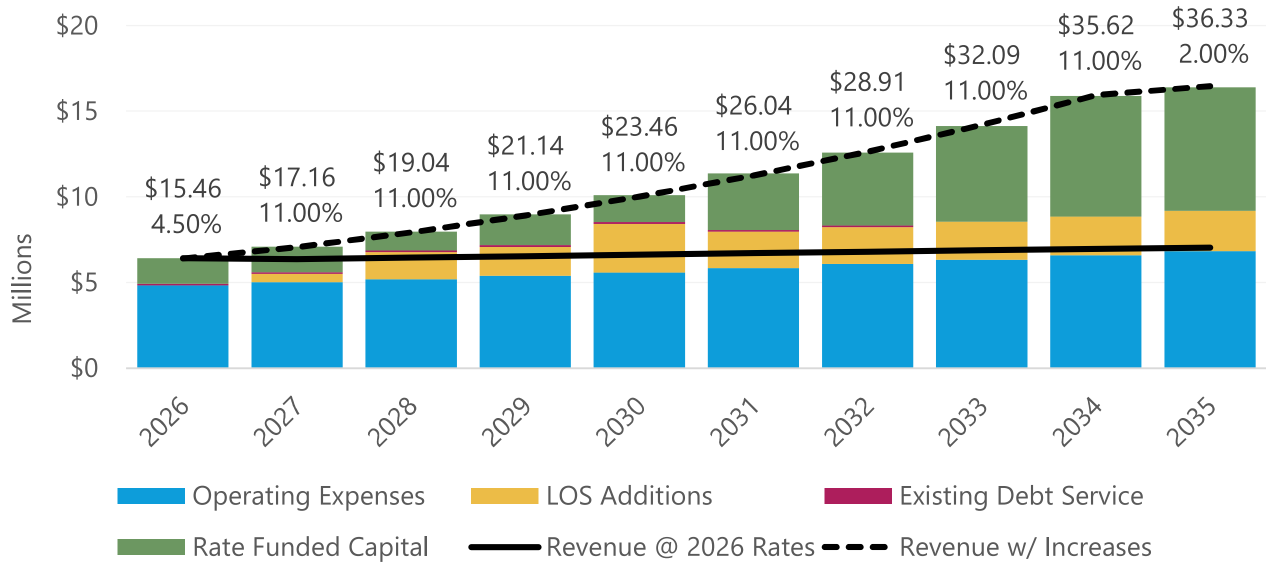


Scenario 2: Recommended LOS + No Grant Funding

Scenario 2: Recommended LOS + No Grant Funding Revenue Requirement Forecast

Exhibit 11 graphically represents the revenue requirement forecast for the stormwater utility through 2035 without any grant funding. Rates need to be higher to cover all capital project expenses, whereas in Scenario 1, some projects were assumed to be partially funded by grants. Rate funded capital in Scenario 2 is expected to be $7.2 million by 2035 compared to $5.6 million in Scenario 1.

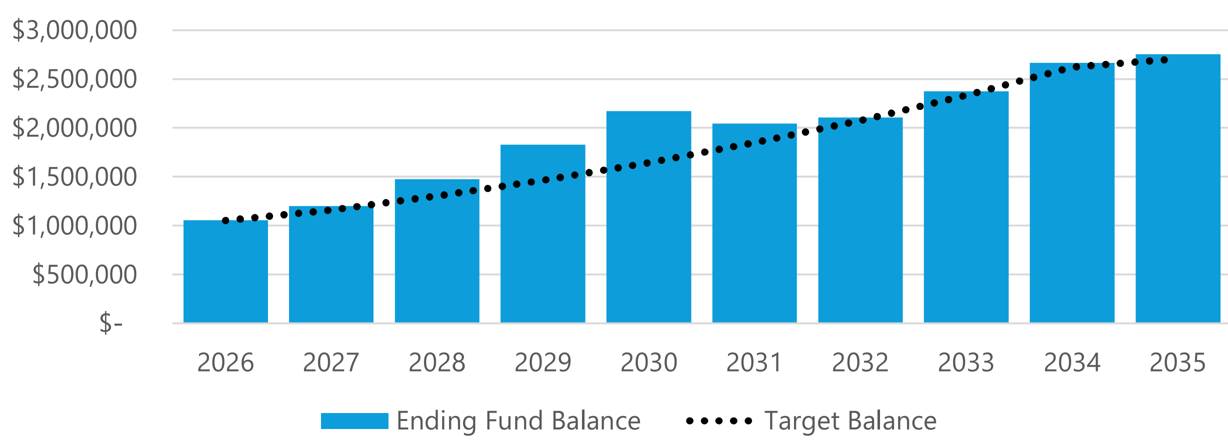
Exhibit 11. Scenario 2: Recommended LOS + No Grant Funding Forecast 2026-2035



Scenario 2: Recommended LOS + No Grant Funding Forecasted Reserves

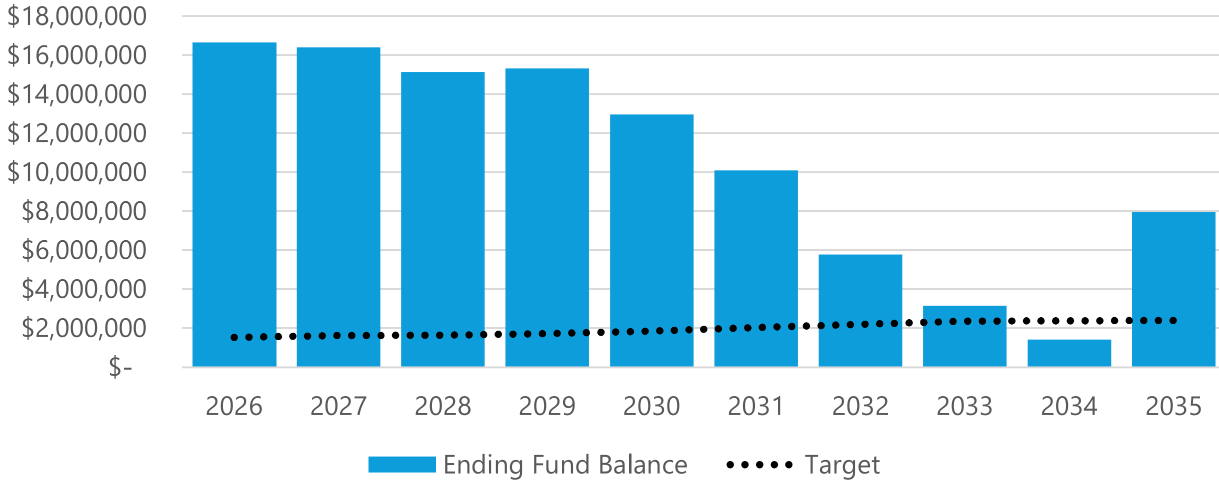
Exhibit 12 shows that in each year of the forecast, the utility is expected to meet the 60-days of operating revenue target.

