

Town Hall Meeting Room
3715 Bridgeport Way West

- 6:00 pm 1. **CALL REGULAR MEETING TO ORDER**
2. **ROLL CALL**
3. **PLEDGE OF ALLEGIANCE – Councilmember McCluskey**
4. **APPROVAL OF AGENDA**
- 6:05 pm 5. **PUBLIC COMMENTS** – (At this time, citizens have three minutes to address the Council on any matter not scheduled for Public Hearing or Council Consideration. State law prohibits the use of this forum to promote or oppose any candidate for public office, or ballot measure. Public comments are limited to three minutes. Please provide your name and address for the record.)
- 6:10 pm 6A- **CONSENT AGENDA**
6C. **Motion: Approve or Amend the Consent Agenda as Proposed**
- The Consent Agenda consists of items considered routine or have been previously studied and discussed by Council and for which staff recommendation has been prepared. A Councilmember may request that an item be removed for the Consent Agenda so that the Council may consider the item separately. Items on the Consent Agenda are voted upon as one block and approved with one vote.

A. Receive and File: Payroll and Claims.

B. Receive and File: 2015 Comprehensive Annual Financial Report.

C. Pass an Ordinance amending Ordinance No. 623, amending Title14, Chapter 14.05 related to Building and Construction to comply with RCW 19.27 the State Building Code by adopting the 2015 Edition of the International Code, 2015 Edition of the State Energy Code and the 2015 Edition of the Uniform Plumbing Code.
- 6:15 pm 7. **COUNCIL COMMENTS/REPORTS**
- RECESS TO STUDY SESSION** – (At this time, Council will have the opportunity to study and discuss business issues with staff prior to its consideration. Citizen comment is not taken at this time; however, citizens will have the opportunity to comment on the following item(s) at future Council meetings.)
- 6:20 pm 8. **MARIJUANA ORDINANCE REVIEW/RECOMMENDATION (SECOND STUDY)**
- 7:20 pm 9. **TREE PRESERVATION ORDINANCE (FOURTH STUDY)**
- 9:00 pm 10. **ADJOURNMENT**

*PRELIMINARY CITY COUNCIL AGENDA

July 18, 2016
Regular Council Meeting

August 1, 2016
Regular Council Meeting

August 15, 2016
Regular Council Meeting

September 6, 2016
Regular Council Meeting

Preliminary City Council Agenda subject to change without notice*
Complete Agendas will be available 24 hours prior to scheduled meeting.
To obtain Council Agendas, please visit www.cityofup.com.

American Disability Act (ADA) Accommodations Provided Upon Advance Request
Call the City Clerk at 253-566-5656

APPROVAL OF CONSENT AGENDA

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Check #	Date	Vendor	Invoice	Inv Date	Description	Amount Paid	Check Total	
18272004	6/16/2016	002072	WA STATE DEPT OF REVENUE	MAY16	6/16/2016	MAY16/B&O TAX/SWM FEES	17,425.82	17,425.82
		Voucher: 40800						
51978316	6/30/2016	025715	ABM JANITORIAL SERVICES	9487836	6/1/2016	JUN16/JANITORIAL SERVICES	3,831.65	3,831.65
		Voucher: 40725						
51978317	6/30/2016	025179	ACCESS INFORMATION MANAGE	1478219	5/31/2016	MAY16/OFFSITE RECORDS STO	376.05	376.05
		Voucher: 40726						
51978318	6/30/2016	001004	ALARM WORKS NW	7199	6/1/2016	JUNE16/ALARM MONITORING	358.00	358.00
		Voucher: 40727						
51978319	6/30/2016	001701	ALPINE PRODUCTS INC	TM-158193	6/2/2016	TYPE 2 BARRICADE/BARRICADE	2,625.26	2,625.26
		Voucher: 40728						
51978320	6/30/2016	023418	AMEC FOSTER WHEELER ENV &	S45700015	5/13/2016	CONSTRUCTION MONITORING/E	24,155.88	24,155.88
		Voucher: 40729						
51978321	6/30/2016	002075	AMERICAN REPROGRAPHICS	CC1462946	5/27/2016	ADD DOCUMENTS/ADDENDUM #	111.46	111.46
		Voucher: 40730						
51978322	6/30/2016	002167	BASELINE ENGINEERING INC	15210	6/1/2016	SURVEY/BROOKRIDGE TRAIL E/	3,500.00	3,500.00
		Voucher: 40731						
51978323	6/30/2016	022628	BRISKE, KEVIN	REIMB/LODGING	6/8/2016	RECONCILIATION/ICSC ANNUAL	302.45	302.45
		Voucher: 40732						
51978324	6/30/2016	021926	BRUNK, ROB	REIMB	6/8/2016	REIMB/3 CODE BOOKS/R. BRUNI	146.83	146.83
		Voucher: 40733						
51978325	6/30/2016	024437	BUILDERS EXCHANGE OF WA.	IN1050786	6/8/2016	PUBLISH PROJECTS ONLINE/27	5.90	5.90
		Voucher: 40734						
51978326	6/30/2016	001152	CENTURYLINK	253-565-9558	6/14/2016	PW PUMP CALLOUT LINE	41.67	
		Voucher: 40735		206-Z20-0051	6/20/2016	PHONES/CITY WIDE	2,400.00	
				253-564-1992	6/11/2016	PHONE/SR CENTER	247.13	2,688.80
51978327	6/30/2016	003056	CITY OF LAKEWOOD	MC-00084	6/10/2016	JUN16/COURT SERVICES	12,304.00	12,304.00
		Voucher: 40736						

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Check #	Date	Vendor	Invoice	Inv Date	Description	Amount Paid	Check Total
51978330	6/30/2016	001024 CITY TREASURER	100086155	6/3/2016	POWER/7801 40TH ST W	3.72	
	Voucher:	40737	100079031	6/3/2016	POWER/3715 BP WAY W, #D4	19.16	
			100802489	6/3/2016	POWER/3904 BP WAY W	14.48	
			100083325	6/17/2016	POWER/4910 BRISTONWOOD DR	300.00	
			100079046	6/3/2016	POWER/3715 BP WAY W, #D5	19.00	
			100172057	6/17/2016	POWER & WATER/3920 GRANDVIEW DR	179.87	
			100668522	6/6/2016	WATER/8902 CHAMBERS CREEK	39.68	
			100312905	6/3/2016	POWER/3715 BP WAY W, #A-3A	22.00	
			100077151	6/13/2016	POWER/4000 OLYMPIC BLVD W	10.10	
			100077140	6/13/2016	POWER/2900 GRANDVIEW DR W	8.63	
			100089560	6/17/2016	POWER/4317 GRANDVIEW DR W	49.03	
			100089555	6/13/2016	POWER/4526 GRANDVIEW DR W	24.52	
			100357178	6/10/2016	POWER/2620 BP WAY W	32.38	
			100089550	6/13/2016	POWER/4704 GRANDVIEW DR W	18.39	
			100089528	6/13/2016	POWER/3912 GRANDVIEW DR W	30.64	
			100072286	6/13/2016	POWER/8501 40TH ST W	8.63	
			100072254	6/13/2016	POWER/8417 40TH ST W	8.63	
			100324281	6/13/2016	POWER/7820 CIRQUE DR W	103.06	
			100072268	6/13/2016	POWER/8901 40TH ST W	8.63	
			100263915	6/13/2016	WATER & POWER/7250 CIRQUE	1,002.81	
			100955345	6/3/2016	WATER/3715 BP WAY W	199.40	
			100578632	6/3/2016	WATER/7450 MARKET SQ W	547.48	
			100939530	6/3/2016	POWER/3555 MARKET PL W	845.88	
			100131881	6/20/2016	POWER/4523 97TH AVE W	34.47	
			100798512	6/20/2016	POWER/4402 97TH AVE W H1 ST	83.94	
			100093125	6/25/2016	POWER/8513 33RD ST W #A	38.00	
			100333844	6/17/2016	WATER/4951 GRANDVIEW DR W	324.60	
			100933758	6/21/2016	POWER/7203 44TH ST W	53.97	
			100094683	6/17/2016	POWER/4758 BRISTONWOOD DR	98.06	
			100080586	6/17/2016	POWER/4951 GRANDVIEW DR W	68.34	
			100315888	6/6/2016	POWER/7401 CHAMBERS LN W	38.00	
			100083115	6/23/2016	POWER/4000 67TH AVE W	44.89	
			100864411	6/23/2016	POWER/6730 40TH ST CT W	72.80	
			100668518	6/6/2016	WATER/9600 64TH ST W	501.14	
			100895144	6/15/2016	POWER/8300 CIRQUE DR W	103.06	

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Check #	Date	Vendor	Invoice	Inv Date	Description	Amount Paid	Check Total
			100439837	6/3/2016	POWER/3501 72ND AVE CT W	16.61	
			100668505	6/6/2016	WATER/8102 CHAMBERS CREEK	103.89	
			100068203	5/31/2016	POWER/3715 BP WAY W	1,524.83	
			100101800	6/6/2016	POWER/6318 GRANDVIEW DR W	140.89	
			100306925	6/6/2016	POWER/8020 CHAMBERS CK RD	41.78	
			100142834	6/3/2016	WATER/3715 BP WAY W	162.52	
			100306924	6/6/2016	POWER/8900 CHAMBERS CK RD	41.85	
			100122800	6/3/2016	POWER/4398 BP WAY W	341.45	
			100302273	6/3/2016	POWER/3715 BP WAY W, #D2	19.31	
			100495884	6/3/2016	POWER/3625 DREXLER DR W	63.24	
			100617905	6/3/2016	POWER/3525 BP WAY W	146.90	
			100657111	6/3/2016	WATER/3626 DREXLER DR W	417.24	
			100156353	6/3/2016	POWER/4720 BP WAY W	34.05	
			100087691	6/3/2016	POWER/3697 BP WAY W	184.60	
			100086165	6/3/2016	POWER/7813 44TH ST W	3.72	
			100673072	6/10/2016	WATER/8300 40TH ST W	394.62	
			100346073	6/13/2016	WATER/7250 CIRQUE DR W	74.26	
			100611293	6/13/2016	WATER/5200 BP WAY W	505.08	
			100089583	6/13/2016	POWER/4016 GRANDVIEW DR W	18.39	
			100668502	6/13/2016	WATER/7820 CIRQUE DR W	137.86	
			100057075	6/13/2016	POWER/4100 GRANDVIEW DR W	23.74	
			100089578	6/13/2016	POWER/4116 GRANDVIEW DR W	36.77	
			100775637	6/13/2016	POWER/7001 CIRQUE DR W	194.19	
			100890034	6/1/2016	WATER/7299 57TH ST CT W	308.16	
			100077160	6/14/2016	POWER/5202 67TH AVE W	247.71	
			100890035	6/14/2016	WATER/8399 CIRQUE DR W	202.86	
			100344745	6/13/2016	POWER/6810 CIRQUE DR W	40.91	
			100940204	6/16/2016	WATER/7299 44TH ST W	134.91	
			100751205	6/3/2016	WATER/3555 MARKET PL W/HSE	165.52	
			100714386	6/3/2016	POWER/3609 MARKET PL W, #20	52.76	
			100312961	6/3/2016	POWER/3715 BP WAY W, #A3	66.49	
			100312960	6/3/2016	POWER/3715 BP WAY W, #A2	51.29	
			100105615	6/3/2016	POWER/3503 BP WAY W	46.24	
			100577102	6/3/2016	POWER/7450 MARKET ST W	172.79	
			100312900	6/3/2016	POWER/3715 BP WAY W, #E3	33.41	

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Check #	Date	Vendor	Invoice	Inv Date	Description	Amount Paid	Check Total
			100955346	6/3/2016	POWER/3715 BP WAY W #D HSE	31.94	
			100955347	6/3/2016	POWER/3715 BP WAY W #E HSE	55.39	
			100052902	6/3/2016	POWER/3715 BP W WAY W/HOU	28.18	
			100961315	6/14/2016	WATER/4399 ELWOOD DR W	55.55	
			100110228	6/3/2016	POWER/3715 BP WAY W, #B5	839.31	
			100668517	6/16/2016	WATER/4300 BP WAY W	421.02	
			100668504	6/6/2016	WATER/7401 CHAMBERS LN W	158.46	
			100185134	6/21/2016	POWER/4401 67TH AVE W	48.13	
			100951901	6/6/2016	POWER/7723 CHAMBERS CREEK	243.78	
			100895151	6/16/2016	POWER/7901 CIRQUE DR W	37.65	
			100101775	6/7/2016	POWER/5250 GRANDVIEW DR W	148.62	
			100032203	6/8/2016	POWER & WATER/2534 GRANDV	340.99	
			100668524	6/8/2016	WATER/4999 ALAMEDA AVE W	290.21	
			100092335	6/8/2016	POWER/3050 BP WAY W	175.61	
			100820972	6/8/2016	POWER/2700 SUNSET DR W	33.27	
			100905391	6/9/2016	POWER/9313 56TH ST W	74.69	
			100101783	6/9/2016	POWER/5520 GRANDVIEW DR W	85.66	
			100664580	6/9/2016	WATER/6000 GRANDVIEW DR W	1,613.83	
			100664578	6/9/2016	WATER/5300 GRANDVIEW DR W	1,626.79	
			100109710	6/10/2016	POWER/8902 40TH ST W	9.19	
			100081728	6/10/2016	POWER/6701 BP WAY W	164.26	
			100679491	6/10/2016	POWER/8002 40TH ST W	102.77	
			100138171	6/3/2016	POWER/3998 BP WAY W	61.37	
			100897062	6/3/2016	WATER/3600 DREXLER DR W	100.43	
			100312959	6/3/2016	POWER/3715 BP WAY W, #A1	22.00	
			100668521	6/8/2016	WATER/3000 BP WAY W	274.25	
			100386367	6/23/2016	POWER/7223 40TH ST W	148.20	
			100165190	6/23/2016	POWER/3761 BP WAY W	41.67	
			100565439	6/23/2016	WATER/3761 BP WAY W	407.73	
			100358203	6/13/2016	POWER/7150 CIRQUE DR W	741.59	19,490.77
51978331	6/30/2016	001140 CITY TREASURER	90699130	6/14/2016	2ND HALF 2016/SEMI ANNUAL AT	1,886.82	
	Voucher:	40738	90697471	6/2/2016	MAY16/HYDRANT USE/BRISTON	242.33	2,129.15
51978332	6/30/2016	025161 CITY TREASURER	129335	6/7/2016	DTA RECEIVERS/SR CENTER	8.27	
	Voucher:	40739	130297	6/7/2016	DTA RECEIVERS/CITY HALL	84.35	92.62

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Check #	Date	Vendor	Invoice	Inv Date	Description	Amount Paid	Check Total
51978333	6/30/2016	024565	COMCAST	849835010094487	6/15/2016	JUN25-JUL25/INTERNET/CITY HA	140.79
	Voucher:	40740		849835010073570	6/10/2016	MODEMS/REMOTE SURVEILLAN	80.84
				849835010073571	6/10/2016	MODEMS/REMOTE SURVEILLAN	80.84
				849835010094436	6/10/2016	JUN19-JULY18/INTERNET/PW SF	137.56
				849835010094441	6/10/2016	JUNE19-JULY18/ INTERNET/SR C	97.56
							537.59
51978334	6/30/2016	023782	COMPLETE OFFICE SOLUTIONS,	1387590-0	6/15/2016	PAPER/HIGHLIGHTER/NOTE PAC	46.03
	Voucher:	40741		1379926-0	5/27/2016	SORTER/TAPE/ENGINEERING	36.74
				1381283-0	6/1/2016	EXPO MARKERS	11.25
				1380335-0	5/31/2016	TONER CARTRIDGES	993.83
							1,087.85
51978335	6/30/2016	024347	COPIERS NORTHWEST, INC.	INV1390943	5/31/2016	MAY28-JUN27/BASE RATE/APR28	100.43
	Voucher:	40742		INV1395806	6/10/2016	MAY4-JUN3/OVERGE CHARGE/C	476.37
				INV1395805	6/10/2016	MAY9-JUN8/OVERAGE CHARGE/	45.09
				INV1398011	6/14/2016	JUN11-JULY10/CONTRACT LEAS	32.31
				INV1398012	6/14/2016	MAY11-JUN10/OVERAGE CHARG	12.72
							666.92
51978336	6/30/2016	002431	DIANE DEMARS	JUN16	6/17/2016	JUN16/YOGA CLASSES/#5259,#5	612.00
	Voucher:	40743					612.00
51978337	6/30/2016	001737	DON SMALL & SONS OIL DIST	CC098466	6/7/2016	BULK FUEL/PW SHOP	2,281.30
	Voucher:	40744		138896	6/2/2016	2 DRUMS/PW SHOP	65.70
							2,347.00
51978338	6/30/2016	025945	EVERGREEN CONCRETE CUTTING	70807	6/1/2016	CORE DRILL HOLE/3600 BLOCK	421.19
	Voucher:	40745					421.19
51978339	6/30/2016	003203	EVERSON'S ECONO VAC INC.	077467	5/31/2016	ROOT CUTTING/STORMLINE/560	828.75
	Voucher:	40746					828.75
51978340	6/30/2016	024113	FASTENAL COMPANY	WATA146967	6/10/2016	MISC PARTS/PW SHOP	42.97
	Voucher:	40747					42.97
51978341	6/30/2016	001071	FEDEX OFFICE	0000131312	6/1/2016	PROMOTIONAL BROCHURES/GE	13.07
	Voucher:	40748					13.07
51978342	6/30/2016	001398	GILCHRIST CHEVROLET CORP.	634556	6/15/2016	08 SILVERADO REPAIRS	403.32
	Voucher:	40749					403.32
51978343	6/30/2016	025936	GRAY CPA CONSULTING, PC	10103	6/1/2016	CAFR CONSULTING	2,590.00
	Voucher:	40750					2,590.00
51978344	6/30/2016	001406	GUARDIAN SECURITY GROUP INC	72249	7/17/2016	BRASS TAG/SPLIT RING	85.99
	Voucher:	40751		72160	6/8/2016	REPAIR DOOR LOCK/MTG ROOM	224.27
							310.26
51978345	6/30/2016	025851	GURLEY, SUE	REIMB	6/7/2016	REIMBURSEMENT/BANNERS/CIT	70.09
	Voucher:	40752					70.09

