



LAKWOOD CITY COUNCIL STUDY SESSION AGENDA

Monday, July 14, 2014
7:00 P.M.
City of Lakewood
City Council Chambers
6000 Main Street SW
Lakewood, WA 98499

Page No.

CALL TO ORDER

ITEMS FOR DISCUSSION:

- (4) 1. Review of the fleet and equipment plan. - (Memorandum)
- (10) 2. Review of LED streetlighting financing. – (Memorandum)
- (16) 3. Amending the Lakewood Municipal Code relative to City Funds. – (Memorandum)

BRIEFING BY THE CITY MANAGER

ITEMS TENTATIVELY SCHEDULED FOR THE JULY 21, 2014 REGULAR CITY COUNCIL MEETING:

- 1. Item Nos. 2 and 3 above.
- 2. State of the Library presentation. – *Ms. Neel Parikh, Executive Director, Pierce County Library*
- 3. Appointing members to the Public Safety Advisory Committee. – (Motion – Regular Agenda)
- 4. Appointing a member to the Lodging Tax Advisory Committee. – (Motion – Regular Agenda)
- 5. Adopting the proposed 2015-2020 Six Year Transportation Improvement Program. – (Resolution – Regular Agenda)
- 6. Awarding a bid relative to hot mix asphalt patching. – (Motion – Regular Agenda)

The City Council Chambers is accessible to persons with disabilities. Equipment is available for the hearing impaired. Persons requesting special accommodations or language interpreters should contact the City Clerk's Office, 589-2489, as soon as possible in advance of the Council meeting so that an attempt to provide the special accommodations can be made.

<http://www.cityoflakewood.us>

The Council Chambers will be closed 15 minutes after adjournment of the meeting.

7. Awarding a bid for the Outfall Water Quality Retrofit project. – (Motion – Regular Agenda)
8. Approving an agreement with AHBL for surveying and inspection services for the Madigan Access project. – (Motion – Regular Agenda)

CITY COUNCIL COMMENTS

ADJOURNMENT

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CITY OF LAKEWOOD (CITY HALL)
 6000 Main Street SW, Lakewood, WA 98499-5027
 (253) 589-2489

WEEKLY MEETING SCHEDULE
July 14, 2014 – July 18, 2014

Date	Time	Meeting	Location
July 14	7:00 P.M.	City Council Study Session	Lakewood City Hall Council Chambers
	Following the City Council Study Session	Transportation Benefit District Board Meeting	Lakewood City Hall Council Chambers
July 15	7:00 P.M.	Northeast Neighborhood Association	Lakewood Fire Department 10928 Pacific Highway SW
July 16	6:30 P.M.	Planning Advisory Board	Lakewood City Hall Council Chambers
July 17	No Meetings Scheduled		
July 18	No Meetings Scheduled		

TENTATIVE WEEKLY MEETING SCHEDULE
July 21, 2014 – July 25, 2014

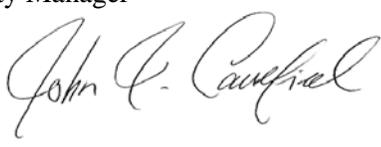
Date	Time	Meeting	Location
July 21	7:00 P.M.	City Council	Lakewood City Hall Council Chambers
July 22	6:00 P.M.	Parks and Recreation Advisory Board / Waughop Lake Pathway Improvements Meeting	Ft. Steilacoom Park / Lake Waughop Entrance 8714 87 th Ave SW Lakewood, WA
July 23	No Meetings Scheduled		
July 24	No Meetings Scheduled		
	6:00 P.M.	Landmarks & Heritage Advisory Board	Lakewood City Hall 3 rd Floor, Conference Room 3A
July 25	No Meetings Scheduled		

NOTE: The City Clerk's Office has made every effort to ensure the accuracy of this information. Please confirm any meeting with the sponsoring City department or entity.



To: Mayor and City Councilmembers

From: Tho Kraus, Assistant City Manager/Finance & Administrative Services
Adam Lincoln, Assistant to the City Manager

Through: John J. Caulfield, City Manager 

Date: July 14, 2014

Subject: Review of Fleet & Equipment Plan

BACKGROUND

The City retained the services of Hennessey Fleet Consulting services to review and provide recommendations on the City's fleet/equipment replacement plan, reserve funding, maintenance & operations and policy/business plan.

The consultant met with staff members from affected departments and also made site visits. Participants included:

Tho Kraus, ACM/Administrative Services	Mary Dodsworth, Parks Director
Eric Lowell, Financial Analyst	Scott Williams, Parks Maintenance Manager
Tes Ongoco, Administrative Assistant	Bret Farrar, Police Chief
Adam Lincoln, Assistant to the City Manager	Mike Zaro, Assistant Police Chief
Dave Bugher, ACM/Development Services	Jeff Alwine, Lieutenant
Mark Nelson, Building Official	Don Wickstrom PW Director
	Paul Powers, PW O&M Manager

CONSULTANT FINDINGS/RECOMMENDATION & CITY'S RESPONSE/ACTION

1) Public Works O&M Facility

Finding: A new site was developed and opened for service in October 2013. It houses the public works maintenance staff and all equipment and support vehicles. The site was well thought out and designed for future expansion to include a maintenance building and fuel island.

Recommendation: This site should be designed and built to include a maintenance building and fueling capability with access for all city vehicles and equipment. An additional study should be performed to size and staff this facility accordingly.

Response/Action: The expansion of the Public Works O&M facility should be something that is discussed and thoroughly evaluated in the future. Other fleet related priorities should be addressed prior to the expansion of this facility (Such as establishing a fleet internal service fund, updating fleet maintenance contracts, and establishing ideal fleet software systems). Further evaluation should consider the need for such an expansion while paying careful consideration to the relatively small size and low level of complexity of the City's current fleet vehicles.

