



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, March 28, 2025
12:00 PM**

1. Call to Order
2. Roll Call
3. Approval of Minutes: Budget and Finance Committee, February 28, 2025
4. Year-to-date budget update (Finance Department)
5. Ten-year financial plan update (Finance Department)
6. Ordinance No. O2025-006 Amending TMC 2.14 Execution of Contracts and Other Legal Documents (Executive Department)
7. Additional Items
8. 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/84000106600?pwd=Y0Q2kLoZQgGdYXU4PYPIdq9Gfe44A7.1>

Listen by Telephone

Call (253) 215-8782, listen for the prompts and enter the Webinar ID 840 0010 6600 and Passcode 653692.

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.

**TUMWATER BUDGET & FINANCE COMMITTEE
MINUTES OF VIRTUAL MEETING
FEBRUARY 28, 2025 Page 1**

CONVENE: 12:02 p.m.

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

Excused: Councilmember Michael Althausen.

Staff: City Administrator Lisa Parks, Assistant City Administrator Kelly Adams, City Attorney Karen Kirkpatrick, Finance Director Troy Niemeyer, Fire Chief Brian Hurley, and Deputy Finance Director Shelly Carter.

**APPROVAL OF
MINUTES:
BUDGET &
FINANCE
COMMITTEE,
AUGUST 21, 2024 &
JANUARY 24, 2025:**

MOTION: Councilmember Agabi moved, seconded by Chair Sullivan, to approve the minutes of August 21, 2024 and January 24, 2025 as presented. A voice vote approved the motion unanimously.

**YEAR-TO-DATE
BUDGET UPDATE:** Director Niemeyer provided an update on the status of the budget.

The budget document includes all revenues and expenses for the entire City represented in 2,000 line items. The City’s financial system does not support a biennial budget, with the budget reflected in the system as two, one-year budgets.

Revenue for year-to-date 2025 for property tax is approximately \$10 million+; however, year-to-date reflects \$38,000 in property tax revenue essentially because property taxes are due in April and November 2025 with some received earlier dependent upon how property owners pay their respective taxes. The funds are received by the City when Thurston County collects the taxes. Property tax revenue is a stable source of funds and more predictable than other forms of revenue. To normalize reporting of property tax, the budget reflects the total amount of anticipated property tax divided by 12 with each month reflecting some revenue from property tax. Essentially, at the end of February, the forecasted amount is 16.7% of the total amount. Actual year-to-date property tax is 16.28%.

A similar exercise was completed for sales tax revenue, which is less predictable than property tax. Lag times exist in the collection of sales tax. The City received some sales tax for January 2025, typically one of the lowest months for sales tax collections because of less spending following

**TUMWATER BUDGET & FINANCE COMMITTEE
MINUTES OF VIRTUAL MEETING
FEBRUARY 28, 2025 Page 2**

the holiday season. Staff prorated sales tax reporting, as the City has not received February sales tax from Thurston County.

Councilmember Agabi asked whether the forecast of sales tax revenue of approximately \$11 million is factored on historical trends. Director Niemeyer said the figure represents the projected budget for sales tax revenue for 2025. Councilmember Agabi asked about the actual amounts of sales tax revenue in 2024 or 2023. Director Niemeyer affirmed staff could provide the figures for context after the meeting. Councilmember Agabi asked about the possibility of collecting less than the forecast and potential impacts to the City. Director Niemeyer explained that when projections are estimated for sales tax and other revenue sources, staff reviews historical data and past and current trends. The information is used to inform the next biennium budget. Additionally, expectations on a strong economy, a recession, or a flat economy are all assumptions factored in the forecast for revenue sources. Staff monitors sales tax activity because it is a major source of revenue to the City. Sales tax can be volatile and the City may not meet its sales tax projection. If monitoring reveals a decrease in sales tax, the City can make any necessary adjustments to the budget.

City Administrator Parks added that the Finance Department developed a complicated and extensive projection spreadsheet that includes a series of factors that could affect revenue forecasts. The spreadsheet factors previous years of data and statewide and national economic trends. Should the City experience a shortfall, staff reduces expenses. Adoption of the budget provides staff with the authority to purchase; however, staff also monitors revenue especially during this time of uncertainty regarding the economy.

Director Niemeyer added that the President's current political agenda, if approved for certain elements, is inflationary in nature. The imposition of tariffs will create inflation. Deporting workers in construction, trades, and hospitality will cause inflation.

