



CITY OF
TUMWATER

**BUDGET & FINANCE COMMITTEE
MEETING AGENDA**

**Online via Zoom and In Person at
Tumwater City Hall, Council Conference
Room, 555 Israel Rd. SW, Tumwater, WA
98501**

**Friday, January 24, 2025
12:00 PM**

1. Call to Order
2. Roll Call
3. Pass Through of Credit Card Fees (Finance Department)
4. Utility Assistance Program Update (Finance Department)
5. Review Scope of Work for Financial Planning Consultant (Executive Department)
6. Additional Items
7. Adjourn

Meeting Information

All committee members will be attending remotely. The public are welcome to attend in person, by telephone or online via Zoom.

Watch Online

<https://us02web.zoom.us/j/89384518053?pwd=9h34XI9zenEyDFmLmasL2moRyYrbTL.1>

Listen by Telephone

Call (253) 215-8782, listen for the prompts and enter the Webinar ID 893 8451 8053 and Passcode 288004.

Public Comment

The public may submit comments by sending an email to council@ci.tumwater.wa.us, no later than 5:00 p.m. the day before the meeting. Comments are submitted directly to the Committee members and will not be read individually into the record of the meeting.

Post Meeting

Video of this meeting will be recorded and posted on our City Meeting page: <https://tumwater-wa.municodemeetings.com>.

Accommodations

The City of Tumwater takes pride in ensuring that people with disabilities are able to take part in, and benefit from, the range of public programs, services, and activities offered by the City. To request an accommodation or alternate format of communication, please contact the City's ADA Coordinator

directly, call (360) 754-4129 or email ADACoordinator@ci.tumwater.wa.us. For vision or hearing impaired services, please contact the Washington State Relay Services at 7-1-1 or 1-(800)-833-6384.

TO: Budget and Finance Committee
FROM: Troy Niemeyer, Finance Director
DATE: January 24, 2025
SUBJECT: Pass Through of Credit Card Fees

1) Recommended Action:

No action requested at this time.

2) Background:

As we continue to implement the ERP system we will switch to a new cashiering system, including new credit card terminals. Currently we pay a significant amount of merchant fees every year related to credit cards. We do not pass the fee to the customer, which means they are essentially absorbed into the utility rates and development fees. We will discuss passing the fees on to the customers, which will be more equitable and fair.

3) Policy Support:

Be fiscally responsible and develop sustainable financial strategies.

4) Alternatives:

n/a

5) Fiscal Notes:

n/a

6) Attachments:

A. none

TO: Budget and Finance Committee
FROM: Troy Niemeyer, Finance Director
DATE: January 24, 2025
SUBJECT: Utility Assistance Program Update

1) Recommended Action:

No action requested at this time.

2) Background:

Staff have done research on the Lifeline program, which offers a 50% discount to qualified residents. We will discuss our findings, including the potential budgetary implications.

3) Policy Support:

Be fiscally responsible and develop sustainable financial strategies.

4) Alternatives:

n/a

5) Fiscal Notes:

n/a

6) Attachments:

A. none

TO: Budget and Finance Committee
FROM: Lisa Parks, City Administrator
DATE: January 24, 2025
SUBJECT: Review Scope of Work for Financial Planning Consultant

1) Recommended Action:

No action requested at this time.

2) Background:

As proposed during the 2025-2026 Biennial budget process, staff has contracted with ECONorthwest (<https://econw.com/>), an interdisciplinary research and public policy consultancy firm providing guidance on complex community issues in the PNW for more than 50 years. Our primary point of contact, Morgan Shook, Partner/Senior Policy Advisor, specializes in land use and redevelopment policy, planning and finance (<https://econw.com/staff/morgan-shook/>). Morgan has an impressive list of local government clients he has helped over the past few decades, including those seeking to create a sustainable, long-term financial planning framework considering challenging fiscal environments.

Staff will be reviewing our ECONorthwest Scope of Work with the Committee, and we are working with Morgan to see if he would be able to attend, even briefly, to introduce himself to the Committee.

3) Policy Support:

Be fiscally responsible and develop sustainable financial strategies.

4) Alternatives:

n/a

5) Fiscal Notes:

n/a

6) Attachments:

A. ECONorthwest Scope of Work



DATE: December 5, 2024
TO: Lisa Parks, Tumwater City Administrator
FROM: Morgan Shook
SUBJECT: Scope of Work Proposal for the City of Tumwater

Dear Lisa,

Thank you for taking the time to meet and discuss the challenges facing Tumwater. Based on our conversation, I understand that there are two key pieces of work to be addressed:

1. **Budget Assessment and Financial Analysis:** I will conduct an evaluation of the city’s proposed budget, with some light financial analysis if needed, to assess spending proposals aimed at addressing service deficiencies. This phase is expected to be completed over the next few weeks.
2. **Long-Term Fiscal Modeling:** In collaboration with the city’s leadership, I will develop a long-range fiscal modeling tool. This tool will establish a baseline of the city’s current financial state and analyze various counterfactual scenarios related to changes in spending and revenue.