2) *Parks O&M Building*

Finding: This is an old maintenance shop nearly 100 years old, build and remodeled several times. The grounds staff and equipment is housed there. The operators service and maintain the equipment they operate. Fueling for diesel and unleaded is also at this site and recorded manually. The crew vehicles are contracted out for repairs and maintenance.

Recommendation: Because of the location at the park, this site needs to keep operational and some updates should be budgeted to improve functionality. An additional study should be made with a priority of upgrades to improve this service. Access to the shop is poor, with no asphalt drive or parking areas, leaving equipment and vehicles parks in the dirt and mud.

Response/Action: The expansion of the Parks O&M building should be something that is discussed and thoroughly evaluated in the future. Other fleet related priorities should be addressed prior to the expansion of this facility (such as establishing a fleet internal service fund, updating fleet maintenance contracts, and establishing ideal fleet software systems). Future considerations should include the creation of project phases for potential upgrades so as to prioritize more cost-effective upgrades to the facility.

3) *Asset Information*

Finding: The asset information was not up to date and did not reflect actual vehicles and equipment currently in service.

Recommendation: Response/Action: Asset listing was updated by each department to reflect current vehicles and equipment in service. This needs to be done every time an asset is removed or added to the fleet.

Response/Action: The City has put this process in place to update the asset list with additions and deletions of fleet equipment. Additionally, an annual audit occurred and will continue each year.

4) *Bill Classes (Vehicle useful life cycles)*

Finding: Bill classes were not used and each vehicle and equipment is life cycled different along with reserve funding. Salvage value was not used in computing replacement costs. Many assets were purchased used and some were refurbished adding or subtracting useful life.

Recommendation: A bill class system was developed to link like vehicles and equipment together setting a forecast for replacement costs and life cycles. Replacement should be reviewed during each budget cycle and adjusted accordingly.

Response/Action: The City has created a useful life cycle for the various types of equipment. Each of the departments that were impacted reviewed and agreed upon appropriate life cycles for each class or type of equipment.

5) *Reserves*

Finding: Reserves were not collected for all assets. Policies were not in place for types of assets that required a replacement fund.

Recommendation: A policy needs to be in place to address requirements for reserve funding. It is recommended that reserves need to be collected on all licensed vehicles and equipment and any asset over \$5,000.

Response/Action: A formal policy on fleet and equipment replacement reserves will be presented to the City Council as part of the financial policies discussion scheduled to occur during 3rd quarter, 2014. The current practice is to accumulate replacement reserves based on the estimated replacement cost and useful life, using the straight-line method. Each department reviewed the fleet and equipment listing and provided input on the replacement cost, useful life, accumulated replacement reserves, as well as confirm that the vehicle inventory is accurate.

6) *Outside Contracts*

Finding: The City spent \$458,547 in 2013 to maintain the fleet through outside contracts. The Police Department was the largest piece of the contract at \$371,178. Work is not consistently checked for services performed. Some of the contracts were not current, rebid or renewed accordingly.

Recommendation: An additional study should be performed to evaluate the construction of a repair facility to bring some of the work currently outsourced into city services. Staff is spending a great deal of time transporting vehicles back and forth to vendors, resulting in time wasted for their current duties and responsibilities.

Response/Action: The City has a contract with Systems for Public Safety (SPS), which is for the installation of emergency vehicle equipment and all electrical and mechanical repairs as needed. The Police department is the primary user of this contract. The City has contracted for services with SPS for nearly a decade, and the services that SPS provides have been utilized by the Police Department, Public Works Department and Parks Department. SPS typically handles all pick-up and delivery of vehicles unless it is more convenient for an officer to handle the transportation of a vehicle. This is the only active contract for fleet maintenance that the City has and the expiration will occur on 09/30/2017.

Other departments with fleet & equipment will work with the Finance and Administrative Services Department to develop a scope of service for the maintenance of their equipment and begin a bidding process for handling the fleet equipment maintenance in 2015.

The City has had a contract with Classy Chassis, which expired in 2008. Classy Chassis provides exterior washing and occasionally will perform oil changes for City vehicles. The City continues to utilize services from this provider but does not have a current contract in place at this time. The departments that use the services of Classy Chassis are primarily the Police Department and Public Works. If there is a need to continue to use these services, the departments should work with the Finance and Administrative Services Department to update the contract for services.

7) *Fleet Coordinator*

Finding: Currently there are three coordinators. Each coordinator is responsible for scheduling maintenance, needed repairs and replacement forecasting. There appears to be little or no consistency or communication within the coordinators.

Recommendation: Because of the value of this fleet and the management of outside contracts, a fleet management position needs to be in place to manage all the City's vehicles and equipment. This will free up the work of each current department coordinator and bring consistency to daily fleet management. This position could be funded by an administrative charge per vehicle and report to the finance/city manager's office. Fleet management essential tasks include: oversee the repair and maintenance of all vehicles and equipment; coordinate a vehicle concerns and issues with all City departments; develop and implement policies and procedures; coordinate usage of city-owned fueling facilities and outside fueling contracts; develop and analyze utilization reports; research and develop specifications for vehicle and equipment; plan/develop and execute a vehicle replacement schedule; network with other cities through local associations; determine the need and benefits of outsourcing repairs and services; negotiate and process purchase requisitions for repair costs and parts pricing with outside vendors; maintain equipment records in a database in accordance with state and federal laws; and review financial reports and prepare annual budgets for departments through an internal service fund.

Response/Action: The administration of the Fleet & Equipment Fund will be absorbed by the Finance Division, with the Assistant City Manager/Administrative Services responsible for budget and oversight. The current three coordinators will continue their role in terms of technical expertise; however, all financial transactions, including financial reporting/analysis, and coordination of contracts will flow through Finance.