Councilmember Swarthout agreed with the sense of nervousness as the City has committed to hiring staff and she was looking forward to a positive year. She is concerned today as to how the City will be able to move forward and achieve the goals established by the Council.

Chair Sullivan noted that the purpose of the budget update is to enable the committee to track the status of the budget on an ongoing basis rather than as needed.

Councilmember Agabi pointed out that the state is considering a reduction in FTEs. He asked about any back-up plan of a FTE reduction in the event the economy begins to suffer.

**TUMWATER BUDGET & FINANCE COMMITTEE
MINUTES OF VIRTUAL MEETING
FEBRUARY 28, 2025 Page 3**

City Administrator Parks replied that the state's budget is much different than the City's budget in terms of personnel needs. The City is experiencing a lack of capacity to perform the work required of the City and to meet community expectations. Of the positions added in the last budget, funding sources have been identified to assist in funding the positions in addition to general fund revenue. Of the 33 new positions, approximately seven of the positions are funded from the general fund. Additionally, vacancies exist within the number of approved FTEs through attrition and retirements. Salary savings in 2024 because of unfilled positions totaled \$2.5 million. Staff will strive to reduce costs through other avenues rather than pursuing savings through the reduction of FTEs.

Director Niemeyer reported the general fund is on track with the budget forecast. However, some situations outside the control of the City often occur. One example is the issuance of a building permit in late 2024 for the Secretary of State of approximately \$1 million in revenue. Since then, the Secretary of State withdrew its permit with the City issuing a refund of 80% of that amount. Within the Community Development Department under building permits, the budget-to-date reflects a negative amount of \$759,000 in revenue, which skews the budget and does not reflect that actual building permit revenue remains on track. Staff plans to adjust the 2024 budget to accrue the refund to ensure the refund is offset in the same year as it was credited. Other revenue sources are on track with expenditures in the general fund reflecting a lower amount (salary savings due to timing of February payroll).

Director Niemeyer reviewed proprietary funds of Utilities and Golf Course funds to date. The Water Fund reflects 1.78% of revenue and expenditures of 1.73% to date. However, the budget forecast includes \$25 million in capital costs for the Maintenance and Operations Facility and the Water Storage Tank project, which have not moved forward. Both revenue and expenses for those projects are not reflected in the year-to-date figures. A similar scenario exists for the Sewer Fund. The Golf Course fund reflects revenues and expenses below the forecast because of the seasonal nature of golf with January and February revenue collection less than other months.

**Employment
Agreements:**

City Administrator Parks advised that the issue of employment agreements was raised with the advent of creating the new Information Technology Director position and because of different employment agreements executed over many years for director positions. The City created 10 director positions of which seven have employment agreements and three directors have no agreement. The new IT Director also does not have an employment agreement. During a review with City Attorney Kirkpatrick, all existing employment agreements were reviewed for the development of a template agreement. The proposal is for approval of the template and authority to the Mayor to execute the employment agreement as new

**TUMWATER BUDGET & FINANCE COMMITTEE
MINUTES OF VIRTUAL MEETING
FEBRUARY 28, 2025 Page 4**

directors are hired over time, as well as reviewing existing employment agreements and replacing the agreements with the new template agreement for consistency of all director positions.

Several substantive changes include the sections on the term of the agreement. Most existing agreements include language that establishes a three-year term with a provision that the agreement can continue beyond the end date. The issue is the inclusion of an end date if the provisions of the agreement can lapse beyond the end date. The proposal is consistent with public sector employment expectations that the employment is at will and that the agreement is for an indefinite term subject to different separation or termination provisions in the agreement.

The second substantive change is within the section on separation and termination. The proposal removes when and how termination or separation would occur. Different situations and scenarios would be included. The agreement would include provisions for disabled employees unable to perform duties or when an employee elects to leave employment. The agreement enables the City to terminate an employee for cause. Provisions within the agreement define "cause." The agreement also addresses the ability to terminate an employment relationship with an employee for other reasons, such as the City no longer wishing to fill the position. In those cases, the employee would receive a severance package. The timeline for a severance package varies from two, four, or six months. The proposal is to standardize the severance package for a period of six months. Severance packages, agreements, and provisions are typical in an employment contract. All existing employment contracts include severance provisions. The proposal provides the employee with a measure of a safety net if the decision is made to terminate the employee for other reasons other than for cause.

City Administrator Parks added that the agreement was standardized to the extent possible for all director positions.

