

FINANCE & ECONOMIC DEVELOPMENT COMMITTEE MINUTES
FEBRUARY 6, 2020
1:30 P.M. - 2:13 P.M.

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

STAFF PRESENT: SCOTT SPENCE, DAVE SCHNEIDER, RICK WALK, TROY WOO, GEORGE SMITH, PERI EDMONDS

Mayor Ryder requested amending to move Lacey MakerSpace Update as the first agenda item.

ACTION: APPROVE FINANCE & ECONOMIC DEVELOPMENT COMMITTEE AMENDED AGENDA

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

ACTION: APPOINT MAYOR RYDER AS CHAIR OF THE FINANCE & ECONOMIC DEVELOPMENT COMMITTEE

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

LACEY MAKERSPACE UPDATE

STAFF: RICK WALK, COMMUNITY & ECONOMIC DEVELOPMENT DIRECTOR

GUESTS: GRAEME SACKRISON, JOSEPH ANDERSON, MICHAEL CADE, BRAD HOOPER, CECILIA LOVELESS, DAVE OLWELL, KAYLEE PURCELL

ACTION: RECOMMEND DEDICATING ADDITIONAL FUNDS TO PROVIDE FINANCIAL SUPPORT TO LACEY MAKERSPACE FOR THE NEXT THREE YEARS

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

As discussed at the City Council Retreat in 2016, the City is committed to working with the Thurston Economic Development Council (EDC) to adopt initiatives that build on Lacey's job growth, encourages new livable wage jobs, expands the tax base, supports attraction of high tech jobs, diversifies the community's business and employment sector, and ensures Lacey's competitiveness.

In support of these goals, and in recognition that makers spaces are a proven tool of economic development that effectively address all of the needs identified by Council at their 2016 retreat, a large group of community members came together to explore the feasibility of starting a makers space in Lacey. This group represented the Lacey South Sound Chamber of Commerce, North Thurston Public Schools, the Lacey Timberland Library, South Puget Sound Community College, the Evergreen State College, the City, the EDC, St. Martins University (SMU), and members of the private sector and private citizen volunteers. As the group worked through the process, a partnership developed between the City, the EDC, and SMU.

The Lacey MakerSpace opened late last summer, and had its formal grand opening on October 16, 2019. The work of the one permanent paid staff member has been leveraged with extensive support from volunteers, as well as the utilization of SMU's work-study program. Grants and gifts have helped to equip the program with the most essential equipment needed to get underway.

Since the MakerSpace has been operating for six months, the team can better project operation and maintenance expenses. For 2019, total revenues were \$142,683. Since operations did not begin until well into the 3rd quarter, only \$12,076 of that was from operating income. The rest came in donations, including in-kind contributions. The majority of revenues have come from memberships (\$7,576) and classes (\$4,045).

Expenditures for 2019 totaled \$156,799. A major portion of that was for purchases of equipment and supplies (\$59,325). Actual operating expenses were \$97,345. It is anticipated that operating expenses for 2020 will be in the range of \$165,000 to \$175,000.

The biggest challenge facing Lacey MakerSpace is financial. The cost of equipment, and the cost for maintenance and supplies, continues to be a challenge.

The goal of the Lacey MakerSpace board and supporting partners is for the MakerSpace to become a self-sufficient operation supported by the business community and direct users. Additional time is needed to develop the community support. To provide that time, the City Council could offer a funding proposal that would rely on a community match to use as incentive for raising support from the community. A three-year commitment would provide stability and time to engage with community funders.

The request is for Council to consider funding the maker space for the first year at \$175,000. Focus in the first year would be on building support and raising funding from the community as well as federal, state and local grant sources to fund the second year. If the private sector sees value and supports funding second year operations, the City would commit to allocating an additional \$175,000 of funding for the third year. This proposal to financially commit an additional \$350,000 will bring the City's total funding support to \$550,000, plus in-kind staff support.

CREDIT CARD POLICY

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

The City's current credit card policies were adopted in November 1995. While the current policy is adequate, credit card internal controls can be strengthened and it does not allow for City employees to take full advantage of the efficiencies of a credit card system. Adoption of an updated policy is recommended.

RCW 43.09.2855 authorizes local governments to use credit cards of official governmental purchases and acquisitions provided the legislative body adopts a credit card system. The system shall include provisions for the following:

- Distribution of the credit cards
- Authorization and control of the use of credit card funds
- Credit limits
- Payment of the bills
- Any other rule necessary to implement or administer the system

The proposed policy is modeled after policies used by other local governments. These policies and procedures used by other local governments have been reviewed by the Washington State Auditor's Office.

It is requested that the Finance & Economic Development Committee review the proposed credit card policy, confirm or propose changes to the policy, and advance this issue to the full City Council with a recommendation for approval.

2019 FOURTH QUARTER INVESTMENT REPORT

STAFF: TROY WOO, FINANCE DIRECTOR

ACTION: INFORMATION ONLY

The City's adopted investment policy requires quarterly reporting to the City Manager and annual reporting to the City Council. At its February 26, 2019, meeting, the Finance & Economic Development Committee requested to review the quarterly reports biannually. Consistent with the adopted investment policy, the City Manager reviews all quarterly investment reports.

The fourth quarter report was developed by the City's investment advisor Government Portfolio Advisors (GPA). The three main components of the quarterly report include the following:

1. Market commentary and discussion about the City's investment strategy.
2. An analysis to ensure the portfolio complies with the City's investment policy in terms of maturity constraints and allocation diversification. This is normally a routine monthly analysis, but it will be included in the quarterly reports for the first year to communicate compliance during the implementation/transition period.
3. A summary of the City's total invested funds including information relating to types, maturities, and investment activity, investment earnings and accruals that occurred during the report period.

In summary, Lacey's core fund portfolio continues to perform well compared to the investment strategy benchmarks.

- The core fund portfolio yield decreased from 2.21 percent to 2.00 percent. The State's Local Government Investment Pool (LGIP) yield decreased from 2.20 percent to 1.78 percent. This is a result of one Fed Fund rate cuts during the third quarter.
- The Federal Reserve cut rates at its October meeting to a range of 1.50 percent to 1.75.
- During its December meeting, the Federal Reserve forecasted that it would most likely not change the Fed Fund rates throughout all of 2020.
- At the end of the fourth quarter 2019, the portfolio duration was 1.27 years, which is lower than the benchmark duration of 1.40 years.