



CITY COUNCIL
ANDY RYDER
Mayor

CYNTHIA PRATT
Deputy Mayor

VIRGIL CLARKSON
JEFF GADMAN
LENNY GREENSTEIN
JASON HEARN
MICHAEL STEADMAN

CITY MANAGER
SCOTT SPENCE

LACEY CITY COUNCIL AGENDA
APRIL 24, 2014
7:00 P.M.
420 COLLEGE STREET, LACEY CITY HALL

CALL TO ORDER:

1. **PLEDGE OF ALLEGIANCE**
2. **APPROVAL OF AGENDA & CONSENT AGENDA ITEMS***
 - A. [Worksession Minutes of April 3, 2014](#)
 - B. [Council Minutes of April 10, 2014](#)

** Items listed under the consent agenda are considered to be routine and will be enacted by one motion and one vote. There will be no separate discussion of these items. If discussion is desired, that item will be removed from the Consent Agenda and will be considered separately.*

3. **PUBLIC RECOGNITIONS AND PRESENTATIONS:**

- A. Presentation: Nisqually Indian Tribe and City of Lacey Accord (*Chair Iyall*)
- B. Presentation: Reduce Wasted Food Campaign (*Terri Thomas*)

4. **PUBLIC COMMENT ON ITEMS NOT ON THE AGENDA***

The City Council will allow comments under this section on items **NOT already on the agenda. Where appropriate, the public will be allowed to comment on agenda items as they are addressed during the meeting.*

5. **PUBLIC HEARING:**

6. **PROCLAMATION:**

- A. [Proclamation declaring April as Nonprofit Impact Month](#) (*Pam Toal*)

7. **REFERRAL FROM PLANNING COMMISSION:**

8. **REFERRAL FROM HEARINGS EXAMINER:**

9. **RESOLUTIONS:**

- A. [Consider Resolution amending Business License Fee](#) (*Troy Woo*)
- B. [Consider Resolution authorizing Application for Recreation and Conservation Office \(RCO\) Grant](#) (*Lori Flemm*)

10. ORDINANCES:

- A. [Consider Ordinance amending B&O Tax](#) (Troy Woo)

11. MAYOR'S REPORT:

12. CITY MANAGER'S REPORT:

- A. [Award bid for City-Wide ITS Signal Improvements](#) (Scott Egger)
B. [Authorize City Manager to sign Interlocal Agreement with Thurston County for Hicks Lake Monitoring](#) (Julie Rector)
C. [City Council Claims Review Motion](#) (Troy Woo)

13. STANDING GENERAL COMMITTEE:

- A. [Finance & Economic Development Committee](#) (04.02.14)
B. [Community Relations & Public Affairs Committee](#) (04.07.14)

14. OTHER BUSINESS:

15. BOARDS, COMMISSIONS, AND COMMITTEE REPORTS:

- A. Mayor Andy Ryder:
1. Mayors' Forum
2. Transportation Policy Board (TPB)
- B. Deputy Mayor Cynthia Pratt:
1. Energy Advisory Committee
2. LOTT
3. Olympic Region Clean Air Agency (ORCAA)
- C. Councilmember Virgil Clarkson:
1. Health & Human Services Council (HHSC)
2. HOME Consortium
3. Thurston Regional Planning Council (TRPC)
- D. Councilmember Jeff Gadman
1. Intercity Transit (IT)
2. Joint Animal Services Commission (JASCOM)
- E. Councilmember Lenny Greenstein
1. Emergency Medical Services (EMS)
2. TCOMM911
- F. Councilmember Jason Hearn:
1. Community Action Council (CAC)
2. Thurston County Law & Justice Council
3. HTPA-Human Trafficking
- G. Councilmember Michael Steadman:
1. Economic Development Council (EDC)
2. Olympia-Lacey-Tumwater Visitor & Convention Bureau (VCB)
3. Solid Waste Advisory Committee (SWAC)

16. ADJOURN

**MINUTES OF LACEY CITY COUNCIL WORKSESSION
THURSDAY, APRIL 3, 2014
LACEY CITY HALL
7:00 – 9:10 P.M.**

COUNCIL PRESENT: A. Ryder, C. Pratt, V. Clarkson, J. Gadman, L. Greenstein, M. Steadman, J. Hearn, J. Gadman

STAFF PRESENT: S. Spence, T. Woo, L. Gotelli, S. Egger, L. Flemm, R. Walk, C. Litten

Scott Spence, City Manager, proposed adding an amendment to the agenda regarding an ILA related to the listing of the Mazama Pocket Gopher as an endangered species.

DEPUTY MAYOR PRATT MOVED TO APPROVE THE AMENDED AGENDA. COUNCILMEMBER GREENSTEIN SECONDED. MOTION CARRIED.

3-2 STRYKER BRIGADE UPDATE

Colonel Bair, 3-2 Stryker Brigade Commander, extended his sincere appreciation to the City of Lacey for its support of the military soldiers and families who live in our community. He remarked that it is time for the military to give back to its community, and he offered the services and manpower of the 3-2 Stryker Brigade for whatever the city may need.

Colonel Bair provided a historical and organizational view of the 3-2 Stryker Brigade, which supported Operation Iraqi Freedom with three deployments to Iraq and Afghanistan. He noted it is the largest single brigade ever with 6,000 soldiers deployed.

Colonel Bair noted that as the war's end, the military will transition from regular deployments to expeditionary forces under the Regional Pacific Command. Instead of continual deployments to the same theater, the 3-2 Stryker Brigade has been selected as one of 7 brigades out of 40 to be on call at anytime for any series of missions.

The 3-2 Stryker Brigade recently participated in an intense training exercise. During the 30 day exercise in austere conditions against a world class enemy, the Stryker Brigade defeated the enemy for the first time in 40 months.

Colonel Bair reiterated that the 3-2 Stryker Brigade is ready and willing to give back to the Lacey community, and encouraged the city to contact the military for any services needed.

LEGISLATIVE UPDATE

Mark Brown and Jennifer Ziegler, local government lobbyists, provided Council with an update from the 2014 legislative session.

Mark noted that the legislative session was not favorable to the needs of the cities, but rather focused on funding for education as a result of the McCleary situation. Legislators are not empathetic to the concerns of the cities, as evident by gutting the Public Works Assistance Loans and marijuana revenue sharing. Mark commented that 2015 will be even more challenging for cities as the state searches for new sources of revenue to fund education.

As a result, a continuing dialogue between the City, Council and representatives of the 22nd District is needed to emphasize the critical need for continued local government funding.

Scott Spence, City Manager, stated the City may want to consider narrowing its focus to two priority issues: transportation and marijuana revenue sharing.

COUNCIL RETREAT UPDATE

Scott Spence, City Manager, presented Council with a draft of the April 18, 2014, Council Retreat Agenda to solicit input. He commented that Bob Gibbs, President of Gibbs Planning Group, will facilitate the afternoon session related to urban planning and 30 year retail trends.

Upon review of the agenda, Council discussed several ideas:

- Input from Bob Gibbs regarding the regional sustainability plan as it relates to neighborhood re-development and shifts in zoning.
- Identifying legislative priorities, and discussing strategies to effectively communicate the city's priorities and the imperative need for continued local government funding.
- Discuss Transportation Benefit District funding
- Consider the changing demographics of the city, including millennials, boomers and military families as the city moves forward with future planning and development.

MAZAMA POCKET GOPHER UPDATE

Scott Spence, City Manager, presented Council with a proposal to sign an ILA with the Cities of Yelm and Tumwater to share in the costs of legal services related to the pending designation of the Mazama Pocket Gopher as an Endangered Species.

The Interlocal Agreement obligates the parties to equally share the total cost of legal services and other work, in response to the Mazama Pocket Gopher listing as an endangered species. Total cost of the Interlocal Agreement is capped at \$50,000. As a result, Lacey's maximum contribution to this effort is approximately \$16,667, unless the Interlocal Agreement is amended by the Lacey City Council.

A decision to list the Mazama Pocket Gopher by the US Fish and Wildlife Service as an endangered species is imminent. As both a permitting agency for development activities and a regulatory authority, the City of Lacey requires legal advice to develop strategies in response to conflicts between local regulatory statutes and the federal Endangered Species Act. Although the City of Lacey does not have documented evidence of the presence of

gophers in its corporate boundaries, a risk assessment is still necessary to determine if the City of Lacey has any legal exposure related to the effects of the pending listing.

The City of Lacey has previously participated with the Thurston County Economic Development Council, the Thurston Chamber of Commerce, and other partners in trying to affect the timing, explore potential exemptions, and provide scientific information to inform the Mazama Pocket Gopher decision making process.

Upon learning that the Mazama Pocket Gopher listing would go forward, the City of Tumwater, in coordination with the Cities of Lacey and Yelm, initiated Request for Proposals for the purpose of securing specialized legal services. This process led to the selection of the Law Offices of Susan Drummond due to her experience with Endangered Species Act work and familiarity with the region.

Key components of the ILA include the following:

- Tumwater will be the lead agency for the work.
- The scope of services will be developed jointly by the three cities.
- The costs will be shared equally by the three jurisdictions for as long as each jurisdiction is obtaining value from the work.
- Any party may withdraw from the agreement at any time effective immediately upon receipt of the written notice.

The City of Tumwater passed the ILA on Tuesday, April 1 and the ILA will be before the Yelm City Council on Tuesday, April 8.

COUNCILMEMBER GREENSTEIN MOVED TO AUTHORIZE THE CITY MANAGER TO SIGN AN INTERLOCAL AGREEMENT WITH THE CITIES OF TUMWATER AND YELM TO SHARE IN THE COSTS OF LEGAL SERVICES RELATED TO THE PENDING DESIGNATION OF THE MAZAMA POCKET GOPHER AS AN ENDANGERED SPECIES. COUNCILMEMBER CLARKSON SECONDED. MOTION CARRIED.

