

**TUMWATER BUDGET & FINANCE COMMITTEE
MINUTES OF VIRTUAL MEETING
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CONVENE: 12:07 p.m.

PRESENT: Chair/Mayor Debbie Sullivan and Councilmembers Peter Agabi, Michael Althausen, and Eileen Swarthout.

Staff: City Administrator Lisa Parks, Finance Director Troy Niemeyer, and Paralegal Sharleen Johansen.

**APPROVAL OF
MINUTES:
BUDGET &
FINANCE
COMMITTEE,
MARCH 28, 2025:**

MOTION: **Councilmember Althausen moved, seconded by Councilmember Agabi, to approve the minutes of March 28, 2025 as presented. A voice vote approved the motion.**

**MONTHLY
FINANCIAL
UPDATE:**

Director Niemeyer provided an update on year-to-date financials and explained the reasons for some differences in different categories between the budget revenue forecast and actual revenue received to date. At this time, the City has not received any property tax revenue as reflected in the column for revenue received year-to-date. The April sales tax distribution is not reflected because the state has not forwarded sales tax revenue. However, the forecast for sales tax is likely somewhat lower than the 33.3% estimated year-to-date.

Councilmember Swarthout joined the meeting at 7:11 a.m.

As many businesses have options for payment of Business and Occupation (B&O) tax either monthly or quarterly, revenue collections are indicative of when businesses pay. Utility taxes typically lag by one month. Building permit revenue to date is 77% of the budgeted amount versus the year-to-date forecast of 33.3%. reflecting more building activity than forecasted.

Revenues and expenditures for the Transportation Benefit District (TBD) are pro-rated and tracked separately. However, all expenses from the TBD are paid from the general fund with reimbursement occurring at the end of the year for all eligible TBD costs. The amount of \$695,000 is not all revenue anticipated for collection this year. That amount is paid to the general fund as reimbursement for costs paid from the general fund on behalf of the TBD.

Other categories include grants, such as the Department of Commerce grants. Funds have not been expended on projects and consequently, grant revenue has not been received at this time. Public Safety sales tax is on track. Year-

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to-date Public Safety sales tax revenue is 28% based on the budgeted amount of \$940,000 that Thurston County estimated for the first full year of the new funding source.

Parks and Recreation revenues are lower during January, February, and March because of weather and fewer activities. The accounts reflect an increase in revenue with the advent of spring and summer and the associated increase in sports and other activities.

Director Niemeyer reviewed expenditures to date for some of the larger departments. The Police Department is tracking expenses at 25%, Fire Department is at 30%, and the Transportation and Engineering Department is at 20%. All departments are tracking less than the budgeted amount for expenditures year-to-date.

Director Niemeyer reviewed forecasted and actual revenues for the TBD and the Tumwater Metropolitan Park District (TMPD). Voters recently approved extending the TBD for another ten years. Budgeted revenue for the TBD is \$2.3 million with receipts year-to date of \$580,000. The TMPD revenue budget forecast is less than \$2 million with actual of \$69,000 year-to-date. He noted that the TMPD's source of revenue is property tax.

Budgeted revenues and expenditures are much higher for the Water Utility than the previous period because of the number of large capital projects this biennium. Some revenues are anticipating bond proceeds when the projects are financed. Revenue increased substantially for the Sewer Utility from an increase in connection fees; connection fee revenue is shared with the LOTT Clean Water Alliance. The Storm Utility figures are similar to the Water Utility with revenue outpacing the expenditure forecast. Golf Course revenues are beginning to increase because of better weather. Financial reporting from the Golf Course to the City's Finance Department lags by approximately one week, with the likelihood that revenue year-to-date is slightly higher than reflected.

Director Niemeyer displayed information without the large utility capital projects and bond financing to normalize revenues and expenditures for the Utility Funds. The Water Utility has not achieved 33.3% in revenue year-to-date. However all billings for the utilities are one month behind. All fund expenditures are lower than the revenues.

COMMUNITY
HUMAN SERVICES
PROGRAM
FUNDING:

Director Niemeyer reviewed some improvements identified by staff for administering the City's Community Human Services Program. The intent is opening the application process effective May 1, 2025 through May 31, 2025. At the committee's June meeting, the funding presentations were scheduled followed by funding recommendations by the committee. However, based on training commitments in June, he suggested delaying the

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reviews and funding recommendations until the July committee meeting or scheduling a special meeting in June. Staff will contact members on a preferable meeting date.

Director Niemeyer reported that during the Council's discussion on the amount of monetary awards, no consensus was achieved for specifying specific funding award amounts. He requested guidance on information pertaining to the funding award published within the application.

Mayor Sullivan recommended including a statement that not all applications would be funded.