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Check #	Date	Vendor	Invoice	Inv Date	Description	Amount Paid	Check Total
51978346	6/30/2016	002220 HANDS, LISA	REIMB/TUITION	6/20/2016	REIMB/TUITION/BUSINESS CALC	588.25	588.25
		Voucher: 40753					
51978347	6/30/2016	025784 JR ABBOTT CONSTRUCTION INC	RETAINAGE	6/27/2016	RETAINAGE RELEASE/UP MAIN S	37,236.02	37,236.02
		Voucher: 40754					
51978348	6/30/2016	023289 KIDZ LOVE SOCCER	2016SP-F86	6/20/2016	SPRING 2016/SOCCER CLINICS	5,880.00	5,880.00
		Voucher: 40755					
51978349	6/30/2016	025841 KLEBER, AMANDA	MILEAGE	6/20/2016	MILEAGE REIMB/MAY & JUN 2016	47.15	47.15
		Voucher: 40756					
51978350	6/30/2016	001072 KLOSOWSKI, DEBBIE	REIMB	6/7/2016	REIMB/POSTERS & FLYERS/SQL	707.37	707.37
		Voucher: 40757					
51978351	6/30/2016	002873 LAKEWOOD HARDWARE & PAINT	471516	5/23/2016	BLADES/SCREWS/PW SHOP	209.17	209.17
		Voucher: 40758					
51978352	6/30/2016	001987 LAKEWOOD IRON WORKS	060316	6/3/2016	8 SHEETS 60X120/CUT TO WIND	3,250.00	3,250.00
		Voucher: 40759					
51978353	6/30/2016	025342 LAKEWOOD MUNICIPAL COURT	REFUND	6/24/2016	REFUND/PAID TO CITY OF UP IN	9.84	9.84
		Voucher: 40760					
51978354	6/30/2016	024217 MAYES TESTING ENGINEERS, INC	0516T16088	5/31/2016	TESTING & INSPECTION/ELWOO	4,239.75	4,239.75
		Voucher: 40761					
51978355	6/30/2016	001352 MILES RESOURCES, LLC	1476500	6/9/2016	SINGLE PASS CRUSHED ROCK/6	103.32	103.32
		Voucher: 40762					
51978356	6/30/2016	025998 MOERKE, BRENDA	REIMB	6/16/2016	REIMB/MILEAGE/CITY BUSINESS	8.51	8.51
		Voucher: 40763					
51978357	6/30/2016	003145 NATIONAL BARRICADE CO, LLC	264994	5/31/2016	14 GA SQUARE STREET SIGN PC	4,550.49	
		Voucher: 40764	264993	5/31/2016	TRAFFIC CONES	1,651.94	6,202.43
51978358	6/30/2016	001095 NEWS TRIBUNE	I02475211-052820	5/28/2016	FLYER BOARD/DUCK DAZE	37.50	
		Voucher: 40765	I02475211-052920	5/29/2016	FLYER BOARD/DUCK DAZE	142.54	
			I02430634-050420	5/4/2016	ORDINANCE PUBLICATION/ORD	107.89	
			I02457321-051820	5/18/2016	ORDINANCE PUBLICATION/ORD	156.13	
			I02475211-052720	5/27/2016	FLYER BOARD/DUCK DAZE	37.50	
			I02412572-042620	4/26/2016	BID AD/27TH ST W	912.47	
			I02475211-052620	5/26/2016	FLYER BOARD/DUCK DAZE	37.50	1,431.53
51978359	6/30/2016	024139 P.C.COMMUNITY NEWSPAPER GI	8356	6/2/2016	JUN3 ISSUE/UP PRESS CONTRA	1,846.15	1,846.15
		Voucher: 40766					
51978360	6/30/2016	025172 PACIFIC NORTHWEST CONSULTI	062016	6/20/2016	CONSULTING SERVICE/COUNCIL	2,095.13	2,095.13
		Voucher: 40767					

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51978361	6/30/2016	026000	PAVONE, CANCE	REFUND	6/27/2016	REFUND/SR. CENTER RENTAL D	200.00	200.00
		Voucher: 40768						
51978362	6/30/2016	001109	PIERCE COUNTY BUDGET & FIN/CI-217202		6/1/2016	APR16/TRAFFIC OPER MAINTEN	3,887.61	
		Voucher: 40769			6/6/2016	JULY16-DEC16/EMERGENCY MA	13,481.00	
					6/9/2016	JUNE16/POLICE SERVICES	272,946.98	
					6/15/2016	2016 OPEN SPACE AGREEMENT	35,000.00	325,315.59
51978363	6/30/2016	024698	PIERCE COUNTY SECURITY, INC.312226		6/3/2016	#9205/CIRQUE PARK	150.00	
		Voucher: 40770			6/3/2016	#10740/MAY16/PARADISE POND	73.00	
					6/3/2016	#9206/MAY16/KOBAYASHI	150.00	373.00
51978364	6/30/2016	023882	PIVETTA BROTHERS CONST.,INC6		6/16/2016	BRIDGEPORT LID PROJECT	150,003.97	150,003.97
		Voucher: 40771						
51978365	6/30/2016	025445	PUGET PAVING AND CONSTRUCT 4		6/15/2016	ELWOOD SAFE ROUTES	280,527.03	280,527.03
		Voucher: 40772						
51978366	6/30/2016	001630	PUGET SD CLEAN AIR AGENCY C16-091S/2ND QTF		12/30/2015	2NDQTR/CLEAN AIR ASSESS/ST	5,191.25	5,191.25
		Voucher: 40773						
51978367	6/30/2016	001854	R W SCOTT CONSTRUCTION CO 1		6/16/2016	MILDRED/67TH ROADWAY IMPRO	163,640.00	163,640.00
		Voucher: 40774						
51978368	6/30/2016	001295	RANGLES SAND & GRAVEL INC	379105	6/7/2016	CLEAN CRUSHED ROCK/WATER	119.67	
		Voucher: 40775			5/31/2016	OVERSIZE ROCK//WATERFALL/C	121.78	241.45
51978369	6/30/2016	002206	S & S TIRE SERVICE INC	1-59564	6/11/2016	FLAT REPAIR/WHEEL CHANGE/S	121.75	
		Voucher: 40776			4/29/2016	BACKHOE/REPAIRS	2,310.25	2,432.00
51978370	6/30/2016	021712	SARCO SUPPLY	1095041	6/10/2016	RESTROOM SUPPLIES	146.31	
		Voucher: 40777			6/3/2016	SUPPLIES/SOAP DISPENSER	61.75	208.06
51978371	6/30/2016	001328	SHELL FLEET CARD SERVICES	8147100120606	6/5/2016	81-471-0012-0/SHELL	102.67	102.67
		Voucher: 40778						
51978372	6/30/2016	025815	SIGNATURE LANDSCAPE SERVIC	103929	6/1/2016	JUNE16/LANDSCAPE MAINTENA	11,056.10	11,056.10
		Voucher: 40779						
51978373	6/30/2016	001859	SOUND GLASS SALES, INC	ITAC045776	5/31/2016	INSULATED GLASS/WINDOW/DE	744.49	744.49
		Voucher: 40780						
51978374	6/30/2016	001426	SPECTRUM SIGN COMPANY, INC	19679	6/8/2016	CORRUGATED PLASTIC SHEETS	790.48	790.48
		Voucher: 40781						
51978375	6/30/2016	003008	SPRAGUE PEST SOLUTIONS INC	2890906	6/7/2016	PEST CONTROL/WMV	98.46	
		Voucher: 40782		2890907	6/7/2016	PEST CONTROL/WMV	213.33	311.79

Bank : bofa BANK OF AMERICA

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Check #	Date	Vendor	Invoice	Inv Date	Description	Amount Paid	Check Total
51978376	6/30/2016	002613	SUPERIOR LINEN SERVICE,INC. 55743	6/15/2016	OFFICE MAT RENTAL/PW SHOP	89.00	
	Voucher:	40783	52775	6/1/2016	OFFICE MAT RENTAL/PW SHOP	89.00	
			CREDIT	3/2/2016	CREDIT/DUPLICATE PAYMENT/IM	-89.00	89.00
51978377	6/30/2016	002097	TACOMA SCREW PRODUCTS INC30785830	6/15/2016	ELK RIVER & SHOCK ABSORB L/	152.52	152.52
	Voucher:	40784					
51978378	6/30/2016	025311	TACOMA WINSUPPLY, INC. 027964-00	5/26/2016	IRRIGATION SUPPLIES/PW SHO	217.48	217.48
	Voucher:	40785					
51978379	6/30/2016	002823	THOMPSON ELECTRICAL CONST8584	6/15/2016	CREDIT/INVOICE #0516-8584RV/I	-194.62	
	Voucher:	40786	0616-8555CG	6/15/2016	TROUBLE SHOOT/REPLACE TRA	225.36	
			0616-8540CG	6/2/2016	ELECTRICAL WORK/WATER FEA	748.16	778.90
51978380	6/30/2016	001636	THOMSON REUTERS - WEST 834084188	6/1/2016	MAY16/WEST INFORMATION CH/	653.09	653.09
	Voucher:	40787					
51978381	6/30/2016	001394	UNITED RENTALS NW INC 137406362-001	5/25/2016	REPLACED O-RING & UPPER CC	490.59	490.59
	Voucher:	40788					
51978382	6/30/2016	025376	UNIVERSAL FIELD SERVICES, IN47697	5/31/2016	BP WAY PH 4A/ROW & AQUISITIC	722.83	722.83
	Voucher:	40789					
51978383	6/30/2016	001331	UNIVERSITY PLACE REFUSE SV,910590	6/22/2016	JULY16/BILLING PERIOD/COMPA	988.08	
	Voucher:	40790	910581	6/22/2016	JULY16/BILLING PERIOD/REFUSI	546.98	1,535.06
51978384	6/30/2016	001151	UNIVERSITY PLACE SCHOOL DISF22587	6/10/2016	MAY16/CURTIS JH GYM USE/MO	30.00	30.00
	Voucher:	40791					
51978385	6/30/2016	001332	UNIVERSITY PLACE TIRE CENTE 16736	6/17/2016	FORD ESCAPE/OIL & FILTER SEF	35.60	35.60
	Voucher:	40792					
51978386	6/30/2016	022708	VALLEY FREIGHTLINER INC. JB8277	6/16/2016	DUMP TRUCK CAB/CHASSIS/REI	65,604.95	65,604.95
	Voucher:	40793					
51978387	6/30/2016	001153	VERIZON WIRELESS,LLC. 9767013699	6/12/2016	CELL PHONES/PW & PARKS MAI	767.34	
	Voucher:	40794	9766352947	6/1/2016	MAY16/CELL PHONES/CITYWIDE	1,702.71	2,470.05
51978388	6/30/2016	025992	VIETENHANS, VIANNA REFUND	6/13/2016	REFUND/SR. DAY TRIP CANCELL	10.00	10.00
	Voucher:	40795					
51978389	6/30/2016	025889	VORISE, KITTIE REFUND	6/13/2016	REFUND/SR. DAY TRIP CANCELL	10.00	
	Voucher:	40796	REFUND	6/22/2016	REFUND/SR DAY TRIP CANCELL	22.50	32.50
51978390	6/30/2016	001032	WA STATE 2016050077	6/1/2016	MAY16/TELECOMMUNICATIONS	196.52	196.52
	Voucher:	40797					
51978391	6/30/2016	001512	WA STATE AUDITORS OFFICE L115441	6/9/2016	AUDIT PERIOD/14-15	1,675.80	
	Voucher:	40798	L115220	6/9/2016	AUDIT PERIOD/15-15	29,604.34	31,280.14

Bank : bofa BANK OF AMERICA

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Check #	Date	Vendor	Invoice	Inv Date	Description	Amount Paid	Check Total	
51978392	6/30/2016	001809	WA STATE DEPT OF ECOLOGY	2016-RS-WAR045	5/3/2016	REGIONAL STORMWATER MONI	21,730.00	21,730.00
		Voucher: 40799						
51978393	6/30/2016	022590	WA STATE DEPT OF TRANSPORTRE-313-ATB60614	6/14/2016	PROJ MGMNT/MILDRED & 67TH	234.66		
		Voucher: 40801	RE-313-ATB60614	6/14/2016	PROJ MGMNT/BP WAY IMPROVE	220.08	454.74	
51978394	6/30/2016	001389	WA STATE PATROL	I6008123	6/1/2016	MAY16/BACKGROUND CHECKS	216.00	216.00
		Voucher: 40802						
51978395	6/30/2016	001357	ZUMAR INDUSTRIES INC	0182830	6/13/2016	SIGNS/CIVIC BUILDING	347.45	347.45
		Voucher: 40803						
Sub total for BANK OF AMERICA:							1,231,515.57	

79 checks in this report.

Grand Total All Checks: 1,231,515.57



City of University Place, Washington

Comprehensive Annual Financial Report

For the fiscal year ended December 31, 2015

2015 CAFR



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University Place, WA 98466
253.566.5656
www.CityofUP.com



CITY OF UNIVERSITY PLACE, WASHINGTON
**COMPREHENSIVE ANNUAL FINANCIAL
REPORT**



FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

PREPARED BY THE FINANCE DEPARTMENT

ERIC FAISON

Executive Director, Finance and Administrative Services

LESLIE BLAISDELL

Deputy Finance Director/Risk Manager

STACY LEWIS

Finance Operations Manager

LISA HANDS

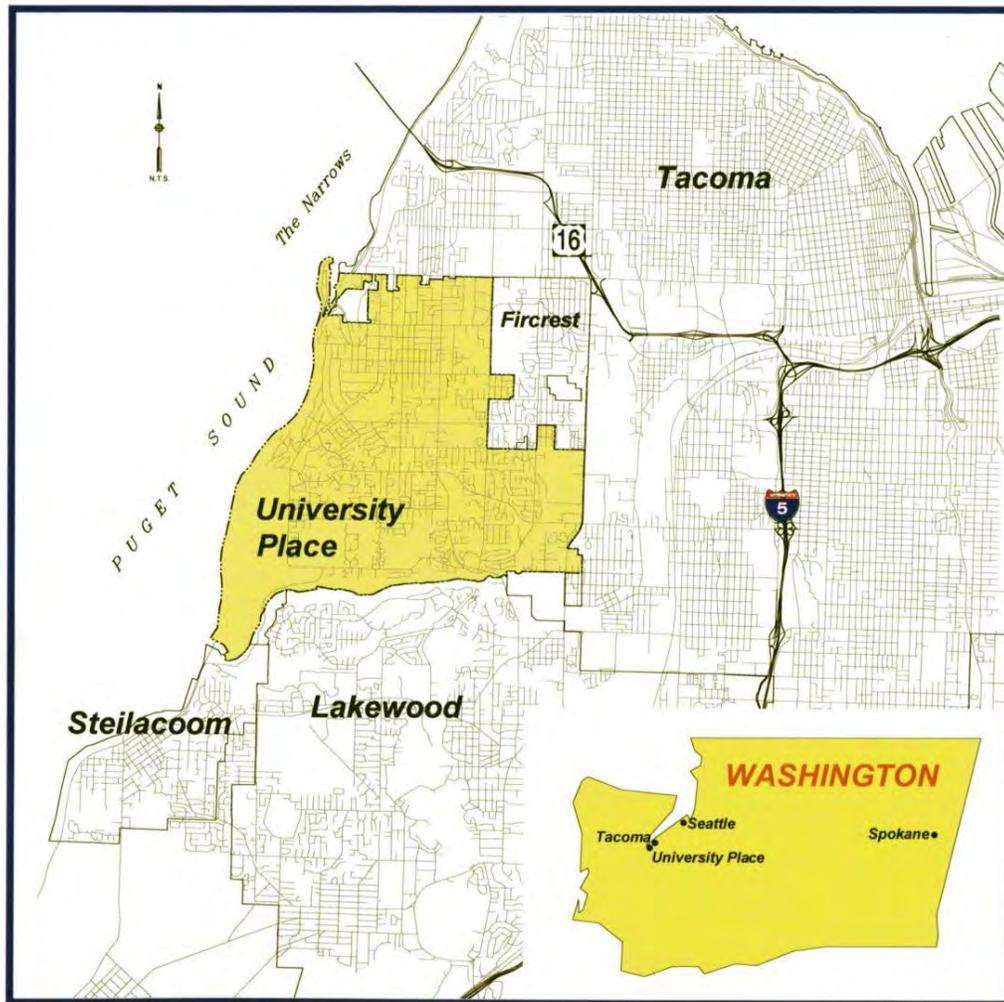
Payroll/Benefits Supervisor

JENNIFER ROBINSON

Finance Analyst

BRENDA MOERKE

Finance Specialist



The City of University Place

Incorporated in 1995, University Place ranks 35th in population in the State of Washington with a population of approximately 31,270. University Place encompasses an area of 8.4 square miles and is a mostly suburban residential city located on the picturesque Puget Sound just south of Tacoma. In addition to its proximity to Tacoma, University Place offers easy accessibility to Seattle, Olympia, and the Puget Sound peninsulas. University Place is easily accessible by Interstate 5 or Highway 16.