**MINUTES OF A REGULAR MEETING OF THE
LACEY CITY COUNCIL HELD THURSDAY,
APRIL 10, 2014, IN LACEY COUNCIL CHAMBERS.**

- CALL TO ORDER: Mayor Ryder called the meeting to order at 7:00 p.m.
- PLEDGE OF ALLEGIANCE: Mayor Ryder led the pledge of allegiance.
- COUNCIL PRESENT: A. Ryder, C. Pratt, J. Gadman, L. Greenstein
- COUNCIL ABSENT: V. Clarkson, J. Hearn, M. Steadman
- STAFF PRESENT: J. Svboda, R. Walk, S. Egger, T. Woo, D. Pierpoint, L. Flemm, P. Edmonds
- APPROVAL OF AGENDA AND CONSENT AGENDA: Consent Agenda Items:
(a) Worksession Minutes of March 6, 2014
(b) Council Minutes of March 13, 2014
(c) Campus Springs Final Subdivision Approval (MF7)
– Project No. 10-178
- COUNCILMEMBER GREENSTEIN MOVED TO APPROVE THE CONSENT AGENDA AND AGENDA. COUNCILMEMBER PRATT SECONDED. MOTION CARRIED.**
- PUBLIC RECOGNITIONS & PRESENTATIONS: Scott Egger, Public Works Director, recognized Ed Andrews, Quality Control Tech, for 20 years of outstanding service to the City of Lacey.
- Arbor Day Celebration:
- Mayor Ryder read a proclamation declaring April as Arbor Month.
 - Linden Lampman, Urban and Community Forestry Program Manager with the Department of Natural Resources, presented

the City of Lacey with its consecutive 23rd Tree City USA Award.

- Mayor Ryder presented a tree to the City of Yelm, as Lacey's Sister City. Mayor Harding accepted on behalf of the Yelm City Council. Mayor Harding invited all to attend the City of Yelm's celebration on April 25 at 11 a.m. in the Yelm City Park.
- Kim Benedict, Water Resources Specialist, recognized volunteers who helped with tree planting projects.
- Kathie Owen, Recreation Supervisor, announced the Arbor Day Seedling Giveaway. This is the 23rd year of this event; during that time, 26,000 tree seedlings have been distributed.

PUBLIC COMMENT:

Ron Nesbitt, former Olympia Police Officer, expressed his concerns with police departments locally and throughout the state of Washington, and the treatment of minorities. He described himself as a black militant and someone who promotes separatism. He requested that Council hold open meeting forums with Q&A opportunities in order to engage directly with Councilmembers.

Holly Paxson, Library Manager with Lacey Timberland Library, announced National Library Week April 14-19. She invited Council to visit the library during those dates and sign the *Declaration for the Right to Libraries*. Signatures will be sent to the American Library Association, which will then be presented to legislators in Washington DC in May as part of National Library Legislative Day.

PROCLAMATION:

Councilmembers Greenstein and Gadman, Deputy Mayor Pratt, and Mayor Ryder read a proclamation declaring April as Child Abuse Prevention Month. Commissioner Romero accepted the proclamation on behalf of the community.

RESOLUTION:

Resolution No. 1008 authorizes the investment of City of Lacey funds in the Local Government Investment Pool and repeals Resolution No. 601.

Troy Woo, Finance Director, stated the City of Lacey has invested funds in the Local Government Investment Pool (LGIP) since it began in 1986. The LGIP is administered by the State Treasurer's Office. The investment objectives of the LGIP are the same as the City's investment objectives and the City can take advantage of the economies of scale from a large pooled investment portfolio. The LGIP has recently created a prospectus for distribution. As a result of the new prospectus, the resolution authorizing investment in the LGIP has been updated. The City Council adopted the original authorizing resolution in June 1986. The significant changes include the following:

- New requirement that the governing body and appointed designees with the authority to contribute or withdraw funds have received and read a copy of the prospectus. A copy of the most recent prospectus is attached, so the committee can fulfill that requirement.
- The governing body authorizes contribution and withdrawal of monies in a manner prescribed by law, rule, and prospectus.
- Designates by name and title, the Finance Director, as the authorized individual to authorize all amendments, changes, or alterations to the LGIP Transaction Authorization Form or any other documentation including the designation of other individuals to make contribution and withdrawals on behalf of the governing entity.
- Language relating to the revocation of authority of the authorized designee's termination of employment.

Staff recommends the adoption of the resolution to continue participation in the LGIP. The LGIP is an important component of the City's investment portfolio. According to the City's investment policy, the LGIP is the only investment option that the entire City's portfolio may be invested. Other security types and financial institutions are limited to 50 percent of the total investment portfolio. The LGIP also provides

an option to satisfy the City's investment policy that 15 percent of the investment portfolio is invested in overnight instruments which can be sold to raise cash in one day's notice. The LGIP has and continues to provide a safe and liquid investment option.

The Finance and Economic Development Committee reviewed the proposed carryover amendment ordinance at the April 2, 2014, meeting, and recommend full City Council adoption of the proposed resolution.

COUNCILMEMBER GREENSTEIN MOVED TO APPROVE RESOLUTION NO. 1008 TO AUTHORIZE THE INVESTMENT OF CITY FUNDS IN THE LOCAL GOVERNMENT INVESTMENT POOL AND REPEALS RESOLUTION NO. 601. DEPUTY MAYOR PRATT SECONDED. MOTION CARRIED.

ORDINANCES:

Ordinance No. 1432 amends the 2014 fiscal year budget and Ordinance No. 1425 adopting the budget to re-appropriate 2013 budgeted amounts for projects not completed in 2013.

Troy Woo, Finance Director, stated that staff is not always able to complete all of the projects and purchases prior to year-end closing. The projects and purchases are completed in the following year, so it becomes necessary to carryover previously approved budget appropriations into the next year. This amendment is 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. When 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. The

outstanding purchase order carryover requests are limited to significant (over \$2,500) unfilled material, equipment, and supply orders. Capital project carryover requests do not have a dollar threshold. The funds requesting the carryovers must have adequate fund balance before the requests can be granted.

The Finance and Economic Development Committee reviewed the proposed carryover amendment ordinance at the April 2, 2014 meeting, and recommend full City Council adoption of the proposed ordinance.

COUNCILMEMBER GADMAN MOVED TO ADOPT ORDINANCE NO. 1432 TO AMEND THE 2014 FISCAL YEAR BUDGET AND ORDINANCE NO. 1425 ADOPTING THE BUDGET TO RE-APPROPRIATE 2013 BUDGETED AMOUNTS FOR PROJECTS NOT COMPLETED IN 2013. COUNCILMEMBER GREENSTEIN SECONDED. MOTION CARRIED.

MAYORS REPORT:

Deputy Mayor Pratt recommended the appointment of Mayor Ryder to an unexpired term on the Lodging Tax Advisory Committee.

COUNCILMEMBER GREENSTEIN MOVED TO APPROVE THE APPOINTMENT OF MAYOR RYDER TO AN UNEXPIRED TERM ON THE LODGING TAX ADVISORY COMMITTEE. COUNCILMEMBER GADMAN SECONDED. MOTION CARRIED.

STANDING GENERAL COMMITTEES:

General Government & Public Safety Committee
Deputy Mayor Pratt reported the Committee met on March 21, 2014. Terri Thomas, Waste Reduction Supervisor for Thurston County Solid Waste, briefed the Committee on the launch of the WasteLessFood Campaign. A presentation will be given to full Council at an upcoming Council meeting. The Committee agreed to change their meeting date and time to the 2nd Monday of the month at 5:30 p.m.

BOARDS & COMMISSIONS:

Joint Animal Services Commission

Councilmember Gadman reported the Board discussed revisions to the Mission Statement, establishing a review process for the Director, and regulations on commercial kennels.

Intercity Transit

Councilmember Gadman reported the Board authorized the General Manager to sign a 27-month landscape contract, and announced a vacancy on the Advisory Board for a citizen representative.

LOTT

Deputy Mayor Pratt reported the Board discussed the sole source declaration for ultraviolet light bulbs, emergency assistance interlocal agreement, public art for reclaimed water storage project, received updates on the reclaimed water infiltration study and Deschutes Valley Property Master Plan.

Mayors Forum

Mayor Ryder reported the Mayors Forum discussed Intercity Transit's possible expansion on the Martin Way Corridor, and possible restructuring of the current meeting format.

Olympic Region Clean Air Agency

Deputy Mayor Pratt reported the Board met to discuss the new phone system, and noted the air quality has been good at all monitors.

TCOMM 911

Councilmember Greenstein reported Keith Flewelling was recently hired as the new Deputy Director. The Board has completed the review of the Executive Director, and recently received \$300,000 in back 911 phone taxes.

TPB

Mayor Ryder reported the Board met to discuss the 2014 legislative session, and the Governor's Executive Order regarding telework.

TRPC

Deputy Mayor Pratt reported the Board discussed green house gas emissions, and teleworking in the Thurston County region.

ADJOURNMENT:

Mayor Ryder adjourned for a 5-minute recess at 8:20 p.m.

Mayor Ryder adjourned into a Worksession at 8:25 p.m.

B&O TAX AND BUSINESS LICENSING

Troy Woo, Finance Director, briefed Council on a range of options to reduce the City's Business and Occupation ("B&O") Tax. Staff has met with representatives from the Lacey Chamber of Commerce and Thurston County Economic Development Council to gain a better understanding of the business community's opinions on potential changes. The Finance and Economic Development Committee have discussed and researched these options, and concluded that the following changes are the best options to assist the business community and improve the City's efficiency:

1. Partnering with the Washington State Department of Revenue Business Licensing Service
2. Implementation of an annual Lacey business license renewal fee and increase initial business license application fees to outside of Lacey businesses
3. Implementation of a three-year B&O tax exemption for small start-up businesses

Business Licensing Service ("BLS")

City staff has explored a potential business licensing administration partnership with the BLS for a number of years dating back to when the BLS was still administered by the Washington Department of Licensing. The administration of the BLS transferred to the Department of Revenue during 2011. Staff has continued to communicate with representatives from the BLS to verify that Lacey remained a good fit for partnership and to learn of any changes to the service. Staff last met with representatives from BLS on February 4. Lacey remains a good candidate for partnership with the BLS.

There are 58 cities who are currently partnering with BLS, which is equal to 25% of the cities who require business licenses. This includes Tumwater and Olympia. If Lacey joins the BLS, local businesses who license in each of the three cities will experience some administrative relief. To submit an application for a business license in Lacey, businesses would simply have to list Lacey within the State license application or renewal application they are already required to submit. Currently, license applications must be physically delivered to City Hall.

