

FINANCE & ECONOMIC DEVELOPMENT COMMITTEE MINUTES
MAY 24, 2022
8:30 A.M. – 9:22 A.M.
REMOTE & IN-PERSON ATTENDANCE

To hear the full discussion of a specific topic, or the complete meeting, you may watch the video-stream available on the City of Lacey's YouTube Channel: <https://youtu.be/dsxnkG7rnFo>

COUNCIL PRESENT: DEPUTY MAYOR MILLER, COUNCILMEMBER GREENSTEIN

COUNCIL EXCUSED: MAYOR RYDER

STAFF PRESENT: SCOTT SPENCE, SCOTT EGGER, TROY WOO, PERI EDMONDS

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

2021 YEAR-END FINANCIAL REPORT

STAFF: TROY WOO, FINANCE DIRECTOR
ACTION: INFORMATION ONLY

Troy Woo, Finance Director, presented an overview of the 2021 year-end financial report. Adjustments may need to be made to the report, so it is considered preliminary until the annual audit is complete.

As of December 31, 2021, the total General Fund Expenditures were \$50,804,140 or 84.1 percent of the adopted 2021 Budget. This is a total increase of \$575,802 or 1.2 percent compared to the 2020 total expenditure level. The net increase is a result of higher salaries, benefits, and capital transfers, which were offset by decreases relating to one-time 2020 CARES Act expenditures and 2020 Veterans Services Hub capital improvements.

All expenditures categories reported variances from the previous year. The most significant and noteworthy variances were highlighted.

As of December 31, 2021, the total General Fund Revenues were \$56,584,886 or 93.7 percent of the adopted budget. Overall General Fund Revenues increased \$2,468,166 compared to 2020. The one-time 2020 CARES Act distributions and transfers did offset revenue increases.

Year-end operating expenditures for the City's utilities were consistent with the budget projections. Operating revenues for the utilities are meetings projections and consistent with approved rate increases and customer growth.

The year-end revenue and expenditure results do not warrant any department from Lacey's conservative approach. This approach has and continues to provide financial flexibility and ability to weather sudden downturns to the economy.

1ST QUARTER FINANCIAL REPORT

STAFF: TROY WOO, FINANCE DIRECTOR

ACTION: INFORMATION ONLY

Troy Woo, Finance Director, presented a review of the first quarter financial report for 2022, which focused on the General Fund.

As of March 31, 2022, total General Fund Expenditures were \$10,538,838 or 16.9 percent of the adopted 2022 Budget. This is a total decrease of \$203,859 or 1.9 percent compared to the first quarter 2022 total expenditure level. The overall 2022 decrease is primarily due to one-time 2021 Veterans Services Hub building and U.S. Veteran Affairs Outstation Center improvement expenditures. It was also noted that the majority of first quarter salaries and benefits do not include cost of living adjustments due to ongoing labor negotiations.

The first quarter expenditure categories show variances from the previous year. The most significant variances were highlighted.

As of March 31, 2022, total General Fund Revenues were \$13,202,477 or 20.1 percent of the adopted budget. Last year at this same time, revenues were 16.6 percent of budget. First quarter General Fund revenues increased \$3,386,299 compared to the previous year. A significant portion of the increase relates to capital project reimbursements relating to the and Veterans Services Hub and U.S. Veteran Affairs Outstation Center projects.

First quarter 2022 operating expenditures for the City's utilities were consistent with projections. The Water Utility Maintenance and Operations Fund expenditures were \$107,813 or 4.3 percent lower in 2022. Wastewater Utility Maintenance and Operations Fund expenditures were \$209,461 or 6.1 percent higher in 2022. The LOTT revenue remittance was \$144,840 higher during 2022. The Stormwater

Maintenance and Operations Fund expenditures were \$470 or 0.1 percent higher than the previous year.

Operating revenues for utilities are meeting projections and are consistent with approved rate increases and customer growth. The 2021 utility rate increases were delayed until July 1, so the first quarter comparisons for 2022 include the impacts of two rate increases.

BOND REIMBURSEMENT RESOLUTION

STAFF: TROY WOO, FINANCE DIRECTOR
ACTION: FORWARD THE RECOMMENDED BOND REIMBURSEMENT RESOLUTION TO FULL COUNCIL FOR ADOPTION
MOTION: MADE, SECONDED AND CARRIED BY COUNCILMEMBER GREENSTEIN AND DEPUTY MAYOR MILLER

Troy Woo, Finance Director, presented the recommended bond reimbursement resolution for review.

The proposed resolution authorizes the City Manager or the Finance Director to designate expenditures for reimbursement from bond proceeds that may be authorized for issuance by the City Council in the future. This resolution does not authorize capital expenditures nor obligates the City to issue any debt. Both capital expenditures and the issuance of debt require separate action or approval by the City Council.

Staff recommended the adoption of a reimbursement resolution delegating the authority to the City Manager and Finance Director to declare the intent to reimburse the City for the costs of certain capital projects from the future proceeds of debt obligations.

LOCAL REVITALIZATION FINANCING PROGRAM UPDATE

STAFF: TROY WOO, FINANCE DIRECTOR
ACTION: INFORMATION ONLY

Troy Woo, Finance Director, presented on the Local Revitalization Financing Program (LRF). The City was approved to receive an LRF project award. Action is needed prior to June 1, 2022, to avoid forfeiting the project award. The City will not meet the deadline in order to use the award.