Exhibit 12. Scenario 2 Operating Reserve Forecast (Fund 403)



As shown in **Exhibit 13**, the capital balance is forecast to be gradually drawn down to below target in 2034 as capital expenditures slightly outpace annual rate funded capital. Just like in Scenario 1, the capital reserve is forecast to exceed the target in 2035 as rate revenues available for capital outpace capital spending scheduled for that year in the forecast.

Exhibit 13. Scenario 2 Capital Reserve Forecast (Fund 412)



4.0 Conclusion

Revenue Requirement & Rate Schedule

To summarize the findings in this report:

- Scenario 1 documents a rate strategy which implements additional programmatic costs and completes the utility's full CIP on schedule with grant funding. To cover the new forecasted financial obligations of the stormwater utility, Scenario 1 requires annual rate increases of 9.50% through 2034.
- Scenario 2, which documents a rate strategy that covers the same expenses as in Scenario 1, but without any grant funding, requires annual rate increases of 11.00% through 2034.

By 2035, annual rate revenue available for capital exceeds $5 million in Scenario 1 and $7 million in Scenario 2. If the annual capital program is lower than these levels, fund balances will grow over time, which may indicate a need to reassess capital funding needs and/or rate levels.

Exhibit 14 and **Exhibit 15** show the recommended across-the-board utility rate increases for the Recommended LOS with and without grant funding.

Exhibit 14. Scenario 1: Across-The-Board Rate Increases (Minimum Charge Monthly Rate)

Summary of Results	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Annual Increases	**4.50%**	**9.50%**	**9.50%**	**9.50%**	**9.50%**	**9.50%**	**9.50%**	**9.50%**	**9.50%**	**2.00%**
Residential Charges (per developed parcel)										
Single-Family Residential	$15.46	$16.93	$18.54	$20.30	$22.23	$24.34	$26.65	$29.18	$31.95	$32.59
Duplex-Family Residential	$30.92	$33.86	$37.08	$40.60	$44.46	$48.68	$53.30	$58.36	$63.90	$65.18
Non-Residential (per gross acre)										
Very Light	$7.10	$7.77	$8.51	$9.32	$10.20	$11.17	$12.23	$13.39	$14.67	$14.96
Moderately Light	$25.65	$28.09	$30.76	$33.68	$36.88	$40.39	$44.22	$48.42	$53.03	$54.09
Light	$49.63	$54.34	$59.50	$65.16	$71.35	$78.12	$85.55	$93.67	$102.57	$104.62
Moderate	$75.67	$82.86	$90.73	$99.35	$108.79	$119.12	$130.44	$142.83	$156.40	$159.52
Moderately Heavy	$103.03	$112.81	$123.53	$135.27	$148.12	$162.19	$177.60	$194.47	$212.94	$217.20
Heavy	$132.89	$145.52	$159.34	$174.48	$191.05	$209.20	$229.08	$250.84	$274.67	$280.17
Very Heavy	$164.42	$180.04	$197.14	$215.87	$236.38	$258.84	$283.43	$310.35	$339.84	$346.63

Exhibit 15. Scenario 2: Across-The-Board Rate Increases (Minimum Charge Monthly Rate)

Summary of Results	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Annual Increases	**4.50%**	**11.00%**	**11.00%**	**11.00%**	**11.00%**	**11.00%**	**11.00%**	**11.00%**	**11.00%**	**2.00%**
Residential Charges (per developed parcel)										
Single-Family Residential	$15.46	$17.16	$19.05	$21.14	$23.47	$26.05	$28.92	$32.10	$35.63	$36.34
Duplex-Family Residential	$30.92	$34.32	$38.10	$42.28	$46.94	$52.10	$57.84	$64.20	$71.26	$72.68
Non-Residential (per gross acre)										
Very Light	$7.10	$7.88	$8.74	$9.70	$10.77	$11.96	$13.27	$14.73	$16.35	$16.68
Moderately Light	$25.65	$28.48	$31.61	$35.09	$38.95	$43.23	$47.99	$53.26	$59.12	$60.30
Light	$49.63	$55.09	$61.15	$67.87	$75.34	$83.62	$92.82	$103.03	$114.37	$116.65
Moderate	$75.67	$83.99	$93.23	$103.49	$114.87	$127.51	$141.53	$157.10	$174.38	$177.87
Moderately Heavy	$103.03	$114.36	$126.94	$140.90	$156.40	$173.61	$192.70	$213.90	$237.43	$242.18
Heavy	$132.89	$147.51	$163.74	$181.75	$201.74	$223.93	$248.56	$275.91	$306.26	$312.38
Very Heavy	$164.42	$182.51	$202.58	$224.87	$249.60	$277.06	$307.53	$341.36	$378.91	$386.49

Sample Bills

Non-residential (Group 2) stormwater accounts, (commercial, multi-family, and mobile home park properties), are billed a rate per gross acre rather than a flat fee. Under Ordinance No. 1648, each property falls into one of seven rate categories based on its percentage of impervious surface, ranging from Very Light (0–10%) to Very Heavy (85–100%).