8) *Fleet Software*

Finding: A web-based fleet managed program was purchased several years ago and has not been used, due to staff turnover, and the lack of consistency and training within the coordinators. The City also has a project module that may serve this need.

Recommendation: All asset purchases, fuel, maintenance and repairs needs to be computerized and tracked consistently.

Response/Action: The City has Manager Plus software and is being utilized by Police consistently and more widely than Public Works and Parks is not using the system. The Police Department utilizes the software to create reports relating to Asset information, work orders, maintenance scheduling and others as they are needed. The City is seeking further input from the providers of Manager Plus to help determine the scope of the reporting system.

9) *Fuel Costs*

Finding: Fuel costs totaled \$493,487 for year 2013. The Police Department was the largest user at \$423,011. Fuel is dispensed from various sources and recorded differently within the departments. The Police Department has a fuel tank at the station and dispenses most of their fuel through a card lock system with some outside credit cards. Parks has diesel and unleaded tanks. All recording is done manually on paper. Public Works fuels at the school district. The City does not have adequate resources in place for reserve fueling in case of an emergency.

Recommendation: An infrastructure should be put in place to consolidate fueling, with the capacity for emergencies. All fueling should be recorded through a computer program and tracked to each vehicle, so reports can be made for reconciliation of purchases.

Response/Action: The Police Station has a single underground tank with the capacity of 9,060 gallons of fuel. A refuel order is placed with the tank and is refueled when the volume of the tank is below approximately half-full. The process for refueling at the Police Station requires that the vehicle number as well as the mileage is entered prior to refueling. The Court Transport vehicles also utilize this location for refueling.

Currently the Parks and Public Works departments do not utilize the Police Station for refueling but the City will evaluate the location for an alternative to current fuel sources for the other vehicles within the City's fleet equipment.

The Public Works Department and Parks Department both use fuel services from the Clover Park School District and from Comdata. Both providers are on the Washington State fuel contract and provide the best available prices to the City of Lakewood.

10) Vehicle and Equipment Replacement Cost

Finding: Because of the current practice of purchasing some used and refurbishing older vehicles and equipment, a total replacement value was not in place, resulting in questionable replacement reserves.

Recommendation: An estimated replacement cost new for the fleet was developed and valued at \$7,500,000. A minimum of 20% (\$1,500,000) replacement reserve balance should be in place for emergencies.

Response/Action: A formal policy on fleet and equipment replacement reserves will be presented to the City Council as part of the financial policies discussion scheduled to occur during 3rd quarter, 2014. The current practice is to accumulate replacement reserves based on the estimated replacement cost and useful life, using the straight-line method. Each department reviewed the fleet and equipment listing and provided input on the replacement cost, useful life, accumulated replacement reserves, as well as confirm that the vehicle inventory is accurate. The estimated accumulated replacement reserves based on the current methodology is \$3.9M at the end of 2014.

11) Cost Per Mile

Finding: Maintenance and repairs costs are not tracked consistently so exception reports are not available to review increased costs due to major repairs. Because of this total cost per mile vehicle was not available, resulting in the inability to forecast the optimum time for vehicle replacements.

Recommendation: Because the information was not available, replacement forecasts were developed by years in service. The forecast lists the total number of vehicle purchases per year, annual replacement budget and required annual revenue for the next six years.

Response/Action: The City's fleet management software, Manager Plus, tracks the maintenance cost. The City is working with the software provider to determine if it is possible to create a report that will include the cost per mile. If it is determined that Manager Plus does not have this capability, then the City will evaluate other methods for achieving forecasting methods.

The City has also the Project Accounting Module which could be used to track all costs related to vehicles and equipment. This system integrates directly with the Eden Financial System.

12) Internal Service Fund

Finding: An internal service fund is not in place to provide a system for charge back to the departments for budgeting line items for vehicle reserves, O&M, and fuel.

Recommendation: An internal service funds needs to be implemented for each department that has a fleet vehicle or piece of equipment. This will keep fleet costs under control by giving the department directors the responsibility to balance their fleet costs.

Response/Action: An internal service fund has been established as a part of the 2015-2016 budget process.

13) Vehicle Use Policy and Procedures

Finding: The Vehicle Use Policy and Procedures has not been updated since 1996.

Recommendation: The Vehicle Use Policy should be expanded to include: procedures for vehicle assignment; operational rules; maintenance and repair; engine idling; fueling, and after hour emergencies.

Response/Action: The City will be updating the vehicle use policy and procedures in the future. The process will be a collaborative effort that will include the input and reviews from various City departments.



To: Mayor and City Councilmembers

From: Tho Kraus, Assistant City Manager/Finance & Administrative Services
Don Wickstrom, Public Works Director

Through: John J. Caulfield, City Manager 

Date: July 14, 2014

Subject: LED Street Lighting Retrofit Financing

BACKGROUND:

The LED Streetlight Retrofit Program converts 1,982 of the City's streetlights to energy efficient LEDs. The 1,982 streetlights include: 744 from Tacoma Power, 30 from Puget Sound Energy, and 1,208 Lakeview Light & Power. It is estimated that it will take nine months to complete the retrofit once funding is available.

The total project cost is \$2,372,088, which is offset by \$500,000 from the Washington State Department of Commerce and \$217,640 from estimated utility incentives leaving an unfunded balance of \$1,654,448.

The estimated savings from lighting energy and maintenance cost over the next twenty years (2015-2020) based on 100% and 90% savings is as follows:

- 100% Savings: Total estimated savings \$3,145,922, or an estimated annual average of \$157,296.
- 90% Savings: Total estimated savings \$2,831,329, or an estimated annual average of \$141,566.

The annual anticipated savings would be used to finance the \$1,654,448.

FINANCING OPTIONS:

The following are options available to the City.