The City has a Council/Manager form of government. The City Council consists of seven council members, each of whom is elected at-large. The Council elects the Mayor from its members. The City Manager serves as the chief executive officer and is responsible for daily administration of personnel, policies and programs. The City Manager is appointed by, reports directly to, and serves at the pleasure of the Council.

City of University Place

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City of University Place

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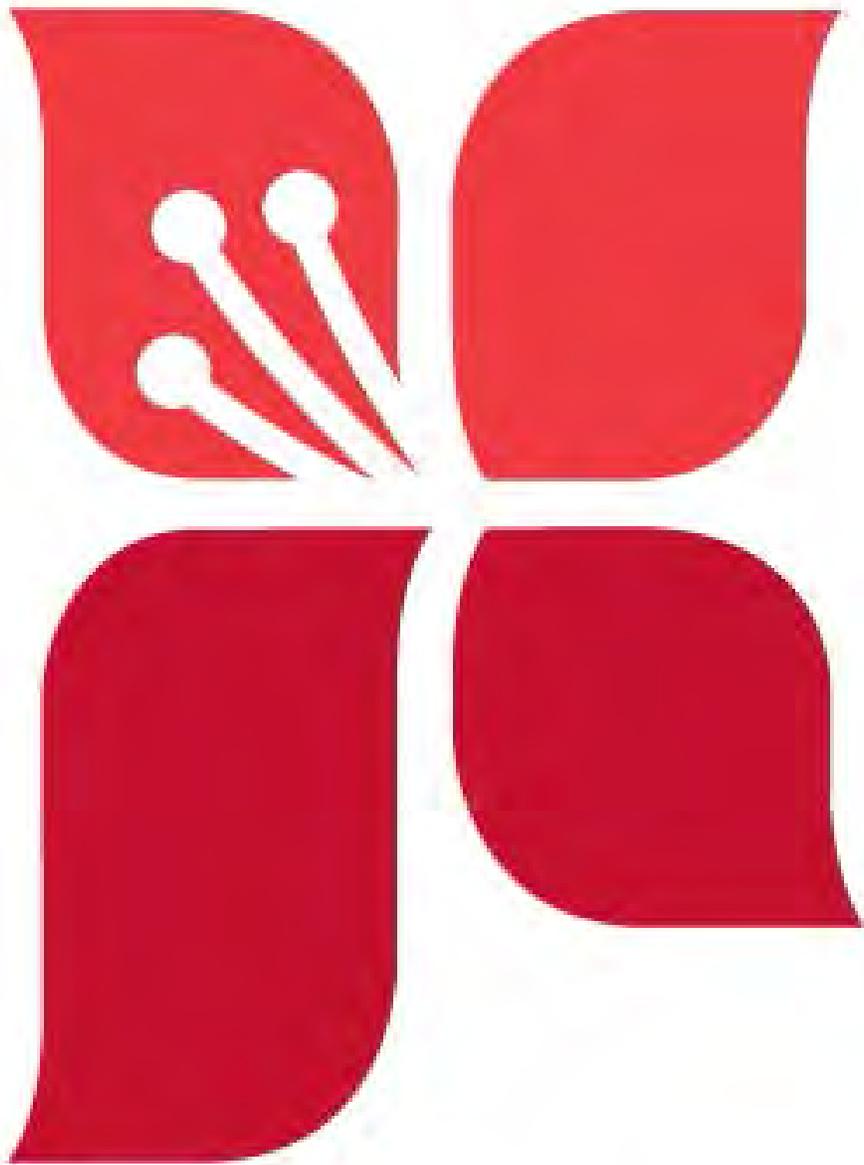
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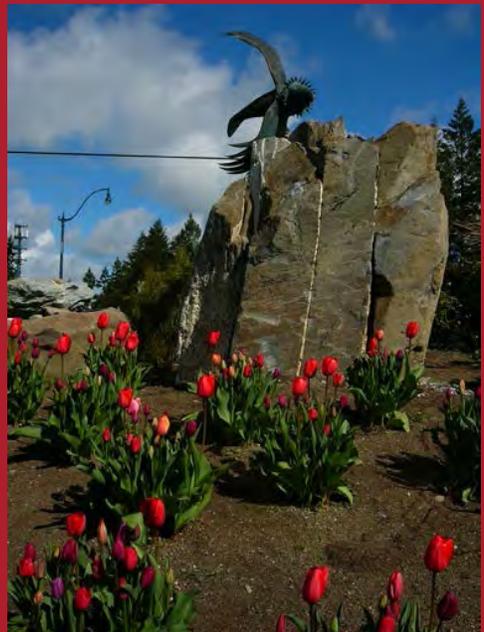
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INTRODUCTORY SECTION

Letter of Transmittal
GFOA Certificate of Achievement
List of Elected and Appointed Officials
2015 Organizational Chart



June 14, 2016

Mayor Figueroa,
The University Place City Council, and
Citizens of University Place, Washington:

This letter transmits the Comprehensive Annual Financial Report of the City of University Place for the fiscal year ended December 31, 2015. This report is published annually as the official annual financial report and complies with State law (RCW 43.09.230) requiring annual reports for Washington municipal governments to be certified and filed with the State Auditor's Office in a timely fashion.

The management of the City is responsible for the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures. We believe the enclosed data is accurate in all material respects and is reported in a manner designed to accurately present the financial position and results of operations of the various funds of the City of University Place. The report includes all disclosures necessary to enable readers to understand the City's financial activities.

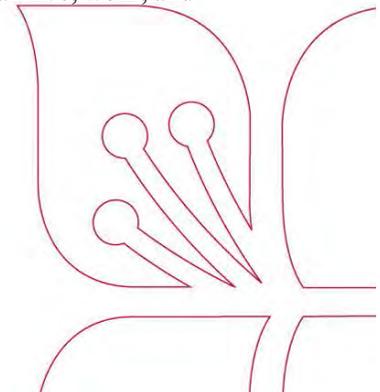
This report has been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by all Governmental Accounting Standards Board (GASB) pronouncements.

This report includes all funds of the City in conformance with Governmental Accounting and Financial Reporting Standards. It includes all funds, agencies, and boards controlled by or dependent on the City of University Place. To aid the reader, the major sections of this report are segregated by divider pages, which provide introductions to the sections.

Generally Accepted Accounting Principles (GAAP) requires management to provide a narrative introduction, overview, and analysis within a Management's Discussion & Analysis (MD&A) to accompany the basic financial statements. This letter of transmittal is designed to complement, and be read in conjunction with, the MD&A. The City of University Place's MD&A can be found immediately following the independent auditor's report.

REPORTING ENTITY AND ITS SERVICES

The City of University Place is located on the picturesque Puget Sound halfway between the state capitol of Olympia and the state's largest city, Seattle. Boasting beautiful scenic views of the Olympic Mountains, Mount Rainier, and the Puget Sound, University Place is easily accessible by Interstate 5 or Highway 16. Including 8.4 square miles, the City is a lovely community in which its 31,720 residents can live, work, and play.



The City of University Place incorporated on August 31, 1995. The City is a non-charter Optional Code City with a Council-Manager form of government. The City Council consists of seven Councilmembers, each of whom is elected at-large. The Council elects the Mayor from its members. The City Manager serves as the chief executive officer and is responsible for daily administration of personnel, policies, and programs. The City Manager is appointed by, reports directly to, and serves at the pleasure of the Council.

At the direction of Council, the City maintains a relatively small staff (currently 48 full time equivalents) for a city its size and contracts with public and private entities for many services. City services provided include: police protection, jail services, municipal court, animal control, construction and maintenance of streets, surface water management, building inspection, planning and zoning, park maintenance, recreation programs, and general administration.

The City Manager coordinates the work of the City staff utilizing a flat and flexible organizational structure. Maintaining a flat organization allows staff to work interdepartmentally as needed, while continuing to focus on performing quality work in their primary departments. The City departments include: Finance, Public Safety, Development Services, Engineering, Parks & Public Works, and the City Manager's Department. The City Manager's Department includes the City Manager's Office, the Deputy City Manager for Finance and Administrative Services and the Deputy City Manager for Community and Economic Development. The City Attorney's Office is also separate from other departments, and reports to the City Manager. See the Organizational Chart for more details.

The City contracts with Pierce County for law enforcement, animal control and jail services. West Pierce Fire and Rescue provides fire protection and emergency medical services. Court services are contracted with the City of Lakewood. Tacoma Public Utilities delivers water and electric services. Pierce County Public Works and Utilities provide sewer services. Pierce Transit offers public transportation services. The Pierce County Library District makes library and reference services available to residents. The University Place School District (UPSD) No. 83 and the Tacoma School District provide educational programs for kindergarten through high school students.

ECONOMIC CONDITIONS AND OUTLOOK

Nation and Region

Both the national economy and the Puget Sound region continue to recover from the recession. The US Bureau of Economic Analysis reported that the Real Gross Domestic Product increased by 2.4 percent in 2015, the same rate as in 2014. The Bureau of Labor Statistics reported that the consumer price index (CPI) increased by 0.7 percent in 2015, compared to 0.8 percent increase for 2014.

In 2015 University Place housing prices rose by 4.8% over 2014 prices and an additional increase of 3.5% is predicted for 2016. A shortage of inventory in the areas is driving prices up. Sales continue to increase due in large part to low mortgage rates. Most forecasters agree housing prices will continue to rise in 2016 but sales may slow because of the limited supply. Locally, the City issued 14 new single family residential permits in 2015, compared to 50 issued in 2014.

The national unemployment rate decreased to 5.0 percent by December, 2015, down from 5.6 percent in December, 2014. Unemployment in the Seattle-Tacoma-Bellevue increased slightly in 2015. The unemployment rate in the Metropolitan Statistical Area (MSA) was 5.0 percent at the end of the year, up from 4.9 percent in 2014.

Local

The local economy saw continued economic recovery in 2015. City of University Place revenues increased slightly, but its residents and businesses continued to contain their spending in order to weather the crisis. Real estate excise taxes continued to increase in 2015 by 25 percent over 2014.

In 2015 the number of licensed businesses in the City totaled 1,309, a decrease from the 2014 total of 1,334. This total includes home occupancy businesses. The ten employers providing the most jobs in the City in 2015 were:

1. University Place School District
2. Franciscan Health System
3. Fred Meyer Stores
4. Soundcare, Inc.
5. Whole Foods
6. Pierce County Government
7. Charles Wright Academy
8. Kemper Sports
9. Safeway Stores, Inc.
10. McDonald's Restaurants

To address a revenue reductions resulting from the recession, the City substantially reduced staff and expenditures in 2009. The City has maintained reduced service levels through 2015. To ensure that the City has resources sufficient to meet all of its financial and legal obligations the City maintains a five year financial forecast, which it updates annually.

The City's financial forecast shows that the City will have sufficient revenues to meet all of its obligations through the forecasted period. However, expenses are projected to exceed revenues by \$900,000 annually. We recognize that additional service level reductions will be needed without new revenue. The first step in addressing the shortfall was taken in October, 2015 when the City Council passed a resolution eliminating funding of the city's Recreation programs beginning in 2017. This action addresses approximately \$400,000 of the shortfall. The City Council continues to evaluate other options to address the remaining \$500,000. Options being considered include new revenue sources as well as service level cuts.

SIGNIFICANT EVENTS AND ACCOMPLISHMENTS

2015 continued to be a year of transition for the City of University Place. As the City celebrated its 20-year anniversary, the fruits of its long-term efforts to transform into a community with a more distinctive character and sustainable economy were on clear display.

The past year demonstrated continued success in the redevelopment of the City's downtown. The City celebrated with great fanfare the opening of the first Whole Foods in Pierce County – the only Whole Foods between Seattle and Vancouver, Washington. There also was time to celebrate the completed construction of a second 5-story mixed-use building in the City's downtown, and the start of construction on an enlarged parking garage and third mixed-use building. The City expects continued development within the area over the next several years, which will create a visible "city center" for the community.

The City also hosted the first U.S. Open in the Northwest. The 2015 U.S. Open, held at Pierce County's Chambers Bay Golf Course, was a huge success. Chambers Bay, a links-style course located along the shores of the City's Puget Sound coastline, was the center of the media world for a week in June. Controversy surrounding the golfers' play, along with stunning shots of the Course, the City and the region during warm, sunny summer days, were great marketing for future events at the Course. The success of the event also helped the City financially – generating over \$1.2 million in sales and admissions tax revenue.

Despite this success, the struggles of this year in transition also were evident. While the City has a long-term plan to diversify and expand its tax base, the City is committed to addressing its financial challenges immediately. The City provided voters with an opportunity to maintain and expand police services. When

voters rejected the ballot measure, the City Council took decisive action in 2015 to make the reductions necessary to create a sustainable Public Safety budget. Similarly, the Council adopted a resolution in 2015 to eliminate the City's recreation program beginning in 2017 – saving the City almost \$400,000 a year. The City Council is now in the process of considering several other final changes that would ensure that the City can responsibly provide limited, but high quality services to our residents through a fiscally responsible, sustainable budget.

The combination of these great successes and the Council's commitment to responsible governance have already produced results. The City's finances are on stronger ground than they have been in a decade. We fully expect that this dramatic turnaround will continue in 2016 and beyond, and the City will continue to be a community of choice in Pierce County.

COUNCIL GOALS FOR 2015-2016 BIENNIUM

While recognizing the profound changes in the economic picture from two years ago when these goals were originally set, the City Council and staff nonetheless continue to work vigorously towards achieving the outcomes identified with each of the goals. The recession did not dampen the desire of the City Council to transform University Place into a regional destination for retail, dining, and entertainment.

Goal: A Safer, More Livable Community.

- **Improved Parks and Recreation**
 - Consider a Resolution directing the administration to work with a professional consultant and the PARC commission to develop a Master Plan for Creekside Park.
- **Better Infrastructure**
 - Complete Surface Water Management Plan Update.
 - Schedule study session(s) to review options for sustainable funding for street maintenance and upon completion of study, determine to conclude the topic, or adopt legislation achieving the outcome or identifying next steps toward achieving the outcome.
 - Construct pavement overlay of Cirque Drive between Bridgeport Way and Grandview Drive.
 - Construct Market Court between Bridgeport Way and Drexler Drive.
 - Construct pavement overlay of Drexler Drive between 37th and 35th Streets.
 - Construct curb, gutter, sidewalk, bike lanes and streetlights along Mildred Avenue between 19th Street and Regents Boulevard.
 - Construct curb, gutter, sidewalk and streetlights along the north side of 44th Street between Bridgeport Way and 67th Avenue.
 - Construct curb, gutter, sidewalk and streetlights along the south side of Cirque Drive between Orchard Street and 67th Avenue.
- **More Beautiful City**
 - Schedule study session(s) to review feasibility of undergrounding utility poles and upon completion of study, determine to conclude the topic, or adopt legislation achieving the outcome or identifying next steps toward achieving the outcome.
 - Consider a Resolution adopting a Gateway Signage Plan.
- **A Full-Service, Self-Sufficient Community**
 - Schedule study session(s) to review options for sustainable funding for Council-approved City events, and upon completion of study, determine to conclude the topic, or adopt legislation achieving the outcome or identifying next steps toward achieving the outcome.
 - Schedule study session(s) to identify any gaps in City services and available resources to meet any service gaps, and upon completion of study, determine to conclude the topic, or adopt legislation achieving the outcome or identifying next steps toward achieving the outcome.