Each category has its own rate per gross acre, increasing from $7.10 an acre for Very Light properties up to $164.42 an acre for Very Heavy properties. To calculate a property's monthly stormwater bill, that per-acre rate is multiplied by the property's total gross acreage. In other words, larger properties and properties with more impervious surface both pay more, since both factors are correlated to stormwater runoff. A sample of accounts from each of the seven categories was reviewed to show the acreage and monthly bill of a representative account within each category, summarized below.

The representative figures below come from real Group 2 accounts, not a hypothetical estimate. A sample of accounts in each category was pulled from the City's billing data by City staff and averaged, giving a realistic, verifiable picture of what a typical property pays.

Exhibit 16. Group 2 Sample Bills

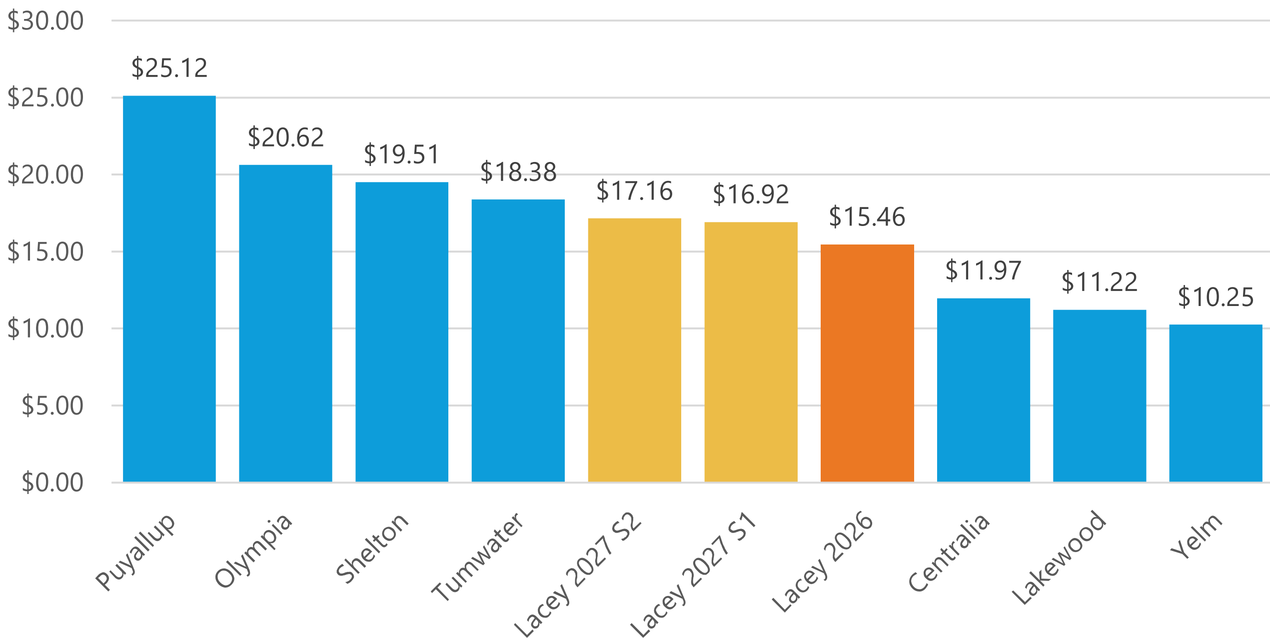
Rate Category	% Impervious Surface Area	Rate Per Gross Acre	Avg. Gross Acreage (of sample)	Avg. Monthly Bill (of sample, 2026)
Very Light	0% to 10%	$7.10	22.98	$163.06
Moderately Light	>10% to 25%	$25.65	7.78	$199.59
Light	>25% to 40%	$49.63	6.86	$340.44
Moderate	>40% to 55%	$75.67	4.22	$319.32
Moderately Heavy	>55% to 70%	$103.03	3.12	$321.44
Heavy	>70% to 85%	$132.89	2.79	$370.77
Very Heavy	>85% to 100%	$164.42	2.06	$338.71

Single-Family Residential Rate Comparison

As a resource for the City and its customers, a rate survey of comparable utilities was performed. **Exhibit 17** shows each jurisdiction's 2026 monthly single-family residential (SFR) rate. Note that each jurisdiction has a unique set of geographic traits, customers, and system characteristics that can have a significant impact on rates. However, all jurisdictions included in the rate comparison are Western Washington cities that are all subject to the National Pollutant Discharge Elimination System (NPDES) Phase II Municipal Stormwater Permit.

Some cities embed their city utility tax in their rates, while others (like Lacey) separately itemize the tax on customer bills above the stated rates. We do not have data on the billing practices of other cities, so there may or may not be a tax embedded in other utility rates. For this analysis, the City utility tax was excluded from the City of Lacey rates.

Exhibit 17. Monthly 2026 Single-Family Residential Stormwater Rates



S2 = Scenario 2; S1 = Scenario 1

Updating This Study's Findings

It is recommended that the City revisit the study findings during the forecast period to check that the assumptions used are still appropriate and that no significant changes have occurred that would alter the results of the study. The City should use the study findings as a living document, comparing study outcomes to actual revenues and expenses each year. Any significant or unexpected changes may require adjustments to the rate strategy recommended in this report.

STAFF REPORT

Council Worksession
August 25, 2026

Subject:	2026 Budget Amendment Update
To:	Lacey City Council
Prepared by:	Chelsea Knight, Deputy Finance Director
Department Director:	Troy Woo, Finance Director
Reviewed By:	Troy Woo, Finance Director TW
Final Review:	Rick Walk, City Manager RW

Purpose: Briefing

Recommendation: Review only.

Brief: Throughout the year, budget amendments may be necessary due to City Council actions, changes in anticipated activity, and the receipt of grants or other external funds. The proposed amendments reflect significant changes identified since adoption of the 2026 Budget and will support the development of the 2027 Budget. Detailed information on the proposed amendments is provided in Exhibit "A" to the proposed ordinance.

Alternatives:
1. No action requested.

