

FINANCE & ECONOMIC DEVELOPMENT COMMITTEE MINUTES
FEBRUARY 25, 2020
8:30 A.M. – 9:09 A.M.

COUNCIL PRESENT: DEPUTY MAYOR PRATT, COUNCILMEMBER GREENSTEIN

COUNCIL EXCUSED: MAYER RYDER

STAFF PRESENT: SCOTT SPENCE, TROY WOO, KRISTY WOLF, PERI EDMONDS

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

2019 ENCUMBRANCE CARRYOVER BUDGET AMENDMENT

STAFF: TROY WOO, DIRECTOR OF FINANCE
ACTION: FORWARD RECOMMENDED ORDINANCE TO FULL CITY COUNCIL FOR APPROVAL
MOTION: MOTION MADE, SECONDED, AND CARRIED BY DEPUTY MAYOR PRATT AND
COUNCILMEMBER GREENSTEIN

Staff presented those projects and purchases that were unable to be completed prior to the year-end closing. Those projects and purchases are expected to be completed during 2020, but it is necessary to carryover previously approved budget appropriations into the next year. These proposed amendments are limited to carryover encumbrances and capital projects.

This carryover process relieves concerns that authorized budgets will be exceeded when large carryover projects do not have the authorized appropriations until late into the year. It is the City's practice to amend the budget once per year during September. If the City Council approves these appropriations earlier in the year, the risk of exceeding authorized expenditure levels is minimized.

The encumbrance and capital carryover requests are limited to purchase orders that were initiated in the previous year and capital projects that were authorized in the previous year's budget.

2020 BUDGET AMENDMENT UPDATE

STAFF: TROY WOO, DIRECTOR OF FINANCE

ACTION: INFORMATION ONLY

Staff presented significant budget amendments identified since the adoption of the 2020 Budget.

- Affordable and Supportive Housing State Shared Tax (SHB 1406)
- Facilitation services related to the City's homeless response strategies
- New Assistant City Manager position
- Department of Commerce joint regional housing plan grant
- First year phase-in revenue for water and sewer utilities capital program
- Community Center's HVAC system
- City website upgrade project
- Replacement of three retained Ford Crown Victoria Interceptors
- Computer equipment for police vehicle replacements and purchases
- Furniture and computer equipment for the new police department positions
- Additional and upgraded security cameras for City Hall rear parking lot
- Support of operations for Lacey MakerSpace
- Military Memorial at Lacey Civic Plaza
- Museum project relating to site cleanup
- Train Depot playground project
- Completion of water capital projects
- Additional police vehicle

Staff will present additional budget amendments to the Committee as needed. The final approval of the proposed amendments will be considered by the full City Council in September.

B&O TAX LACEY MUNICIPAL CODE UPDATE

STAFF: TROY WOO, FINANCE DIRECTOR

ACTION: FORWARD RECOMMENDED ORDINANCE TO FULL CITY COUNCIL FOR APPROVAL

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

On December 5, 2019, the City Council adopted Ordinance No. 1560, which adopted the provisions of the business and occupation (B&O) tax model ordinance as required

by State law (RCW 35.102). This was a result of a long and collaborative effort by the State, business community, and cities to simplify taxes and licensing.

Upon final review of the adopted ordinance before codification in the Lacey Municipal Code (LMC), it was discovered a section of the previous B&O tax ordinance was not repealed as intended. A new LMC section 3.02.077 relating to B&O tax apportionment was adopted in accordance with the B&O tax model ordinance. The adopted ordinance failed to repeal the old LMC section 3.02.080 also relating to B&O tax apportionment, so there are conflicting sections relating to apportionment.

The proposed ordinance repeals LMC section 3.02.080 to be consistent with the B&O tax model ordinance.

Staff requested the Finance and Economic Development Committee review the proposed ordinance and recommend full City Council adoption of the proposed ordinance amending the City's Business and Occupation tax code.

2020 PROPERTY TAX REPORT

STAFF: TROY WOO, FINANCE DIRECTOR

ACTION: INFORMATION ONLY

Staff presented data received from the Thurston County Assessor's Office advising Lacey's 2019 for 2020 assessed valuation, property tax totals, and the levy rates. A comparison of the 2018 for 2019 data and the 2019 for 2020 data was presented.

The total of the City of Lacey's property tax levies has decreased \$0.1036/\$1,000 of assessed valuation over the previous year. Three main factors have caused the General Levy rate to change:

1. The addition of \$250.9 million of new construction valuation to the assessment rolls.
2. The City Council exercising its revenue limit authority due to increasing expenditure levels.
3. Overall assessed valuation within Lacey's city limits increased 9.97 percent.

The two GO Bond levies have decreased in 2020. The GO Bond levies are impacted by the addition of new construction, overall assessed valuation changes, and the predetermined debt repayment schedules.

The Lacey property owner total property tax levy increased \$1.0882/\$1,000 of assessed valuation. The 2019 Levy for collection in 2020 is \$11.9922/\$1,000 of assessed valuation. The 2018 Levy for collection in 2019 was \$10.9039/\$1,000 of assessed valuation. A comparison of the 2020 and 2019 property taxes paid if the typical 2019 Lacey homeowner's \$300,000 valued home was presented.