1) Local Option Capital Asset Lending (LOCAL)

This financing option is available for municipal corporations through the Washington State Treasurer to provide the lowest cost financing by pooling funding needs into larger offerings of securities. It is available to municipal corporations that are authorized to issue general obligation bonds. LOCAL funds

may be used for either equipment or real estate, including construction and energy projects. The major benefits of LOCAL are simplicity and low cost financing.

The next application period deadline for funds available late March 2015 is as follows:

- December 1, 2014 - Notice of intent, does not obligate the City.
- December 14, 2014 – Specify financing amount.
- January 10, 2015 – Submit documents.
- June 1, 2015 – First debt service payment due.

The all-inclusive interest rate (no additional financing costs) based on the last LOCAL financing issued on August 22, 2013 of 3.53% and 15 year term, the annual debt service payment is \$143,903.

This is the most simplest and cost effective option.

2) Internal Funding (Interfund Loan)

The City may make interfund loans of City funds which are clearly inactive or in excess of anticipated cash needs throughout the duration of the loan and legally available for investment. The City Council must, by ordinance or resolution, approve all interfund loans, indicating the lending and borrowing funds, and provide in the authorization a planned schedule or repayment of the loan principal as well as setting a reasonable rate of interest to be paid to the lending fund. A loan that continues longer than three years will be scrutinized for a permanent diversion of moneys (exception are funds that are legally permitted to support one another.)

This option is not viable due to the lack of City funds available for long-term borrowing as well as the potential use of any available funds (in addition to potential annual general government contributions) for the Transportation Benefit District financing options. Additionally, while the City is progressing on obtaining a better understanding of the City's financial situation it does not have a good handle just yet.

3) Bank Line of Credit / Bank Interim Financing

The term for bank line of credit is typically seven to ten years max, and potentially twelve years. The annual debt service payment based on a 4.0% interest rate and 15 year term, excluding any potential debt issuance cost is roughly \$276,000 for 7-year term, \$204,000 for 10-year term, and \$176,000 for 12-year term. What the banks could offer in terms and rates will be known if and the City's solicitation of bids. Also, the bank rate of 4.0% interest is just an assumption but in reality the rates are not fixed.

This option does not appear to be viable given the uncertainty of what banks could offer, as well as the annual debt service payment, if it could be offered.

However, a short-term bank interim financing could be used to provide interim financing until LOCAL program financing funds are available. The City would make interest only payments until LOCAL funds are received, which would then be used to pay the principal portion of the short-term loan.

4) Limited Tax General Obligation Bond Issue by City

The City could issue non voter-approved general obligation bonds. Based on a 4.0% interest rate and 15 year term, including debt issuance cost, the annual debt service payment is approximately \$152,000.

This option requires a lot of effort and cost for a "small" amount.

RECOMMENDATION:

The recommended financing method is Option 1 Local Option Capital Asset Lending (LOCAL).

The State grant agency stated they would hold the grant fund for the City but would like the City to formalize its intent via a resolution passed by the City Council. The resolution should state that the City will fully utilize the grant funds and submit an application for LOCAL funds by the December 2014 deadline. Attached is the draft resolution for City Council review. The final resolution will be presented to the City Council at the July 21, 2014 regular City Council meeting for review and adoption.

ATTACHMENT:

Cash Flow Projection
Draft Resolution

City of Lakewood
LED Streetlight Retrofit Program
Cash Flow Projection

Scenario 1: 100%	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	
Utility Savings	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Total
Sources:																					
LOCAL	1,654,448	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,654,448
Grant	500,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	500,000
Utility Rebate	-	217,640	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	217,640
Utility Savings	143,411	144,744	146,098	147,472	148,866	150,282	151,718	153,176	154,656	156,159	157,683	159,231	160,802	162,396	164,015	165,657	167,325	169,017	170,735	172,478	3,145,921
Total Sources	\$ 2,297,859	\$ 362,384	\$ 146,098	\$ 147,472	\$ 148,866	\$ 150,282	\$ 151,718	\$ 153,176	\$ 154,656	\$ 156,159	\$ 157,683	\$ 159,231	\$ 160,802	\$ 162,396	\$ 164,015	\$ 165,657	\$ 167,325	\$ 169,017	\$ 170,735	\$ 172,478	\$ 5,518,009
Cost:																					
Capital	\$ 2,372,088	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,372,088
Debt Service	143,903	143,903	143,903	143,903	143,903	143,903	143,903	143,903	143,903	143,903	143,903	143,903	143,903	143,903	143,903	143,903	-	-	-	-	2,158,545
Total Cost	\$ 2,515,991	\$ 143,903	\$ -	\$ 4,530,633																	
Net Cash Flow	\$ (218,132)	\$ 218,481	\$ 2,195	\$ 3,569	\$ 4,963	\$ 6,379	\$ 7,815	\$ 9,273	\$ 10,753	\$ 12,256	\$ 13,780	\$ 15,328	\$ 16,899	\$ 18,493	\$ 20,112	\$ 165,657	\$ 167,325	\$ 169,017	\$ 170,735	\$ 172,478	\$ 987,376