Goal: Increased Community Economic Vitality.

- **Improved business climate**
 - Consider a Resolution directing the Planning Commission in consultation with the Economic Development Commission to prepare a Sub-Area Plan for the Town Center Zone.
 - Consider a Resolution directing the Planning Commission in consultation with the Economic Development Commission to prepare a Sub-Area Plan for the 27th Street Corridor.
 - Consider a Resolution directing the Planning Commission in consultation with the Economic Development Commission to prepare a Sub-Area Plan for the Mildred Corridor.
 - Consider a Resolution directing the Economic Development Commission in consultation with the Planning Commission to review city-wide zoning for economic development opportunities (e.g., waterfront and business park zoning).

Goal: Better Financial Conditions.

- **Increased City Financial Stability**
 - Consider a Resolution to enhance City's reserves.
 - Review policies for debt reduction.

Goal: Greater Citizen Trust and Confidence.

- **Improved public understanding of Council initiatives**
 - Adopt a Communications Strategy.
 - Schedule study session(s) to explore new or additional opportunities for citizen feedback, and upon completion of study, determine to conclude the topic, or adopt legislation achieving the outcome or identifying next steps toward achieving the outcome.

FINANCIAL INFORMATION

The City of University Place is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurances that these objectives are being met. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived; and 2) the evaluation of the relative cost and benefits of the control system requires estimates and judgments by management.

Single Audit

As a recipient of federal, state, and county financial assistance, the City is required to maintain an adequate internal control structure to ensure compliance with applicable laws and regulations. This internal control structure is subject to periodic evaluation by management and the State Auditor's Office.

As part of the City's single audit, tests are performed to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as the government's compliance with applicable laws and regulations. The results of the City's single audit for the year ended December 31, 2015 indicated that there were no material weaknesses in the internal control structure.

Budgetary Controls

The City maintains budgetary controls in accordance with the revised Code of Washington (RCW 35A.34). The objectives of these budgetary controls are to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the General Fund, Special Revenue

Funds (except the Donations Fund), and Debt Service Funds are included in the annual appropriated budget. The level of budgetary control at which expenditures cannot legally exceed the appropriated amount is established at the individual fund level. The Internal Service Funds are management budgets only and are therefore not presented in the CAFR.

The Parks and Recreation and Development Services Funds were established to identify revenues and expenditures related to the operation of those divisions. Recreation is being funded primarily through user fees from the programs, donations and revenue from fundraising events. The administration of Recreation is funded by a transfer from the General fund. Parks Maintenance and the non-fee supported activities in Development Services are also funded by transfers from the General Fund.

In August, 2010, the City Council approved a resolution dedicating the property tax to public safety and defined public safety expenses. The Police and Public Safety Fund was established in 2012 to identify revenues and expenditures related to the operation of police services, court services, jail, city attorney's office, crime prevention, animal control, code enforcement and emergency management. Revenues supporting this fund include property taxes, revenues identified by state statutes collected in support of public safety, fines and forfeitures, pet license fees, and grants.

The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. All appropriations lapse at year-end with the exception of multi-year capital improvement projects. As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

INDEPENDENT AUDIT

State law requires an annual audit of all City books of account, financial records, and transactions by the State Auditor, an independently elected State official. The 2015 audit of the City has been completed in conformance with generally accepted auditing standards. The financial statements of all City funds have been included in this audit. The City has been given an unqualified opinion for 2015. The State Auditor's report on the General Purpose Financial Statements is included in the financial section of this report.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the *Certificate of Achievement for Excellence in Financial Reporting* to the City of University Place for its Comprehensive Annual Financial Report for the year ended December 31, 2014. This was the eighteenth consecutive year that the City has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a governmental entity must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

The preparation of this report was made possible by the dedicated service of the Finance Department staff, especially Leslie Blaisdell, Deputy Finance Director and Stacy Lewis, Finance Operations Manager.

In addition, staff in all City departments and outside agencies should be recognized for responding so positively to requests for the detailed information that accompanies each annual audit. The role of the State Auditor's Office should also be acknowledged for their significant contribution to this report.

Finally, we wish to express our appreciation to the Mayor and City Council for their ongoing support and for providing their encouragement, interest, and assistance in conducting the financial operations of the City in a sound and progressive manner.

Respectively submitted,



Stephen P. Sugg, P.E.
City Manager



Eric Faison
Executive Director/Finance and Admin. Services



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of University Place
Washington**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO



**CITY OF UNIVERSITY PLACE
ELECTED & APPOINTED OFFICIALS
December 31, 2015**



ELECTED OFFICIALS

Denise McCluskey
Javier Figueroa
Caroline Belleci
Ken Grassi
Kent Keel
Chris Nye
Steve Worthington

Mayor
Mayor Pro Tem
Councilmember
Councilmember
Councilmember
Councilmember
Councilmember

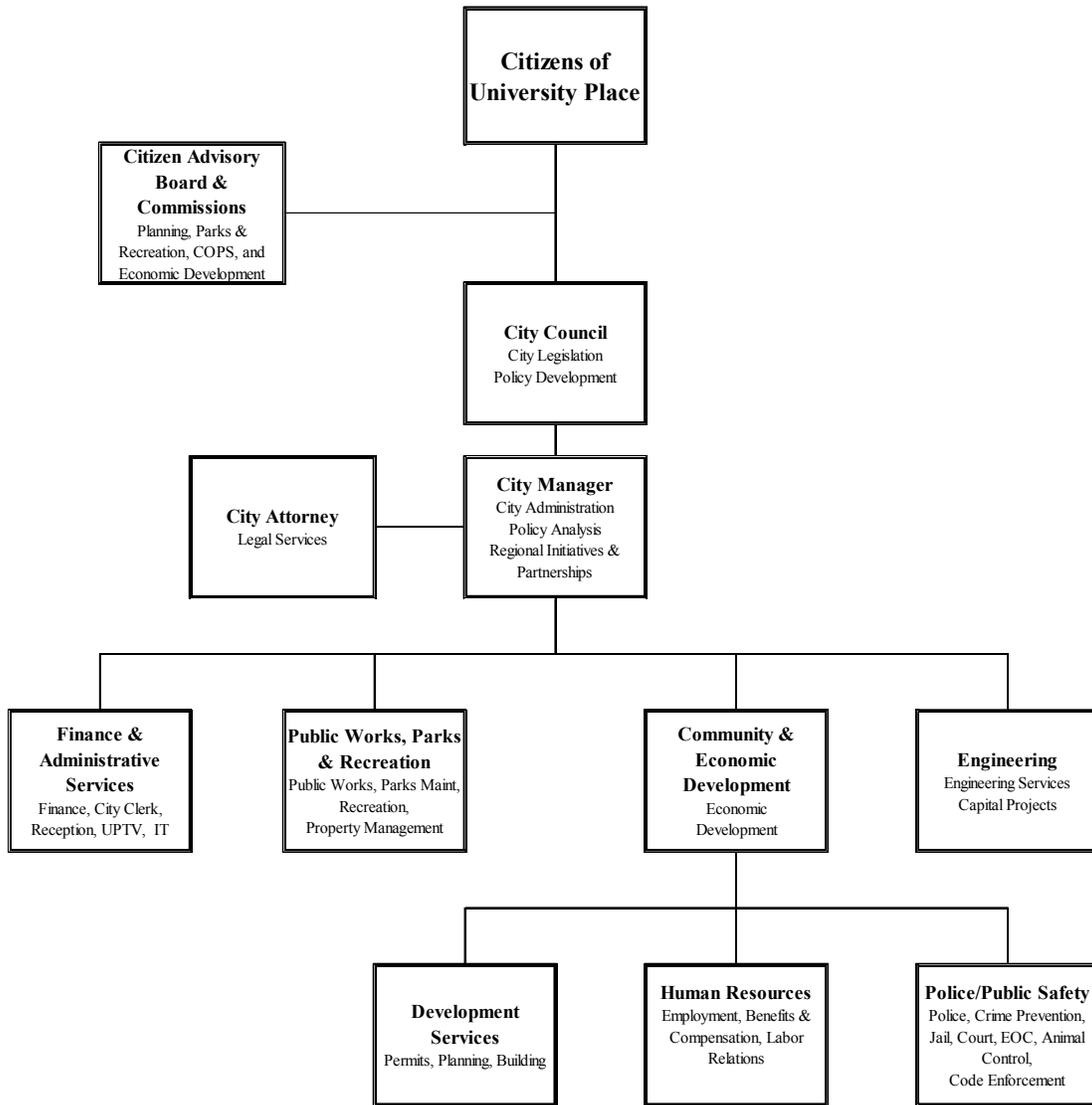
APPOINTED OFFICIALS

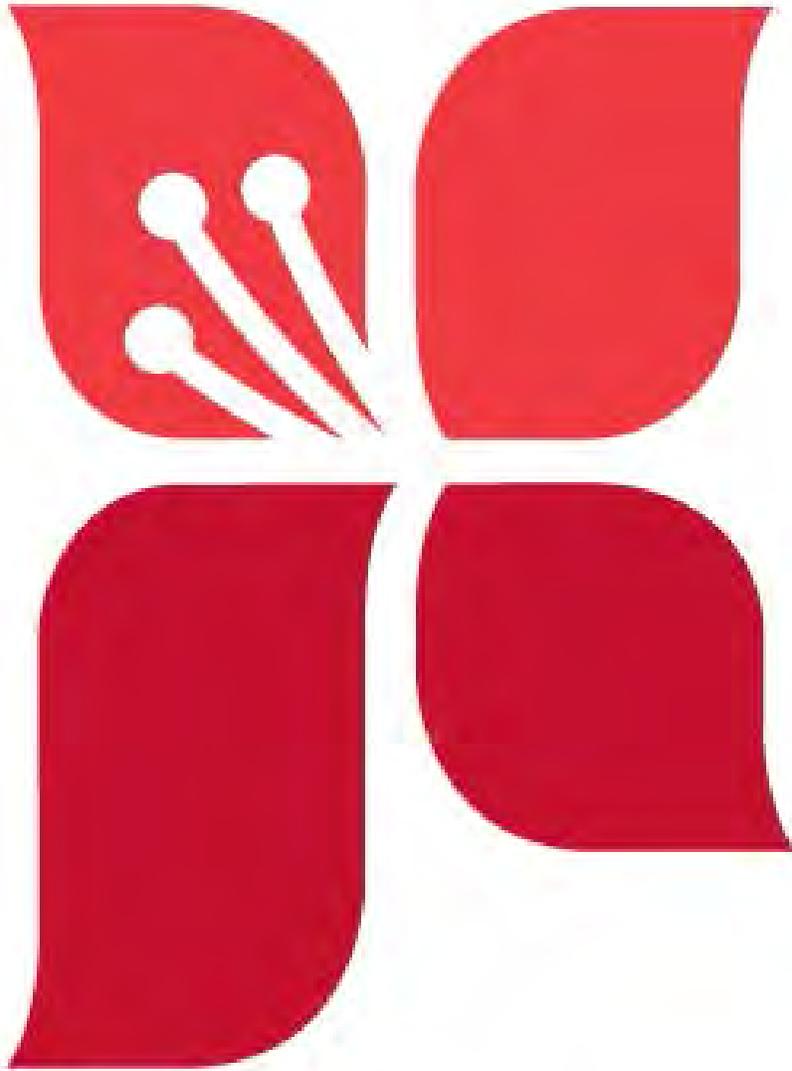
City Manager
Executive Director/Communications & Economic Development
Executive Director/Finance and Administration
City Attorney
City Engineer
Parks/Public Works Director
Police Chief
Development Services Director

Stephen P. Sugg
Mariza Craig
Eric Faison
Steve Victor
Jack Ecklund
Gary Cooper
Mike Blair
David Swindale

ORGANIZATIONAL STRUCTURE

City of University Place





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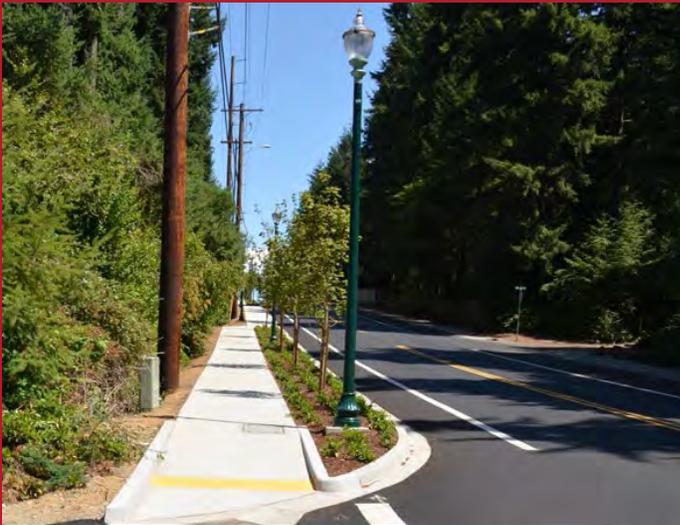
FINANCIAL SECTION

Independent Auditor's Report
Management's Discussion and Analysis
Basic Financial Statements
Required Supplemental Information
Combining & Individual Fund Statements and Schedules
Supplemental Information



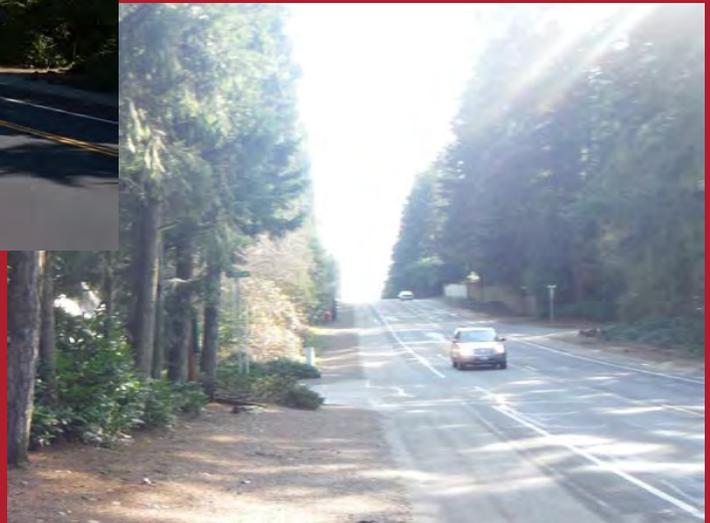
Homestead Park Playground

Completed in 2015



Cirque Dr. SafeRoutes to Schools

Completed in 2015





Washington State Auditor's Office

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

June 14, 2016

City Council
City of University Place
University Place, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of University Place, Pierce County, Washington, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of University Place, Pierce County, Washington, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As described in Note 1, during the year ended December 31, 2015, the City has implemented the Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* as an amendment of GASB Statement No. 27. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 23 through 30, budgetary comparison information on pages 67 through 68 and pension plan information on pages 69 through 72 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other information we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying information listed as *Supplementary and Other Information* on pages 75 through 103 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures

in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The information identified in the table of contents as the Introductory and Statistical Sections is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated June 14, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the City's Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Sincerely,

A handwritten signature in cursive script that reads "Troy X. Kelley".

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

City of University Place Management's Discussion and Analysis

The management of the City of University Place offers readers of its financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2015. The intent of this discussion and analysis is to look at the City's financial performance as a whole. It is designed to assist the reader in focusing on significant financial issues, provide an overview of the City's financial activity, identify changes in the City's financial positions, and identify fund issues or concerns. Since the Management Discussion and Analysis (MD&A) is designed to focus on the report year's activities, resulting changes, and currently known facts. We encourage readers to consider the information presented here in conjunction with the additional information furnished in the Letter of Transmittal in the introductory section and the Financial Statements that follow.

