

FINANCE & ECONOMIC DEVELOPMENT COMMITTEE MINUTES  
OCTOBER 25, 2022  
8:30 A.M. – 9:20 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://youtu.be/hiVkoHU8RSQ>

COUNCIL PRESENT: MAYOR RYDER (CHAIR), DEPUTY MAYOR MILLER, COUNCILMEMBER GREENSTEIN

STAFF PRESENT: SCOTT SPENCE, TROY WOO, SCOTT EGGER, AUBREY COLLIER, AND ASHLEY SMITH

ACTION: APPROVE FINANCE & ECONOMIC DEVELOPMENT COMMITTEE AGENDA  
MOTION: MOTION MADE, SECONDED, AND CARRIED BY COUNCILMEMBER GREENSTEIN AND DEPUTY MAYOR MILLER

**PROCUREMENT LMC UPDATE AND MRSC VENDOR ROSTER**

STAFF: AUBREE COLLIER, CITY ENGINEER  
ACTION: RECOMMEND FORWARDING PROPOSED ORDINANCE AND RESOLUTION TO FULL CITY COUNCIL FOR CONSIDERATION AND ADOPTION  
MOTION: MOTION MADE, SECONDED, AND CARRIED BY MAYOR RYDER AND COUNCILMEMBER GREENSTEIN

A vendor roster is a directory of vendors that is used for procurement of goods, supplies, material, equipment, and purchased services (not professional engineer/architect services).

MRSC provides a roster service for local governments across Washington, connecting hundreds of local governments to thousands of vendors for purchases, as well as public works and consulting services.

The City currently has a contract with MRSC to participate in both the consultant and small works public works rosters as approved in Resolution 949.

Staff reviewed Lacey Municipal Code (LMC) Chapter 2.72 Public Property Acquisition Disposal to determine if the bid limit levels and other language were still appropriate

since last updated in 1988. In addition to finding the bid limits are outdated, it was determined that the LMC was not the appropriate place to provide bid limits.

The dollar thresholds for purchase of supplies, materials, equipment and services will now be acquired in the manner determined by the City Manager pursuant to policy as determined by resolution.

The City Manager, with assistance from the Finance Director, will determine procedures of procurements to ensure that the City is meeting all federal, state, and legal requirements and also to ensure good stewardship of public funds.

### **PROPERTY TAX DISCUSSION**

STAFF: TROY WOO, FINANCE DIRECTOR

ACTION: INFORMATION ONLY

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

There are a number of adjustments to the City's property tax levy. The proposed 2023 levy will be increased by the refund levy, revenue limit, annexation value, and new construction.

The refund levy represents adjustments that were made to property assessments based on property owner assessment appeals, technical errors, or the granting of exemptions. These adjustments were made during the period of October 1, 2021, through September 30, 2022.

The inflation factor to be used to determine 2023 property tax collection is 6.457 percent, so the City Council is authorized to increase property taxes by the 101 percent property tax limit.

The proposed ad valorem tax ordinance states the 2023 general property tax at \$8,506,962. This will result in an estimated levy rate of \$0.6703 per \$1,000 of assessed valuation. This is an increase of \$460,350 or 5.72 percent compared to the 2022 general property tax collections.

The adjustments to next year's levy include a \$184,954 increase due to new construction, \$181,565 annexation, an \$80,466 increase due to exercising the 1.0 percent revenue limit adjustment, and a \$13,365 increase from the 2022 refund levy.

The proposed ordinance also sets the voter-approved GO Bond redemption property tax levies.

### **2023 UTILITY RATE ORDINANCES**

STAFF: TROY WOO, FINANCE DIRECTOR

ACTION: INFORMATION ONLY

The next scheduled update of the sewer comprehensive plan is anticipated to commence during 2023. The plan updated requirement for the sewer comprehensive plan (2015) was extended beyond the last multi-year sewer rate schedule. As a result, the City's rate consultant prepared a sewer revenue requirement model, which recommended rates for the years 2022 to 2027.

The updated sewer rate model recommends a 9.5 percent annual increases.

The proposed 2023 Budget assumes adoption for the 4.5 percent stormwater rate increase consistent with the six-year rate recommendation.

The 2023 proposed budget assumes 5.25 percent Water service rate increase effective January 1, 2023.

The proposed 2023 sewer rates were presented at the October 6, 2022, Budget Workshop. The proposed rates will be presented and sewer customers will have an opportunity to provided testimony at the November 3, 2022, revenue hearing. The City Council is scheduled to consider the 2023 Sewer Rate Ordinance at its November 17, 2022, meeting.

### **PORTFOLIO STRATEGY DISCUSSION**

STAFF: TROY WOO, FINANCE DIRECTOR

ACTION: BRIEFING

Staff briefed the Committee on their recent annual meeting with the City's investment advisor.

Earlier this year, the City Council adopted a new investment policy earlier this year, There are no suggested changes to the policy, but staff reminded the Committee that they did change from a zero to three benchmark to a zero to five.

One change that was recommended was to shift more money from liquid funds into core longer term funds, which is an additional \$20 million. When staff met with the investment advisor about two weeks ago, the difference in rate was 1.1 percent. This would be invested at the longer end due to transitioning from a zero to three to a zero to five benchmark.