City staff would be relieved of a significant portion of the administrative duties associated with business licensing if it partners with the BLS, and the impacts to

businesses are mainly positive. Most businesses are already required to use the BLS for the State licensing requirement, so this will not be a new or additive process. The application and renewal fees are essentially immaterial since nearly all businesses must already file the Master Application anyway. Businesses save time and money by centralizing the licensing requirements of multiple jurisdictions and state agencies with one application, fee, and renewal date.

BLS provides outreach services for key city stakeholders and legislative bodies during the implementation. Outreach includes equipping staff with information needed to build support. Once the interlocal agreement is signed, databases are merged, and implementation tasks are assigned, the implementation timeline is established. A typical implementation takes three to six months. The BLS already has cities scheduled for implementation during 2014. Implementation could begin early 2015. The BLS tentatively scheduled Lacey for a first half 2015 implementation pending formal approval by the City Council. This delayed schedule works well because City staff will need to work through some internal processing issues prior to being implemented with the BLS.

Another business license and tax simplification option is FileLocal, which is a multicity tax portal partnership (Bellevue, Everett, Seattle, and Tacoma). FileLocal is expected to launch their online business licensing and B&O tax processing service in the fall of 2014. Businesses in the participating cities will be able to submit business license applications, renewal business licenses, file B&O tax returns and pay B&O taxes online. FileLocal will coordinate information with the State, but will be a separate system. Other B&O tax cities are expected to have an opportunity to join FileLocal, but not initially. The governance of the partnership, acceptance of other cities, and the costs of a potential partnership are not known at this time. The latest information indicates a partnership with BLS does not preclude the City from joining FileLocal for tax processing.

Lacey Business License Fees

The City of Lacey currently charges a one-time \$25 business license fee for businesses located inside the City and a one-time \$10 fee for businesses located outside of the City. Annual renewals are automatically approved and processed if the business is current with their B&O taxes. The current fee structure recognizes that the applications for businesses within the city limits typically require more staff time to process and approve. The business license applications from those located inside of the city limits require the Police, Planning/Zoning, Building, and Fire Inspection Departments to approve the applications. The applications for businesses located outside of the city limits only require Police Department approval. The current fee structure acknowledges the extra level of approval by charging an additional \$15 for application processing required for businesses located within the City limits.

To offset the potential B&O tax collection decrease associated with economic development efforts, it has been suggested that changes to the business license fee structure be implemented. During 2012 1,837 businesses paid B&O taxes. 952 of these businesses were located inside the city limits and 885 were located outside of the

city limits. Seven business license renewal fee structures and the impacts of the fee structure changes were presented to Council.

Resolution No. 536, which was adopted on December 3, 1982, sets the current license fee at \$25.00. Staff proposes maintaining the \$25.00 fee, but apply it equally to both inside and outside business license applications. A \$10.00 annual renewal fee is proposed to better reflect the cost to provide the service.

Small Start-Up Business B&O Tax Exemption

The Finance and Economic Development Committee B&O tax discussions have focused on assisting small businesses. The City Manager suggested implementing a B&O tax exemption for small businesses that are just starting up. It has been suggested that a small business would be defined as having business activity of less than \$500,000 annually and be located within the City limits. The exemption would be in effect for the first three consecutive years of operation as long as the business activity remains below \$500,000.

At its January 27, 2014, meeting, the Finance and Economic Development Committee recommended that all three options be forwarded to the full City Council for consideration. The recommendation includes future partnership with the Department of Revenue BLS, business license application fee of \$25.00 for both inside and outside City businesses, business license renewal fee of \$10.00 for both inside and outside city businesses, and implementation of a three-year small startup business (less than \$500,000 annual business activity) B&O tax credit.

Staff recommends immediate City Council adoption of the proposed changes with January 1, 2015, effective dates for the proposed fee changes and small start-up business credit. This will provide clear City Council direction and allow for adequate time to perform the City's system changes and planning necessary for the implementation of the BLS partnership.

Council agreed with the staff's recommendations, and will forward to full Council for approval.

Mayor Ryder adjourned the meeting at 9:18 p.m.

MAYOR: _____

ATTESTED BY CITY CLERK: _____

DATE APPROVED: _____



CITY OF LACEY
Official Proclamation

WHEREAS, there are one hundred and nineteen (119) federally registered 501(c)(3) nonprofits and many other state-registered charitable organizations in the City of Lacey; and

WHEREAS, these nonprofits touch the daily lives of every resident in our community; and

WHEREAS, Lacey nonprofits are a continual source of inspiration and innovation; and

WHEREAS, Lacey nonprofits are a significant source of jobs in our community; and

WHEREAS, Lacey citizens generously support the work of nonprofits through charitable donations and volunteer service hours; and

WHEREAS, Lacey nonprofits address the challenges faced by individuals and communities to find creative and effective solutions.

NOW, THEREFORE, I, Andy Ryder, Mayor of the City of Lacey, on behalf of the Lacey City Council, proclaim May 2014, as

Nonprofit Impact Month

in the City of Lacey, and encourage all citizens to join me in this special observance.



Mayor Andy Ryder
April 24, 2014



LACEY CITY COUNCIL MEETING
April 24, 2014

SUBJECT: Business License Renewal Fee

RECOMMENDATION: Adopt resolution implementing business license renewal fees.

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

ORIGINATED BY: Troy Woo, Finance Department

ATTACHMENTS: 1. [Resolution No. 1009](#)

FISCAL NOTE:

PRIOR REVIEW: Finance and Economic Development Committee on January 27, 2014, and City Council Worksession on April 10, 2014.

BACKGROUND:

After much discussion and research, the Finance and Economic Development Committee recommended three proposals to assist the business community and improve City efficiencies. One of the proposals is the implementation of an annual business license renewal fee and adjustment to the initial business license application fee for businesses located outside of Lacey.

The City of Lacey currently charges a one-time \$25 business license fee for businesses located inside the City and a one-time \$10 fee for businesses located outside of the City. Annual renewals are automatically approved and processed if the business is current with their B&O taxes. The current fee structure recognizes that the applications for businesses within the city limits require more staff time to process and approve. The business license applications from those located inside of the city limits require the Police, Planning/Zoning, Building, and Fire Inspection Departments to approve the applications. The applications for businesses located outside of the city limits only require Police Department approval. The

current fee structure acknowledges the extra level of approval by charging an additional \$15 for application processing required for businesses located within the City limits.

To offset the potential B&O tax collection decrease associated with economic development efforts, it has been suggested that changes to the business license fee structure be implemented. Adjustment to the business license fee structure will also help ensure the City is recovering the cost of providing the service. During 2012 1,837 businesses paid B&O taxes. 952 of these businesses were located inside the city limits and 885 were located outside of the city limits. The following table includes seven different business license renewal fee structures and the impacts of the fee structure changes.

<u>Business License Fee Structure</u>	<u>Inside - City</u>	<u>Outside - City</u>	<u>Total Fee Increase</u>
Initial \$25 Inside/\$10 Outside, Renewal Inside \$25/Outside \$10	\$ 23,800	\$ 8,850	\$ 32,650
Initial \$25 Inside/\$10 Outside, Renewal Inside \$15/Outside \$5	14,280	4,425	18,705
Initial \$30 Inside/\$12 Outside, Renewal Inside \$30/Outside \$12	33,320	12,390	45,710
Initial \$25 Inside/\$25 Outside, Renewal Inside \$25/Outside \$25	23,800	35,400	59,200
Initial \$25 Inside/\$25 Outside, Renewal Inside \$20/Outside \$20	19,040	30,975	50,015
Initial \$25 Inside/\$25 Outside, Renewal Inside \$15/Outside \$15	14,280	26,550	40,830
Initial \$25 Inside/\$25 Outside, Renewal Inside \$10/Outside \$10	9,520	22,125	31,645

The last fee structure listed in the table above seems to best recoup the revenue reduction from the proposed small start-up business B&O tax exemption, reflects the actual costs to administer annual business license renewals, and incorporates the suggestions received by the business community. An increase of \$31,645 from business license fees would offset the B&O tax reduction for 100 small start-up business B&O tax exemptions. Given the recent budget challenges, it is important to find revenue neutral solutions. The fee structure would increase the outside to be equal to the inside city limit business license fees. The fee structure includes renewal fees that are lower than the initial fee, which recognizes there is less staff time involved for renewals and recognizes business longevity.

If the City of Lacey implements a \$25 initial business license application fee and a \$10 annual renewal fee, it will still assess the lowest business license fees in the area. This is illustrated in the following table:

<u>City</u>	<u>Fee</u>	<u>Renewal</u>
Lacey (current)	\$ 25.00	\$ -
Lacey (proposed)	\$ 25.00	\$ 10.00
Centralia	\$ 50.00	\$ 50.00
Chehalis	\$ 35.00	\$ 15.00
Lakewood	\$ 60.00	\$ 60.00
Olympia	\$ 80.00	\$ 30.00
Tacoma	\$ 80.00	\$ 80.00
Tumwater	\$ 50.00	\$ 20.00
Yelm	\$ 35.00	\$ 25.00

Staff recommends immediate City Council adoption of the proposed resolution with a January 1, 2015, effective date. This will provide clear City Council direction and allow for adequate time to perform the City's system changes and planning necessary for the implementation of the BLS partnership.

The action requested is approval of the proposed resolution establishing initial business license application fees of \$25 and annual business license renewal fees of \$10.

ADVANTAGES:

1. Implementation of a business license renewal would allow the City to recover its costs associated with administering the renewals and could replace General Fund revenues lost from the proposed small startup business B&O tax exemption.
2. Provides improved equity between business located inside and outside of the city limits.

DISADVANTAGES:

1. Although tax and fee increases are proposed only after careful consideration, the impact to the business and citizens are not easily absorbed during the current economic conditions.

RESOLUTION NO. 1009

CITY OF LACEY

A RESOLUTION OF THE CITY OF LACEY, WASHINGTON,
ESTABLISHING BUSINESS LICENSE FEES OF THE CITY.