Scenario 2: 90%	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	
Utility Savings	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Total
Sources:																					
LOCAL	1,654,448	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,654,448
Grant	500,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	500,000
Utility Rebate	-	217,640	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	217,640
Utility Savings	129,070	130,270	131,488	132,724	133,980	135,253	136,546	137,859	139,191	140,543	141,915	143,308	144,722	146,157	147,613	149,092	150,592	152,115	153,661	155,230	2,831,329
Total Sources	\$ 2,283,518	\$ 347,910	\$ 131,488	\$ 132,724	\$ 133,980	\$ 135,253	\$ 136,546	\$ 137,859	\$ 139,191	\$ 140,543	\$ 141,915	\$ 143,308	\$ 144,722	\$ 146,157	\$ 147,613	\$ 149,092	\$ 150,592	\$ 152,115	\$ 153,661	\$ 155,230	\$ 5,203,417
Cost:																					
Capital	\$ 2,372,088	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,372,088
Debt Service	143,903	143,903	143,903	143,903	143,903	143,903	143,903	143,903	143,903	143,903	143,903	143,903	143,903	143,903	143,903	-	-	-	-	-	2,158,545
Total Cost	\$ 2,515,991	\$ 143,903	\$ 143,903	\$ 143,903	\$ 143,903	\$ 143,903	\$ 143,903	\$ 143,903	\$ 143,903	\$ 143,903	\$ 143,903	\$ 143,903	\$ 143,903	\$ 143,903	\$ 143,903	\$ -	\$ 4,530,633				
Net Cash Flow	\$ (232,473)	\$ 204,007	\$ (12,415)	\$ (11,179)	\$ (9,923)	\$ (8,650)	\$ (7,357)	\$ (6,044)	\$ (4,712)	\$ (3,360)	\$ (1,988)	\$ (595)	\$ 819	\$ 2,254	\$ 3,710	\$ 149,092	\$ 150,592	\$ 152,115	\$ 153,661	\$ 155,230	\$ 672,784

RESOLUTION NO. 2014-XX

A RESOLUTION of the City Council of the City of Lakewood,
Washington, relative to LED Street Lighting.

WHEREAS, the City of Lakewood has embarked on an LED Streetlight Retrofit Program to convert 1,982 of the City's streetlights to energy efficient LEDs. The 1,982 streetlights include: 744 from Tacoma Power, 30 from Puget Sound Energy, and 1,208 Lakeview Light & Power. It is estimated that it will take nine months to complete the retrofit once funding is available; and

WHEREAS, one financing option available for municipal corporations through the Washington State Treasurer to provide the lowest cost financing by pooling funding needs into larger offerings of securities. It is available to municipal corporations that are authorized to issue general obligation bonds. The State Treasurer's Local Option Capital Asset (LOCAL) lending program funds may be used for either equipment or real estate, including construction and energy projects; and

WHEREAS, the City of Lakewood was awarded a \$500,000 grant from the Washington State Department of Commerce (DOC) for its LED Streetlight Retrofit project and in order to preserve the grant until the City secures its share of the project financing DOC has requested that City officially notify them that it intends to utilize the full amount of the grant and that it anticipates to fund its share of the project cost through the State Treasurer's "LOCAL" program.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LAKEWOOD,
WASHINGTON HEREBY RESOLVES as follows:

Section 1. The Lakewood City Council expresses its intent to fully utilize said grant funding and in conjunction therewith will submit its completed application for funding its local contribution via the State Treasurer's Local Option Capital Asset (LOCAL) lending program by the December 2014 deadline.

Section 2. This Resolution shall be in full force and effect upon passage and signatures hereon.

PASSED by the City Council this 21st day of July, 2014.

CITY OF LAKEWOOD

Don Anderson, Mayor

Attest:

Alice M. Bush, MMC, City Clerk

Approved as to Form:

Heidi A. Wachter City Attorney

DRAFT



To: Mayor and City Councilmembers
From: Tho Kraus, Assistant City Manager/Finance & Administrative Services
Through: John J. Caulfield, City Manager *John J. Caulfield*
Date: July 14, 2014
Subject: City Funds

During the preparation of the quarterly financial reports and the need to obtain information on the various City funds, it was determined that an update of the Lakewood Municipal Code (LMC) as it relates to City funds was necessary.

The reasons for the update are as follows:

- Some fund were approved by the City Council via another ordinance, such as the budget ordinance but not referenced in the LMC City Funds section;
- Existing funds that were created via the fund ordinance do not have fund numbers referenced;
- Incorporate fund title changes and/or change in purpose of fund; and
- Add new fund for information technology internal service fund.

The proposed ordinance also adds new sections relating to grant administration and interfund loans (interim, temporary and short-term, not to exceed three years).

Attachment:
Draft City Funds Ordinance

ORDINANCE NO. XXX

AN ORDINANCE of the City Council of the City of Lakewood, Washington, repealing Chapter 3.08 and creating a new Chapter 3.09 of the Lakewood Municipal Code relative to the City Funds.

WHEREAS, in the administration of the City’s monies, it is prudent to formally establish and organize the City’s funds; and

WHEREAS, over time, and through various ordinances various funds have been created; and

WHEREAS the organization of all of these funds within one chapter of the Lakewood Municipal Code makes sense,

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LAKEWOOD, WASHINGTON DO ORDAIN as follows:

Section 1. A new Chapter 3.09 LMC entitled “City Funds” is created as follows:

Chapter 3.09
City Funds

Sections:

- 03.09.10 General Fund
- 03.09.20 Street Operations and Maintenance
- 03.09.30 Street Capital
- 03.09.40 Hotel/Motel Lodging Tax
- 03.09.50 Property Abatement
- 03.09.60 Public Art
- 03.09.70 Narcotics Seizure
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- 03.09.290 Section 125
- 03.09.300 Grant Administration
- 03.09.310 Interfund loan – Authorization
- 03.09.320 Interfund loan – Procedures
- 03.09.330 Interfund loan – Additional Authority

Section 2: A new Section 03.09.010 LMC entitled “General Fund,” is created to read as follows:

There is hereby established a fund known as the General Fund (Fund 001) as follows:

A. Purpose. This fund is used to account for all receipts and disbursements associated with ordinary City operations that are not required to be accounted for in another fund. This fund is both tax and general revenue supported.

B. Revenue sources. Tax and general revenue supported. Examples include property taxes, local sales taxes, franchise fees, gambling taxes, liquor taxes, utility taxes, fines and forfeitures, license fees, permits, recreation fees and other revenues that support general government operations.