Financial Information

The City's government-wide financial statements have been prepared on the full-accrual basis of accounting in conformity with generally accepted accounting principles (GAAP). The City's fund financial statements for governmental funds (General, Special Revenue, Debt Service, and Capital Projects) have been prepared on the modified accrual basis of accounting in conformity with GAAP. The City's proprietary funds (Internal Service) are accounted for on the accrual basis. A detailed discussion on government-wide and fund financial statements is provided later in this report.

Financial Highlights

Net Position - The assets of the City of University Place exceeded its liabilities at the close of the most recent fiscal year by \$67,538,905. Of this amount, \$13,702,560 may be used to meet the government's ongoing obligations to citizens and creditors.

Change in Net Position – The City's total net position increased by \$6,365,860. The continued economic recovery has brought growth in construction and higher assessed property values, both of which result in an increase in revenues. The City also benefited from \$223,364 in additional admissions tax revenues and \$193,918 in sales tax revenue generated by the 2015 US Open golf tournament. Additionally, University Place has been the recipient of capital construction grants which have offset a significant amount of the cost of construction for various projects.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$14,047,437, an increase of \$2,287,053 in comparison with the prior year. Of this amount, \$6,253,110 is available for spending at the government's discretion (unassigned fund balance) and \$4,421,475 is restricted by legislation to specific purposes. The committed classification is established by Council ordinance for specific uses. There were no committed fund balances at the end of the 2015 fiscal year. Assigned classifications total \$3,372,850. Committed, assigned and unassigned monies have been designated by management to address budget amendments, equipment replacement, street improvements, facility repairs, and property acquisitions. These monies assist to minimize future debt and are intended to provide a cushion against significant downturns in revenue and to maintain sufficient working capital and cash flow to meet daily financial needs.

From the Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds, revenues, received primarily from property, sales, utility and general taxes, were used to support the major activities of the City government:

- General Government – Administration, Finance, Human Resources, City Clerk, Community Information and Outreach, and Court Services;
- Public Safety – Police, Jail, Crime Prevention, Emergency Operations and Animal Control;
- Economic Environment – Planning, Development Services, Code Enforcement, and Economic Development;
- Transportation – Public Works, Streets, and Surface Water Management;
- Physical Environment – Building Maintenance and Property Management

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of University Place basic financial statements. The statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also contains other supplementary information in addition to the basic financial statements. The financial statement's focus is on both the City as a whole (government-wide) and on the major

individual funds. Both perspectives allow the user to address relevant questions, broaden a basis for annual comparisons or comparability with other governments, and enhances the City's accountability.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City of University Place assets and liabilities, and deferred inflows/outflows of resources with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of University Place is improving or deteriorating. The focus of the Statement of Net Position is designed to be similar to a bottom line for the City and its governmental and business-type activities. This statement combines and consolidates governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave). This is intended to summarize and simplify the user's analysis of costs of various governmental services and/or subsidy to various business-type activities. The Governmental Activities reflects the City of University Place's basic functions: General Government; Public Safety; Physical Environment; Transportation; Economic Environment; and Culture and Recreation. Property, sales, and utility taxes finance the majority of these functions.

The government-wide financial statements include not only the City of University Place itself (known as the primary government), but also legally separate Local Revitalization Financing (LRF) and University Place Transportation Benefit District (UPTBD) blended component units. Financial information for these component units is reported as part of the financial information presented for the primary government itself. Additional information about the LRF and UPTBD component units can be found in the Notes to Financial Statements.

FUND FINANCIAL STATEMENTS

Traditional users of governmental financial statements will find the fund financial statements presentation more familiar. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of University Place, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds. The focus is on Major Funds, rather than types. A Major Fund is defined in the following manner:

- Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least ten percent (10%) of the corresponding total (assets, liabilities, etc.) for all funds of that category or type (that is, total governmental or total enterprise funds); and
- Total assets, liabilities, revenues, or expenditures/expenses of the individual government fund or enterprise fund are at least five percent (5%) of the corresponding total for all governmental and enterprise funds combined; or
- Any other governmental or enterprise fund the government's officials believe is particularly important to financial statement users.

Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of government. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near term financial decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and change in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Funds are established for various purposes and the Fund Financial Statement allows for the demonstration of sources and uses

and/or budgeting compliance associated therewith. These statements begin in the required supplemental information section. The maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Public Works Capital Improvement Fund, LRF Fund and Debt Service Fund. All of these funds are considered to be major funds. Data from the other non-major governmental funds are combined into a single aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements in the other supplementary information described below.

The City of University Place adopts a biennial appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary Funds maintained by the City include an enterprise fund and three internal service funds. The enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The City of University Place uses an enterprise fund to account for its Storm Water Management. Internal service funds are used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet of vehicles and equipment, information and technology systems, and risk management activities. Because these services benefit governmental functions they have been included within governmental activities in the government-wide financial statements.

The Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the information provided in the government-wide and fund financial statements.

Required Supplementary Information includes financial information and disclosures that are required by the Governmental Accounting Standards Board (GASB) but are not considered a part of the basic financial statements. Budgetary comparison schedules for certain major governmental funds are presented immediately following the notes to the basic financial statements.

Other Supplementary Information includes the combining statements for the non-major capital projects funds and budgetary comparison schedules for non-major capital projects funds and sub funds. These are presented immediately following the required supplementary information.

Government-wide Financial Analysis

The City has prepared the financial statements in accordance with Generally Accepted Accounting Principles (GAAP). The City's Proprietary Funds include all Internal Service Funds and an Enterprise Fund which are included in the governmental activities and business-type activities for the entity-wide statements. The following table reflects a Summary of Net Position for the fiscal year 2015 with comparative totals for 2014.

Table 1
Statement of Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Assets						
Current and other assets	\$ 15,718,606	\$ 14,002,595	\$ 4,935,469	\$ 4,972,444	\$ 20,654,075	\$ 18,975,039
Capital assets	102,528,864	00,005,400	-	-	02,528,864	00,005,400
Deferred outflows of resources	356,015	-	51,131	-	407,146	-
Total assets and deferred outflows of resources	<u>118,603,485</u>	<u>14,007,995</u>	<u>4,986,600</u>	<u>4,972,444</u>	<u>23,590,085</u>	<u>18,980,439</u>
Liabilities						
Other liabilities	1,704,830	2,154,701	18,120	27,702	1,722,950	2,182,403
Non-current liabilities	53,015,885	51,716,184	797,402	458,030	53,813,287	52,174,214
Deferred inflows of resources	450,275	-	64,668	-	514,943	-
Total liabilities and deferred inflows of resources	<u>55,170,990</u>	<u>53,870,885</u>	<u>880,190</u>	<u>485,732</u>	<u>56,051,180</u>	<u>54,356,617</u>
Net position						
Net investment in capital assets	53,836,345	50,158,131	-	-	53,836,345	50,158,131
Restricted for						
Debt service	-	875,636	-	411,283	-	1,286,919
Local revitalization area construction	1,570,408	892,390	-	-	1,570,408	892,390
Surface and storm water management	-	-	4,106,410	4,075,429	4,106,410	4,075,429
Capital facilities plan financing	960,329	515,614	-	-	960,329	515,614
Traffic impact-roadway improvements	554,482	1,210,993	-	-	554,482	1,210,993
Parks capital improvement	712,394	449,292	-	-	712,394	449,292
Other	-	264,068	-	-	-	264,068
Unrestricted	5,798,537	5,770,986	-	-	5,798,537	5,770,986
Total net position	<u>\$ 63,432,495</u>	<u>\$ 60,137,110</u>	<u>\$ 4,106,410</u>	<u>\$ 4,486,712</u>	<u>\$ 67,538,905</u>	<u>\$ 64,623,822</u>

There are five basic (normal) transactions that will affect the comparability of the Statement of Net Position summary presentation.

- Net Result of Activities – which will impact (increase/decrease) current assets and unrestricted net position.
- Borrowing for Capital – which will increase current assets and long-term debt.
- Spending Borrowed Proceeds on New Capital – which will reduce current assets and increase capital assets. There is a second impact, which is an increase in related net debt that will not change the net investment in capital assets.
- Principal Payment on Debt – which will reduce current assets and reduce long-term debt, and will reduce unrestricted net position and increase net investment in capital assets.
- Reduction of Capital Assets through Depreciation – which will reduce capital assets and net investment in capital assets.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of University Place, assets and deferred outflows exceeded liabilities and deferred inflows by \$67,538,905 at the close of the most recent fiscal year.

By far the largest portion of the City of University Place net position (79.71 percent) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining balance of \$13,702,560 may be used to meet the City's ongoing obligations to citizens and creditors.

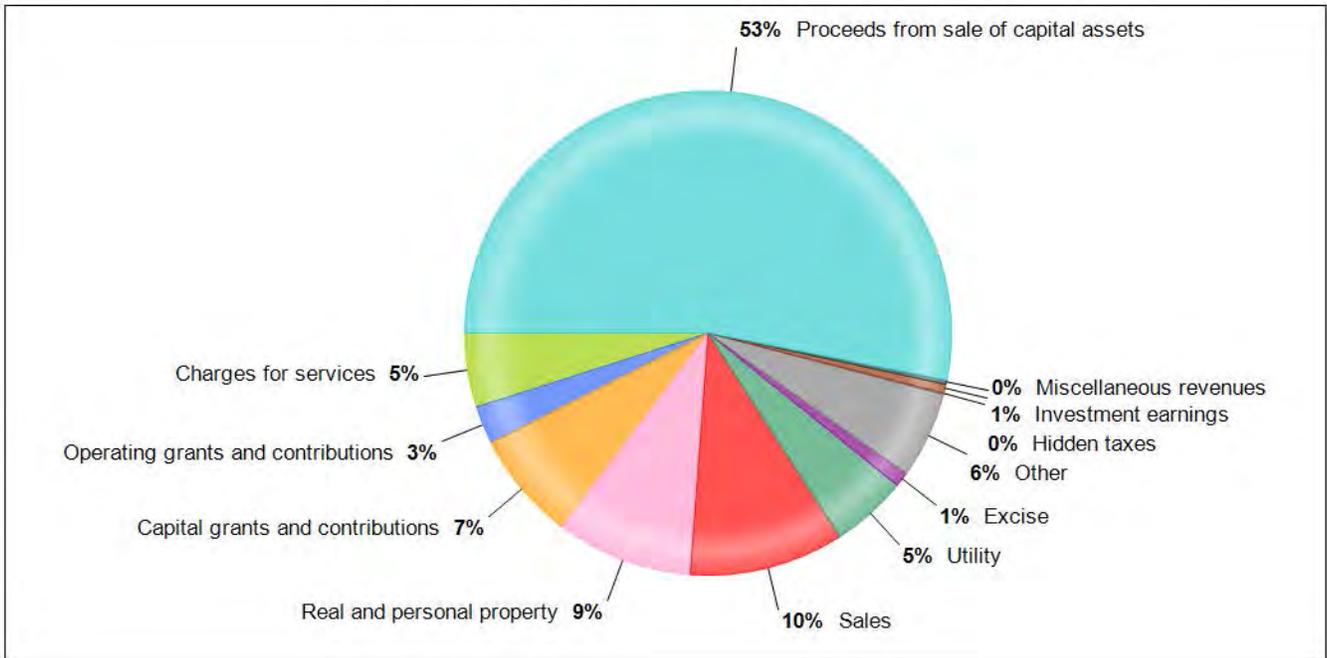
As previously reported, City of University Place net position increased by \$6,365,860.

City revenues are tracking as forecasted and the City is meeting, and will continue to meet, all operational and debt obligations according to the adopted budget. In December of 2014 Standard & Poor's Ratings Services raised its long-term rating on the City of University Place's outstanding general obligation (GO) bonds to AA-/ Outlook Stable from A+/Outlook Stable.

Table 2
Changes in Net Position

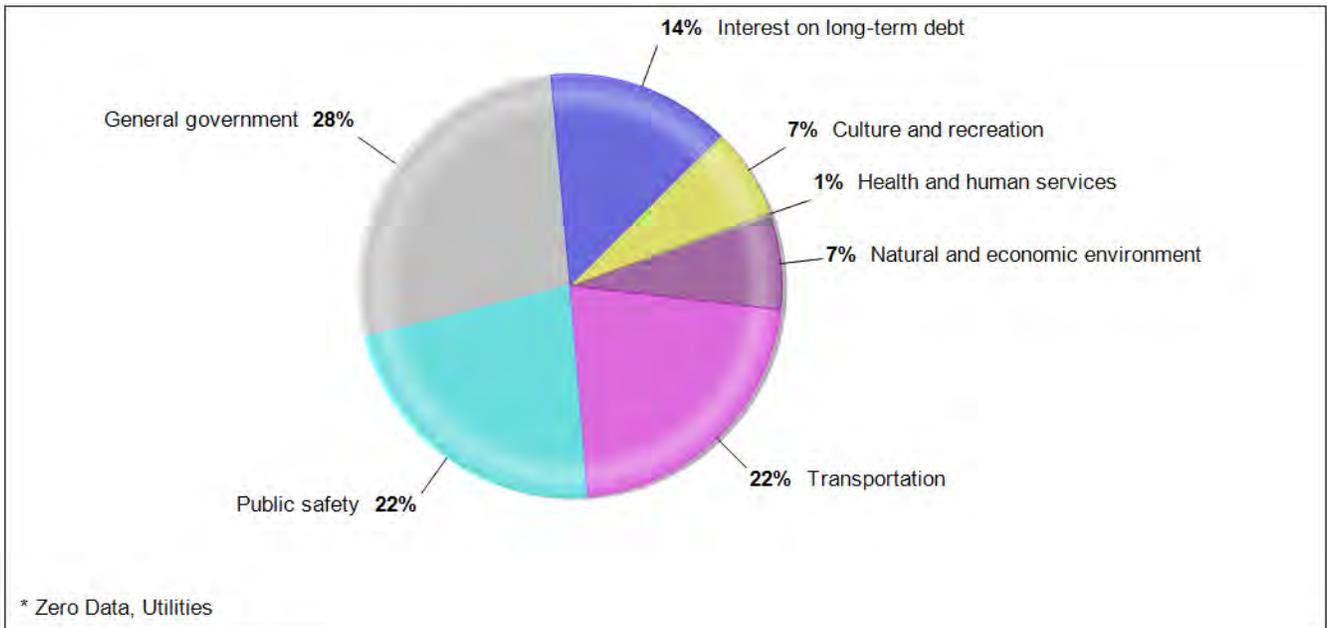
	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues						
Charges for services	\$ 2,253,746	\$ 5,156,443	2,770,459	2,747,343	\$ 5,024,205	\$ 7,903,786
Operating grants and contributions	1,188,004	316,874	11,133	23,510	1,199,137	340,384
Capital grants and contributions	3,308,256	3,559,535	-	-	3,308,256	3,559,535
General revenue						
Taxes						
Real and personal property	4,125,973	4,063,189	-	-	4,125,973	4,063,189
Sales	4,661,338	4,123,518	-	-	4,661,338	4,123,518
Utility	2,323,109	1,287,561	-	-	2,323,109	1,287,561
Excise	428,404	2,357,963	-	-	428,404	2,357,963
Other	2,616,995	1,624,610	-	-	2,616,995	1,624,610
Investment earnings	42,489	27,445	-	-	42,489	27,445
Licenses and permits	2,881,674	-	-	-	2,881,674	-
Fines and penalties	23,519	-	-	-	23,519	-
Miscellaneous revenues	253,239	100,615	-	-	253,239	100,615
Proceeds from sale of capital assets	135,529	122,791	-	-	135,529	122,791
Total general revenue	<u>24,242,275</u>	<u>22,740,544</u>	<u>2,781,592</u>	<u>2,770,853</u>	<u>27,023,867</u>	<u>25,511,397</u>
Expenses						
General government	5,341,577	4,823,886	-	-	5,341,577	4,823,886
Public safety	4,313,235	3,772,857	-	-	4,313,235	3,772,857
Utilities	-	229	-	-	-	229
Transportation	4,185,572	4,475,924	-	-	4,185,572	4,475,924
Natural and economic environment	1,359,236	19,861	-	-	1,359,236	19,861
Health and human services	104,130	1,577,764	-	-	104,130	1,577,764
Culture and recreation	1,304,953	1,162,238	-	-	1,304,953	1,162,238
Interest on long-term debt	2,694,094	2,566,304	-	-	2,694,094	2,566,304
Water	-	-	1,355,210	1,497,100	1,355,210	1,497,100
Total expenses	<u>19,302,797</u>	<u>18,399,063</u>	<u>1,355,210</u>	<u>1,497,100</u>	<u>20,658,007</u>	<u>19,896,163</u>
Excess (deficiency) before contributions, special items, and transfers	4,939,478	4,341,481	1,426,382	1,273,753	6,365,860	5,615,234
Transfers	1,367,936	669,985	(1,367,936)	(669,985)	-	-
Insurance recoveries	27,768	-	-	-	-	-
Special item - sale of land	-	(2,736,739)	-	-	-	-
Change in net position	6,335,182	2,274,727	58,446	603,768	6,365,860	5,615,234
Beginning net position	60,137,110	57,862,383	4,486,712	3,882,944	64,623,822	61,745,327
Prior period adjustments & change in accounting principle						
Change in accounting principal GASB 68	(226,878)	-	(438,748)	-	(665,626)	-
Change in accounting principle GASB 68	(2,828,098)	-	-	-	(2,828,098)	-
Prior period adjustment	20,493	-	-	-	20,493	-
Prior Period Adjustments	(5,314)	-	-	-	(5,314)	-
Total Prior period adjustments & change in accounting principle	<u>(3,039,797)</u>	<u>-</u>	<u>(438,748)</u>	<u>-</u>	<u>(3,478,545)</u>	<u>-</u>
Beginning net position restated	57,097,313	57,862,383	4,047,964	3,882,944	61,145,277	61,745,327
End of net position	<u>\$63,432,495</u>	<u>\$60,137,110</u>	<u>\$ 4,106,410</u>	<u>\$ 4,486,712</u>	<u>\$67,511,137</u>	<u>\$67,360,561</u>

Revenues by Source Governmental Activities



Governmental Expenditures by Function

In Millions



Financial Analysis of the City's Funds

Governmental funds. The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of University Place's financing requirements. In particular, fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Fund balances of governmental funds are classified according to five specifically defined categories. In order from most restrictive to least restrictive, these categories are Nonspendable, Restricted, Committed, Assigned and Unassigned. The classifications reflect the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. At the end of the fiscal year, the City of University Place governmental funds reported combined ending fund balances of \$14,047,435. This represents an increase of \$2,220,516 from 2014. This increase was due primarily to an increase in taxes and license and permit revenues.

