



FINANCE & ECONOMIC DEVELOPMENT COMMITTEE

JULY 1, 2015

8:00 AM

COUNCIL CHAMBERS

1. **CITY BUSINESS LICENSE UPDATE**
TROY WOO, FINANCE DIRECTOR
(VERBAL REPORT – NO ATTACHMENT)

2. **2015 BUDGET AMENDMENT UPDATE**
TROY WOO, FINANCE DIRECTOR
(ATTACHMENT)

3. **BANKING SERVICES CONTRACT PROCESS**
TROY WOO, FINANCE DIRECTOR
(ATTACHMENT)



**FINANCE & ECONOMIC
DEVELOPMENT COMMITTEE**
July 1, 2015

SUBJECT: Future 2015 Budget Amendments

RECOMMENDATION: Review future budget amendments to the 2015 adopted budget.

STAFF CONTACT: Scott Spence, City Manager 
Troy Woo, Finance Director 

ORIGINATED BY: Troy Woo, Finance Department

ATTACHMENTS: No attachments.

FISCAL NOTE: As outlined in staff report.

PRIOR REVIEW: First review by Finance Committee.

BACKGROUND:

Throughout the year adjustments to the budget become necessary as a result of City Council actions, activity levels that were not anticipated during budget development, and grant awards (or other receipts of outside funding). Historically, the budget has been amended once per year prior to the development of the next year's proposed budget document. This is the first overall update of 2015. Staff will provide additional updates as warranted leading up to the annual budget amendment ordinance adoption in September.

The following are significant budget amendments that have been identified since the adoption of the 2015 Budget.

Current Expense Fund (General Fund)

- At the time the 2015 Budget was adopted, the costs to implement the new standards for indigent defense costs were not certain. A placeholder appropriation was included in the adopted budget. Now that the costs have been determined, it is

necessary to the appropriations to the proper expense line item. The amount requested is \$200,000.

- At the May 21, 2015, City Council Worksession, the City Council voted to terminate the red light camera contract. The contract will expire on August 30, 2015. The net impact of the termination will be an estimated \$75,000 reduction to General Fund revenues. The revenue reduction will be offset with cash reserves.
- The Police Department overtime reimbursement revenue account is being reduced. The contract for overtime security with Regal Cinemas has expired and was not renewed and North Thurston School District elected to discontinue security at dances and possibly graduation. This change reduces General Fund revenues by \$50,000.

Street Fund (General Fund)

- At the June 18 Council Worksession, the City Council authorized the purchase of LED street light replacements. The timing of the purchase will allow the City to take advantage of a Puget Sound Energy rebate program, which will fund approximately 30 percent of the purchase. An amendment of \$400,000 is requested. Depending on the source of funds, amendments may be necessary for the transfer of funds.

General Obligation Bond Fund

- The May 2015 bond refunding for the 2006 Unlimited Tax General Obligation and 2007 Limited Tax General Obligation Bonds requires amendments for bond premiums (\$1,015,321), bond proceeds - par amount (\$7,765,000), refunding escrow deposits (\$8,692,848), and debt issue costs (\$87,473). The bond refunding also requires new debt service payment appropriations and reductions to the interest payments on the unrefunded portions of the previous bonds.
 - New debt service:
 - 2015 UTGO Refunding Bonds
 - Principal \$50,000
 - Interest \$55,948
 - 2015 LTGO Refunding Bonds
 - Principal \$85,000
 - Interest \$91,574
 - Reduce unrefunded portions of debt:
 - Interest 2006 UTGO -\$124,200 (new interest payment = \$19,200)
 - Interest 2007 LTGO -\$192,081 (new interest payment = \$51,050)

Building Improvement Fund

- \$70,000 is proposed for the next phase of the Council Chamber audio/video system upgrade. This phase includes the addition of a fourth robotic camera, upgrade of the existing cameras to high definition, control room configuration revisions, and the

addition of a TriCaster production switcher. The fourth robotic camera is already included in the adopted 2015 Budget, so a net of \$55,000 is request.