**ORDINANCE NO.
O2025-006
AMENDING TMC
2.14 EXECUTION
OF CONTRACTS
AND OTHER
LEGAL
DOCUMENTS:**

City Administrator Parks reported the committee received the initial briefing on the proposal at the last meeting. Following a discussion, the committee elected not to move forward at that time pending further discussion. The intent of the change to the ordinance is to create some efficiencies of routine actions by delegating the authority to either the Mayor and Directors.

City Attorney Kirkpatrick prepared some materials covering the three types of agreements that were of the most concern. They include interlocal agreements (ILA)s, grant agreements, and some specific financial audit actions required by the Council. City Attorney Kirkpatrick categorized all 2024 documents for members to demonstrate which documents would fall under the amendment process and the documents requiring Council approval. City Attorney Kirkpatrick identified ILAs and memorandums of understanding (MOUs) to reflect documents referred to the Council and documents that could be processed under the proposed amendment. City Administrator Parks reviewed several agreements as examples. The distinction between which documents require Council approval versus the new administrative process would be based on the dollar amount of the agreement.

Councilmember Swarthout asked whether the documents approved by staff would be included on the consent calendar as information for the Council or as an agenda item. Additionally, many of the actions approved by the Council over the years are often difficult to recall. City Administrator Parks said documents approved by staff would not be included on an agenda; however, the proposed amendment could be revised adding language stipulating some form of mechanism to inform the Council of the administrative action. Generally, those decisions would be considered routine and less than the threshold authorized by the Council.

Councilmember Agabi recommended adjusting the process by authorizing staff to approve agreements that involve no monetary amount.

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Councilmember Althausen referred to the examples and indicated his concerns involve ILAs for climate mitigation initiatives and the regional environmental education programs as they both speak to the need for a public discussion as it serves as a way to notify the public of the important work completed by the City. Not exposing those documents during a public setting would be a concern. Additionally, most of the ILAs are substantive except for revisions to existing ILAs that are administrative in nature. Most Councilmembers have opinions about an agreement or there is an obligatory review of the documents. Some agreements could be streamlined, but he is not supportive of authorizing all ILAs under \$100,000 at this time.

Councilmember Swarthout agreed especially those agreements on climate as a review by the Council provides an opportunity to share progress with the community. Any ILA involving climate change should be approved by the Council.

City Administrator Parks affirmed the request. She reviewed different grant agreements. In many cases, grant agreements obligate City resources as a match, which speaks to the obligation of the Council to approve. She reviewed a list of highlighted 2024 grant agreements approved by the Council that would continue to require the Council's review and approval under the proposal amendment. Several amendments to grant agreements were also included. City Attorney Kirkpatrick has indicated that with respect to amendments, with minor language clarification to proposed language, the highlighted amendments would not need Council approval as none of the highlighted amendments changed the amount of the agreement and only extended the term of an agreement.

Grants that would not require Council approval under the proposal include the grants for middle housing, feasibility studies, Solar Plus for facilities, the EV Charging Program, and clean energy electrification, etc. City Administrator Parks added that a process could be designed to inform the Council of any grant agreement.

Councilmember Swarthout commented on the importance of celebrating successes with the community.

Councilmember Althausen agreed that the amendments as cited could be processed administratively. However, some of the grants represent policy issues. Because there is policy underlying the decision to pursue a grant about a particular project, it makes sense for the legislative branch to consider accepting the grant. A future Council may feel differently about EV charging; however, the current Council would want to be informed. Acceptance of grant may require a lower dollar threshold; however, the grants are important and the Council should be considering as it is a demonstration of the values for the future of the City.

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City Administrator Parks conveyed appreciation of the comments as it appears that the initial approval involves a statement of the City's perspective and policy position on issues as important while amendments may be administratively approved if it does not include any monetary amounts or obligates City resources.

Councilmember Althausen agreed as long as the amendment does not undermine the mission of the original purpose of the grant.

City Administrator Parks reviewed the audit related documents. The documents reflect information on the anticipated costs of an audit with a requirement to sign data sharing agreements.

Director Niemeyer added that the audit engagement letter sparked a question surrounding how the Council is informed of an audit. In addition to staff communicating with the Council, the Auditor's Office follow Generally Accepted Government Auditing Standards, which requires proof within audit documentation that the governing body is informed of the audit. Notification is accomplished by sending invitations to the Council for participation in the entrance and exit meetings. Additionally, a copy of the communication to the Council is provided to the Auditor's Office to reflect that the Council and Mayor received notification of the audit meetings. The data share agreement is based on new state law and could be viewed as a technicality requirement.

City Administrator Parks advised that she would share the comments with City Attorney Kirkpatrick to develop a refined approach to the language changes. The goal is to improve efficiency and moving agreements through the process quickly. However, if the Council is not comfortable with the proposal, no changes are necessary. Staff will present a new draft proposal at the May meeting.

ADJOURNMENT: **With there being no further business, Chair Sullivan adjourned the meeting at 12:44 p.m.**

Prepared by Valerie L. Gow, Recording Secretary/President
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