If the committee approves moving the proposal to the City Council, staff requests placing the proposal on the March 18, 2025 City Council meeting agenda rather than the March 4, 2025 City Council meeting as requested in the staff report to afford time to brief the Council on the proposal.

Councilmember Agabi asked whether an employee who is advised of a pending termination would be provided an opportunity to correct the problem(s) leading to the termination. City Administrator Parks advised that any decision would be at the option of the Mayor or the City Administrator.

Chair Sullivan said there is a difference between cause and performance

**TUMWATER BUDGET & FINANCE COMMITTEE
MINUTES OF VIRTUAL MEETING
FEBRUARY 28, 2025 Page 5**

issues. The agreement protects directors from unlawful discharge. An example is the City of Pacific in which the newly elected Mayor began discharging directors and locking employees from City Hall. The agreement provides some level of protection from a similar situation.

Councilmember Swarthout agreed with placing the proposal under Council Considerations for transparency and providing an opportunity for the Council to provide input.

City Administrator Parks described the Mayor's authority to hire and fire for director positions; however, the Council's authority is associated with the employment contract. Three positions require the Council's confirmation (City Administrator, City Attorney, and Finance Director). Those three positions must be confirmed by the City Council. The proposal is only for the employment agreement similar to other existing contractual situations whereby the Council approved the template and delegated the authority to implement actions.

MOTION:

Councilmember Agabi moved, seconded by Councilmember Swarthout, to place the Department Director Employment Agreement Template on the March 18 2025 City Council Consideration Calendar with a recommendation to approve and authorize the Mayor to sign employment agreements with current and future directors in substantially similar form consistent with adopted City policies as approved by the City Attorney. A voice vote approved the motion unanimously.

**ADDITIONAL
ITEMS:**

There were no additional items.

ADJOURNMENT:

With there being no further business, Chair Sullivan adjourned the meeting at 12:50 p.m.

Prepared by Valerie L. Gow, Recording Secretary/President
Puget Sound Meeting Services, psmsoly@earthlink.net

TO: Budget and Finance Committee
FROM: Troy Niemeyer, Finance Director
DATE: March 28, 2025
SUBJECT: Year-to-date budget update

1) Recommended Action:

This item is informational only.

2) Background:

Staff will provide regular budget-to-actual reports.

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: March 28, 2025
SUBJECT: Ten-year financial plan update

1) Recommended Action:

This item is informational only.

2) Background:

We have contracted with ECONorthwest to develop a ten-year financial plan. They will provide an update on their progress.

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 & Finance Committee
 FROM: Lisa Parks, City Administrator
 DATE: March 28, 2025
 SUBJECT: Ordinance No. O2025-006 Amending TMC 2.14 Execution of Contracts and Other Legal Documents

1) Recommended Action:

Place Ordinance No. O2025-006 Amending TMC 2.14 Execution of Contracts and Other Legal Documents on the April 1, 2025, City Council consent calendar with a recommendation to adopt.

2) Background:

Pursuant to RCW 35A.12.190 and RW 35A.11.010, the City, by and through its legislative body, may contract and be contracted with and may purchase, lease, receive or otherwise acquire real and personal property. The City Council may delegate such authority to the Mayor, City Administrator, or other department heads. In 1996, the City Council passed provisions and procedures for approval and execution of City contracts and other documents including delegation for execution of minor contracts. In 2009, the City Council passed Ordinance No. O2009-006, further defining and delegating authority for executing contracts and other legal documents. The City has more than doubled in size since the contracting provisions were reviewed and revised, and the corresponding workload and number of contracts and legal documents has increased. The proposed amendments to the thresholds for contracting and delegation of authority attached as Exhibit A would allow for more timely and efficient government operations.

3) Policy Support:

Revising our contracting and delegation of authority thresholds will increase efficiency and help to refine and sustain a great organization.

4) Alternatives:

N/A

5) Fiscal Notes:

N/A – this does not change the City’s budget. It revises contracting and delegation of authority thresholds.

6) Attachments:

A – Ordinance No. O2025-006

ORDINANCE NO. O2025-006

AN ORDINANCE of the City Council of the City of Tumwater, Washington, amending Tumwater Municipal Code Section 2.14, Execution of Contracts and Other Legal Documents, relating to the execution of contracts and other legal documents as more particularly described herein.