WHEREAS, the City of Lacey is committed to policies that best serve the business community to support a vibrant and diverse economy, and

WHEREAS, Lacey Municipal Code (LMC) Chapter 5.12.010 (B) states new business license applications will be accompanied by a fee established by resolution of the City Council, and

WHEREAS, the City Council adopted Resolution No. 536 on December 3, 1982 which established a \$25.00 fee for new business license applications, and

WHEREAS, LMC Chapter 5.12.020 states upon expiration, business licenses will be renewed by the Finance Department upon receipt of a renewal fee in the sum set by resolution of the City Council and that until such fee is established by resolution such fee shall be in the amount of \$25.00, and

WHEREAS, it is advantageous to adopt the business license fees changes in advance of implementation to allow adequate time for City system changes, proper planning for future partnership with the Business Licensing Service of Washington State, and advance notice to the business community,

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, that the new business license application fee shall continue to be \$25.00 and the business license renewal fee shall be \$10.00 effective January 1, 2015.

PASSED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON,
this 24th day of April, 2014.

CITY COUNCIL

Mayor

Attest:

Approved as to form:

City Clerk

City Attorney



LACEY CITY COUNCIL
April 24, 2014

SUBJECT: GRANT APPLICATION for a Washington Wildlife and Recreation Program Project to the Washington State Recreation and Conservation Office

RECOMMENDATION: Obtain Council approval to submit an application for state grant funds to the Washington State Recreation and Conservation Office to develop a trail connection project at Woodland Creek Community Park.

STAFF CONTACT: Scott Spence, City Manager 
Lori Flemm, Director of Parks and Recreation 

ATTACHMENTS: 1. [Resolution](#)
2. [Woodland Creek Community Park Master Plan December 2010](#)

FISCAL NOTE: RCO Grant requires a 50% local match. This project is funded as project PR10NT. City match funding source is Park and Open Space Funds. This phase of work is estimated to be \$100,000, half of the total will come from City funds.

PRIOR REVIEW: The budget authorized \$100,000.00 for this phase of the project, which includes RCO grant and city funds.

BACKGROUND:

The City was awarded an \$188,000 RCO grant on May 6, 2010, with a termination date of April 30, 2014. The grant was matched by a combination of city funds, donations of cash and volunteer labor from the Woodland Trails Greenway Association and Boy Scouts, and volunteer labor from several community volunteers.

The project was constructed in two phases in 2010 and 2012, with the third phase intended to be completed after the construction of the Reclaimed Water Infiltration Facility. Construction conditions were not favorable in the winter and early spring, so the third phase could not be completed by the termination date. A remainder balance of approximately \$43,000 in grant funds was unspent.

However, the City can submit an application for RCO grant funds to complete the project on May 1, 2014, which includes a pedestrian bridge crossing over Woodland Creek. The grant process is competitive, so there is no guarantee that the grant funds will be awarded. The

RCO grant would be awarded in the spring/summer of 2015, so construction would occur in summer/fall of 2015. Grant funds are needed to complete the project.

City staff recommends authorization of this resolution.

ADVANTAGES:

1. Application for and award of grant funds will allow the city to complete this trail project.

DISADVANTAGES:

1. If grant funds are awarded, there will be disruption to the park users during this construction of this project.

RESOLUTION NO. ____

CITY OF LACEY

RESOLUTION RELATING TO THE WOODLAND CREEK COMMUNITY PARK TRAIL CONNECTION DEVELOPMENT PROJECT, AUTHORIZING SUBMITTAL OF AN APPLICATION FOR GRANT FUNDING ASSISTANCE FOR THIS WASHINGTON WILDLIFE AND RECREATION PROGRAM (WWRP) PROJECT TO THE RECREATION AND CONSERVATION OFFICE (RCO) AS PROVIDED IN CHAPTER 79A.15 RCW, ACQUISITION AND DEVELOPMENT OF HABITAT CONSERVATION AND OUTDOOR RECREATION LANDS, WAC 286 AND SUBSEQUENT LEGISLATIVE ACTION.

WHEREAS, the City Council of the City of Lacey, has approved a “Comprehensive Plan for Outdoor Recreation” on July 22, 2010 which describes, in part, the need to further develop Woodland Creek Community Park with trail and other recreational amenities, and to improve riparian habitat along Woodland Creek for wildlife habitat and conservation; and

WHEREAS, the City Council of the City of Lacey, has approved the Master Plan for Woodland Creek Community Park in December of 2010 that includes this trail project; and

WHEREAS, under the provisions of Washington Wildlife and Recreation Program (WWRP), state grant assistance is requested to aid in financing the cost of development of trails in Woodland Creek Community Park; and

WHEREAS, the City Council of the City of Lacey considers it in the best public interest to complete the Woodland Creek Community Park trail project described in this application; NOW THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON as follows:

1. That the City Manager is authorized to make formal application to the Recreation and Conservation Office for grant assistance for the Woodland Creek Community Park Trail Connection Development Project.
2. That any grant assistance received will be used for direct costs associated with implementation of the Woodland Creek Community Park Trail Connection Development Project.
3. That the City Manager be authorized to enter into agreement with the Recreation and Conservation Office for any grant assistance so received.
4. Our organization hereby certifies that our matching share of project funding will be derived from Park and Open Space funds and that we are responsible for supporting all

non-cash commitments to this project should they not materialize. The City's share of the cost of such project will be derived from the budgeted funds of the City, including donations and other sources of grant funding.

5. We acknowledge that the grant assistance, if approved, will be paid on a reimbursement basis, meaning we will only request payment from the Recreation and Conservation Office after eligible and allowable costs have been incurred and payment remitted to our vendors, and that the Recreation and Conservation Office will hold retainage until the project is deemed complete.
6. We acknowledge that any facility developed through grant assistance from the Recreation and Conservation Funding Board must be reasonably maintained and made available to the general public at reasonable hours and times of the year according to the type of area or facility unless other restrictions have been agreed to by the Recreation and Conservation Office Director or the Recreation and Conservation Funding Board.
7. We acknowledge that any facility developed with grant assistance from the Recreation and Conservation Funding Board must be dedicated for public outdoor recreation purposes, and be retained and maintained for such use for perpetuity unless otherwise provided and agreed to by our organization and the Recreation and Conservation Funding Board.
8. That this Resolution becomes part of a formal application to the Recreation and Conservation Office for grant assistance; and
9. That we provided appropriate opportunity for public comment on this application.

ADOPTED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON,
this _____ day of _____, 2014.

CITY COUNCIL

By _____

Andy Ryder, Mayor

Attest:

Approved as to form:

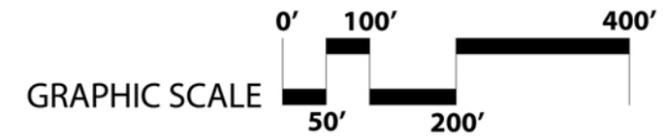
Carol Litten, City Clerk

David Schneider, City Attorney

Woodland Creek Community Park

MASTER PLAN

DECEMBER 2010





LACEY CITY COUNCIL MEETING
April 24, 2014

SUBJECT: **Business and Occupation Tax Small Start-up Business Exemption**

RECOMMENDATION: **Adopt ordinance providing a small business startup business and occupation tax exemption (LMC 3.02.100).**

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

ORIGINATED BY: Troy Woo, Finance Department

ATTACHMENTS: 1. Ordinance No. 1433
2. Summary for Ordinance No. 1433

FISCAL NOTE:

PRIOR REVIEW: Finance and Economic Development Committee on January 27, 2014, and City Council Worksession on April 10, 2014.

BACKGROUND:

After much discussion and research, the Finance and Economic Development Committee recommended three proposals to assist the business community and improve City efficiencies. One of the proposals is the implementation of a small business startup business and occupation (B&O) tax exemption.

The Finance and Economic Development Committee B&O tax discussions have focused on assisting small businesses. The City Manager suggested implementing a B&O tax exemption for small businesses that are just starting up. It has been suggested that a small business would be defined as having business activity of less than \$500,000 annually and be located within the City limits. The exemption would be in effect for the first three consecutive years of operation as long as the business activity remains below \$500,000. The following table illustrates the number of existing businesses that met the proposed criteria during 2012.

<u>Business Activity Level</u>	<u>Number of Taxpayers</u>	<u>Total Tax Paid</u>	<u>Average Tax Paid</u>
Less than \$250,000	524	\$ 108,856.01	\$ 207.74
Less than \$500,000	648	\$ 198,880.81	\$ 306.91

These numbers include currently established small businesses, so the small start-up business impact is expected to be much less significant. It is worth noting that the majority of all inside Lacey B&O taxpayers have business activity levels of less than \$500,000 annually. If similar to the existing tax base, the average start-up business with less than \$500,000 of annual activity would save \$306.91 per year with this proposed exemption.

Implementation of the proposed small business startup tax exemption accomplishes the City Council goal to provide some B&O tax relief and will likely provide some much needed economic development stimulus. The proposed tax exemption will also allow the City of Lacey, the Thurston Economic Development Council, and the Lacey Chamber of Commerce to further promote the City's business friendly approach.

The proposed ordinance includes a housekeeping change related to the B&O Tax Model Ordinance. The change simply removes a repetitive section of the LMC.

Staff recommends immediate City Council adoption of the proposed ordinance with a January 1, 2015, effective date. This will provide clear City Council direction and allow for adequate time to perform the City's system changes and planning necessary for the implementation of the BLS partnership.

The action requested is approval of the proposed ordinance establishing a three-year small business startup B&O tax exemption.

ADVANTAGES:

1. Providing a small startup business B&O tax exemption would provide new small business with some tax relief, provide economic stimulus, and would further promote Lacey's business friendly environment.

DISADVANTAGES:

1. Equity within tax structures is important. Implementation of a small startup business B&O tax exemption could be viewed as a reduction in tax equity.

ORDINANCE NO. 1433

CITY OF LACEY

AN ORDINANCE OF THE CITY OF LACEY, WASHINGTON, RELATING TO BUSINESS AND OCCUPATION TAXES, AMENDING SECTION 3.02.100 OF THE LACEY MUNICIPAL CODE AND APPROVING A SUMMARY FOR PUBLICATION.

