

FINANCE & ECONOMIC DEVELOPMENT COMMITTEE MINUTES
NOVEMBER 22, 2022
8:30 A.M. – 9:27 A.M.
REMOTE & IN-PERSON ATTENDANCE

To view the full video or a specific topic you may watch the video-stream on the City of Lacey's YouTube Channel: <https://www.youtube.com/watch?v=S9n1GwfgkdA>

COUNCIL PRESENT: MAYOR RYDER (CHAIR) (REMOTE), DEPUTY MAYOR MILLER (REMOTE)

COUNCIL EXCUSED: COUNCILMEMBER GREENSTEIN

STAFF PRESENT: SCOTT SPENCE, TROY WOO, KRISTY WOLF, TABETHA RESTOULE

Staff requested amending the agenda to add agenda item *Investment Portfolio*

ACTION: APPROVE AMENDED FINANCE & ECONOMIC DEVELOPMENT COMMITTEE AGENDA

MOTION: MOTION MADE, SECONDED, AND CARRIED BY MAYOR RYDER AND DEPUTY MAYOR MILLER

RESERVE DESIGNATION ORDINANCE

STAFF: TROY WOO, FINANCE DIRECTOR

ACTION: INFORMATION ONLY

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Troy Woo, Finance Director, reviewed the proposed committed reserve designations.

The Governmental Accounting Standards Board (GASB) issued Statement No. 54 during February 2009. Since that time, the City Council has taken actions to commit certain fund balances in alignment with City's priorities and vision. Since the current designations were adopted:

1. There are additional fund balances available for the City Council to designate,
2. Some designations have been expended as intended, and
3. New priorities have been identified

Staff advised the most notable priority is the new Police Station. Reprioritization of certain committed reserves to fund the construction of the new Police Station was discussed during the October 6, 2022, Budget Workshop.

The fund balances that will be reported as non-spendable and restricted are classified automatically by the nature of the fund balance, action is not required by City Council.

Authorization to classify fund balances as committed, is limited to the City Council as the governing board. City Council has full discretion regarding the committed fund balances, but the action must meet specific purpose criteria standards. Assigned fund balances include amounts that are intended to be used for specific purposes. This intent can be expressed by the City Council, a City Council Committee, or an official authorized by the governing body such as the City Manager. The residual amounts in governmental funds other than the General Fund are considered assigned.

City Council has authorized the City Manager and City Finance Director to assign funds in the past based on the the intent expressed by the City Council. Staff recommends the same provision be included in the next ordinance.

Staff presented the proposed committed fund balance designations to the committee in detail. Committee members expressed support in the direction staff has recommended.

SOCIAL SECURITY COVERAGE

STAFF: TROY WOO, FINANCE DIRECTOR
ACTION: RECOMMEND FORWARDING TO FULL CITY COUNCIL FOR ADOPTION OF A RESOLUTION TO AUTHORIZE AN AGREEMENT WITH THE STATE OF WASHINGTON RELATING TO SOCIAL SECURITY COVERAGE FOR ELIGIBLE EMPLOYEES.
MOTION: MOTION MADE, SECONDED, AND CARRIED BY MAYOR RYDER AND DEPUTY MAYOR MILLER

Staff was informed of an administrative error that occurred in 1967. Back in 1967, the City of Lacey joined the Public Employee Retirement System (PERS).At the same time the City also signed an agreement with the State of Washington to receive Social Security Benefits, both being signed on March 1, 1967.

The City obtained absolute Section 218 coverage on March 1, 1967, which is not prior to the effective date of joining PERS. Currently, the determination is the City's positions were covered by a retirement system on the applicable date of the City and State's Social Security agreement.

Staff advised the administrative correction is fairly simple. It will require the passage proposed resolution, which is very similar to Ordinance No. 15, passed on February

16, 1967. This will set the effective date of Social Security coverage as February 28, 1967, rather than March 1, 1967.

Once the resolution is passed by the City Council, the City Manager will execute a new agreement with the State of Washington, and the administrative process will be initiated to correct the error. This entire process should be completed in 2023.

Staff noted that once the State of Washington and the Social Security Administration accepts the date change, the City Council will need to adopt an ordinance, which will change the effective date of Social Security coverage within Lacey Municipal Code (LMC) Chapter 2.60.050. Currently, LMC 2.60.050 reflects the incorrect March 1, 1967, effective date.

2022 THIRD QUARTER FINANCIAL REPORT

STAFF: TROY WOO, FINANCE DIRECTOR
ACTION: INFORMATION ONLY

Staff advised the 2022 Third Quarter Financial Report has been completed and provided a detailed review. The report focuses on the General Fund.

Staff presented the most significant variances in detail and highlighted updates within the following:

- General Fund Expenditures
- General Fund Revenues
- Utility Funds
- Conclusion and Forecast

INVESTMENT PORTFOLIO

STAFF: TROY WOO, FINANCE DIRECTOR
ACTION: INFORMATION ONLY

Staff briefed the Committee on a recalculation in the City’s liquidity percentage, resulting in the City having more liquid funds than originally thought.

Staff would like to review options for more long-term investments. There are two recommended approaches:

1. Option 1: consider putting more money into long-term investments, somewhere in the 20 to 30-million-dollar range.

2. Option 2: take liquid funds that are not going to be spent within a year and shift those funds into long-term investments.

Staff has asked the City's investment advisor to put together a proposal for consideration at a future meeting.