WHEREAS, pursuant to RCW 35A.12.190 and RCW 35A.11.010, the City, by and through its legislative body, may contract and be contracted with and may purchase, lease, receive or otherwise acquire real and personal property; and

WHEREAS, the City Council may delegate such authority to the mayor, city administrator or other department heads; and

WHEREAS, in 1996, the City Council passed provisions and procedures for approval and execution of City contracts and other documents including delegation for execution of minor contracts; and

WHEREAS, in 2009, the City Council passed Ordinance No. O2009-006 further defining and delegating authority for executing contracts and other legal documents; and

WHEREAS, the City has more than doubled in size since the contracting provisions were reviewed and revised; and

WHEREAS, the corresponding work load and number of contracts and legal documents has increased; and

WHEREAS, the City Council finds that the thresholds for contracting and the delegation of execution authority is in need of revision to allow for more efficient government operations;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF TUMWATER, STATE OF WASHINGTON, DOES ORDAIN AS FOLLOWS:

Section 1. Chapter 2.14, Execution of Contracts and Other Legal Documents, of the Tumwater Municipal Code is hereby amended to read as follows:

Chapter 2.14

EXECUTION OF CONTRACTS AND OTHER LEGAL DOCUMENTS

Sections:

- 2.14.010 Purpose.
- 2.14.020 Council approval.
- 2.14.030 Mayor approval.
- 2.14.040 Execution of documents – Delegation authorized.
- 2.14.050 Minor purchases – Supplies.
- 2.14.060 ~~Public works~~— Change orders ~~authority~~ or contract amendments.
- 2.14.070 Rules and regulations for contracting.
- 2.14.080 Responsibility of city clerk.

2.14.010 Purpose.

The following provisions and procedures establish a uniform practice for the approval and execution of city of Tumwater contracts, ensure city council review of important and legally required contracts and other legal instruments, provide for efficient, streamlined preparation and execution of contracts not requiring council review, while also ensuring accountability by designating the individuals authorized to execute contracts on the city's behalf.

This chapter does not create any enforceable rights or causes of action in third parties.

(Ord. O2009-006, Amended, 06/02/2009; Ord. O96-043, Added, 12/03/1996)

2.14.020 Council approval.

The following documents and instruments shall be presented to the city council for approval prior to execution by the mayor or city administrator:

A. Interlocal agreements. All contracts, agreements, memoranda of understanding, or other documents between the city of Tumwater and any other governmental agency that involves the payment or receipt of money, or the dedication of city resources, in excess of \$100,000, including agreements entered into under the Interlocal Cooperation Act chapter 39.34 RCW, or that involves a payment obligation the city is unable to meet under the existing budget.

B. Grants. All grants, bequests, donations, or other gifts in excess of \$100,000. In determining the total grant, bequest, donation, or gift amount for application of this section, the cost of any matching funds and the cost of fulfilling all conditions placed on the city's acceptance must be included in the calculation and any matching funds required must be available within the existing budget.

BC. Instruments ~~conveying~~ pertaining to real property. Any contract, agreement, lease, easement, bill of sale, or other instrument pertaining to the city's disposition, conveyance or acquisition of real property, ~~except to the extent these documents pertain to the acquisition of real property for purposes of an approved public works project in which case they shall not require council approval.~~

Exceptions:

1. Acceptance by the city in its regulatory capacity of a dedication from a development is not subject to council approval.
2. Temporary construction licenses and rights of entry are not subject to council approval.
3. Instruments pertaining to the use, disposition, conveyance or acquisition of real property by whatever method, provided that such transaction is associated with a capital improvement project that has been previously approved by council, are not subject to council approval.

CD. Any contract, agreement, or other document, not otherwise specifically delegated within this chapter, with a cost of more than \$100,000.

(Ord. O2009-006, Amended, 06/02/2009; Ord. O96-043, Added, 12/03/1996)

2.14.030 Mayor approval.

The mayor, or the mayor's designee, is authorized to approve and execute on behalf of the city of Tumwater any contract, agreement, document or instrument not otherwise subject to TMC 2.14.020.

(Ord. O2009-006, Amended, 06/02/2009; Ord. O96-043, Added, 12/03/1996)

2.14.040 Execution of documents – Delegation authorized.

A. The mayor is authorized, but not required, to delegate to a department director, or the director's designee, the authority to approve and execute on behalf of the city of Tumwater any contract, agreement, document or instrument ~~which does not exceed \$50,000~~ with an amount equal to or less than the amount delegated to the Mayor and is not otherwise subject to TMC 2.14.020.