WHEREAS, the City Council has previously adopted the City Business and Occupation (B&O) Tax Model Ordinance as required by state law which provisions are contained within Chapters 3.02 and 3.02A of the Lacey Municipal Code and previously amended said provisions, and

WHEREAS, the City Council recognizes the local economic recovery from the most recent recession is slow and small business is a key component of the economy, and

WHEREAS, the City has adopted a business friendly approach to service delivery and the City Council adopted eight visions for the City including “A Vibrant, Diverse Economy”,

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, as follows:

Section 1. Section 3.02.100 of the Lacey Municipal Code is hereby amended to read as follows:

- A. Public Utilities. This chapter shall not apply to any person in respect to a business activity with respect to which tax liability is specifically imposed under the provisions of Chapter 3.01 LMC.
- B. Investments--Dividends from Subsidiary Corporations. This chapter shall not apply to amounts derived by persons, other than those engaging in banking, loan, security, or other financial businesses, from investments or the use of money as such, and also amounts derived as dividends by a parent from its subsidiary corporations.
- C. Insurance Business. This chapter shall not apply to amounts received by any person who is an insurer or their appointed insurance producer upon which a tax based on gross premiums is paid to the state pursuant to RCW 48.14.020; and provided further, that the provisions of this subsection shall not exempt any bonding company from tax with respect to gross income derived from the completion of any contract as to which it is a surety, or as to any liability as successor to the liability of the defaulting contractor.

D. Employees.

1. This chapter shall not apply to any person in respect to the person's employment in the capacity as an employee or servant as distinguished from that of an independent contractor. For the purposes of this subsection, the definition of employee shall include those persons that are defined as such in the Internal Revenue Code, as hereafter amended.

2. A booth renter, as defined by RCW 18.16.020, is an independent contractor for purposes of this chapter.

E. Amounts Derived from Sale of Real Estate. This chapter shall not apply to gross proceeds derived from the sale of real estate. This, however, shall not be construed to allow an exemption of amounts received as commissions from the sale of real estate, nor as fees, handling charges, discounts, interest or similar financial charges resulting from, or relating to, real estate transactions. This chapter shall also not apply to amounts received for the rental of real estate if the rental income is derived from a contract to rent for a continuous period of thirty days or longer.

F. Mortgage Brokers' Third-Party Provider Services Trust Accounts. This chapter shall not apply to amounts received from trust accounts to mortgage brokers for the payment of third-party costs if the accounts are operated in a manner consistent with RCW 19.146.050 and any rules adopted by the director of financial institutions.

G. Amounts Derived from Manufacturing, Selling or Distributing Motor Vehicle Fuel. This chapter shall not apply to the manufacturing, selling, or distributing of motor vehicle fuel, as the term "motor vehicle fuel" is defined in RCW 82.36.010 and exempt under RCW 82.36.440; provided, that any fuel not subjected to the state fuel excise tax, or any other applicable deduction or exemption, will be taxable under this chapter.

H. Amounts Derived from Liquor, and the Sale or Distribution of Liquor. This chapter shall not apply to liquor as defined in RCW 66.04.010 and exempt in RCW 66.08.120.

I. Casual and Isolated Sales. This chapter shall not apply to the gross proceeds derived from casual or isolated sales, unless said sale would rise to the minimum amount of gross income pursuant to LMC 3.02.050.

J. Accommodation Sales. This chapter shall not apply to sales for resale by persons regularly engaged in the business of making retail sales of the type of property so sold to other persons similarly engaged in the business of selling such property, where:

1. The amount paid by the buyer does not exceed the amount paid by the seller to the vendor in the acquisition of the article; and
2. The sale is made as an accommodation to the buyer to enable the buyer to fill a bona fide existing order of a customer or is made within fourteen days to reimburse in kind a previous accommodation sale by the buyer to the seller.

K. Taxes Collected as Trust Funds. This chapter shall not apply to amounts collected by the taxpayer from third parties to satisfy third party obligations to pay taxes such as the retail sales tax, use tax, and admission tax.

L. Nonprofit Corporations or Nonprofit Organizations. This chapter shall not apply to nonprofit organizations exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, as hereafter amended, except with respect to retail sales of such persons.

M. Small Business Startup. This chapter shall not apply to any person whose gross proceeds of sales, gross income of the business, and value of products, including by-products, as the case may be, from all activities conducted within the city is equal to or less than \$500,000 annually and the person has conducted business within the city for a period of less than three years and has not previously conducted business within the city.

Section 2. This ordinance shall take effect on January 1, 2015.

Section 3. The Summary attached hereto is hereby approved for publication.

PASSED BY THE CITY COUNCIL OF THE CITY OF LACEY,
WASHINGTON, at a regularly-called meeting thereof, held this 24th day of April,
2014.

CITY COUNCIL

By: _____
Mayor

Approved as to form:

City Attorney

Attest:

City Clerk

SUMMARY FOR PUBLICATION

ORDINANCE NO. 1433

CITY OF LACEY

The City Council of the City of Lacey, Washington, passed on April 24, 2014, Ordinance No. 1433, entitled "AN ORDINANCE OF THE CITY OF LACEY, WASHINGTON, RELATING TO BUSINESS AND OCCUPATION TAXES, AMENDING SECTION 3.02.100 OF THE LACEY MUNICIPAL CODE AND APPROVING A SUMMARY FOR PUBLICATION."

The main points of the Ordinance are described as follows:

1. The Ordinance amends Lacey Municipal Code Section 3.02.100 to include a Small Startup Business exemption and amends paragraph L.
2. Sets an effective date of January 1, 2015
3. The Ordinance approves this Summary for publication.

A copy of the full text of this Ordinance will be mailed without charge to any person requesting the same from the City of Lacey.

Published: April 28, 2014.



LACEY CITY COUNCIL
April 24, 2014

SUBJECT: Citywide Intersection ITS (Intelligent Transportation System) Safety Improvement Project

RECOMMENDATION: Award Lacey Contract Number PW 2012-17 to the low bidder VECA Electric & Technologies from Seattle, WA, in the amount of \$304,725.00.

STAFF CONTACT: Scott Spence, City Manager *SS*
Scott Egger, Director of Public Works *SE*
Roger Schoessel, City Engineer *RAS*
Martin Hoppe, Transportation Manager *MH*
Pat McGuin, Transportation Engineer *PM*

ATTACHMENTS: 1. [Bid Summary Sheet](#)
2. [Vicinity Map](#)

FISCAL NOTE: This project is funded by project ST12SC. Funding comes from a plethora of sources including CMAQ grant, HSIP Grant, Thurston County, and Arterial Street Funds.

PRIOR REVIEW: The budget authorized \$1,774,243.00 for this phase of the project.

BACKGROUND:

This contract provides for the installation of the newly acquired traffic signal controllers and cabinets. The project also includes audible pedestrian signals (APS) to each installation. This is the first phase of a multi-phase project that will replace 24 of City's 39 traffic signals and 4 Thurston County traffic signals. The remaining traffic signals are planned for next construction season. WSDOT elected to replace their signals as a separate project. This work will affect the traveling public, as each signal will be disabled during the conversion. These conversions will be completed at night

The project was advertised for three weeks and bids were opened April 10, 2014. Seven bids were received. The bids ranged from a low of \$304,725.00 to a high of \$459,638.00. VECA Electric & Technologies from Seattle, Washington, is the low bidder at \$304,725.00. The Engineer's Estimate is \$426,740.00. A Bid Summary Sheet is attached.

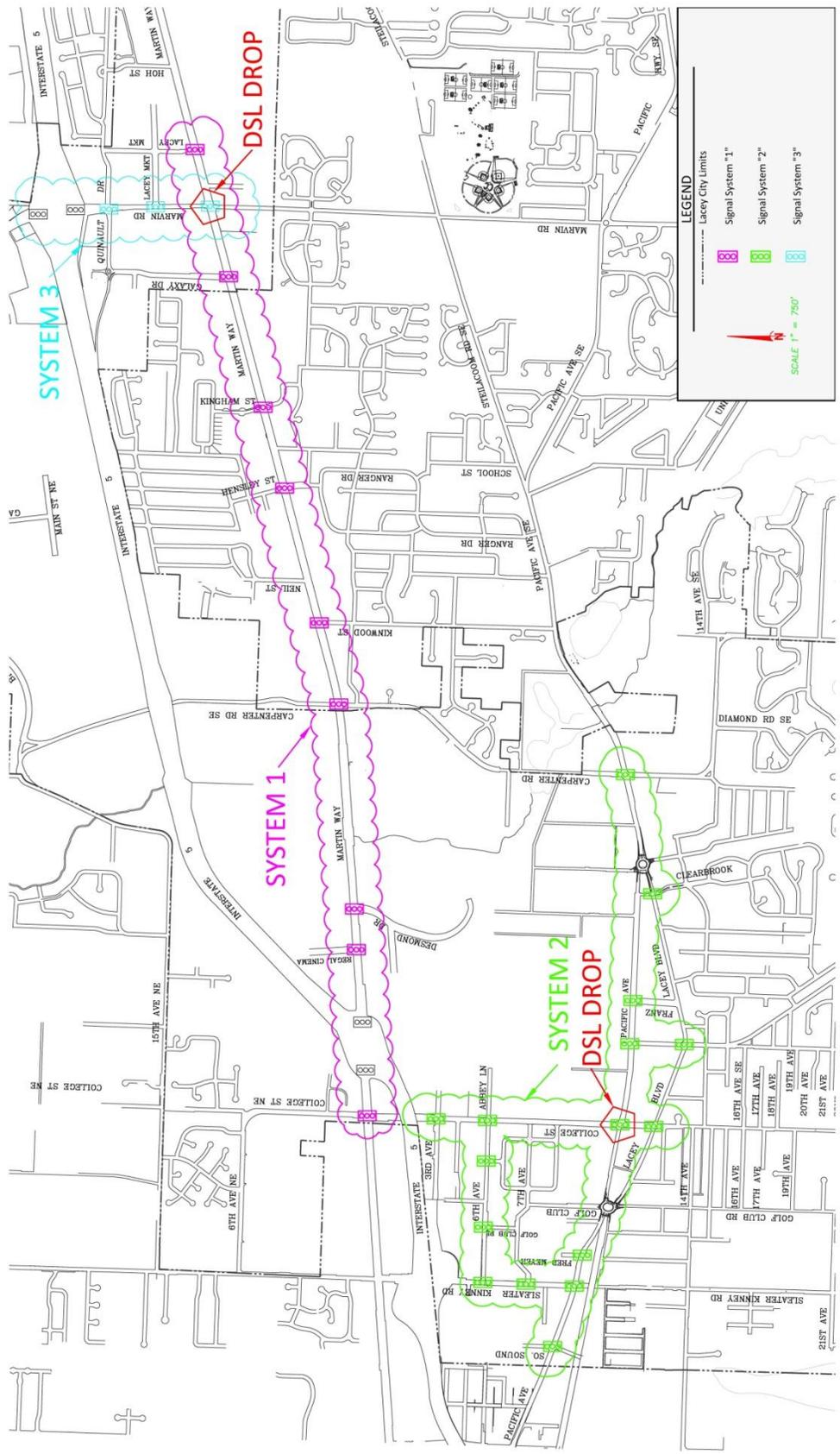
Both Thurston County and the State Highways and Local Programs have authorized approval of this contract. Start date is anticipated to be around late May and there are 45 working days allotted.