Section 3: A new Section 03.09.020 LMC entitled “Street Operations & Maintenance,” is created to read as follows:

There is hereby established a fund known as the Street Operations & Maintenance (Fund 101) as follows:

A. Purpose. This fund is used to account for the receipts and disbursements associated with City planning, establishing, repairing and maintaining City streets sidewalks, and appurtenances, including pedestrian and bicycle paths, lanes and routes.

B. Revenue sources. Specific revenue sources shall include, but not be limited to, unrestricted motor vehicle fuel taxes, transportation-related fees and permits, interest earnings and such other sources as may be authorized by the city council.

Section 4: A new Section 03.09.030 LMC entitled “Street Capital,” is created to read as follows:

There is hereby established a fund known as the Street Capital (Fund 102) as follows:

A. Purpose. – This fund is used to account for the receipts and disbursements associated with the City’s street capital program.

B. Revenue sources. The primary sources of revenues are real estate excise tax, motor vehicle fuel tax, and grants.

Section 5: A new Section 03.09.040 LMC entitled “Hotel/Motel Lodging Tax,” is created to read as follows:

There is hereby established a fund known as the Hotel/Motel Lodging Tax (Fund 104) as follows:

A. Purpose. This fund is used to account for all and disbursements related to tourism promotion and the acquisition or operation of tourism-related facilities.

B. Revenue sources. The primary source of revenues are special hotel/motel lodging tax and transient rental income tax.

Section 6: A new Section 03.09.050 LMC entitled “Property Abatement,” is created to read as follows:

There is hereby established a fund known as the Property Abatement (Fund 105) as follows:

A. Purpose. The purpose of this fund is to account for projects that the City has identified and processed through the abatement process.

B. Revenue sources. All revenues from the rightful recovery of those project expenses, along with all revenues from fees, fines, and interest, and other rightful recoveries from those projects are deposited into the fund for the purpose of funding additional abatement projects.

Section 7: A new Section 03.09.060 LMC entitled “Public Art,” is created to read as follows:

There is hereby established a fund known as the Public Art (Fund 106) as follows:

A. Purpose. The sole purpose of this fund is to fund approved public art activities.

B. Revenue sources. All revenues associated with the fees charged for the rental of the McGavick center.

Section 8: A new Section 03.09.070 LMC entitled “Narcotics Seizure,” is created to read as follows:

There is hereby established a fund known as the Narcotics Seizure (Fund 180) as follows:

A. Purpose. The purpose of this fund, together with the imprest accounts, for the purposes of expenditures and revenues related to Police Department activities where the expenditures are governed by RCW 69.50.505

B. Revenue sources. The primary revenues from this fund will be the proceeds of asset forfeitures conducted under the provisions of chapter 69.50 RCW.

Section 9: A new Section 03.09.080 LMC entitled “Felony Seizure,” is created to read as follows:

There is hereby established a fund known as the Felony Seizure (Fund 181) as follows:

A. Purpose. The purpose of this fund is to account for expenditures associated with the Police Department activities where the expenditures are governed by RCW 10.105.101.

B. Revenue sources. The primary revenues of this fund will be the proceeds of seizure activities pursuant to chapter 10.105 RCW.

Section 10: A new Section 03.09.090 LMC entitled “Federal Seizure,” is created to read as follows:

There is hereby established a fund known as the Federal Seizure (Fund 182) as follows:

A. Purpose. The purpose of this fund is to account for the revenues and expenditures associated with the Police Department activities where the revenues are derived from federal law enforcement activities.

B. Revenue sources. The primary revenues shall be derived from federal law enforcement activities.

Section 11: A new Section 03.09.100 LMC entitled “Community Development Block Grant,” is created to read as follows:

There is hereby established a fund known as the CDBG (Fund 190) as follows:

A. Purpose. A project fund established in which to place monies from designated federal grants received through the Department of Housing and Urban Development’s community development block grant program or other agency, approved, accepted and assigned to this fund by the city council. Any city monies required for any such grant shall also be placed in this fund. Such monies shall be used for the purposes specified by the terms of each grant agreement.

B. Revenue sources. Grant revenues received through community development block grant program, city contributions or other revenue sources as may be authorized by the city council.

Section 12: A new Section 03.09.110 LMC entitled “Neighborhood Stabilization Program,” is created to read as follows:

There is hereby established a fund known as the Neighborhood Stabilization Program (Fund 191) as follows:

A. Purpose. The purpose of this fund is to account for the revenues and expenditures associated with the Federal Neighborhood Stabilization Program. The NSP was established for the purpose of stabilizing communities that have suffered from foreclosures and abandonment.

B. Revenues. Grants and abatement liens.

Section 13: A new Section 03.09.120 LMC entitled “Office of Economic Adjustment,” is created to read as follows:

There is hereby established a fund known as the Office of Economic Adjustment (Fund 192) as follows:

A. Purpose. The purpose of this fund is to account for the revenues and expenditures associated with the Federal Office of Economic Adjustment Grant Program, which provides grants to assist communities with the alleviation of socioeconomic effects that may result from military base closures and realignments, including the South Sound Military Community Partnership program.

B. Revenues. Primary revenues sources are grants, and partnership funding.

Section 14: A new Section 03.09.130 LMC entitled “Police ARRA Grant,” is created to read as follows:

There is hereby established a fund known as the Police ARRA Grant (Fund 193) as follows:

A. Purpose. The purpose of this fund is to account for the revenues and expenditures related to police department grants received from the Federal Government’s American Recovery and Reinvestment Act of 2009.

B. Revenue. Grants received via the American Recovery and Reinvestment Act of 2009.

Section 15: A new Section 03.09.140 LMC entitled “Public Safety Grants,” is created to read as follows:

There is hereby established a fund known as the Public Safety Grants (Fund 195) as follows:

A. Purpose. The purpose of this fund is to account for the revenues and expenditures related to police department grants and local revenues received from sources not related to the Federal Government's American Recovery and Reinvestment Act of 2009.