The General Fund is the chief operating fund of the City. At the end of 2015, the fund balance of the general fund was \$8,494,225, an increase of \$1,843,316 from 2014. This change in fund balance is the result, primarily of increased tax, license and permit revenues.

The General Fund had a significant increase in taxes of \$785,643 over the adopted budget due to an increase in sales tax collected from construction projects during the revitalization of the town center district as well as US Open related construction.

The decrease of \$218,111 in the LRF fund balance from 2014 is due to principle and interest debt payments of \$397,913 and transfers of \$345,136 to reimburse the Public Works Capital Improvement Fund for LRF related capital project expenditures.

Proprietary funds. As previously noted, the City's proprietary funds are comprised of three internal service funds and one enterprise fund. The increase in the Surface Water Management (SWM) Fund balance is due primarily to fees collected that exceeded expenditures.

Budgetary Information

While the City utilizes a two-year or biennial budget, each fiscal year is considered on its own merits for financial purposes. The 2015 budget is the first year of the current biennial budget cycle.

During 2015 the City anticipated sale of one of the town center properties which has been delayed until 2016 causing a variance between actual and final budget of proceeds from sale of assets of \$1,013,235 also effecting transfers out by the off setting amount due to the funds not being available.

Capital Asset and Debt Administration

Capital assets. The City of University Place investment in capital assets for its governmental activities as of December 31, 2015 amounts to \$260,922,457 (net of accumulated depreciation), which is an increase of \$160,916,912 from 2014. This investment in capital assets includes land, buildings, machinery, equipment and software, infrastructure and construction in progress. The following table summarizes capital assets for the current fiscal year and a comparison with fiscal year 2014.

Table 3
Capital Assets at Year-End
(Net of Depreciation)

	2015 Total Governmental Activities	2014 Total Governmental Activities
Land	\$ 26,789,357	\$ 26,789,357
Easement	1,976,875	1,702,904
Buildings & improvements	37,895,158	30,404,529
Equipment	3,418,798	815,217
Infrastructure	182,525,926	30,711,638
Construction in progress	8,316,343	9,581,900
Total	<u>\$ 260,922,457</u>	<u>\$ 100,005,545</u>

Additional information on the City's capital assets can be found in Note IV of the Notes to the Financial Statements.

Long-term debt. At the end of the fiscal year, the City of University Place had total long-term debt outstanding of \$50,473,998 which includes revenue bonds with an outstanding principal balance of \$5,345,000. The City has three types of outstanding debt: general obligation bonds, public works trust fund loans, and compensated absences. The outstanding revenue bonds are related to the State Local Revitalization Financing projects for which a separate Authority was established. The City has no liability for these bonds. Bond holders look solely to the finances of the Authority for repayment. Further information regarding the Authority is disclosed in the Notes to the Financial Statements.

The following table summarizes long-term debt for the current fiscal year and a comparison with fiscal year 2014.

Table 4
Outstanding Debt at Year-End

	2015	2014
Governmental		
General obligation bonds	\$ 43,355,000	\$ 44,645,000
Revenue bonds payable	5,345,000	5,495,000
Public works trust fund loan	964,334	1,155,599
Compensated absences	431,615	420,587
Total	\$ 50,095,949	\$ 51,716,186
Business-type Activities		
Public works trust fund loan	\$ 330,077	\$ 411,283
Compensated absences	47,972	46,747
Total	\$ 378,049	\$ 458,030

Washington State law provides a maximum debt limit for general obligations. A city may incur debt equal to 1.5% of the City's assessed value without a vote of the people and debt for general government equal to 2.5% of the assessed value with a vote of the people. An additional 2.5% of assessed value may be incurred to finance water, sewer, and parks projects, also with a vote of the people. Based on the assessed value of property in University Place, the City's outstanding debt, subject to the State of Washington constitutional limits, was below capacity on December 31, 2015 and the City may issue non-voted debt at this time.

Note IV of the Basic Financial Statements identifies the City's long-term debt and provides additional detail regarding the City's outstanding debt.

Economic Factors and the Next Year's Budgets and Rates

The State of Washington, by constitution, does not have a state personal income tax and therefore the state operates primarily using property, sales, business and occupation, and gasoline taxes. Local governments (cities, counties, school districts) primarily rely on property and a limited array of other taxes (sales, utility, admission, and business and occupation) and fees (franchise, licenses, development services, etc.) for their governmental activities. There are a limited number of state-shared revenues (i.e., gas taxes, liquor excise taxes, liquor profits taxes, etc.) and recurring and non-recurring grants from both the state and federal government.

For the business-type and certain governmental activities (permitting, recreation programs, etc.) the user pays a related fee or charge associated therewith.

The level of taxes, fees and charges for services (including development related mitigation fees) will have a bearing on the specific City's competitive ability to encourage retail, office, residential, and industrial development to locate in their jurisdiction. The City places significant emphasis on encouraging economic development.

In November 2015 City Council approved a measure to eliminate the City's recreation program beginning in 2017. This will save the City's General Fund approximately \$400,000 a year.

City Council took action in 2015 to make reductions in the Police/Public Safety Fund by eliminating two positions to create a sustainable Public Safety budget.

Requests for Information

This financial report is designed to provide a general overview of the City of University Place's financial condition. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of University Place Finance Department, 3715 Bridgeport Way West, Suite B-1, University Place, WA 98466, telephone 253-566-5656, or visit the City's website at www.cityofup.com.

City of University Place
Statement of Net Position
As of December 31, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 13,141,736	\$ 4,948,404	\$ 18,090,140
Receivables - net	609,814	-	609,814
Internal balances	95,506	(95,506)	-
Long-term receivables	720,000	-	720,000
Due from other governments	1,151,550	82,571	1,234,121
Capital assets			
Capital assets, not being depreciated	37,082,575	-	37,082,575
Capital assets, being depreciated	65,446,289	-	65,446,289
Total capital assets	<u>102,528,864</u>	<u>-</u>	<u>102,528,864</u>
Total assets	<u>118,247,470</u>	<u>4,935,469</u>	<u>123,182,939</u>
Deferred outflows of resources			
Deferred outflows for employer contributions	356,015	51,131	407,146
Total deferred outflows of resources	<u>356,015</u>	<u>51,131</u>	<u>407,146</u>
Liabilities			
Current liabilities			
Accounts payable	424,888	7,262	432,150
Accrued payroll and employee benefits	53,861	10,355	64,216
Interest payable	227,932	505	228,437
Retainage payable	65,695	-	65,695
Unearned revenue	923,462	-	923,462
Other current liabilities	8,992	-	8,992
Non-current liabilities			
Due in less than 1 year	1,620,109	97,218	1,717,327
Due in more than 1 year	48,475,840	280,831	48,756,671
Net pension liability	2,919,936	419,353	3,339,289
Total liabilities	<u>54,720,715</u>	<u>815,524</u>	<u>55,536,239</u>
Deferred inflows of resources			
Deferred inflows for employer contributions	450,275	64,668	514,943
Total deferred inflows of resources	<u>450,275</u>	<u>64,668</u>	<u>514,943</u>
Total liabilities	<u>55,170,990</u>	<u>880,192</u>	<u>56,051,182</u>
Net position			
Net investment in capital assets	53,836,345	-	53,836,345
Restricted for			
Local revitalization area construction	1,570,408	-	1,570,408
Surface and storm water management	-	4,106,408	4,106,408
Capital facilities plan financing	960,329	-	960,329
Traffic impact-roadway improvements	554,482	-	554,482
Parks capital improvement	712,394	-	712,394
Unrestricted	5,798,537	-	5,798,537
Total net position	<u>\$ 63,432,495</u>	<u>\$ 4,106,408</u>	<u>\$ 67,538,903</u>

The accompanying notes are an integral part of these financial statements.

City of University Place
Statement of Activities
For the Year Ended December 31, 2015

	Program Revenues			Net (Expenses) Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total
Function/Programs							
Primary Government:							
Governmental activities:							
General government	\$ 5,341,577	\$ 486,337	\$ -	\$ 25,000	\$ (4,830,240)	\$ -	\$ (4,830,240)
Public safety	4,313,235	79,377	287,738	-	(3,946,120)	-	(3,946,120)
Utilities	-	432,920	-	-	432,920	-	432,920
Transportation	4,185,572	265,791	-	3,283,256	(636,525)	-	(636,525)
Natural and economic environment	1,359,236	619,785	5,333	-	(734,118)	-	(734,118)
Health and human services	104,130	-	894,933	-	790,803	-	790,803
Culture and recreation	1,304,953	369,536	-	-	(935,417)	-	(935,417)
Interest on long-term debt	2,694,094	-	-	-	(2,694,094)	-	(2,694,094)
Total governmental activities	<u>19,302,797</u>	<u>2,253,746</u>	<u>1,188,004</u>	<u>3,308,256</u>	<u>(12,552,791)</u>	<u>-</u>	<u>(12,552,791)</u>
Business-type activities:							
Water management	1,355,212	2,770,459	11,133	-	-	1,426,380	1,426,380
Total business-type activities	<u>1,355,212</u>	<u>2,770,459</u>	<u>11,133</u>	<u>-</u>	<u>-</u>	<u>1,426,380</u>	<u>1,426,380</u>
Total primary government	<u>\$ 20,658,009</u>	<u>\$ 5,024,205</u>	<u>\$ 1,199,137</u>	<u>\$ 3,308,256</u>	<u>\$ (12,552,791)</u>	<u>\$ 1,426,380</u>	<u>\$ (11,126,411)</u>
General Revenues:							
Taxes							
Real and personal property				\$ 4,125,973	\$ -	\$ 4,125,973	
Sales				4,661,338	-	4,661,338	
Utility				2,323,109	-	2,323,109	
Excise				428,404	-	428,404	
Other				2,616,995	-	2,616,995	
Licenses and permits				2,881,674	-	2,881,674	
Fines and penalties				23,519	-	23,519	
Miscellaneous revenues				253,239	-	253,239	
Investment earnings				42,489	-	42,489	
Proceeds from sale of capital assets				135,529	-	135,529	
Total general revenues				<u>17,492,269</u>	<u>-</u>	<u>17,492,269</u>	
Transfers				1,367,936	(1,367,936)	-	
Insurance recoveries				27,768	-	27,768	
Change in net position				6,335,182	58,444	6,393,626	
Net position, beginning of year				60,137,110	4,486,712	64,623,822	
Change in Accounting principle GASB 68				(3,054,976)	(438,748)	(3,493,724)	
Prior period adjustments				15,179	-	15,179	
Net position, beginning of year restated				57,097,313	4,047,964	61,145,277	
Net position, end of year				<u>\$ 63,432,495</u>	<u>\$ 4,106,408</u>	<u>\$ 67,538,903</u>	

The accompanying notes are an integral part of these financial statements.

City of University Place
Balance Sheet
Governmental Funds
December 31, 2015

	General Funds	Public Works CIP	Debt Service	LRF	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and equivalents	\$ 8,052,316	\$ 663,256	\$ -	\$ 1,572,523	\$ 2,812,439	\$ 13,100,534
Accounts receivables	511,068	2,515	-	-	96,230	609,813
Due from other government units	388,563	646,999	-	-	115,987	1,151,549
Total assets	<u>\$ 8,951,947</u>	<u>\$ 1,312,770</u>	<u>\$ -</u>	<u>\$ 1,572,523</u>	<u>\$ 3,024,656</u>	<u>\$ 14,861,896</u>
Liabilities, deferred inflows and fund balance						
Liabilities						
Accounts payable	\$ 176,419	\$ 163,901	\$ -	\$ 2,115	\$ 77,819	\$ 420,254
Accrued salaries and wages	41,767	2,625	-	-	6,407	50,799
Accrued liabilities	1,587	-	-	-	-	1,587
Retainage payable	65,695	-	-	-	-	65,695
Unearned revenue	106,995	14,509	-	-	89,363	210,867
Total liabilities	<u>392,463</u>	<u>181,035</u>	<u>-</u>	<u>2,115</u>	<u>173,589</u>	<u>749,202</u>
Deferred inflows of resources						
Unavailable revenue-property taxes	65,259	-	-	-	-	65,259
Total deferred inflows of resources	<u>65,259</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,259</u>
Fund balances						
Restricted						
Local revitalization area construction projects	-	-	-	1,570,408	-	1,570,408
Arterial street maintenance	-	-	-	-	16,519	16,519
Capital facilities plan financing	-	-	-	-	960,329	960,329
Traffic impact-roadway improvements	-	-	-	-	778,332	778,332
Transportation improvement projects	-	-	-	-	392,213	392,213
Donations	-	-	-	-	34,180	34,180
Parks capital improvement	-	-	-	-	669,494	669,494
Assigned						
Unanticipated emergency	856,934	-	-	-	-	856,934
Public works capital improvement	-	1,131,735	-	-	-	1,131,735
Public safety	1,384,181	-	-	-	-	1,384,181
Unassigned						
Unassigned	6,253,110	-	-	-	-	6,253,110
Total fund balances	<u>8,494,225</u>	<u>1,131,735</u>	<u>-</u>	<u>1,570,408</u>	<u>2,851,067</u>	<u>14,047,435</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 8,951,947</u>	<u>\$ 1,312,770</u>	<u>\$ -</u>	<u>\$ 1,572,523</u>	<u>\$ 3,024,656</u>	<u>\$ 14,861,896</u>

The accompanying notes are an integral part of these financial statements.