ADVANTAGES:

1. This project will improve the efficiency and operation of the traffic signals.

DISADVANTAGES:

1. There will be disruption to the traveling public during this project. The majority of the disruption will be in the evenings.





LACEY CITY COUNCIL MEETING
April 24, 2014

SUBJECT: ILA with Thurston County for Hicks Lake Monitoring

RECOMMENDATION: Authorize City Manager to sign the ILA

STAFF CONTACT: Scott Spence, City Manager *SS*
Scott Egger, Public Works Director *SE*
Peter Brooks, Water Resources Manager
Julie Rector, Water Quality Analyst

ORIGINATED BY: Public Works Department

ATTACHMENTS: 1. [ILA to Perform Governmental Activities Between Thurston County and City of Lacey](#)

FISCAL NOTE: \$7,000.00 will be expended from account 403-4201-538.49-43, Stormwater utility funds

PRIOR REVIEW: Utilities Committee April 11, 2014
The Council approved the 2014 budget, which includes Regional Monitoring as an expenditure from the Stormwater Utility.

BACKGROUND:

Hicks Lake is entirely within Lacey and Water Resources receives questions from residents about water quality in the lake. Information used to answer these questions has come from Thurston County, which has been monitoring the lake since 1994 as part of their Ambient Monitoring program that was jointly funded through Interlocal monitoring agreements with the cities of Lacey, Olympia Tumwater. Due to budget constraints, Thurston County discontinued monitoring at Hicks Lake, and a number of other sites, in the most recent Interlocal monitoring agreement.

As a result, Lacey has been funding monitoring at Hicks Lake through separate agreements to preserve the continuity of the program and comparability of data collected by Thurston County at other area lakes. The overall reduction in cost for the Interlocal monitoring program covers the expense of picking up the funding gap for Hicks Lake.

At its April 11, 2014, meeting, the Utilities Committee recommended full City Council approval of the Interlocal Agreement with Thurston County for Hicks Lake Monitoring.

ADVANTAGES:

1. Continue long-term water quality monitoring in Hicks Lake for the benefit of Lacey residents and lake users. It is more cost effective to contract this work to Thurston County than to expend the capital costs needed for specialized monitoring equipment and laboratory contracts.

DISADVANTAGES:

1. None.

CONTRACT TO PERFORM GOVERNMENTAL ACTIVITIES

**Between
THURSTON COUNTY
And
CITY OF LACEY**

THIS CONTRACT is entered into in duplicate originals between THURSTON COUNTY, hereinafter "COUNTY," and CITY OF LACEY, hereinafter "CITY".

WHEREAS, it is to the mutual advantage of the COUNTY and the CITY to cooperate in collection of water quality data on Hicks Lake, as described herein, in order to make the most efficient use of their powers to provide services and facilities needed by the citizens residing within their respective jurisdictions; and

WHEREAS, RCW 39.34.080 authorizes a public agency to contract with another public agency to perform any governmental activity that each public agency is authorized by law to perform, provided that such contract shall be authorized by the governing body of each party to the contract;

NOW, THEREFORE, in consideration of the mutual promises and covenants recited herein, it is mutually agreed by the parties as follows:

I. PURPOSE

The purpose of this Contract is to collect water quality data in Hicks Lake and report to the CITY to aid the CITY in making appropriate management decisions about the lake and programs that may have an influence on the lake.

II. SERVICES

The services to be performed under this Contract by the COUNTY are shown in Exhibit A, attached and incorporated by reference herein. The CITY expressly authorizes the COUNTY to perform monthly collection of water quality samples and associated services beginning May 1, 2014 and to submit an invoice to the CITY for those services after the effective date of the Contract.

III. DURATION

The effective date of this Contract shall commence after the approval by the governing body of each party and following the filing of this Contract as required by RCW 39.34.040 by either filing with the Thurston County Auditor's office or listed by subject on either party's website or other electronically retrievable public source. This contract shall terminate on December 31, 2015.

IV. PAYMENT

Maximum payment for the period covered by this Agreement shall not exceed Seven Thousand Dollars (\$7,000.00) as detailed in the estimated project costs shown in Exhibit A, attached and incorporated by reference herein. The CITY agrees to reimburse the COUNTY for all actual direct and related indirect costs related to the services provided herein. The CITY shall pay the COUNTY for performance of this Contract within thirty (30) days of receipt of an invoice from the COUNTY. The COUNTY shall not bill more frequently than monthly.

V. ADMINISTRATION

The following individuals are designated as representatives of the respective parties. The representatives shall be responsible for administration of this Contract and for coordinating and monitoring performance under this Contract. In the event such representatives are changed, the party making the change shall notify the other party.

COUNTY's representative shall be:

Susan Davis, Thurston County Environmental Health Division,
2000 Lakeridge Drive SW, Olympia, WA 98502

Phone: (360) 867-2643

E-mail: daviss@co.thurston.wa.us

CITY's representative shall be:

Julie Rector

420 College St. SE

Lacey, WA 98503

Phone: (360) 493-2410

Email: jrector@ci.lacey.wa.us

Wherever written notice is required under this Contract, such notice shall be provided to the representatives designated above.

VI. RELATIONSHIP OF THE PARTIES

The employees or agents of each party who are engaged in the performance of this Contract shall continue to be employees or agents of that party and shall not be considered for any purpose to be employees or agents of the other party. This Contract is for the benefit of the parties, and no third party beneficiary relationship is intended. No separate legal entity is created by this Contract. No joint organization is created. No common budget is to be established. No personal or real property is to be jointly acquired or held.

VII. INDEMNIFICATION AND HOLD HARMLESS

Each party agrees to indemnify and hold harmless the other party, its elected and appointed officers, employees, and agents from and against any and all claims, demands, and/or causes of action of any kind or nature, including but not limited to attorneys fees and costs, arising from the action and/or inactions of either party, its elected and appointed officers, employees, and agents in conjunction with this Contract. In the event of concurrent negligence of the parties, each party's obligations hereunder shall apply only to the extent of fault attributable to that party, its elected and appointed officers, employees, and agents. It is further provided that no liability shall attach to the County by reason of entering into this Contract except as expressly provided herein.

VIII. TERMINATION

Either party may terminate this Contract upon thirty (30) days prior written notice to the other party. If this Contract is so terminated, the parties shall be liable only for performance rendered or costs incurred in accordance with the terms of this Contract prior to the effective date of termination. The indemnification and hold harmless

provisions of this Contract shall survive the expiration or termination of the Contract and completion of the services.

IX. CHANGES, MODIFICATIONS, AND AMENDMENTS

Any modification of this Agreement shall be in writing and shall be signed by both parties. The Representatives designated in Section V are authorized to approve written modifications to the Scope of Work (Exhibit A) that do not involve any change to the compensation set forth in Section IV of this Agreement. Any other modification of this Agreement must be approved by the governing bodies of both parties.

X. GOVERNANCE

This Contract is entered into pursuant to and under the authority granted by the laws of the State of Washington. The provisions of this Contract shall be construed to conform to those laws. Any action at law, suit in equity, or judicial proceeding arising out of this Contract shall be instituted and maintained only in a court of competent jurisdiction in Thurston County, Washington.

XI. SEVERABILITY

If any provision of this Contract or any provision of any document incorporated by reference shall be held invalid, such invalidity shall not affect the other provisions of this Contract which can be given effect without the invalid provision, if such remainder conforms to the requirements of applicable law and the fundamental purpose of this Contract, and to this end the provisions of this Contract are declared to be severable.

XII. WAIVER

A failure by either party to exercise its rights under this Contract shall not preclude that party from subsequent exercise of such rights and shall not constitute a waiver of any other rights under this Contract unless stated to be such in a writing signed by an authorized representative of the party.

XIII. ENTIRE CONTRACT

This Contract contains all the terms and conditions agreed upon by the parties. No other understandings, oral or otherwise, regarding the subject matter of this Contract shall be deemed to exist or to bind any of the parties hereto.

IN WITNESS WHEREOF, the parties have caused this Contract to be executed this ____ day of _____, 20__.

City of Lacey

Board of County Commissioners
Thurston County

Scott Spence
City Manager

Chair

Vice-Chair

Approved as to Form:

Dave Schneider
City Attorney

Commissioner

ATTEST:

Clerk of the Board

Approved as to Form:
Jon Tunheim
Prosecuting Attorney

Deputy Prosecuting Attorney

EXHIBIT A
CONTRACT TO PERFORM GOVERNMENTAL ACTIVITIES BETWEEN
THURSTON COUNTY AND CITY OF LACEY

SCOPE OF WORK
HICKS LAKE WATER QUALITY MONITORING
May 1, 2014 – December 31, 2015

The purpose of this contract is to conduct water quality monitoring on Hicks Lake. The sampling will be consistent with previous Hicks Lake data collection and with the current ambient lake sampling being conducted on other lakes in Thurston County.

The lake will be sampled monthly May through October at one location in the deepest area of the lake.

Field parameters (temperature, dissolved oxygen, pH, and specific conductance) will be measured at one-meter increments from the surface to the bottom.

Total phosphorus and total nitrogen samples will be collected at two depths, near surface and near bottom.

Water clarity will be measured using a standard size secchi disk.

Chlorophyll-a and algae identification samples will be collected from the upper zone of the lake (epilimnion or photic zone)

The data will be maintained in a Microsoft Access® database and in Excel® spreadsheets. An annual summary of the data will be prepared and submitted to City of Lacey Water Resources staff.

