



FINANCE & ECONOMIC DEVELOPMENT COMMITTEE
TUESDAY, MARCH 28, 2023
8:30 A.M.
REMOTE AND IN PERSON ATTENDANCE

The Finance & Economic Development Committee meeting will be conducted remotely and in person.

The public may attend the meeting in person in the Council Chambers at Lacey City Hall, 420 College SE, Lacey, Washington, or you may view or listen to the meeting by using one of the following platforms:

Live through Zoom: <https://us02web.zoom.us/j/84220507594>

Live or as a recording on YouTube: <https://youtube.com/live/aqK3YHTc5L4>

Listen via telephone: (888) 788-0099 or (877) 853-5247 (Webinar ID: 842 2050 7594)

AGENDA

2023 BUDGET AMENDMENT UPDATE

TROY WOO, DIRECTOR OF FINANCE
(STAFF REPORT)



**FINANCE & ECONOMIC
DEVELOPMENT COMMITTEE**
March 28, 2023

SUBJECT: 2023 Budget Amendments Update

RECOMMENDATION: Review upcoming budget amendments to the 2023 adopted budget.

STAFF CONTACT: Rick Walk, Interim City Manager *RW*
Troy Woo, Finance Director *TW*

ORIGINATED BY: Troy Woo, Finance Department

ATTACHMENTS:

FISCAL NOTE: As outlined in staff report.

**WORK PLAN GOAL
AND STRATEGY:** None

PRIOR REVIEW: None

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 immediately prior to the development of the next year's proposed budget document. It is staff's practice to communicate significant budget amendments leading up to the annual budget amendment process. The annual budget amendment ordinance adoption is scheduled for September.

The following are significant budget amendments that have been identified since the adoption of the 2023 Budget.

Current Expense Fund (General Fund)

- Increases to Professional Services/Civil Service are requested for anticipated promotional assessment centers and newly outsourced police background checks. A total of \$40,000 is requested.
- \$450,000 is requested for the Veterans Services Hub Accessibility project. The project improvements include an elevator, ADA doors, and parking lot improvement design. The project is funded by the Housing and Urban Development (HUD) Economic Development Initiative (EDI) – Community Project Funding Grant.
- A limited-term Department Assistant III has been approved to implement the Public Works asset management software. The estimated annual cost of the position is \$89,194 and will be allocated to the Parks Maintenance, Streets, Water, Wastewater, Stormwater, and Equipment Rental divisions.
- To alleviate recruitment challenges, Parks Maintenance seasonal wages were increased during 2022. The 2023 Budget was not adjusted, so \$73,560 is requested for the wage increase.
- The 2022 Library LED lighting enhancement project was planned as an in-house project. Due to workload capacity challenges, the project will now be outsourced. The original appropriation (\$32,500) was included in the 2022 Carryover Budget Amendment, but an additional \$20,000 will be needed for the outsourcing costs.

Community Building Fund (General Fund)

- The 2022 Virgil Clarkson Senior Center and Community Center LED lighting enhancement project was planned as an in-house project. Due to workload capacity challenges, the project will now be outsourced. The original appropriation (\$69,000) was included in the 2022 Carryover Budget Amendment, but an additional \$32,000 will be needed for the outsourcing costs.

Arterial Street Fund

- To coordinate with developer improvements, \$1,250,000 is requested for Wanschers Park frontage improvements. The improvements will be designed and constructed by the developer and reimbursed by the City. The frontage improvements will be partially funded by the existing Bicycle/Pedestrian Improvements project line (\$350,000) and the remainder will be funded by reserves.

Building Improvement Fund

- \$81,254 is requested for the addition of duress buttons and software licensing related to the City Buildings Access Controls project.

- The City Council authorized an amendment for design services of the new Police Station on December 1, 2022. The contract amendment requires an additional \$181,355.
- In anticipation of the execution of the memorandum of understanding (MOU) with St. Martin's University for land acquisition for the future Police Station, an additional \$2,040,000 is needed within the 2023 Budget. The MOU, which was executed April 13, 2022, assumes an appraised value of \$4,040,000. The 2023 Amended Budget currently includes \$2,000,000 for land acquisition. The final design will determine the exact amount of land acquisition required.

Parks and Open Space Fund

- \$5,229,819 is requested for the development of Greg Cuoio Park Phase 1A. \$5,000,000 is available in a City Council committed reserve. It should be noted that the 90 percent design has not been completed and it should be expected that the project estimate will change.

Regional Athletic Complex Capital Fund

- The Regional Athletic Complex (RAC) parking lot 90 percent design submittal has been received. The total cost estimate is \$500,000 higher than budgeted. City staff is reviewing the submittal and looking to identify project scope and other cost savings.
- Fields 1-4 and the soccer field at the RAC are at the end of the warranty period. Staff is evaluating options to avoid costly repairs and replacements due to a gap of warranty coverage. One option is to contract for the relamping to LED lighting, which will extend the warranty. The cost to upgrade the lighting on these fields is \$60,000.

Water Operations Fund

- Water meters and meter reading transmitting units backordered from 2022 will be received during 2023. The current budget appropriation including the 2022 carryover budget amendment is estimated to be \$66,153 short.
- \$78,535 is requested for the AclaraONE meter reading software upgrade. This is a critical upgrade to help solve the failing radio read meter equipment system.

Wastewater Operations Fund

- \$50,000 is requested for anticipated increased costs related to the STEP system maintenance program. This was a 2022 budget amendment, but it was included in the 2023 Adopted Budget as an ongoing expense.

The purpose of this update is to inform the Finance and Economic Development Committee of significant proposed amendments. Additional budget amendment reports will be presented as needed. The final approval of the proposed amendments will be considered by the full City Council in September.