Prior Review:
Select a Meeting Type – Date

Fiscal Impact:
Budgeted Item: No
Amount:

Attachments:
1. Draft Ordinance
2. Exhibit A

Policy or Legal Alignment:

Background:

During the year, changes to the budget may be required due to actions by the City Council, unexpected levels of activity identified during budget development, and the receipt of grants or other external funds. Historically, the budget has been amended prior to the development of the following year's proposed budget. The final adoption of the annual budget amendment is scheduled for September to support the development of the 2027 Budget.

The following are significant budget amendments identified since the adoption of the 2026 Budget, including amendments that have previously occurred. Full details of the proposed budget amendments are included in Exhibit "A" to the proposed ordinance.

Current Expense Fund (General Fund)

- The annexation study budget of $403,000 is being moved to the City Manager's Office from Community and Economic Development due to the City Manager team leading the project.

- In order to better facilitate the poet laureate program and alignment of the management of the overall Public Art Program, the Public Art reserve of $498,656 and the 2026 budget allocation of $64,500 are being moved to the Current Expense Fund from the Building Improvement Fund.

- In accordance with the "ONE WA MOU", City of Lacey intends to transfer the $415,851 collected from the Opioid Settlements, as of fiscal year 2025, to Thurston County for use in regional efforts to allocate, distribute and manage funds in accordance with approved purposes.

- The Lacey Veterans Services Hub Accessibility Project requires a $74,346 amendment to finalize the improvements. Funding for this project has gone towards design services, installation of an elevator, installation of ADA automatic doors and fixtures, and a few other upgrades.

- Significant updates to the Lacey Municipal Code (LMC), most recently within the Development Review and Permitting Procedures and Title 16 Zone Amendments, created a large increase to the cost of updating the code. A $50,000 amendment is needed in order to cover current costs and continue work to update the LMC throughout the remainder of the year.

- The City is experiencing higher utility costs than originally projected. The largest increases are related to City utilities (water) and electricity. The most significant increases are related to street lighting and water well pumping. A comprehensive city-wide utility expense analysis determined a 2026 shortfall of $1,728,261 across multiple funds (Current Expense, Community Buildings, RAC, Streets, Water, Sewer, Stormwater, ER). See Exhibit A for specific account codes impacted by the amendment.

- Additional funds in the amount of $141,188 are required for the pre-design of the Public Works Operations facilities improvement. The planning design and development is just one of many phases for this project. The allocation is split amongst the shop operation divisions (Parks Maint, Streets, Water, Sewer, Storm).

Street Fund (General Fund)

- In 2026, a full-time journey level position was approved for the Parks Maintenance team which positively impacts the City's ability to maintain rights-of-way. As a result, the projected charges for right-of-way maintenance charged to Streets needs to be amended to account for the additional position. In turn, internal service revenue is added to the Current Expense fund for the same amount. The requested amendment based on year-to-date figures is $163,555.

- Several instances of damage to utility boxes and stolen wire have necessitated an amendment to the City's electrical supplies in the amount of $63,000.

Arterial Street Fund

- The College St. & 16th Ave. roundabout right-of-way purchases are ahead of schedule creating a possible need for additional funds in 2026. A $625,000 amendment is requested in order to maintain the pace of acquisitions.

Water Operations Fund

- In conjunction with the meter replacement project, additional meters equal to $312,000 are required to ensure enough inventory through the end of the year.

Water Capital Fund

- Budget amendments are needed for the following Water capital projects:
    - 337 Reservoir (Terry Cargil) closeout - $65,000
    - Marvin Road Water Relocation closeout - $15,000

Equipment Rental Fund

- Police Unit #568 was involved in a collision resulting in unscheduled replacement of that vehicle in the amount of $66,995. The majority of the cost was offset by insurance recoveries.

The following table contains the current budget amendment request amounts by fund type:

Fund Type	Total Proposed Amendment
General Fund	$ 2,544,335
Special Funds	625,000
Debt Funds	
Capital Funds	454,656
Utility Funds	1,574,314
Internal Service Funds	70,189
Fiduciary Funds	57,350
Total	**$ 5,325,843**

Staff requests that the City Council review the proposed budget amendments prior to consideration of the ordinance at an upcoming City Council meeting.

ORDINANCE NO. XXXX

CITY OF LACEY

AN ORDINANCE AMENDING THE 2026 FISCAL YEAR BUDGET ADOPTED BY ORDINANCE NO. 1693 AND AMENDED BY ORDINANCE NOS. 1698 AND 1700 BY REVISING THE BUDGETED AMOUNTS FOR THE CURRENT EXPENSE, COMMUNITY BUILDINGS, REGIONAL ATHLETIC COMPLEX (M&O), CITY STREET, ARTERIAL STREETS, BUILDING IMPROVEMENT, CAPITAL EQUIPMENT, PARKS AND OPEN SPACE, WATER M&O, WASTEWATER M&O, STORMWATER M&O, WATER CAPITAL, WASTEWATER CAPITAL, STORMWATER CAPITAL, EQUIPMENT RENTAL, AND JOINT ANIMAL SERVICES FUNDS AND APPROVING A SUMMARY FOR PUBLICATION.

WHEREAS, there is a need for additional expenditures to be budgeted within the Current Expense, Community Buildings, Regional Athletic Complex (M&O), City Street, Arterial Streets, Building Improvement, Capital Equipment, Parks and Open Space, Water M&O, Wastewater M&O, Stormwater M&O, Water Capital, Wastewater Capital, Stormwater Capital, Equipment Rental, Joint Animal Services Funds for expenditures which could not be contemplated at the time of adopting and previously amending the 2026 fiscal year budget; and

WHEREAS, revenues, as shown on Exhibit "A" attached hereto, are available from the sources indicated on said Exhibit for the making of said expenditures; NOW, THEREFORE,

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

Section 1. The 2026 fiscal year budget and Ordinance No. 1693 adopting and Ordinance Nos. 1698 and 1700 amending said budget are hereby amended by making those certain changes to the 2026 fiscal year budget set forth on Exhibit "A", attached hereto and made a part hereof as though fully set forth herein and for all purposes considered to be a portion of this ordinance.

Section 2. 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 3. The summary attached hereto is hereby approved for publication.