Staff Costs – 48 hours <ul style="list-style-type: none">• Field time – 18 hours• Data management – 12 hours• Report Preparation – 16 hours• Project Admin – 6 hours	<i>\$4300</i>
Laboratory Costs	<i>\$1300</i>
Algae Identification	<i>\$ 900</i>
Sample Shipping	<i>\$ 150</i>
Supplies	<i>\$ 200</i>
Equipment ER&R	<i>\$ 150</i>
<i>Total Costs</i>	<i>\$7000</i>



LACEY CITY COUNCIL MEETING
April 24, 2014

SUBJECT: City Council Approval of City Expenditures

RECOMMENDATION: New Routine City Council Consent Agenda Item

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

ORIGINATED BY: Troy Woo, Finance Department

ATTACHMENTS:

1. [Proposed Motion for Disbursement Approval](#)
2. [BARS Manual Voucher Certification and Approval Section](#)
3. [RCW 42.24.180](#)

FISCAL NOTE:

PRIOR REVIEW: The Finance and Economic Development Committee reviewed the proposed process at its April 2, 2014, meeting and recommended approval by the full City Council.

BACKGROUND:

During the Washington State Auditor's Office 2012 annual audit of the City of Lacey, it was communicated as an audit exit item that the City of Lacey City Council was not approving payment of City claims as required. An audit exit item is the lowest level of auditor communication. Exit items are not mentioned in the audit report and are considered suggested changes or improvements. The City Council and City of Lacey management has a strong history of audit performance and implementation of State Auditor guidance, so staff is recommending changes to the City's accounts payable approval process.

The State Auditor's Office references Part 3, Chapter 3, Section 4 of the Budgeting, Accounting and Reporting System ("BARS") Manual. This section of the BARS Manual is attached for your reference. The guidance states that employee certifications of claims against the City do not relieve the governing body of its responsibility and liability for each

voucher approved. The BARS manual guidance references RCW 42.24.180. The full text of the RCW is attached. Section 3 of the statute states:

The legislative body shall provide for its review of the documentation supporting claims paid and for its approval of all checks or warrants issued in payment of claims at its next regularly scheduled public meeting or, for cities and towns, at a regularly scheduled public meeting within one month of issuance;

The suggested format of the consent agenda item comes directly from the State Auditor's Office BARS Manual. To indicate the City Council's approval of claims, the BARS Manual suggests the following format be entered in the Council meeting minutes.

The following voucher/warrants are approved for payment:

(Funds)	Total
Voucher (warrant) numbers: _____ through _____	\$ _____
Payroll warrant/transaction numbers: _____ through _____	\$ _____

It is staff's position that the same format could be used for a motion under the consent agenda to satisfy the City Council's responsibility to approve claims against the City. It has been the City's long-term practice for the City Manager and Finance Director to approve claims against the City using the City Council adopted procurement policy and authorized expenditures through the adopted budget appropriations at the fund level.

The City Council adopted Resolution No. 624 on February 25, 1988, which authorized the procurement policy. The procurement policy is designed to ensure proper disbursements and provide effective internal controls. As customary, the City Council established the policy for procurement procedures and City staff administers and enforces the policy. City staff has developed procedures that include numerous levels of review within the accounts payable process, so a detailed review City Council shouldn't be necessary as long as the City Council still supports the adopted procurement policies.

The 26-year old procurement policy is scheduled to be reviewed, updated, and presented for City Council approval during the first half of 2014.

Each year the City Council authorizes expenditure levels through the budget adoption process. City Council authorizes the budget at the fund level. The City Manager and staff incur claims within the limits of the authorized budget according to policy to provide the level of service and goals and priorities established by the City Council. The adopted budget, like the procurement policy, provides another level of City Council oversight and guidance for expenditures.

Staff recommends the procedure of issuing weekly checks continue without prior City Council approval. The efficiency of the current practice has served the City well. This will maintain good vendor relations by making timely payments for goods and services. Also, the timing of City Council meetings and the requirements to pay employees in a timely manner do not lend itself to Council approval of payroll processing prior to issuing payment. Otherwise, accounts payable checks and payroll payments could be delayed two weeks or more.

City Council approval of payments following the issuance of payment does not diminish the City Council's authority to approve payments. If the City Council disapproves of a claim after the claim has been paid, city staff would be required to pursue collection of the disapproved payment. RCW 42.24.180(4) states:

The legislative body shall require that if, upon review, it disapproves some claims, the auditing officer and the officer designated to sign the checks or warrants shall jointly cause the disapproved claims to be recognized as receivables of the taxing district and to pursue collection diligently until the amounts disapproved are collected or until the legislative body is satisfied and approves the claims.

Staff recommends continuing the procedure of issuing weekly checks and monthly payroll payments without prior City Council approval and that the City Council affirm the expenditures at the next scheduled Council meeting through a motion as part of the consent agenda. The City Council always has the option of removing the item from the consent agenda if it feels further discussion is necessary. The suggested motion is attached. For the first proposed disbursement approvals, it is suggested that the City Council consider the expenditures from March 21, 2014, through April 4, 2014, as a motion under the City Manager's report portion of the April 24 Council Meeting. All future disbursement approval motions can be considered as part of the consent agenda.

If the City Council adopts the proposed process, staff would recommend adoption of an ordinance amending LMC 2.16.030 at a future Council meeting. The amendment would change the LMC to allow the Finance Director upon approval of the City Manager to issue payments prior to City Council approval. Staff has operated under the express authority of the City Council to issue payments prior to receiving Council approval. Codifying the authority to issue payments will strengthen the City's policies and procedures.

At its April 2, 2014, meeting, the Finance and Economic Development Committee recommended full City Council adoption of the proposed process for the City Council's approval of expenditures.

ADVANTAGES:

1. Compliance with State Auditor's Office guidance.

2. City Council approval of check claims at meetings following the processing of payments maintains good vendor relations and administrative efficiencies.
3. Further promotes the City of Lacey open and transparent approach to providing governmental services.

DISADVANTAGES:

1. None identified.



LACEY CITY COUNCIL MEETING
April 24, 2014

SUBJECT: Disbursement Approval

RECOMMENDATION: By motion, approve payment of claims, wages, and transfers.

STAFF CONTACT: Troy Woo, Finance Director

ORIGINATED BY: Troy Woo, Finance Department

ATTACHMENTS:

FISCAL NOTE:

PRIOR REVIEW:

BACKGROUND:

The action requested of the City Council is by motion approve payment of claims, wages and transfers for March 21, 2014 through April 4, 2014. The disbursements consist of the following:

Checks:	<u>Week of</u>	<u>Beg. Check No.</u>	<u>End. Check No.</u>	<u>Amount</u>
	3/21/2014	208149	208239	1,017,031.18
	3/28/2014	208240	208357	195,525.21
	*3/28/2014	208358	208360	4,987.58
	3/28/2014	208361	208361	2,514.92
	4/4/2014	208362	208465	1,047,500.79

Electronic Transfers:	<u>Week of</u>	<u>Amount</u>
	3/21/2014	27,518.44
	3/28/2014	47,788.23
	*3/31/2014	1,086,947.11
	3/31/2014	26,797.38
	4/4/2014	82,486.17

Payroll:	<u>Month Ended:</u>	<u>Wages</u>
	3/31/2014	1,107,585.62

* Disbursements for employee benefits and employee out-of-pocket deductions.

3. ACCOUNTING

3.8 Expenditures

3.8.5 Voucher Certification and Approval¹

3.8.5.10 All claims against a municipality must be preaudited by the auditing officer of the municipality or his/her delegate. In addition, all claims must be certified by the auditing officer. This certification may be made on each individual claim voucher or, subject to the acceptance and approval of the municipal legislative body, a blanket voucher certification may be used so long as it indicates the particular vouchers so certified. The use of a blanket certification in no way relieves the auditing officer of his/her responsibility and liability for each individual voucher so certified. The certification is required regardless how the transaction is processed (i.e., through warrants, checks, EFTs, etc.). The certification must be signed and dated by the auditing officer or his/her delegate. For all claims, except expense reimbursement claims certified by officers or employees (see [Employee Travel](#)), the certification must include the following language:

I, the undersigned, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered or the labor performed as described herein, that any advance payment is due and payable pursuant to a contract or is available as an option for full or partial fulfillment of a contractual obligation, and that the claim is a just, due and unpaid obligation against the (city/county/district), and that I am authorized to authenticate and certify to said claim.

3.8.5.20 The auditing officer’s certification for employee/officer expense reimbursement claims must include the following language:

I, the undersigned, do hereby certify under penalty of perjury that the claim is a just, due and unpaid obligation against the (city/county/district), and that I am authorized to certify to said claim.

3.8.5.30 The certification by the auditing officer in no manner relieves members of the governing body from the responsibility and liability for each voucher approved. It is the governing body’s responsibility to ensure that the system of auditing and certifying vouchers is operating in a manner to provide the greatest possible protection for the governing body members and the municipality.

3.8.5.40 To indicate governing body approval for payment of claim vouchers and payroll, the following should be entered in the minutes:

The following voucher/warrants are approved for payment:

(Funds) **Total**
Voucher (warrant)
numbers: _____ **through** _____ **\$** _____

Payroll warrant/transaction
numbers: _____ **through** _____ **\$** _____

¹ Chapter [42.24](#) RCW

3.8.5.50 If the legislative body authorizes the procedure, cities, counties and districts may issue warrants before the legislative body approves claims. To do this the municipality must enact the following policies and procedures (required in Chapter [42.24](#) RCW):

1. The auditing officer and the officer designated to sign the checks or warrants must have an official bond. The amount should be determined by the legislative body but cannot be less than fifty thousand dollars (RCW [42.24.180](#));
2. The legislative body should adopt contracting, hiring, purchasing, and disbursing policies that implement effective internal control;
3. The legislative body must review and approve the claims paid at its next regularly scheduled public meeting, or for cities and towns, at a regularly scheduled public meeting within one month from issuance; and
4. If the legislative body disapproves some claims, the auditing officer and the officer designated to sign the checks or warrants must recognize these claims as receivables of the taxing district and pursue collection diligently until the amounts are either collected or the legislative body is satisfied and approves the claims.

3.8.5.60 The legislative body may stipulate that certain kinds or amounts of claims should not be paid before the board has reviewed the supporting documentation and approved the issue of checks or warrants in payment of those claims.