B. Revenue. Grants received from sources other than the American Recovery and Reinvestment Act of 2009.

Section 16: A new Section 03.09.150 LMC entitled "General Obligation (GO) Bond Debt Service," is created to read as follows:

There is hereby established a fund known as the General Obligation (GO) Bond Debt Service (Fund 201) as follows:

A. Purpose. The purpose of this fund is to account for General Obligation Bond debt.

B. Revenue. A 2005 interfund transfer.

Section 17: A new Section 03.09.160 LMC entitled "LID Debt Service," is created to read as follows:

There is hereby established a fund known as the LID Debt Service (Fund 202) as follows:

A. Purpose. The purpose of this fund is to account for the debt service for the City's Combined Local Improvement District (CLID 1103) and the Local Improvement District (LID 1108). The fund was created as part of the process in establishing the permanent financing for LIDs 1101, 1102, and 1103. When the City secured permanent financing for the three LIDs, it combined them into one bond offer, entitled CLID 1101-1103. The CLID bonds were a public offering. This fund also accounts for LID 1108, which is a one-property-owner LID. This bond was a private placement with Cashmere Valley Bank. This fund was established via Ordinance 352 adopted by City Council in April 2004, which established the LIDS 1101, 1102, and 1103 and created the fund.

B. Revenue.

Section 18: A new Section 03.09.170 LMC entitled "Police Facility Debt Service," is created to read as follows:

There is hereby established a fund known as the Police Facility Debt Service (Fund 203) as follows:

A. Purpose. The purpose of this fund was to account for the revenues (transfer in from the General Fund) and the debt service for the police facility. In 2010 this debt was transferred to the General Fund. This fund is currently inactive.

B. Revenues. This fund is currently inactive.

Section 19: A new Section 03.09.180 LMC entitled “Sewer Project Debt Service,” is created to read as follows:

There is hereby established a fund known as the Sewer Project Debt Service (Fund 204) as follows:

A. Purpose. The purpose of this fund is to account for the Public Works Trust Fund Loans that the City secured to fund both the sewer main construction (the finished asset has been donated to Pierce County) and the side sewer construction loan program, through which the City made loans to private property owners whose property abutted the new sewer main, making possible their connection to it.

B. Revenues. This fund is paid through property owner loan repayments.

Section 20: A new Section 03.09.190 LMC entitled “LID Guaranty Debt Service,” is created to read as follows:

There is hereby established a fund known as the LID Guaranty Debt Service (Fund 251) as follows:

A. Purpose. This fund was created in conjunction with establishing the permanent financing of CLID 1101-1103. The money needed to establish and deposit into the fund was part of the costs of the LID and borne by the property owners included in the District.

B. Revenues. The source of funding was the LID bonds and underlying that, the assessment payments from property owners

Section 21: A new Section 03.09.200 LMC entitled “General Governmental Capital Project,” is created to read as follows:

There is hereby established a fund known as the General Governmental Capital Project (Fund 301) as follows:

A. Purpose. The primary purpose of this fund is to account for municipal facilities.

B. Revenues. Bond proceeds and other sources as may be designed by the City Council.

Section 22: A new Section 03.09.210 LMC entitled “Sewer Capital Project,” is created to read as follows:

There is hereby established a fund known as the Sewer Capital Project (Fund 311) as follows:

A. Purpose. The purpose of this fund is to account for the construction of a sewer system that was donated to Pierce County

B. Revenues. Primary revenue sources are grants, contributions, public works trust fund loans.

Section 23: A new Section 03.09.220 LMC entitled “Sanitary Sewer Connection Capital Project,” is created to read as follows:

There is hereby established a fund known as the Sanitary Sewer Connection Capital Project (Fund 312) as follows:

A. Purpose. The purpose of this fund is to account for the revenues generated from the sewer availability charges, expenditures and transfers that are legally allowable for sewer availability charge fees and for administrative expenses to maintain and operate the fund.

B. Revenues. Sewer availability charges imposed under chapter 12A.15 LMC.

Section 24: A new Section 03.09.230 LMC entitled “LID Capital Project,” is created to read as follows:

There is hereby established a fund known as the LID Capital Project (Fund 351) as follows:

A. Purpose. The purpose of this fund is to account for the local improvement district (LID) capital related projects of streets and sidewalks.

B. Revenues. The projects are funded by assessments on the benefiting properties. This fund is currently inactive.

Section 25: A new Section 03.09.240 LMC entitled “Surface Water Management,” is created to read as follows:

There is hereby established a fund known as the Surface Water Management (Fund 401) as follows:

A. Purpose. The purpose of this fund is to administer and account for all receipts and disbursements related to the City’s surface and storm management system.

B. Revenues. All service charges are deposited into this fund for the purpose of paying the expense of maintaining and operating surface and storm water management facilities.

Section 26: A new Section 03.09.250 LMC entitled “Fleet & Equipment Fund,” is created to read as follows:

There is hereby established a fund known as the Fleet & Equipment Fund (Fund 501) as follows:

A. Purpose. The purpose of this fund is to account for all costs associated with operating, maintaining and replacing the City’s vehicles and other motorized equipment..

B. Revenue. Revenue source is replacement reserves and interfund charge to the benefiting or user fund. Other revenues may include interest earnings, proceeds from the sale of assets, interfund transfers, and other revenue sources designated by City Council.

Section 27: A new Section 03.09.260 LMC entitled “City Hall Facility Services and Reserve,” is created to read as follows:

There is hereby established a fund known as the City Hall Facility Services and Reserve (Fund 502) as follows:

A. Purpose. The purpose of this fund is to account for all costs associated with the maintenance and operation of city buildings specified by the City Manager.