PASSED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, on this 1st day of September, 2026.

Approved as to form:

Mayor

City Attorney

ATTEST:

City Clerk

SUMMARY FOR PUBLICATION

ORDINANCE NO. XXXX

CITY OF LACEY

The City Council of the City of Lacey, Washington, passed on September 1, 2026, Ordinance No. XXXX entitled "**AN ORDINANCE AMENDING THE 2026 FISCAL YEAR BUDGET ADOPTED BY ORDINANCE NO. 1693 AND AMENDED BY ORDINANCE NOS. 1698 AND 1700 BY REVISING THE BUDGETED AMOUNTS FOR THE CURRENT EXPENSE, COMMUNITY BUILDINGS, REGIONAL ATHLETIC COMPLEX (M&O), CITY STREET, ARTERIAL STREETS, BUILDING IMPROVEMENT, CAPITAL EQUIPMENT, PARKS AND OPEN SPACE, WATER M&O, WASTEWATER M&O, STORMWATER M&O, WATER CAPITAL, WASTEWATER CAPITAL, STORMWATER CAPITAL, EQUIPMENT RENTAL, JOINT ANIMAL SERVICES FUNDS AND APPROVING A SUMMARY FOR PUBLICATION.**"

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

Section 1 revises the amounts, which were budgeted for revenues and expenditures within the funds listed above by the 2026 fiscal year budget, which had been adopted by Ordinance No. 1693 and previously amended by Ordinance Nos. 1698 and 1700.

Section 2 provides provisions for corrections.

Section 3 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: September 3, 2026

2026 Budget Amendments - Ordinance No. XXXX Exhibit "A"					
Account Numbers	Account Description	2026 Budget	Budget Amendment	2026 Budget as Amended	Comments
	Current Expense Fund				
Revenues					
001-0000-308-0000	Beginning Cash	10,216,527	140,968	10,357,495	Cash reserves
001-0000-308-0000	Beginning Cash	10,357,495	415,851	10,773,346	Cash Reserves - Opioid Settlements - Restricted Reserves
001-0000-311-1000	Property Taxes / Property Taxes-Current	9,030,216	(30,396)	8,999,820	Larger proportion to Community Building for increased electricity costs
001-0000-316-4100	Business Taxes / Utility Tax/Electric	3,701,683	577,866	4,279,549	Increased electricity consumption and rate increases
001-0000-348-9620	Parks Maintenance Service / Parks Maint - Streets	522,287	163,555	685,842	Increased Right-of-Way Maintenance due to New FTE
001-0000-369-9102	Electric Vehicle Charging	-	24,664	24,664	New electric vehicle charging program
001-0000-397-0000	Other Financing Sources / Transfers In	5,500	498,656	504,156	Transfer Public Art Reserves to the Current Expense Fund
Total Current Expense Fund Revenues		68,693,361	1,791,164	70,484,525	
Expenditures					
001-0501-513-4902	Miscellaneous / Printing & Binding	-	3,000	3,000	Move annexation study to City Manager's Office
001-0501-513-4903	Miscellaneous / Recording Fees	-	5,000	5,000	Move annexation study to City Manager's Office
001-0501-513-7000	Executive / Economic Development	-	395,000	395,000	Move annexation study to City Manager's Office
001-0801-565-5828	Agreements/Opioid Settlements	-	415,851	415,851	Thurston County Interlocal Agreement
001-0801-565-6002	Capital Outlays / Capital Outlay-Public Art	-	64,500	64,500	Public Art Budget from Building Improvement Fund
001-0802-565-4707	Utility Services / Utility-Solid Waste	6,500	114	6,614	Underestimated rate increases and utility usage
001-0805-594-6501	Social Services / Veterans Services HUB	372,396	74,346	446,742	Veterans Hub Accessibility
001-1004-514-4106	Professional Services / Codification/Microfilm	12,000	50,000	62,000	Codification of the Lacey Municipal Code
001-1901-519-4701	Utility Services / Utility-Electric	148,000	49,525	197,525	Underestimated rate increases and utility usage
001-1901-519-4702	Utility Services / Utility-City of Lacey	22,500	10,389	32,889	Underestimated rate increases and utility usage
001-1901-519-4710	Utility Services / Electric - EV Chargers	-	24,664	24,664	New electric vehicle charging program
001-1901-519-4925	Miscellaneous / Assements/Taxes	10,000	25,000	35,000	Underestimated excise tax expenses.
001-1901-572-4701	Utility Services / Utility-Electric	50,000	12,311	62,311	Underestimated rate increases and utility usage
001-1901-572-4702	Utility Services / Utility-City of Lacey	9,000	1,621	10,621	Underestimated rate increases and utility usage
001-2107-521-4701	Utility Services / Utility-Electric	-	1,403	1,403	Underestimated rate increases and utility usage
001-2107-521-4703	Utility Services / Utility-Natural Gas	-	3,149	3,149	Underestimated rate increases and utility usage
001-3202-532-3102	Supplies / Small Tools & Equipment	300	1,400	1,700	Replace Speed Study Radar Gun
001-3301-576-4101	Professional Services / Prof. Svc-Other	51,628	28,238	79,866	Operations and Maintenance Facility Improvement Pre-Design (20%)
001-3301-576-4701	Utility Services / Utility-Electric	5,500	1,966	7,466	Underestimated rate increases and utility usage
001-3301-576-4703	Utility Services / Utility-Natural Gas	7,869	1,460	9,329	Underestimated rate increases and utility usage
001-3302-576-4701	Utility Services / Utility-Electric	1,300	398	1,698	Underestimated rate increases and utility usage
001-3302-576-4702	Utility Services / Utility-City of Lacey	120,000	29,591	149,591	Underestimated rate increases and utility usage
001-3302-576-4707	Utility Services / Utility-Solid Waste	10,000	4,064	14,064	Underestimated rate increases and utility usage
001-3303-576-4701	Utility Services / Utility-Electric	16,500	6,744	23,244	Underestimated rate increases and utility usage
001-3303-576-4702	Utility Services / Utility-City of Lacey	135,000	62,915	197,915	Underestimated rate increases and utility usage
001-3304-576-4701	Utility Services / Utility-Electric	7,500	3,962	11,462	Underestimated rate increases and utility usage
001-3304-576-4702	Utility Services / Utility-City of Lacey	80,000	24,056	104,056	Underestimated rate increases and utility usage
001-3304-576-4707	Utility Services / Utility-Solid Waste	6,500	1,613	8,113	Underestimated rate increases and utility usage
001-3601-519-3117	Supplies / Supplies-Uniform Purchase	1,500	700	2,200	New Hire Outfitting
001-3601-519-4701	Utility Services / Utility-Electric	-	4,011	4,011	Underestimated rate increases and utility usage
001-3601-519-4702	Utility Services / Utility-City of Lacey	-	623	623	Underestimated rate increases and utility usage
001-3601-519-4703	Utility Services / Utility-Natural Gas	-	1,444	1,444	Underestimated rate increases and utility usage
001-3601-519-4803	Repairs & Maintenance / Rep & Maint-Facilities	325,000	5,509	330,509	Repair Police Station Water Leak
001-3701-558-4902	Miscellaneous / Printing & Binding	6,000	(3,000)	3,000	Move annexation study to City Manager's Office
001-3701-558-4903	Miscellaneous / Recording Fees	15,000	(5,000)	10,000	Move annexation study to City Manager's Office
001-3701-558-7000	Planning & Comm. Devel. / Economic Development	1,055,426	(395,000)	660,426	Move annexation study to City Manager's Office
001-7401-574-4702	Utility Services / Utility-City of Lacey	-	2,406	2,406	Underestimated rate increases and utility usage
001-7403-574-3101	Supplies / Office & Operating Supply	6,500	1,766	8,266	2025 Purchasing Card Transactions