Wastewater Capital Fund

- The Lift Station 18 Upgrade project requires \$200,000 for an onsite generator. The generator will be purchased through the State contract.

Stormwater Capital Fund

- Department of Ecology grant revenue of \$352,000 is requested for the revenue budget. These grant proceeds will be applied to the Vactor Waste Decant Facility project.

The purpose of this update is to inform the Finance and Economic Development Committee of significant proposed amendments. The final review of proposed amendments will return to the Finance and Economic Development Committee in September. The final approval of the proposed amendments will be considered by the full City Council in September.



**FINANCE & ECONOMIC
DEVELOPMENT COMMITTEE**
July 1, 2015

SUBJECT: Banking Services Request for Proposal

RECOMMENDATION: Review banking services request for proposal process prior to full City Council authorization of the banking services contract.

STAFF CONTACT: Scott Spence, City Manager 
Troy Woo, Finance Director 

ORIGINATED BY: Troy Woo, Finance Department

ATTACHMENTS: [Draft banking services contract.](#)

FISCAL NOTE: Customary expenses associated with banking services.

PRIOR REVIEW: First review by Finance Committee.

BACKGROUND:

On May 8, 2015, a banking services request for proposal (RFP) was delivered to all bank branches within a three and a half mile radius of the City of Lacey City Hall, which are designated by the Washington Public Deposit Protection Commission as qualified public depositories. The intent of the RFP was to select one banking institution to provide comprehensive banking services to the City of Lacey.

The banks were asked to prepare proposals that included a full range of banking services. Examples of services that were required included depository services, electronic funds transfers, account maintenance, online services, line of credit, and merchant services. Examples of optional services included reconciliations and purchasing credit cards.

Each proposal was evaluated on six criteria:

1. Legal, Lacey community involvement, and other qualifications met by the proposer
2. Completeness of proposal
3. Financial strength and capacity of the banking institution
4. Ability to meet requirements
5. Expected convenience of banking services for the City personnel involved
6. Total estimated costs to the City

Total estimated costs were 40 percent of the total evaluation, ability to meet the requirements was 20 percent, financial strength and expected convenience were 15 percent of the total evaluation, and the two remaining categories were 5 percent each.

Staff will recommend the bank with the highest total evaluation score. Proposals were received from six (6) banks in total.

The contract will be effective beginning on August 1, 2015, with a five-year term.

ADVANTAGES:

1. The bank proposal that represents the combination of the best interest earnings, costs for services, expected convenience for City staff, financial strength, and ability to meet the City's banking needs will be recommended to receive the five-year contract.

DISADVANTAGES:

1. None identified.

CITY OF LACEY AGREEMENT FOR BANKING SERVICES

I. PARTIES

This Agreement for Banking Services (the “Agreement”) is made and executed this 1st day of August 2015, by and between the City of Lacey, 420 College Street SE, Lacey, Washington 98503 (hereinafter “City”), and ABC Bank, (the “Bank”).

II. RECITALS

1. WHEREAS, the City issued a Request for Proposals for Banking Services; and
2. WHEREAS, the Bank was the successful bidder in response to the City’s RFP for Banking Services; and
3. WHEREAS, the City desires to enter into an Agreement with the Bank for the performance of the Banking Services identified in the City’s RFP; and
4. WHEREAS, the Bank is agreeable to performing such Banking Services for the City in accordance with the terms and conditions set forth below; and

NOW, THEREFORE, in consideration of the mutual benefits to the City and the Bank and in consideration of the terms and conditions specified below, the parties agree as follows:

III. SCOPE OF BANKING SERVICES

The Bank shall furnish all labor, materials, and supplies necessary to perform the required Banking Services as stated in the Banking Services Proposal (the “RFP”) attached as Exhibit A and incorporated by this reference. All performance of Banking Services under this Agreement shall meet all applicable requirements of the state and federal law.