3.8.5.70 The original copy of all vouchers should be filed in the office of the auditing officer of the municipality. The detailed accounts to which the expenditures are to be posted must be clearly designated. Supporting documentation must be retained and either attached to the vouchers or canceled by the auditing officer to prevent reuse. See [Original Supporting Documentation](#) for information regarding original supporting documentation.

3.8.5.80 Districts that do not issue their own warrants should send either original vouchers or other supporting documentation (e.g., listing of approved vouchers, etc.) to the county auditor.

RCW 42.24.180***Taxing district — Issuance of warrants or checks before approval by legislative body — Conditions.**

In order to expedite the payment of claims, the legislative body of any *taxing district, as defined in RCW 43.09.260, may authorize the issuance of warrants or checks in payment of claims after the provisions of this chapter have been met and after the officer designated by statute, or, in the absence of statute, an appropriate charter provision, ordinance, or resolution of the *taxing district, has signed the checks or warrants, but before the legislative body has acted to approve the claims. The legislative body may stipulate that certain kinds or amounts of claims shall not be paid before the board has reviewed the supporting documentation and approved the issue of checks or warrants in payment of those claims. However, all of the following conditions shall be met before the payment:

- (1) The auditing officer and the officer designated to sign the checks or warrants shall each be required to furnish an official bond for the faithful discharge of his or her duties in an amount determined by the legislative body but not less than fifty thousand dollars;
- (2) The legislative body shall adopt contracting, hiring, purchasing, and disbursing policies that implement effective internal control;
- (3) The legislative body shall provide for its review of the documentation supporting claims paid and for its approval of all checks or warrants issued in payment of claims at its next regularly scheduled public meeting or, for cities and towns, at a regularly scheduled public meeting within one month of issuance; and
- (4) The legislative body shall require that if, upon review, it disapproves some claims, the auditing officer and the officer designated to sign the checks or warrants shall jointly cause the disapproved claims to be recognized as receivables of the *taxing district and to pursue collection diligently until the amounts disapproved are collected or until the legislative body is satisfied and approves the claims.

[1994 c 273 § 18; 1984 c 128 § 11.]

Notes:

***Reviser's note:** "Taxing district" redesignated "local government" by 1995 c 301 § 15.

FINANCE & ECONOMIC DEVELOPMENT COMMITTEE

APRIL 2, 2014

8:00 – 8:50 A.M.

COUNCIL PRESENT: Jason Hearn, Lenny Greenstein

COUNCIL EXCUSED: Andy Ryder

STAFF PRESENT: Scott Spence, Troy Woo, Scott Egger, Carol Litten

COUNCILMEMBER GREENSTEIN MOVED TO APPROVE THE AGENDA. COUNCILMEMBER HEARN SECONDED. MOTION CARRIED.

ENCUMBRANCE CARRYOVER BUDGET AMENDMENTS

Troy Woo, Finance Director, stated it is necessary to carryover previously approved budget appropriations into the next year for projects and purchases not completed in the following year. This amendment is 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. When 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. The outstanding purchase order carryover requests are limited to significant (over \$2,500) unfilled material, equipment, and supply orders. Capital project carryover requests do not have a dollar threshold. The funds requesting the carryovers must have adequate fund balance before the requests can be granted.

COUNCILMEMBER GREENSTEIN MOVED TO FORWARD TO FULL COUNCIL ADOPTION OF AN ENCUMBRANCE CARRYOVER AMENDMENT. COUNCILMEMBER HEARN SECONDED. MOTION CARRIED.

CITY COUNCIL CLAIMS REVIEW DISCUSSION

Troy Woo, Finance Director, presented the committee with a proposal to change the City's accounts payable approval process.

Troy reported during the Washington State Auditor's Office 2012 annual audit of the City of Lacey, it was noted that the Lacey City Council was not approving payment of City claims as required. The City Council and City of Lacey management has a strong

history of audit performance and implementation of State Auditor guidance, so staff is recommending changes to the City's accounts payable approval process.

Guidance from the BARS manual states that employee certifications of claims against the City do not relieve the governing body of its responsibility and liability for each voucher approved. To indicate the City Council's approval of claims, the BARS Manual suggests the following format be entered in the Council meeting minutes.

The following voucher/warrants are approved for payment:

<i>(Funds)</i>	<i>Total</i>
<i>Voucher (warrant)</i> <i>numbers: _____ through _____</i>	<i>\$ _____</i>
<i>Payroll warrant/transaction</i> <i>numbers: _____ through _____</i>	<i>\$ _____</i>

It is staff's position that the same format could be used for a motion under the consent agenda to satisfy the City Council's responsibility to approve claims against the City. It has been the City's long-term practice for the City Manager and Finance Director to approve claims against the City using the City Council adopted procurement policy and authorized expenditures through the adopted budget appropriations at the fund level.

The City Council adopted Resolution No. 624 on February 25, 1988, which authorized the procurement policy. The procurement policy is designed to ensure proper disbursements and provide effective internal controls. As customary, the City Council established the policy for procurement procedures and City staff administers and enforces the policy. City staff has developed procedures that include numerous levels of review within the accounts payable process, so a detailed review City Council shouldn't be necessary as long as the City Council still supports the adopted procurement policies.

Each year the City Council authorizes expenditure levels through the budget adoption process. City Council authorizes the budget at the fund level. The City Manager and staff incur claims within the limits of the authorized budget according to policy to provide the level of service and goals and priorities established by the City Council. The adopted budget, like the procurement policy, provides another level of City Council oversight and guidance for expenditures.

Staff recommends the procedure of issuing weekly checks continue without prior City Council approval. This will maintain good vendor relations by making timely payments for goods and services. Also, the timing of City Council meetings and the requirements to pay employees in a timely manner do not lend itself to Council approval of payroll processing prior to issuing payment. Otherwise, accounts payable checks and payroll payments could be delayed two weeks or more.

City Council approval of payments following the issuance of payment does not diminish the City Council's authority to approve payments. If the City Council disapproves of a claim after the claim has been paid, city staff would be required to pursue collection of the disapproved payment.

The purpose of this discussion is to inform the committee about changes to the City's payment process and to alert the committee about additional consent agenda items. Staff would like direction on whether to move the proposal to a worksession for further discussion, or to move it forward to an upcoming Council meeting as a consent agenda item.

COUNCILMEMBER GREENSTEIN MOVED TO FORWARD TO FULL COUNCIL A REVIEW OF CLAIMS ON THE CONSENT AGENDA. COUNCILMEMBER HEARN SECONDED. MOTION CARRIED.

The committee suggested that staff provide a brief explanation of the process during the first time.

LOCAL GOVERNMENT INVESTMENT POOL (LGIP)

Troy Woo, Finance Director, requested committee review of a proposed Local Government Investment Policy (LGIP) resolution for recommendation of adoption to full Council.

The City of Lacey has invested funds in the Local Government Investment Pool (LGIP) since it began in 1986. The LGIP is administered by the State Treasurer's Office. The investment objectives of the LGIP are the same as the City's investment objectives and the City can take advantage of the economies of scale from a large pooled investment portfolio. Since it started, over 500 local governments have used the LGIP including all 39 counties, all cities over 10,000 population, 234 cities and towns, and 160 special taxing districts. The LGIP has recently created a prospectus for distribution. As a result of the new prospectus, the resolution authorizing investment in the LGIP has been updated.

The City Council adopted the original authorizing resolution in June 1986. Despite the long period between updates there are not many changes or updates. The significant changes include the following:

- New requirement that the governing body and appointed designees with the authority to contribute or withdraw funds have received and read a copy of the prospectus. A copy of the most recent prospectus is attached, so the committee can fulfill that requirement.

- Designates by name and title, the Finance Director, as the authorized individual to authorize all amendments, changes, or alterations to the LGIP Transaction Authorization Form or any other documentation including the designation of other individuals to make contribution and withdrawals on behalf of the governing entity.

Staff recommends the adoption of the resolution to continue participation in the LGIP. The LGIP is an important component of the City's investment portfolio. According to the City's investment policy, the LGIP is the only investment option that the entire City's portfolio may be invested. Other security types and financial institutions are limited to 50 percent of the total investment portfolio. The LGIP also provides an option to satisfy the City's investment policy that 15 percent of the investment portfolio is invested in overnight instruments which can be sold to raise cash in one day's notice. The LGIP has and continues to provide a safe and liquid investment option.

COUNCILMEMBER GREENSTEIN MOVED TO FORWARD TO FULL COUNCIL ADOPTION OF A RESOLUTION TO CONTINUE THE CITY'S PARTICIPATION IN THE LOCAL GOVERNMENT INVESTMENT POOL. COUNCILMEMBER HEARN SECONDED. MOTION CARRIED.

COMMUNITY RELATIONS & PUBLIC AFFAIRS COMMITTEE
APRIL 7, 2014
11:00 – 11:23

COUNCIL PRESENT: Chair, Virgil Clarkson, Lenny Greenstein

COUNCIL ABSENT: Michael Steadman

STAFF PRESENT: Troy Woo, Liz Gotelli, Steve Kirkman, Sandy Boyce, Jenny Bauersfeld

COUNCILMEMBER GREENSTEIN MOVED TO APPROVE THE AGENDA. COUNCILMEMBER CLARKSON SECONDED. MOTION CARRIED.

COMMUNITY ANNUAL REPORT

Liz Gotelli, Public Affairs & Human Resources Director, presented the *Report to the Community* to committee members.

The *Report to the Community* is a publication that informs citizens and businesses of the accomplishments that the city has made and how the resources have been invested. The last report was mailed in 2011. Sandy Boyce, Communications Specialist, provided a draft of the new report to the committee members, and highlighted changes, such as the larger format, more pages, and updated pictures and layout. Liz and Sandy mentioned there are still some minor adjustments to be made, but wanted to ensure that the draft is in line with what the committee members want to see as part of the ongoing community outreach efforts.

The total number of households and businesses who will receive the publication is approximately 25,500. It will be mailed to those only within the City of Lacey, not in the UGA. Liz informed the Committee members that the total cost for printing and mailing is approximately \$12,000.

The Committee members approved of the draft *Report to the Community*, and agreed that it is an effective means of informing the public of current city news and events.

Councilmember Greenstein suggested a change to the background on the back page, to make the text easier to read. Additionally, Councilmember Clarkson recommended that the contact numbers on the back page be revised to reflect more relevant information. Staff will follow through on the committee's recommendations.