Account Numbers	Account Description	2026 Budget	Budget Amendment	2026 Budget as Amended	Comments
001-7403-574-3101	Supplies / Office & Operating Supply	8,266	244	8,510	2025 Purchasing Card Transactions
001-7501-508-9000	Estimated Ending Fund Bal / Unassigned Funds	-	434,156	434,156	Balance of public art reserve
001-7501-597-1004	Transfers Out / Transfer Out-Util. Tax	4,013,112	(2,500)	4,010,612	Reduce by Thurston County LTAC Grant
001-7501-597-1004	Transfers Out / Transfer Out-Util. Tax	4,010,612	355,542	4,366,154	Increase transfer to Street Fund for increased electricity costs
001-7501-597-1004	Transfers Out / Transfer Out-Util. Tax	4,366,154	87,983	4,454,137	Increase transfer to RAC Fund for increased electricity costs
Total Current Expense Fund Expenditures		68,693,361	1,791,164	70,484,525	
	Community Buildings				
Revenues					
005-0000-308-0000	Beginning Cash	367,849	18,341	386,190	Cash Reserves - Capital Maintenance and Asset Preservation Committed Reserves
005-0000-311-1000	Property Taxes / Property Taxes-Current	460,666	30,396	491,062	Adjust property tax allocation
Total Community Buildings Fund Revenues		1,146,958	48,737	1,195,695	
Expenditures					
005-7601-575-1006	Salaries & Wages / Salaries -Part-Time	57,500	12,000	69,500	Increased staffing for facility rentals
005-7601-575-4701	Utility Services / Utility-Electric	18,000	1,746	19,746	Underestimated rate increases and utility usage
005-7601-575-4702	Utility Services / Utility-City of Lacey	14,000	1,617	15,617	Underestimated rate increases and utility usage
005-7602-575-4701	Utility Services / Utility-Electric	2,000	417	2,417	Underestimated rate increases and utility usage
005-7602-575-4702	Utility Services / Utility-City of Lacey	10,000	2,085	12,085	Underestimated rate increases and utility usage
005-7602-575-4703	Utility Services / Utility-Natural Gas	1,500	269	1,769	Underestimated rate increases and utility usage
005-7603-555-4701	Utility Services / Utility-Electric	16,000	5,656	21,656	Underestimated rate increases and utility usage
005-7603-555-4702	Utility Services / Utility-City of Lacey	3,000	464	3,464	Underestimated rate increases and utility usage
005-7603-555-4703	Utility Services / Utility-Natural Gas	4,500	2,034	6,534	Underestimated rate increases and utility usage
005-7604-575-4701	Utility Services / Utility-Electric	7,500	1,301	8,801	Underestimated rate increases and utility usage
005-7606-575-4702	Utility Services / Utility-City of Lacey	2,400	7,868	10,268	Underestimated rate increases and utility usage
005-7611-575-4707	Utility Services / Utility-Solid Waste	-	6,939	6,939	Underestimated rate increases and utility usage
005-7615-554-4803	Repairs & Maintenance / Rep & Maint-Facilities	5,000	6,341	11,341	Child Care Center HVAC Compressor
Total Community Buildings Fund Expenditures		1,146,958	48,737	1,195,695	
	Regional Athletic Complex (M&O) Fund				
Revenues					
007-0000-337-1600	Interlocal Grants/Service / Thurs Cty Lodging Tax	-	2,500	2,500	Thurston County LTAC Grant Award for 2026
007-0000-397-1004	Transfers In / Transfer In - Utility Tax	190,903	(2,500)	188,403	Reduce by Thurston County LTAC Grant
007-0000-397-1004	Transfers In / Transfer In - Utility Tax	188,403	87,983	276,386	Increase transfer to RAC Fund for increased electricity costs
Total Regional Athletic Complex (M&O) Fund Revenues		1,537,994	87,983	1,625,977	
Expenditures					
007-3305-576-4701	Utility Services / Utility-Electric	105,000	87,578	192,578	Underestimated rate increases and utility usage
007-3305-576-4707	Utility Services / Utility-Solid Waste	15,000	405	15,405	Underestimated rate increases and utility usage
Total Regional Athletic Complex (M&O) Fund Expenditures		1,537,994	87,983	1,625,977	
	City Street Fund				
Revenues					
101-0000-308-0000	Beginning Cash	78,447	256,908	335,355	Cash reserves
101-0000-397-1004	Transfers In / Transfer In - Utility Tax	3,822,209	355,542	4,177,751	Increase transfer to Street Fund for increased electricity costs
Total City Street Fund Revenues		5,083,716	612,450	5,696,166	
Expenditures					