City of University Place
Reconciliation of Governmental Fund Balances
To Net Position of Governmental Activities
December 31, 2015

Total fund balances - governmental funds \$ 14,047,435

The total net position reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. (See Note IV.C)

Capital assets, not being depreciated	37,082,575	
Capital assets being depreciated	223,839,882	
Accumulated depreciation	<u>158,393,593</u>	
		102,528,864

Deferred inflows of resources are not reported in the governmental funds:

Related to pension	(450,275)	
Related to pension for ISF	<u>-</u>	(450,275)

Internal service fund costs of certain activities, such as insurance, technology services and fleet operations to individual governmental funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in governmental activities in the Statement of Net Position

675,220

Deferred outflows of resources are not reported in the governmental funds:

Deferred outflows for employer contributions		356,015
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Other assets not available in the current period and therefore are not reported in the governmental funds:

Internal balances	95,506	
Long-term receivables	720,000	-
		815,506

Long-term liabilities and related accrued interest are not due and payable in the current and therefore are not reported in the governmental funds:

Debt and notes payable		
General obligation bonds	(43,355,000)	
Revenue bonds payable	(5,345,000)	
Public works trust fund loan	(964,334)	
Compensated absences	(431,615)	
Unearned revenue	(923,462)	
Interest payable	(227,932)	
Adjustment	(307,772)	
Net pension liability	<u>(2,919,936)</u>	-
	-	(54,475,051)

Deferred inflows reported in the funds are considered financial resources for governmental activities

Unavailable revenue-property taxes	(65,259)	(65,259)
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Net Position of Governmental Activities \$ 63,432,455

City of University Place
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2015

	General Funds	Public Works CIP	Debt Service	LRF	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 10,948,525	\$ -	\$ -	\$ 522,937	\$ 2,305,503	\$ 13,776,965
Licenses and permits	2,881,674	-	-	-	-	2,881,674
Intergovernmental	597,797	4,171,188	-	-	-	4,768,985
Charges for services	1,198,362	-	-	-	501,932	1,700,294
Miscellaneous						
Fines and forfeitures	19,701	-	-	-	-	19,701
Rental, concessions and sales	94,233	-	-	-	320	94,553
Investment earnings	42,489	-	1	-	-	42,490
Contribution in aid for constructions	-	-	-	-	25,000	25,000
Contributions	14,055	-	-	-	20,691	34,746
Other revenues	7,106	88,671	-	-	28,163	123,940
Federal grants	10,414	-	-	-	-	10,414
State grants and entitlements	-	-	-	-	5,333	5,333
Total revenues	<u>15,814,356</u>	<u>4,259,859</u>	<u>1</u>	<u>522,937</u>	<u>2,886,942</u>	<u>23,484,095</u>
Expenditures						
Current						
General government	3,237,225	21,794	-	-	41,829	3,300,848
Public safety	3,923,198	-	-	-	-	3,923,198
Transportation	390,207	503,341	-	-	1,253,552	2,147,100
Natural and economic environment	1,251,028	108,480	-	-	307	1,359,815
Culture and recreation	996,154	-	-	-	22,039	1,018,193
Health and human services	93,348	-	-	-	-	93,348
Capital outlay	-	6,138,495	-	-	174,001	6,312,496
Debt service						
Principal retirement	-	-	1,481,239	150,000	-	1,631,239
Interest	-	-	2,296,182	247,913	-	2,544,095
Total expenditures	<u>9,891,160</u>	<u>6,772,110</u>	<u>3,777,421</u>	<u>397,913</u>	<u>1,491,728</u>	<u>22,330,332</u>
Excess (deficiency) of revenues over expenditures	<u>5,923,196</u>	<u>(2,512,251)</u>	<u>(3,777,420)</u>	<u>125,024</u>	<u>1,395,214</u>	<u>1,153,763</u>
Other financing sources/uses						
Transfers in	7,309	2,675,969	3,777,419	2,001	556,684	7,019,382
Transfers out	(4,120,159)	-	-	(345,136)	(1,568,565)	(6,033,860)
Insurance recovery	-	-	-	-	27,768	27,768
Proceeds from sale of assets	120,000	-	-	-	-	120,000
Total other financing sources/uses	<u>(3,992,850)</u>	<u>2,675,969</u>	<u>3,777,419</u>	<u>(343,135)</u>	<u>(984,113)</u>	<u>1,133,290</u>
Net change in fund balances	<u>1,930,346</u>	<u>163,718</u>	<u>(1)</u>	<u>(218,111)</u>	<u>411,101</u>	<u>2,287,053</u>
Fund balances, beginning of year	6,650,909	968,017	1	1,768,026	2,439,966	11,826,919
Prior period adjustments	<u>(87,030)</u>	<u>-</u>	<u>-</u>	<u>20,493</u>	<u>-</u>	<u>(66,537)</u>
Fund balances, beginning of year restated	6,563,879	968,017	1	1,788,519	2,439,966	11,760,382
Fund balances, end of year	<u>\$ 8,494,225</u>	<u>\$ 1,131,735</u>	<u>\$ -</u>	<u>\$ 1,570,408</u>	<u>\$ 2,851,067</u>	<u>\$ 14,047,435</u>

The accompanying notes are an integral part of these financial statements.

City of University Place
Reconciliation of The Statement of Revenue, Expenditures,
And Changes In Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended December 31, 2015

Net changes in fund balances - total governmental funds		\$ 2,287,053
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives as depreciation expense. Amounts related to capital assets are:		
Capital asset purchases capitalized	6,312,496	
Depreciation expense	(3,808,597)	
Pension expense adjustment	(24,330)	
Proceeds from sale of capital assets	(15,529)	
Internal service fund adjustments for look back for governmental funds	7,913	
Expenses not recorded on fund statements recorded on government funds	27,414	
Internal service look back adjustment to zero out enterprise funds	<u>9,857</u>	-
		2,509,224
Expenses for compensated absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		9,353
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This is the amount of the net effect of these differences in the treatment of long-term debt and related items.		
Principal payments on debt service costs	1,631,239	
Interest expense	<u>(146,557)</u>	-
	-	1,484,682
Deferred inflows reported in the funds are considered financial resources for governmental activities.		(20,341)
Internal service funds are used by management to charge the costs of insurance and information services to individual funds. The net revenue of the internal service funds is reported with the governmental activities.		
Change in net position after adjustments for enterprise funds		<u>65,211</u>
Change in net position of governmental activities		<u>\$ 6,335,182</u>

The accompanying notes are an integral part of these financial statements.

City of University Place
Statement of Net Position
Proprietary Funds
December 31, 2015

	Business-Type Activities - Enterprise Funds		
	Major Fund		Gov. Activities Internal Service Funds
	Surface Water Mgmt	Total	
Assets			
Current assets			
Cash and equivalents	\$ 4,948,404	\$ 4,948,404	\$ 41,202
Due from other government units	82,571	82,571	-
Total current assets	<u>5,030,975</u>	<u>5,030,975</u>	<u>41,202</u>
Noncurrent assets			
Capital assets			
Depreciable assets	-	-	1,804,685
Less: accumulated depreciation	-	-	(973,581)
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>831,104</u>
Total assets	<u>\$ 5,030,975</u>	<u>\$ 5,030,975</u>	<u>\$ 872,306</u>
Deferred outflows of resources			
Deferred outflows for pension contributions	51,131	51,131	19,263
Total deferred outflows of resources	<u>51,131</u>	<u>51,131</u>	<u>19,263</u>
Liabilities			
Current liabilities			
Accounts payable	7,080	7,080	4,634
Accrued salaries and wages	10,355	10,355	3,062
Accrued liabilities	182	182	-
Accrued interest payable	505	505	-
Compensated absences	15,990	15,990	-
Current-bonds, notes, and loans payable	81,228	81,228	-
Total current liabilities	<u>115,340</u>	<u>115,340</u>	<u>7,696</u>
Noncurrent Liabilities			
Compensated absences	31,982	31,982	26,298
Bonds, notes, and loans payable	248,849	248,849	-
Net pension liability	419,353	419,353	157,991
Total noncurrent liabilities	<u>700,184</u>	<u>700,184</u>	<u>184,289</u>
Total liabilities	<u>815,524</u>	<u>815,524</u>	<u>191,985</u>
Deferred inflows of resources			
Deferred inflows for employer contributions	64,668	64,668	24,364
Total deferred inflows of resources	<u>64,668</u>	<u>64,668</u>	<u>24,364</u>
Net position			
Invested in capital assets	-	-	675,220
Restricted net position	330,077	330,077	-
Unrestricted net position	3,871,837	3,871,837	-
Total net position	<u>\$ 4,201,914</u>	<u>4,201,914</u>	<u>\$ 675,220</u>

Reconciliation to government-wide statement of net position:

Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time.

	(95,506)
Net position of business-type activities	<u>\$ 4,106,408</u>

The accompanying notes are an integral part of these financial statements.

City of University Place
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
December 31, 2015

	Business-Type Activities - Enterprise Funds		
	Major Fund		Gov. Activities Internal Service Funds
	Surface Water Mgmt	Total	
Operating Revenues:			
Charges for services	\$ 2,770,459	\$ 2,770,459	\$ 618,664
Intergovernmental	-	-	(99)
Total operating revenues	<u>2,770,459</u>	<u>2,770,459</u>	<u>618,565</u>
Operating Expenses:			
Salaries and employee benefits	679,001	679,001	240,188
Materials and supplies	57,530	57,530	110,698
Services and charges	607,321	607,321	297,669
Insurance claims and expenses	18,533	18,533	122,499
Depreciation and amortization	-	-	155,067
Total operating expenses	<u>1,362,385</u>	<u>1,362,385</u>	<u>926,121</u>
Operating income (loss)	<u>1,408,074</u>	<u>1,408,074</u>	<u>(307,556)</u>
Nonoperating revenue (expenses):			
Interest	(3,443)	(3,443)	-
Insurance recovery	-	-	15,529
State grants and entitlements	11,133	11,133	-
Total nonoperating revenue (expenses)	<u>7,690</u>	<u>7,690</u>	<u>15,529</u>
Income (loss) before transfers	1,415,764	1,415,764	(292,027)
Transfers in	-	-	382,415
Transfers out	(1,367,936)	(1,367,936)	-
Change in net position	47,828	47,828	90,388
Net position, beginning of year	4,592,834		772,662
Change in accounting principle GASB 68	(438,748)	-	(165,297)
Prior period adjustment	-	-	(22,532)
Net position, beginning of year restated	4,154,086	-	584,833
Net position, end of year	<u>\$ 4,201,914</u>	\$ -	<u>\$ 675,221</u>

Reconciliation to government-wide statement of net position:

Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds.

	10,616
Change in net assets of business-type activities	\$ 58,444

City of University Place
Statement of Cash Flows
Proprietary Funds
December 31, 2015

	Business-Type Activities - Enterprise Funds		
	Major Fund		
	Surface Water Mgmt	Total	Gov. Activities Internal Service Funds
Cash flows from operating activities:			
Cash receipts from customers	\$ 2,770,460	\$ 2,770,460	\$ 618,663
Cash paid to employees for services	(478,336)	(478,336)	(176,886)
Cash paid to suppliers for goods and services	(673,703)	(673,703)	(421,593)
Cash paid for employee benefits	(205,949)	(205,949)	(58,834)
Cash paid for Insurance	(18,533)	(18,533)	(122,499)
Net cash provided (used) by operating activities	1,393,939	1,393,939	(161,149)
Cash flows from noncapital financing activities:			
Cash receipts from grants and contributions	34,587	34,587	-
Cash receipts from transfers from other funds	(1,367,936)	(1,367,936)	382,415
Net cash provided (used) by noncapital financing activities	(1,333,349)	(1,333,349)	382,415
Cash flows from capital and related financing activities:			
Proceeds/(loss) from retirement of assets	-	-	15,529
Payments for capital acquisition	-	-	(236,978)
Debt principal payments	(81,206)	(81,206)	-
Interest paid on debt	(3,521)	(3,521)	-
Net cash (used) by capital and related financing activities	(84,727)	(84,727)	(221,449)
Net increase (decrease) in cash and cash equivalents	(24,137)	(24,137)	(183)
Cash and cash equivalents, beginning of year	4,972,541	4,972,541	41,385
Cash and cash equivalents, end of year	4,948,404	4,948,404	41,202
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating Income (Loss)	1,408,074	1,408,074	(307,556)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	-	-	155,067
Changes in assets and liabilities:			
Increase (decrease) in accounts payable	(8,850)	(8,850)	(13,130)
Increase (decrease) in accrued salaries and wages	-	-	326
Increase (decrease) in accrued liabilities	(652)	(652)	-
Increase (decrease) in compensated absences	1,225	1,225	6,349
Increase (decrease) in deferred Inflows/outflows	13,537	13,537	5,101
Increase (decrease) in net pension liability	(19,395)	(19,395)	(7,306)
Net cash provided by operating activities	\$ 1,393,939	\$ 1,393,939	\$ (161,149)

The accompanying notes are an integral part of these financial statements.

**CITY OF UNIVERSITY PLACE
NOTES TO THE FINANCIAL STATEMENTS**

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of University Place have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described below.

A. Reporting Entity

The City of University Place, Pierce County, Washington was incorporated on August 31, 1995 and operates under the laws of the State of Washington applicable to an Optional Municipal Code City (RCW 35A) with a Council-Manager form of government. As required by the generally accepted accounting principles the financial statements present The City of University Place, the primary government, and its component units. The component units discussed below are included in the City of University Place reporting entity because of the significance of its operational or financial relationship with the City.

Local Revitalization Financing (LRF) has been presented in the Financial Statements as a blended component unit. The LRF Fund is governed by the seven-member board appointed by the City Council. Although it is legally separated from the City, the Local Revitalization Financing is reported as if it were part of the primary government because its sole purpose is to finance and construct City infrastructure.

The University Place Transportation Benefit District (UPTBD) has been presented in the Financial Statements as a blended component unit. The current members of the City Council are the governing board of the UPTBD. Although it is legally separated from the City, the University Place Transportation Benefit District is reported as if it were part of the primary government because its sole purpose is to finance street maintenance.

B. Implementation of New Accounting Statements

For year 2015, the City has implemented the following new statements of financial accounting standards issued by the Governmental Accounting Standards Board.

Statement No. 68, Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27. GASB 68 establishes standards for pension accounting and financial reporting for governments (“employers”) which sponsor pension benefits. Under GASB 68, the employer must report the net pension liability, pension expense and related deferred inflows and outflows of resources associated with providing retirement benefits to their employees (and former employees) in their basic financial statements. In addition, extensive note disclosures and related Required Supplementary Information are also required.

Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68. GASB Statement 71 addresses paragraph 137 in GASB 68, Accounting and Financial Reporting for Pensions, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employer and nonemployer contributing entities. The requirements of the Statement apply to all state and local governments that are required to apply the provisions of Statement 68 for defined benefit pensions.

The City’s pension plan, Washington State Department of Retirement Systems, did not provide member governments with beginning balances of deferred inflows or outflows of resources, which is permitted by GASB Statement 68. At the beginning of the initial period of GASB 68, the City removed the net pension obligation balance determined in accordance with Statement 27, as amended, from beginning net position and recorded the beginning net pension liability. Per the requirements of Statement 71, the City recorded a beginning deferred outflow of resources for contributions made between the start of the measurement period of the pension system and the City’s prior fiscal year-end. These two items result in an adjustment to beginning net position of the governmental activities and the business activities in the Government-Wide Financial Statements and the Statement of Revenues Expenses and Changes in Fund Net Position– Proprietary Funds. Retroactively applying these changes results in the adjustment below:

**CITY OF UNIVERSITY PLACE
NOTES TO THE FINANCIAL STATEMENTS**

B. Implementation of New Accounting Statements

	<u>Government Wide Statement of Activities</u>		<u>Proprietary Statement of Revenues, Expenses, and Changes in Net Position</u>	<u>Internal Service Statement of Revenues, Expenses, and Changes in Net Position</u>
	<u>Governmental Activities</u>	<u>Business Activities</u>	<u>Surface Water Management</u>	<u>Information Technologies and Services</u>
Net position as of 1/1/15	\$ 60,137,110	\$ 4,486,712	\$ 4,592,834	\$ 146,904
Change in reporting for net pension liability	(3,039,068)	(438,642)	(438,748)	(165,297)
Net position as restated for GASB 68 1/1/15	<u>\$ 57,098,042</u>	<u>\$ 4,048,070</u>	<u>\$ 4,154,086</u>	<u>\$ (18,393)</u>

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the activities of the primary government and its component units. For the most part, the effect of interfund activity and activity of the internal service funds has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental funds and proprietary funds, Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The City considers property taxes as available if they are collected within 60 days after year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, licenses, and interest associated within the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial

CITY OF UNIVERSITY PLACE NOTES TO THE FINANCIAL STATEMENTS

information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Internal service funds are combined and the totals are presented in a single column on the face of the proprietary fund statements.

The accounts of the City are organized on the basis of funds. Each fund is a separate accounting entity with a self-balancing set of accounts. The City's resources are allocated to and accounted for in individual funds according to the purpose for which they are spent and how they are controlled. There are two categories of funds – governmental and proprietary. A description of the fund categories is provided below.

The City reports the following major governmental funds:

General Fund

The City of University Place's General (or current expense) Fund accounts for all current financial resources not required by law or administrative action to be accounted for in another fund. It is the largest accounting entity in the City and provides for most of the general government operations. The major revenue sources to the fund are general tax revenues. Licenses and permits, charges for services, and investment interest also provide support.

Debt Service Fund

The Debt Service Fund accounts for the accumulation of resources for and the payment of principal and interest for Council-approved general obligation bonds, letters of credit, and Public Works Trust Fund loans. The City of University Place pledges its full faith and credit for payment of these obligations.

Public Works Capital Improvement Fund

The Public Works Capital Improvement Fund was established to account for receipts and disbursements related to the acquisition, design, construction, and any other related street, traffic, or surface water management project expenditures. Revenues supporting this fund's activities include bond proceeds, grant proceeds, interfund transfers and other revenue sources as may be authorized by the City Council.