I look forward to working together to help Tumwater achieve its fiscal goals.

Sincerely,

Morgan

Work Program

TASK 1: KICK-OFF MEETING AND PROJECT OVERVIEW AND PROJECT MANAGEMENT

The project will begin with a meeting between the City of Tumwater’s leadership and our team to align on the project’s goals, expectations, and timelines. In this meeting, we will review key documents such as the proposed budget, financial reports, and strategic plans to understand the financial landscape and objectives.

This will allow us to gather context around the city’s financial challenges and service deficiencies. We will also conduct one-on-one interviews with key stakeholders to ensure we capture nuanced concerns and priorities.

To ensure the project remains on track, we will implement bi-weekly check-ins with city staff. These meetings will focus on managing scope, schedule, and budget, as well as troubleshooting emerging



issues to maintain progress and address any challenges efficiently. Regular communication will ensure alignment and adaptability throughout the project.

TASK 2: BUDGET ASSESSMENT AND FINANCIAL ANALYSIS

This task focuses on conducting a comprehensive analysis of Tumwater’s proposed budget, emphasizing the spending proposals aimed at addressing identified deficiencies in service delivery. We will conduct an in-depth review of major spending categories, assessing whether the allocations are aligned with the city’s strategic priorities and service goals. Our approach will also evaluate the sustainability of these spending proposals by examining their alignment with historical trends and projected revenue streams.

Additionally, we will perform light financial analysis to identify potential risks, such as overestimations in revenue, underfunding of key initiatives, or areas of inefficiency. This will include assessing whether the city’s revenue projections account for economic variables or external uncertainties, and whether expenditures are targeted effectively to maximize community impact.

Our findings will culminate in specific recommendations for optimizing resource allocation, addressing gaps in funding, and ensuring that the proposed budget supports Tumwater’s long-term financial health and service objectives. These recommendations will aim to enhance transparency, mitigate risks, and ensure that the budget effectively meets the city’s service delivery goals.

Deliverable: The final output will be a technical memo outlining key findings, highlighting potential budget reallocation opportunities, and providing insights into how the city can better align its spending with its service goals.

TASK 3: DEVELOP LONG-RANGE FISCAL MODELING TOOL

For long-term financial planning, we will develop a comprehensive and flexible fiscal modeling tool designed to provide an accurate baseline representation of Tumwater’s current financial state. This tool will integrate detailed revenue streams, including property taxes, sales taxes, utility fees, and other income sources, as well as expenditures on essential services such as public safety, infrastructure, and community programs.

It will allow for in-depth simulation of policy changes, economic conditions, and development scenarios, including population growth, legislative changes, and variations in capital project costs. The tool will feature sensitivity analysis capabilities, enabling city staff to model “what-if” scenarios. For example, the model will test the fiscal impacts of revenue adjustments, new development projects, economic downturns, or the introduction of new funding mechanisms. Key financial metrics, such as operating reserves, debt service capacity, and revenue-expenditure balances, will be highlighted to ensure clear decision-making guidance.

Ease of use will be a priority, with input fields and automated calculations in Microsoft Excel. We will provide comprehensive documentation detailing the assumptions, methodologies, and data requirements underpinning the model. Furthermore, the tool will be scalable and adaptable,



allowing Tumwater’s staff to update inputs and assumptions as new data or conditions arise, ensuring its utility as a long-term planning resource.

Deliverable: The deliverable will be a fully functional model, complete with instructions on its use and assumptions.

TASK 4: SCENARIO TESTING AND STRATEGIC RECOMMENDATIONS

Using the fiscal modeling tool, we (project team) will conduct a thorough exploration of future scenarios to evaluate how various financial strategies may influence Tumwater’s fiscal health and resilience. These scenarios will include adjustments in revenue sources, such as property tax rates or utility fees, alongside shifts in expenditure patterns driven by changes in service demands, infrastructure needs, or economic conditions. Additionally, scenarios can try to account for external factors, such as economic recessions, state funding cuts, or new legislative mandates, to assess vulnerabilities and opportunities. Each scenario will be evaluated against key financial indicators, including operating reserves, debt capacity, revenue sustainability, and service delivery efficiency.