Account Numbers	Account Description	2026 Budget	Budget Amendment	2026 Budget as Amended	Comments
101-4201-543-4101	Professional Services / Prof. Svc-Other	46,963	18,354	65,317	Operations and Maintenance Facility Improvement Pre-Design (13%)
101-4201-543-4906	Miscellaneous / Maintenance Contracts	2,500	1,500	4,000	Higher costs than anticipated for misc. maintenance contracts
101-4201-543-4935	Miscellaneous / CDL-Physicals/Licenses	2,500	5,500	8,000	CDL Testing
101-4204-542-4701	Utility Services / Utility-Electric	420,000	325,595	745,595	Underestimated rate increases and utility usage
101-4208-542-4116	Professional Services / Prof. Svc-Parks	522,287	163,555	685,842	Increased Right-of-Way Maintenance due to New FTE
101-4209-542-4101	Professional Services / Prof. Svc-Other	5,000	5,000	10,000	Asphalt Repair
101-4211-542-3201	Electrical Supplies / Electrical Supplies	121,984	63,000	184,984	Stolen Wire
101-4211-542-4701	Utility Services / Utility-Electric	80,000	29,946	109,946	Underestimated rate increases and utility usage
Total City Street Fund Expenditures		5,083,716	612,450	5,696,166	
	Arterial Streets Fund				
Revenues					
102-0000-308-0000	Beginning Cash	6,253,256	625,000	6,878,256	Cash reserves
Total Arterial Streets Fund Revenues		10,644,418	625,000	11,269,418	
Expenditures					
102-4101-595-9002	Capital Projects / Right of Way	5,220,488	625,000	5,845,488	College St. & 16th Ave roundabout right-of-way
Total Arterial Streets Fund Expenditures		10,644,418	625,000	11,269,418	
	Building Improvement Fund				
Revenues					
301-0000-308-0000	Beginning Cash	10,838,251	434,156	11,272,407	Cash reserves
Total Building Improvement Fund Revenues		10,902,051	434,156	11,336,207	
Expenditures					
301-0101-514-6002	Capital Outlays / Capital Outlay-Public Art	64,500	(64,500)	-	Move 2026 Public Art Expenditures to Current Expense Fund
301-0101-597-1101	Transfers Out / Transfers Out	5,500	489,136	494,636	Transfer Public Art Committed Reserve to the Current Expense Fund
301-0101-597-1101	Transfers Out / Transfers Out	494,636	9,520	504,156	Transfer Public Art Restricted Reserve to the Current Expense Fund
Total Building Improvement Fund Expenditures		10,902,051	434,156	11,336,207	
	Capital Equipment Fund				
Revenues					
302-0000-308-0000	Beginning Cash	1,180,340	4,000	1,184,340	Cash Reserves - Capital Maintenance and Asset Preservation - Assigned Reserves
Total Capital Equipment Fund Revenues		1,974,845	4,000	1,978,845	
Expenditures					
302-0102-519-6405	Capital Outlays / Capital-Finance	109,021	3,000	112,021	Vacant Position Office Furniture
302-0102-519-6406	Capital Outlays / Capital-Common Facilities	22,786	1,000	23,786	City Manager's Office Furniture
Total Capital Equipment Fund Expenditures		1,974,845	4,000	1,978,845	
	Parks & Open Space Fund				
Revenues					
303-0000-308-0000	Beginning Cash	681,347	20,500	701,847	Cash Reserves
Total Parks & Open Space Fund Revenues		3,018,693	20,500	3,039,193	
Expenditures					

Account Numbers	Account Description	2026 Budget	Budget Amendment	2026 Budget as Amended	Comments
303-0106-576-4803	Repairs & Maintenance / Rep & Maint-Facilities	-	7,000	7,000	Ongoing maintenance at 6769 Pacific property
303-0106-576-6003	Capital Outlay/Improvements	2,366,929	13,500	2,380,429	Expand Wonderwood Trail Project to Include Brentwood Entrance
Total Parks & Open Space Fund Expenditures		3,018,693	20,500	3,039,193	
	Water Fund				
Revenues					
401-0000-308-0000	Beginning Cash	422,527	880,559	1,303,086	Cash reserves
Total Water Fund Revenues		26,990,566	880,559	27,871,125	
Expenditures					
401-3401-534-4101	Professional Services / Prof. Svc-Other	175,867	45,180	221,047	Operations and Maintenance Facility Improvement Pre-Design (32%)
401-3401-534-4701	Utility Services / Utility-Electric	9,000	5,371	14,371	Underestimated rate increases and utility usage
401-3401-534-4703	Utility Services / Utility-Natural Gas	2,750	372	3,122	Underestimated rate increases and utility usage
401-3402-514-3137	Supplies / Meters	1,429,224	312,000	1,741,224	Meter purchases to last through year-end
401-3403-534-4701	Utility Services / Utility-Electric	850,000	491,475	1,341,475	Underestimated rate increases and utility usage
401-3403-534-4702	Utility Services / Utility-City of Lacey	14,000	26,067	40,067	Underestimated rate increases and utility usage
401-3403-534-4703	Utility Services / Utility-Natural Gas	13,500	3	13,503	Underestimated rate increases and utility usage
401-3408-534-4701	Utility Services / Utility-Electric	300	91	391	Underestimated rate increases and utility usage
Total Water Fund Expenditures		26,990,566	880,559	26,990,566	
	Wastewater Fund				
Revenues					
402-0000-308-0000	Beginning Cash	102,200	70,263	172,463	Cash reserves
402-0000-343-5003	Wastewater Sales / LOTT Sales	17,100,005	438,129	17,538,134	LOTT Sales revised estimate
Total Wastewater Fund Revenues		29,917,505	508,392	30,425,897	
Expenditures					
402-3501-535-4101	Professional Services / Prof. Svc-Other	142,200	39,533	181,733	Operations and Maintenance Facility Improvement Pre-Design (28%)
402-3501-535-4701	Utility Services / Utility-Electric	7,500	3,898	11,398	Underestimated rate increases and utility usage
402-3501-535-4704	Utility Services / LOTT Treatment	17,100,005	438,129	17,538,134	LOTT Sales revised estimate
402-3503-535-4701	Utility Services / Utility-Electric	145,000	26,749	171,749	Underestimated rate increases and utility usage
402-3503-535-4703	Utility Services / Utility-Natural Gas	1,500	83	1,583	Underestimated rate increases and utility usage
Total Wastewater Fund Expenditures		29,917,505	508,392	30,425,897	
	Stormwater Fund				
Revenues					
403-0000-308-0000	Beginning Cash	22,389	20,364	42,753	Cash Reserves
Total Stormwater Fund Revenues		6,226,580	20,364	6,246,944	
Expenditures					
403-4201-538-4101	Professional Services / Prof. Svc-Other	76,448	9,883	86,331	Operations and Maintenance Facility Improvement Pre-Design (7%)
403-4201-538-4701	Utility Services / Utility-Electric	2,800	495	3,295	Underestimated rate increases and utility usage
403-4201-538-4703	Utility Services / Utility-Natural Gas	400	18	418	Underestimated rate increases and utility usage
403-4203-538-4701	Utility Services / Utility-Electric	2,000	2,007	4,007	Underestimated rate increases and utility usage
403-4203-538-4702	Utility Services / Utility-City of Lacey	15,000	7,961	22,961	Underestimated rate increases and utility usage
Total Stormwater Fund Expenditures		6,226,580	20,364	6,246,944	