B. Revenue. Revenue source is replacement reserves and interfund charge to the benefiting or user fund. Other revenues may include interest earnings, proceeds from the sale of assets, interfund transfers, and other revenue sources designated by City Council.

Section 28: A new Section 03.09.270 LMC entitled “Information Technology Fund,” is created to read as follows:

There is hereby established a fund known as the Information Technology Fund (Fund 503) as follows:

A. Purpose. The purpose of this fund is to account for all costs associated with data processing, telecommunications and geographical information systems for the City.

B. Revenue. Revenue source is interfund charge to the benefiting or user fund. Other revenues may include replacement reserves, interest earnings, proceeds from the sale of assets, interfund transfers and other revenue sources designated by City Council.

Section 29: A new Section 03.09.280 LMC entitled “Municipal Court Trust Account,” is created to read as follows:

There is hereby established a fund known as the Municipal Court Trust Account (Fund 634) as follows:

A. Purpose. The purpose of this fund is to account for monies received by the Municipal Court as bond deposits, cash deposits, or other payments which may, depending upon the circumstances be returned to the person making the deposit or payment to the City, or which may, otherwise, be applied to fines, penalties, costs, or expenses involved in cases filed with the Municipal Court.

B. Revenues. This fund is funded by deposits made through the municipal court.

Section 30: A new Section 03.09.290 LMC entitled “Section 125,” is created to read as follows:

There is hereby established a fund known as the Section 125 (Fund 635) as follows:

A. Purpose. The purpose of this fund is to account for monies received from the deductions from the salaries of participating employees, and from which fund reimbursements shall be paid for the applicable medical and childcare expenses of said employees, in conformity with the provisions of Section 125 of the IRS Code.

B. Revenue. This fund is funded by payroll deductions of participating employees.

Section 31: A new Section 03.09.300 LMC entitled “Grant Administration,” is created to read as follows:

As to any funds which are funding in whole or part by grants, the following provisions apply:

A. The City Manager or designee shall maintain a separate record of accounts showing the receipts and disbursements of each and every grant assigned to such fund. The department assigned, by the terms of the city’s acceptance of such grant, to administer any program or activity financed wholly or in part by the grant financially controlled by this fund, shall approve all expenditures therefrom and shall maintain such records and documents, and prepare such reports as may be required by the grantor agency or the city council.

B. Other general/financial information.

1. Projects established. Individual grant projects shall be established in this fund, based on council authorization or acceptance. Fund appropriations shall not lapse at the end of any calendar year but shall remain in effect until the grant project is completed. Administrative housekeeping-oriented projects may be established by the Assistant City Manager for Finance and Administrative Services.

2. Financing. The grant fund is hereby authorized to borrow monies from time to time from other city funds in amounts necessary to effectuate the purposes of such fund. Authorization for each such loan shall be made by the City Manager or designee. Such authorization shall be given only when the lending fund has sufficient resources to make the loan, which shall be determined by the finance director. Such loans shall be without interest unless interest is required by law, and shall be repaid when there no longer exists a financing need within such fund. Where interest is required by law, the Assistant City Manager for Finance and Administrative Services shall designate the appropriate rate.

Section 32: A new Section 03.09.310 LMC entitled “Interfund loan – Authorization,” is created to read as follows:

The city council does hereby authorize the City Manager, or designee, to make interfund loans of those municipal monies which are otherwise legally available for investment purposes,

where such loans would be necessary to ensure compliance with the provisions of RCW 43.09.210.

Section 33: A new Section 03.09.320 LMC entitled “Interfund loan – Procedures,” is created to read as follows:

The following procedures shall be used for the establishment and accounting of all interfund loans made pursuant to this chapter:

(1) The City Manager or designee shall approve all interfund loans and provide in the written authorization a planned schedule of repayment of the loan principal and shall set a reasonable rate of interest, based upon the external rate available to the city, to be paid to the lending fund.

(2) Interest shall be charged in all cases unless:

(a) The borrowing fund has no independent source of revenue other than the lending fund;

(b) The borrowing fund is normally funded by the lending fund; or

(c) The lending fund is the general fund, which, being unrestricted can loan interest-free, except to a proprietary fund.

(3) The borrowing fund must anticipate sufficient revenues to be in a position over the period of the loan to make the specified principal and interest payments as required in the authorizing ordinance.

(4) The term of loan should whenever practicable be restricted to a period of one year, but in no case shall the term of loan exceed three years, except for those funds which are legally permitted to support one another through appropriations, transfers, advances, etc.

(5) Only that portion of a given fund which, in the prudent management of municipal finances as determined by the mayor, is clearly inactive or in excess of current needs may be loaned to other municipal funds or invested.

(6) Appropriate accounting records shall be maintained to reflect the balances of loans payable and receivable in every fund affected by such transactions.

Section 34: A new Section 03.09.330 LMC entitled “Interfund loan – Additional authority,” is created to read as follows:

The City Council further hereby grants to the City Manager or designee, the authority to make interim, temporary loans from one fund to another during the course of the fiscal year. The term of such loan shall not exceed the end of the fiscal year in which loan was made.

Section 35: Chapter 3.08 of the Lakewood Municipal Code is repealed in its entirety.

Section 36: Severability. If any section, sentence, clause, or phrase of this ordinance should be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity of any other section, sentence, clause, or phrase of this ordinance.

Section 37: Effective Date. This ordinance shall take place thirty (30) days after its publication or publication of a summary of its intent and contents.

ADOPTED by the City Council this 21st day of July, 2014.

CITY OF LAKEWOOD

Don Anderson, Mayor

Attest:

Alice M. Bush, MMC, City Clerk

Approved as to Form:

Heidi A. Wachter City Attorney