Following these simulations, the project team will develop a set of strategic recommendations tailored to Tumwater’s priorities. These recommendations will identify actionable pathways to maintain a balanced budget while ensuring adequate resources for critical services. This analysis will serve as a foundation for informed, forward-looking fiscal policy.

Deliverable: The deliverable for Task 4 will be a detailed PowerPoint deck summarizing the results of scenario testing and strategic recommendations. The deck will include clear visuals, key insights, and actionable strategies, designed for presentation to Tumwater’s leadership and to serve as a reference for future planning.

TASK 5: FINAL DELIVERABLE AND PRESENTATIONS

The final phase of the project involves preparing comprehensive documentation of the analysis and recommendations. The final deliverable will include a detailed report summarizing the methodology, assumptions, scenario outcomes, and recommended strategies, along with visual aids such as charts and graphs to facilitate decision-making.

In addition, we will create a PowerPoint presentation summarizing the key insights and scenarios tested. This will be presented to the city’s leadership, allowing for feedback and discussion, which will then be incorporated into the final version. We will also provide training sessions for city staff on how to use the financial modeling tool for ongoing fiscal planning.

Schedule

Below is a proposed schedule for the project, starting in 2024 and extending through the first six months of 2025:



2024

December:

Task 1: Kick-Off Meeting and Project Overview

- Conduct the initial kick-off meeting with city leadership and stakeholders.
- Review all relevant documents and refine the project scope, schedule, and methodologies.
- Establish bi-weekly check-in meetings with the city.
- Deliver a memo summarizing objectives, timeline, and project approach.

December – January:

Task 2: Budget Assessment and Financial Analysis

- Perform a detailed review of Tumwater’s proposed budget, focusing on spending allocations for addressing service deficiencies.
- Conduct light financial analysis to identify risks, gaps, and optimization opportunities.
- Present findings and recommendations in a technical memo.

2025

January – March:

Task 3: Develop Long-Range Fiscal Modeling Tool

- Build a flexible financial modeling tool using data from Task 1 and Task 2.
- Incorporate baseline assumptions, revenue streams, expenditure patterns, and key variables.
- Test the tool with historical data and refine its functionality for ease of use.
- Provide training sessions for city staff on the tool.

April – May:

Task 4: Scenario Testing and Strategic Recommendations

- Use the financial modeling tool to simulate future scenarios based on changes in revenues, expenditures, and policy shifts.
- Develop strategic recommendations based on scenario outcomes, focusing on long-term sustainability and resource allocation.
- Deliver findings in a PowerPoint deck, including visuals and actionable strategies.

June:

Task 5: Final Deliverables and Presentation



- Finalize the fiscal modeling tool and scenario recommendations.
- Present the findings and recommendations to Tumwater’s leadership team in a formal presentation.
- Incorporate feedback into the final deliverables, including the fiscal modeling tool and documentation.

Budget

We anticipate this engagement to require approximately \$100,000 in resources, as detailed in the task breakdown. This preliminary estimate includes labor allocations across project management, budget assessment, fiscal modeling, scenario testing, and reporting. While this estimate reflects current projections, we recognize that some tasks may be accomplished more efficiently. To ensure all resources are used effectively and productively, budget discussions will be a key component of Task 1, allowing for alignment with the client’s priorities and adjustments to optimize outcomes.

Labor Expenses	\$/ Hour	HOURS BY TASK					TOTALS		
		Task 1: Project Management	Task 2: Budget Assessment	Task 3: Fiscal Model	Task 4: Testing	Task 5: Report	Hours	Labor Totals	% of Budget
ECOnorthwest									
Shook	325	25	40	40	40	40	185	\$60,125	61%
Emmans	225	-	20	10	20	10	60	\$13,500	14%
Analyst	150	-	20	80	40	20	160	\$24,000	24%
LABOR SUBTOTAL (HOURS)		26	82	133	102	71	413		
LABOR SUBTOTAL (\$\$)		\$8,183	\$20,684	\$27,549	\$23,730	\$18,411		\$98,557	-

Totals by Task	Task 1: Project Management	Task 2: Budget Assessment	Task 3: Fiscal Model	Task 4: Testing	Task 5: Report
Total ECOnorthwest Labor	\$8,183	\$20,684	\$27,549	\$23,730	\$18,411
ECOnorthwest Non-Labor	-	-	-	-	-
Total by Task	\$8,183	\$20,684	\$27,549	\$23,730	\$18,411
% of Total Budget	8%	21%	28%	24%	19%

Summary of Expenses		
Labor	\$98,557	100%
Non-Labor	\$0	-
Total Budget	\$98,557	100%