Account Numbers	Account Description	2026 Budget	Budget Amendment	2026 Budget as Amended	Comments
	Water Capital Fund				
Revenues					
410-0000-308-0100	Estimated Beginning Cash / Construction Cash	6,510,000	80,000	6,590,000	Cash reserves
Total Water Capital Fund Revenues		39,451,940	80,000	39,531,940	
Expenditures					
410-3418-534-9005	Capital Projects / Construction Engineering	1,644,737	6,000	1,650,737	Closeout of 337 Reservoir (Terry Cargil) and Marvin Rd Water Relocation
410-3418-534-9013	Capital Projects / Construction/Utilities	20,253,445	74,000	20,327,445	Closeout of 337 Reservoir (Terry Cargil) and Marvin Rd Water Relocation
Total Water Capital Fund Expenditures		39,451,940	80,000	39,531,940	
	Wastewater Capital Fund				
Revenues					
411-0000-308-0000	Estimated Beginning Cash / Beginning Cash	5,384,880	45,000	5,429,880	Cash reserves
Total Wastewater Capital Fund Revenues		18,173,262	45,000	18,218,262	
Expenditures					
411-3518-535-9005	Construction Engineering	1,068,979	3,375	1,072,354	Closeout of Tolmie Park Sewer and Marvin Rd Wastwater Relocation
411-3518-535-9013	Construction of Utilities	12,247,741	41,625	12,289,366	Closeout of Tolmie Park Sewer and Marvin Rd Wastwater Relocation
Total Wastewater Capital Fund Expenditures		18,173,262	45,000	18,218,262	
	Stormwater Capital Fund				
Revenues					
412-0000-308-0000	Beginning Cash	1,464,207	40,000	1,504,207	Cash reserves
Total Stormwater Capital Fund Revenues		2,860,349	40,000	2,900,349	
Expenditures					
412-4218-542-9001	Preliminary Engineering	1,189,911	35,375	1,225,286	SW Portion of Chambers Lake and Misc Project Startup Costs
412-4218-542-9004	Capital Projects / Storm Drainage	-	4,250	4,250	SW Portion of Chambers Lake and Misc Project Startup Costs
412-4218-542-9005	Construction Engineering	120,166	375	120,541	SW Portion of Chambers Lake and Misc Project Startup Costs
Total Stormwater Capital Fund Expenditures		2,860,349	40,000	2,900,349	
	Equipment Rental Fund				
Revenue					
501-0000-308-0000	Beginning Cash	1,583,075	4,265	1,587,340	Cash reserves
501-0000-372-0000	Other Income / Insurance Recoveries		65,924	65,924	Vehicle insurance reimbursement
Total Equipment Rental Fund Revenues		6,558,272	70,189	6,628,461	
Expenditures					
501-4801-548-4701	Utility Services / Utility-Electric	5,001	2,220	7,221	Underestimated rate increases and utility usage
501-4801-548-4702	Utility Services / Utility-City of Lacey	7,200	974	8,174	Underestimated rate increases and utility usage
501-4801-548-6002	Capital Outlays - Replacements	3,058,650	66,995	3,125,645	Unscheduled replacement of patrol car - insurance claim
Total Equipment Rental Fund Expenditures		6,558,272	70,189	6,628,461	

	Animal Services				
Revenue					
503-0000-308-0000	Beginning Cash	815,587	33,350	848,937	Cash reserves

Account Numbers	Account Description	2026 Budget	Budget Amendment	2026 Budget as Amended	Comments
503-0000-367-5003	Donation / Unrestricted - Private	200,000	24,000	224,000	Contribution for medical equipment from Friends of Joint Animal Services
Total Animal Services Revenue		3,941,921	57,350	3,999,271	
Expenditures					
503-3902-539-4701	Utility Services - Utility-Electric	22,000	19,510	41,510	Underestimated rate increases and utility usage
503-3902-539-4703	Utility Services - Utility-Natural Gas	6,200	2,143	8,343	Underestimated rate increases and utility usage
503-3902-539-4705	Utility Services - Utility-City of Olympia	15,200	11,697	26,897	Underestimated rate increases and utility usage
503-3902-539-6001	Capital Outlays - Equipment	32,000	24,000	56,000	Medical equipment
Total Animal Services Expenditures		3,941,921	57,350	3,999,271	