B. The mayor is additionally specifically authorized to approve and execute and may, but is not required to, delegate to the appropriate department directors the following categories of agreements:

1. Contracts for financial services, including:

a. expenses related to approved payroll costs, previously approved debt payments, and investment transactions made in accordance with city policy;

b. all expenses, transfers, or journals related to banking, debt, and investments necessary to implement the city's financial program consistent with city policy and state law;

c. city accounts, provided that prior to signing on behalf of a department, the finance director will make all efforts to coordinate with the department director to secure a signature from an approved delegate and the finance director may approve temporary delegation rights within the department for approval of a payment; and

d. all audit related documents and costs associated with required audits provided funding is available within the existing budget.

2. Contracts for legal services, including attorneys and expert witnesses to assist with litigation or anticipated litigation, or help with areas in which additional or specialized attorney services are necessary for the protection of the city's legal interests provided funding is available within the existing budget.

3. Collective bargaining agreements, including all agreements, letters of understanding, memoranda, or other documents, or subsequent amendments to those agreements, with the city's bargaining units if the financial impact of the agreement or amendment is valued at \$100,000 or less and sufficient funds are available within the existing budget unless the terms of a collective bargaining agreement provide otherwise.

(Ord. O2009-006, Amended, 06/02/2009; Ord. O96-043, Added, 12/03/1996)

2.14.050 Minor purchases – Supplies.

A department director, or their designee, acting within the department budget, is authorized to approve and execute documents for purchases of routine office and operating supplies.

(Ord. O2009-006, Amended, 06/02/2009; Ord. O96-043, Added, 12/03/1996)

2.14.060 ~~Public works~~ – Change orders ~~authority~~ or contract amendments.

~~The director of public works or the~~ In addition to, and without limiting, the authority granted elsewhere in this chapter, a department director of the project department is authorized to approve and sign any contract change orders or

contract amendments, provided the total construction costs with the change order or contract amendment amount does not exceed the contract bid/original contract amount by more than ten percent and sufficient funds are available within the existing budget. Total construction costs are the construction costs to date plus the anticipated construction costs (including deducts from savings or additions from quantity increases) plus the proposed change order.

(Ord. O2009-006, Amended, 06/02/2009; Ord. O96-043, Added, 12/03/1996)

2.14.070 Rules and regulations for contracting.

The city administrator is authorized to establish written rules and regulations for the acquisition of public works and the procurement of goods, services, and materials by the city. Such rules and regulations shall be governed by sound management practices designed to secure the best quality at a fair price. The city administrator is authorized to revise the rules and regulations from time to time as circumstances change or as the city administrator may, in his or her discretion, deem appropriate.

The exercise of the powers, duties and procedures related to contracting by the city shall comply with the Revised Code of Washington, Washington Administrative Code and all other applicable local, state and federal laws and regulations.

(Ord. O2009-006, Amended, 06/02/2009; Ord. O96-043, Added, 12/03/1996)

2.14.080 Responsibility of city clerk.

It shall be the responsibility of the city clerk to retain signed originals of all contracts, agreements, documents, and instruments to which the city is a party. The failure to retain any such document shall not invalidate or excuse performance of any obligations contained therein.

(Ord. O2019-027, Amended, 09/17/2019; Ord. O2009-006, Added, 06/02/2009)

Section 2. Corrections. The City Clerk and codifiers of this ordinance are authorized to make necessary corrections to this ordinance including, but not limited to, the correction of scrivener/clerical errors, references, ordinance numbering, section/subsection numbers and any references thereto.

Section 3. Ratification. Any act consistent with the authority and prior to the effective date of this ordinance is hereby ratified and affirmed.

Section 4. Severability. The provisions of this ordinance are declared separate and severable. The invalidity of any clause, sentence, paragraph, subdivision, section, or portion of this ordinance or the invalidity of the application

thereof to any person or circumstance, shall not affect the validity of the remainder of the ordinance, or the validity of its application to other persons or circumstances.

Section 5. Effective Date. This ordinance shall become effective thirty (30) days after passage, approval and publication as provided by law.

ADOPTED this _____ day of _____, 2025.

CITY OF TUMWATER

Debbie Sullivan, Mayor

ATTEST:

Melody Valiant, City Clerk

APPROVED AS TO FORM:

Karen Kirkpatrick, City Attorney

Published:_____

Effective Date:_____