

FINANCE & ECONOMIC DEVELOPMENT COMMITTEE MINUTES
JULY 26, 2022
8:31 A.M. – 8:58 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/IM4Ot3z-inl>

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

STAFF PRESENT: SCOTT SPENCE, TROY WOO, TABETHA RESTOULE

The agenda was amended to add item *Staffing Resources Consideration*.

ACTION: APPROVE AMENDED FINANCE & ECONOMIC DEVELOPMENT COMMITTEE AGENDA

MOTION: MOTION MADE, SECONDED, AND CARRIED BY COUNCILMEMBER GREENSTEIN AND DEPUTY MAYOR MILLER

2022 - 2ND QUARTER INVESTMENT REPORT

STAFF: TROY WOO, FINANCE DIRECTOR

ACTION: INFORMATION ONLY

Troy Woo, Finance Director, presented the 2022, 2nd Quarter Report. The report has been prepared by the City's investment advisor, Government Portfolio Advisors (GPA). Market commentary, market outlook, current investment policy compliance, updates to strategic outlook, and portfolio positioning are included within the report.

Staff also highlighted sections illustrating the quarterly asset allocation changes and historical balances and a summary of the City's total invested funds. The summary included information relating to types, maturities, and investment activity, investment earnings and accruals that occurred during the report period.

Staff advised that the strategy will be to remain at or be slightly above the duration benchmark to take advantage of multi-year high yield levels.

2023 BUDGET CALENDAR

STAFF: TROY WOO, FINANCE DIRECTOR

ACTION: INFORMATION ONLY

Due to a strong second half of 2021 and continued signs of a recovered local economy, with a few exceptions, tax revenues and fee collections indicate the local economy remains resilient to the impacts of the ongoing pandemic. However, staff advised there are still reasons to remain cautious and there are signs that the recovery growth has peaked.

General Merchandise Stores increased just 1.9% during the first quarter of 2022. Adjusting for inflation, first quarter actual sales activity volume likely decreased.

New construction sales tax has rebounded with year-to-date 2022 increase of 31.3%

Through the first quarter of 2022, admissions and gambling taxes are 81.3% and 75.7%, respectively, of 2019 collection levels.

Through April 2022, Parks, Culture and Recreation fees are only 55.4% of the 2019 activity levels.

Operating costs are at a level very close to the 2021 level through April. However, the majority of the City's labor cost does not include cost of living adjustments and vacancies have been near 10% through 2022. Through May 2022, salaries and benefit budgets are only 34% expended. City-wide salaries and benefits could be as much as \$3 million underspent through May.

An overview of the 2023 Budget Schedule was also presented. The City Manager is scheduled to present the proposed 2023 Budget at the October 20, 2022, Council Meeting, followed by a public hearing on November 17, 2022, and December 1, 2022. The final 2023 Budget is scheduled for adoption at the December 15, 2022, City Council meeting.

STAFFING RESOURCE CONSIDERATIONS

STAFF: SCOTT SPENCE, CITY MANAGER

ACTION: INFORMATION ONLY

Scott Spence, City Manager, briefed the Committee on immediate staffing needs within the City. Staff recommended adding the following positions, one (1) Transportation Civil Engineer and one (1) Journey Level Technician.

The City currently has two (2) Civil Engineers covering sixteen (16) transportation projects, in varying stages, and another nineteen (19) scheduled for 2023. In an effort to not get behind, the City would like to recruit for a Transportation Civil Engineer position. Staff confirmed that this position would be covered by roughly 75% of the Arterial Street Fund and will not be a big impact the General Fund.

There is currently one (1) Senior Maintenance Technician and two (2) Journey Level Technicians maintaining ninety-five (95) structures, with another structure recently acquired. Consideration of reorganizing the maintenance positions is currently being reviewed. Staff advised adding a Journey Level Technician would be a \$105,000 impact to the General Fund.

The Committee expressed support in adding the recommended staffing resources.