

FINANCE & ECONOMIC DEVELOPMENT COMMITTEE MINUTES

OCTOBER 27, 2020

8:30 A.M. – 9:25 A.M.

REMOTE ONLY

COUNCIL PRESENT: MAYOR RYDER (CHAIR), DEPUTY MAYOR PRATT

COUNCIL ABSENT: COUNCILMEMBER GREENSTEIN

STAFF PRESENT: SCOTT SPENCE, TROY WOO, PERI EDMONDS, ELISSA FONTAINE

ACTION: APPROVE FINANCE & ECONOMIC DEVELOPMENT COMMITTEE AGENDA

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

SMALL WORKS AND CONSULTANT ROSTER RESOLUTION UPDATE

STAFF: TROY WOO, FINANCE DIRECTOR

ACTION: RECOMMEND FORWARDING RESOLUTION TO FULL CITY COUNCIL FOR APPROVAL

MOTION: MOVED AND SECONDED BY DEPUTY MAYOR PRATT AND MAYOR RYDER.
MOTION CARRIED

The City's current Resolution 949 was adopted in 2009. The resolution allows City staff to use the Small Works and Limited Public Works processes to award contracts for public works and authorizes the use of consultant rosters. The resolution also authorizes the use of MRSC Rosters for Small Works, Limited Public Works and Consultant Services.

The current resolution duplicates portions of language in the RCWs from 2009, and is missing some language from the RCWs. RCWs governing these contracting practices have been updated since this resolution was adopted. The limits for Small Works and Limited Public Works projects has also been increased from \$300,000/\$35,000 to \$350,000/\$50,000 respectively. This resolution would eliminate language that is already in the RCWs, preventing the possibility of conflicting information as RCWs change. The resolution instead references the applicable RCWs.

2020 BUDGET AMENDMENT – CARES ACT AND COVID-19

STAFF: TROY WOO, FINANCE DIRECTOR
ACTION: RECOMMEND FORWARDING ORDINANCE TO FULL CITY COUNCIL FOR ADOPTION
MOTION: MOVED AND SECONDED BY DEPUTY MAYOR PRATT AND MAYOR RYDER.
MOTION CARRIED

Throughout the year, adjustments to the budget become necessary because of City Council actions, activity levels that were not anticipated during budget development, and grant awards or other receipts of outstanding funding. Staff proposes an additional out-of-cycle amendment to address CARES Act funding, the 2020 Community Development Block Grant award to the Veterans Services Hub enhancements, match for a Lacey MakerSpace grant opportunity, and computer equipment needed to address teleworking needs.

The proposed budget amendments include:

- \$769,050 - CARES Act Funding, and remaining \$10,000 from first round of CARES Act funding. Proposed amendment reflects the City Council direction at the October 1, 2020, Worksession.
- \$421,852 - 2020 CDBG funds for tenant improvements to the Veterans Services Hub's first floor. The proposed amendment includes appropriations for the improvements and the CDBG reimbursements.
- \$175,000 – Cash match for Lacey MakerSpace grant application. The US Department of Commerce, Economic Development Administration \$1.0 million CARES Act grant will help the MakerSpace acquire needed state-of-the-art manufacturing equipment. Funding for the match will come from previously established reserve for the MakerSpace for use in 2022. Authorized at the September 10, 2020, City Council meeting.
- \$250,000 - Investment in teleworking equipment due to the COVID-19 public health emergency to maintain levels of service and continue progress on City priorities and initiatives. Information Services reserves are the recommended funding source.

**PROPERTY TAX AND BUDGET DISCUSSION / SUBSTANTIAL NEEDS RESOLUTION /
AD VALOREM TAX**

STAFF: TROY WOO, FINANCE DIRECTOR
ACTION: INFORMATION ONLY

The Revised Code of Washington (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 inflation factor to be used for the 2021 property taxes is 0.602 percent.

A significant source of revenue for the General Fund is property tax, so the full one percent increase is needed to address increasing expenditure needs. The 2021 Budget is balanced based on exercising the full 101 percent revenue limit increase of \$71,457.

The proposed ad valorem tax ordinance sets the 2021 general property tax at \$7,588,117. This is an increase of 6.19 percent compared to the 2020 general property tax collections. The adjustments to next year's levy include a \$306,182 increase due to new construction, a \$64,785 increase from the 2020 refund levy, and, if approved by Council, a \$71,457 increase due to exercising the 1.0 percent revenue limit adjustment.

The proposed ordinance also sets the voter-approved GO Bond redemption property tax levies. The total 2019 property tax levy collection for GO Bond redemption is \$1,145,350. The total estimated GO Bond redemption rate of \$0.1484 per \$1,000 of assessed valuation.

The Revenue Public Hearing is scheduled for November 5, 2020. The Declaration of Substantial Need resolution and the ad valorem tax ordinance adoption is scheduled for November 19, 2020.

2021 WATER, SEWER, AND STORMWATER RATE ORDINANCE

STAFF: TROY WOO, FINANCE DIRECTOR
ACTION: INFORMATION ONLY

The next update of the water comprehensive plan is in progress, but will not be completed until 2021. Staff developed a one-year inflationary rate recommendation to allow time for the completion, review and approval of the comprehensive plan. The

proposed water rate model includes a three percent inflationary increase with an effective date of July 1, 2021.

The next scheduled update of the sewer comprehensive plan is anticipated to take place by 2023. The update requirements for the 2015 sewer comprehensive plan was extended beyond the last multi-year sewer rate schedule. A rate consultant is preparing a sewer revenue requirement model, which will inform the recommended rates for the years 2020 to 2025. This model will be completed alongside the water comprehensive plan, so it will not be available until the first half of 2021. Staff developed a one-year inflationary rate recommendation. The sewer financial model recommends a three percent increase effective July 1, 2021.

The stormwater comprehensive plan update is complete, but has not been reviewed and considered by City Council. The draft stormwater comprehensive plan financial chapter recommends 4.5 percent increases for the years 2020 through 2025. Staff recommends adopting the 4.5 percent increase in anticipation of the adoption of the stormwater comprehensive plan in 2021.

City staff presented the current proposal to the City Council at the October 1, 2020, Worksession. The public process will occur at the November 5, 2020, Revenue Hearing and Public Hearing on the Budget, and the November 19, 2020, Public Hearing on the Budget.

ANIMAL SERVICES – JURISDICTIONAL ASSESSMENTS

STAFF: SCOTT SPENCE, CITY MANAGER

ACTION: INFORMATION ONLY

The Committee discussed past assessments by the jurisdictions and the elimination of services in Thurston County since 2003-2004.

Staff directed to forward to a Worksession for full City Council discussion or a Joint Worksession with Thurston County Board of County Commissions in early 2021.