IV. TIME OF PERFORMANCE

The Bank shall commence performance of banking service for the City on August 1, 2015, and this Agreement shall be in effect for a term of five (5) years. Prior to expiration

of the term of this contract, the City may exercise an option to renew said Agreement for a period of one additional year provided that:

1. the Bank is in compliance with the terms and conditions of the Agreement, and
2. the annual payment to the Bank for the performance of Banking Services under this Agreement continues to be cost effective as determined by the City, and
3. sufficient funds have been appropriated by the City Council in the Annual Budget for payment of the Banking Services to be performed by the Bank under the terms of this Agreement.

The total term of the Agreement shall not exceed six (6) years.

V. COMPENSATION

- A. The Bank shall be paid at the specified rate for each of the Banking Services required by the City as set forth in Exhibit A.
- B. The Bank shall direct debit the City on a monthly basis for Banking Services rendered under this Agreement and in accordance with the compensation methods defined in Exhibit A, the Bank shall be compensated in accordance with the City's usual procedures.

VI. INDEPENDENT CONTRACTOR

The Bank is an independent contractor with respect to the Banking Services provided under this Agreement. Nothing in this Agreement shall create the relationship of employer and employee between the parties. Neither the Bank nor any employee of the Bank shall be entitled to any benefits accorded City employees by virtue of the performance of Banking Services provided under this Agreement. The City shall not, for any reason, be responsible for withholding or otherwise deducting federal income tax or social security or contributing to the State industrial insurance program, or otherwise assuming the duties of an employer with respect to the Bank, or any employee of the Bank.

VIII. INSURANCE

The Bank shall, at a minimum, maintain commercial general liability insurance appropriate to its industry and financial condition. All such insurance shall be primary over any coverage held by the City. The Bank shall provide to the City written verification of compliance acceptable to the City prior to commencing performance of Banking Services under this Agreement, which verification shall be attached to the Agreement as Exhibit B. The Bank may self insure.

IX. TERMINATION

Either the City or the Bank may terminate this Agreement upon one hundred twenty (120) days written notice. The decision to terminate may not be as a result of profitability or non-profitability by either party. The City shall provide written notice to the Bank at the Bank's branch office in the city of Lacey, Washington. The City shall pay the Bank only for the Banking Services completed by the Bank in accordance with this Agreement.

X. GENERAL PROVISIONS

- A. Integrated Agreement. The entire and integrated agreement between the City and the Bank related to the Services shall consist of this Agreement, the Bank's service-level agreements in connection with the Services (including their respective user documentation and set-up forms), the Bank's Bid Response and the City's RFP as modified by the Bid Response. In the event of conflict among any of the preceding documents, such documents shall govern in the following order of precedence: (1) this Agreement, (2) the Bank's Treasury Terms and Conditions booklet agreements (including user documentation and set-up forms), (3) the Bid Response and (4) the RFP. The integrated agreement supersedes all prior negotiations, representations, statements and agreements, whether written or oral, regarding the Services.
- B. Assignment. The Bank shall not assign all or any portion of its duties or obligations to provide Banking Services to the City under this Agreement without the City's prior written consent.

- C. Waiver. A waiver of any breach by either party shall not constitute a waiver of any subsequent breach.
- D. Choice of Law. All questions concerning the validity, interpretation, performance and enforcement of this Agreement shall be governed by the laws of the State of Washington, and venue for any action in court for the interpretation of the terms of this Agreement, shall lie in Thurston County, Washington.
- E. Compliance with Laws. The Bank shall comply with all applicable federal, state, local laws, regulations and City ordinances in performing Banking Services for the City under the terms of this Agreement.
- F. Authorized Signatures. By their signatures below, each party represents that they are fully authorized to sign for and on behalf of the named principal above.

DATED this 1st day of August, 2015

CITY OF LACEY

FIRST CITIZENS BANK

 Scott Spence, City Manager

 Name, Title

ATTEST:

 City Clerk

Approved as to form:

Approved as to form:

 City Attorney

 Attorney for the Bank

ATTACHMENTS:

EXHIBIT A: Banking Services Fee Schedule

EXHIBIT B: Insurance Verification