LRF Fund

This fund was established to account for receipt and disbursement transactions associated with local revitalization financing. The City established, by ordinance, a separate Authority which is authorized to undertake a "local revitalization financing" by using revenues received from a local option sales and use tax imposed pursuant to RCW 82.14.510 to pay the principal of and interest on revenue bonds issued to finance "public improvements" within a local revitalization area. The City has no liability for the bonds. Bond holders look solely to the finances of the Authority for repayment. This fund is presented in the City's financial statements as a blended component unit.

Details on the State's Local Revitalization Financing program may be found online at www.dor.w.gov/Content/DoingBusiness/LocalRevitalizationFinancing.aspx.

The City reports the following major enterprise fund:

Surface Water Management Fund

The Surface Water Management Fund was established to administer and account for all receipts and expenditures related to the City's surface and storm water management system. Activities that are primarily supported by user fees include administration, billings and collections, engineering, construction, operation, maintenance, and repairs.

The City reports the following non-major governmental funds:

Capital Project Funds

These funds are used to account for financial resources to be used for the capital maintenance or construction of City parks and other facilities.

Special Revenue Funds

These funds account for revenues derived from specific taxes or other earmarked revenue sources, including state gas tax and state revenue sharing entitlements, which are legally restricted to expenditures for specified purposes.

CITY OF UNIVERSITY PLACE NOTES TO THE FINANCIAL STATEMENTS

The City reports the following three proprietary funds on a consolidated basis.

Internal Service Funds

These funds (Fleet and Equipment, Information Technology and Services, and Risk Management) are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, on a cost reimbursement basis.

As a general rule the effect of the inter-fund activity has been eliminated for the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. General revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Internal service funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Fleet and Equipment Fund is an internal service fund which accounts for the costs of maintaining and replacing the majority of the City's vehicles and auxiliary equipment. All equipment costs, including depreciation, are factors in calculating the rates that are charged to each user department.

The Information Technology and Services Fund is an internal service fund which accounts for all costs associated with data processing, telecommunications, cable, postal operations, copier and duplication services, and the Geographical Information System (GIS). This fund owns and depreciates all non-proprietary fund assets related to these functions, and charges users for both maintenance and operation costs and equipment replacement charges based on depreciation schedules.

The Risk Management Fund is an internal service fund which accounts for the City's risk financing activities established to minimize the adverse effects of losses associated with property and casualty, medical and dental, unemployment, and worker's compensation claims. Both risk control (to minimize the losses that strike an organization) and risk financing (to obtain finances to provide for or restore the economic damages of those losses) are involved. The City is a member of Washington Cities Insurance Authority (WCIA), which offers a combination of self-insurance, or standard insurance to cover liability and property risks. The City is currently only self-insuring State Unemployment Compensation.

The Strategic Reserve Fund was established by Ordinance 179 to set aside financial resources for mitigating adverse situations caused by severe short-term revenue shortfalls, expenditures resulting from emergencies, or as otherwise designated by the City Council. The fund is financed by transferring unassigned fund balance in the General Fund at the end of each calendar year or by other appropriation, as deemed appropriate by the City Council. This fund is a recourse of last resort and shall be used only when no other reasonable financial management alternative exists.

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financial uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and statements for governmental funds.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

CITY OF UNIVERSITY PLACE NOTES TO THE FINANCIAL STATEMENTS

Basis of accounting refers to the recognition of revenues and expenditures or expenses in the accounts and reporting them in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary funds also use the accrual basis of accounting.

The **accrual** basis of accounting recognizes revenues when they are earned and expenses are recorded when incurred. All assets and liabilities are recorded in the fund.

The **modified accrual** basis of accounting recognizes revenues and other financial resources when they become susceptible to accrual, i.e. when the related funds become both measurable and available to finance expenditures of the current period. “Measurable” means the amount of the transaction can be determined. To be considered “available”, revenue typically must be collected within sixty days after year-end.

Expenditures are recorded when the fund liability is incurred, except for principal and interest on general long-term debt, and vacation and sick pay which are recorded when paid.

The effect of interfund activity has been eliminated from the government-wide financial statements so that expenses are not reported twice. Amounts reported on the government-wide statements as program revenues include charges to customers or applicants for goods, operating grants and contributions, and capital grants and contributions. General revenues include all taxes. Major revenues recorded on the modified accrual basis are:

Property Taxes – Pierce County acts as the City’s collection agent for these taxes. Once a month, the County electronically transmits to the City the taxes that it has collected on the City’s behalf in the prior month. On this basis, property taxes received in January are considered both measurable and available and therefore are recognized as revenue in the current year.

Other Locally Levied Taxes – Pierce County also acts as the City’s collection agent for the one quarter percent and optional one quarter percent real estate excise taxes. Although a time lag occurs in payment of these taxes to the City, since the taxes are actually collected by Pierce County in December and receipted to the City within 10 days after the end of the year, they are considered to be both measurable and available, and therefore are accrued as revenue at year-end. The State of Washington acts as the City’s collection agency for the locally levied sales tax. The sales tax is distributed monthly and remitted to the City in the following month. It is both measurable and available and is therefore accrued as revenue at year-end.

Grant Revenues – Under Section G60.109 of the Codification of Governmental Accounting and Financial Reporting Standards, revenues for cost reimbursement grants are determined to be earned, and therefore available, at the time related expenditures are incurred. For this reason, grant revenues to be received as reimbursement for expenditures incurred in the current year are also recognized as revenue in that year.

Shared Revenues – Revenues that have been collected but not remitted by an intermediary collection agency to the City are considered measurable and available.

Other Revenue Sources – Other items recognized as revenue in the current year on the modified accrual basis include investment interest earned but not received at year-end; operating transfers, interfund, and intergovernmental service billings related to services provided in the current year which are outstanding at year-end; and any other material revenue amounts determined to be both measurable and available under current modified accrual accounting practices. Revenues not considered to meet the criteria for recognition on the modified accrual basis include licenses and permits, fines and forfeitures, and other miscellaneous revenues which are not generally measurable until received.

E. Budgetary Information

Biennial appropriated budgets are adopted for the general and some special revenue funds on the modified accrual basis of accounting. Budgets for debt service and capital project funds are adopted at the level of the individual debt issue or project and for fiscal periods that correspond to the lives of debt issues or projects. Other budgets are adopted at the level of the fund.

Appropriations for general and special revenue funds lapse at year-end (except for appropriations for capital outlays, which are carried forward from year to year until fully expended or the purpose of the appropriation has been accomplished or abandoned).

The individual funds within each fund type, which are included in the City’s biennial operating budget, are listed below. These funds are budgeted for on a biennial basis.

CITY OF UNIVERSITY PLACE
NOTES TO THE FINANCIAL STATEMENTS

General Fund

Special Revenue Funds:

Street Fund
Arterial Street Fund
Real Estate Excise Tax Fund
Transportation Benefit District
Local Revitalization Financing Fund
Paths and Trails Fund
Donations Fund

Capital Projects Funds:

Parks Capital Projects Fund

Managerial Funds:

Strategic Reserve Fund
Parks and Recreation Fund
Development Services Fund
Police/Public Safety
Traffic Impact Fees Fund

Enterprise Funds:

Surface Water Management Fund

Debt Service Funds:

Debt Service Fund

Procedures for Adopting the Budget

The City's budget process and the time limits under which the budget must be prepared are defined by the Revised Code of Washington (RCW) 35A.34. The procedures followed in establishing the biennial budget are described below:

- ◇ By late May, the official budget call is made by the Finance Director for current level service budgets and a preliminary financial forecast.
- ◇ By late July, departments submit their preliminary expenditure estimates and the Finance Department updates the preliminary revenue estimates to define resources available to finance coming year expenditure programs.
- ◇ Prior to the first Tuesday in October, the City Manager submits the proposed budget to the City Council. This budget is based on priorities established by the Council and estimates provided by the City departments during the preceding months, and balanced with revenue estimates made by the Finance Director.
- ◇ By October 1, the City Manager files a preliminary budget with the City Clerk. Copies of the preliminary budget are provided to staff and the City Council and are made available to the public.
- ◇ During the first two weeks of October, the City Clerk publishes a notice of the filing of the preliminary budget and notices of public hearings to be held during preliminary budget deliberations.
- ◇ City Council conducts workshops and two public hearings on the proposed budget between October and December. Final hearing on the budget must begin on or before the first Monday of December, and may continue until the 25th day prior to the beginning of the next fiscal year.
- ◇ In early December, the City Council adopts an ordinance to establish the amount of property taxes to be levied in the coming year.
- ◇ By December 31, the City Council makes its adjustments to the proposed budget and adopts a final budget by ordinance.
- ◇ The final operating budget, as adopted, is published and distributed within the first three months of the following year. Copies of the adopted budget are made available to the public.
- ◇ By September 1 after the start nor later than December 31 of the first year of the fiscal biennium, the City provides for a mid-biennium review including the preparation of proposed budget modifications and provides for publication of notice of public hearings.

Amending the Budget

The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of a fund or that affect the number of authorized employee positions, salary ranges, hours or other conditions of employment must be approved by the City Council.

CITY OF UNIVERSITY PLACE NOTES TO THE FINANCIAL STATEMENTS

When the City Council determines that it is in the best interest of the City to increase or decrease the appropriation for a particular fund, it may do so by ordinance approved by a simple majority after holding public hearing(s).

The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

The financial statements contain the original and final budget information. The original budget is the first complete appropriated budget. The final budget is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized changes applicable for the fiscal year.

The budget for the donations fund is established only at the end of the fiscal year. Therefore, there is no original budget in the Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual in page 79.

F. Assets, Liabilities, Fund Balance, Net Position, and Deferred Outflows/Inflows of Resources

1. Cash and Cash Equivalents

It is the City's policy to invest all temporary cash surpluses. At December 31, 2015, the City was holding \$18,090,140 in short-term residual investments of surplus cash. This amount is classified on the balance sheet as cash and cash equivalents in various funds. The interest on these investments is held in the General Fund.

For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

2. Investments

Investments are valued at fair market value. The fair value of the City's position in the state investment pool is the same as the value of the pool shares. See Note IV, Deposits and Investments.

3. Receivables

Taxes receivable consists of property taxes and related interest and penalties (See Property Taxes Note No. V. A.) Accrued interest receivable consists of amounts earned on investments, notes and contracts at the end of the year.

4. Amounts Due to and From Other Funds and Governments, Interfund Loans and Advances Receivable

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either interfund loans receivable/payable or advances to/from other funds. All other outstanding balances between funds are reported as due to/from other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances. A separate schedule of interfund loans receivable and payable is furnished in Note IV. F. Interfund Balances and Transfers.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resource.

5. Capital Assets (See Note IV C. Capital Assets)

Capital assets, which include property, plant, equipment and software, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost and an estimated useful life. Capitalization thresholds and estimated useful lives of capital assets are as follows:

**CITY OF UNIVERSITY PLACE
NOTES TO THE FINANCIAL STATEMENTS**

	Capitalization Threshold	Estimated Useful Life
Buildings and improvements	\$ 15,000.00	10-100 Years
Equipment and software	5,000.00	4-12 Years
Roads - collectors and residential	15,000.00	7-40 Years

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Costs for additions or improvements to capital assets are capitalized when they increase the effectiveness or efficiency of the asset.

The costs for normal maintenance and repairs are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of the capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There was no interest incurred by the City during the current fiscal year.

Property, plant, and equipment of the primary government is depreciated using the straight-line method over their estimated useful lives.

Net investment in capital assets reported on the Statement of Net Position is calculated by subtracting outstanding debt (less unspent revenue bond proceeds of \$959,791) from capital assets.

6. Asset Impairments and Insurance Recoveries

The City has recorded insurance recoveries related to the impairment of capital assets as Program Revenue at the government-wide level, as Other Financing Sources in the Governmental Funds and as Other Nonoperation Revenues in the Enterprise Funds. For the year ended December 31, 2015, the City received \$27,768 in insurance recoveries

7. Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation leave and sick leave. All vacation and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements.

There is no maximum on the vacation balance an employee may carry. However, the maximum vacation balance that an employee may cash out at termination is 240 hours. Vacation pay is payable to the maximum upon resignation, retirement or the death of an employee.

A non-exempt employee may request compensatory time in lieu of overtime payment. Compensatory time is accrued at a rate of one and one-half hours for each hour of overtime worked, accruable to a maximum of 80 hours.

Sick leave accumulation is unlimited. Effective January 1, 2005 any employee in good standing with at least five (5) years of regular employment with the City may cash out up to 40 hours of sick leave per year for 50% of its value at the employee's current hourly wage if their remaining sick balance is over 100 hours. As of January 1, 2007 employees in good standing with seven (7) or more years of regular employment with the City may cash out up to 80 hours for 75% of its value at their current hourly wage as long as their sick leave balance remains over 100 hours. Other sick leave is only payable upon resignation, retirement or the death of an employee. An employee who has been with the City for at least two years may receive twenty-five percent of accumulated sick leave up to a maximum balance of 960 hours.

In accordance with GASB Statement 16, the City accrues vacation pay and no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken as termination leave prior to resignation. This provides for the termination pay for eligible employees vacation and twenty-five percent of their sick leave to a maximum of 960 hours accrued.

The entire compensated absence liability is reported on the government-wide financial statements as it meets the criteria identified in the 2005 GAAFR. In the proprietary funds, the amount of compensated absences related to internal service funds is reported as a liability.

CITY OF UNIVERSITY PLACE
NOTES TO THE FINANCIAL STATEMENTS

8. Unearned Revenues

Unearned revenues consist of amounts collected before revenue recognition criteria are met. Unearned revenue of \$210,867 was reported in the 2015 Governmental Funds Balance Sheet. Of this amount, \$720,000 is the remaining sales contract amount for 15,000 square feet of space within the Civic Building of which the Pierce County Library will take ownership upon payment in full in seven years. The City received \$47,019 in unearned revenue in 2015 for registrations to participate in Recreation programs scheduled for 2016, \$770 for facility rentals, \$75 for permits, \$2,017 was received in 2015 for pet licenses due in 2016 and Traffic Impact Fees totaled \$83,068. Deposits in the amount of \$77,918 also remained at the end of 2015.

9. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position and or Balance Sheet will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditure) until then. The deferred outflows of resources are reported in the government-wide statement of net position for governmental and business activities and the fund level for the proprietary statement of net position. The City has two items that qualify for reporting in this category. First, the City's pension plan contributions made from the measurement date of the pension plan to the current fiscal year end are deferred and will be recognized in the subsequent fiscal year. Second, the difference between projected and actual earnings on pension plan investments are deferred and recognized as pension plan expense over a closed five-year period as required by GASB 68. In addition to liabilities, the Statement of Net Position and or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The City has two items that qualify for reporting in this category. At the governmental fund level, revenues that have been billed but not yet collected are reported as unavailable revenues. These amounts are deferred and recognized as an inflow of resources in the period they become available to the City. A deferred inflow of resources is recognized in the government-wide statement of net position for governmental and business activities and the fund level for the proprietary statement of net position for the difference between the expected experience and the actual experience in the actuarial measurement of the total pension liability not recognized in the current year. The amount is deferred and amortized over a period of years determined by the plan actuary. The amortization period is based on the estimated average remaining service lives of employees that are provided with a pension through the pension plan (active and inactive employees) for the City determined as of the beginning of the measurement date.

10. Accrued Liabilities and Noncurrent Liabilities

All payables, accrued liabilities, and noncurrent liabilities are reported in the government-wide financial statements and on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities once incurred are paid in a timely manner and in full from current financial resources and are reported as obligations of the funds. Bonds, capital leases and long-term loans are recognized as a liability on the governmental fund financial statements when due.

11. Fund Balance

The City of University Place implemented Governmental Accounting Standards Board Statement No. 54. For governmental fund financial statements fund balances are reported in five classifications.

- a. Non-spendable: Fund balance amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to remain intact. The City has no non-spendable fund balances at this time.
- b. Restricted: Fund balance amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or by law through constitutional provisions or enabling legislation.
- c. Committed: Fund balance amounts that are constrained for specific purposes which are internally imposed by the City Council through an ordinance which must be approved by the affirmative vote of a majority of the City Council in a public meeting. Such an ordinance can only be repealed or amended by the affirmative vote of a majority of the City Council in a public meeting.

**CITY OF UNIVERSITY PLACE
NOTES TO THE FINANCIAL STATEMENTS**

- d. Assigned: Fund balance amounts that are constrained by the City Council’s intent to be used for specific purposes, but are neither restricted nor committed. This category of fund balance represents amounts the City Council has authorized the City Manager to assign, through resolution or through the ordinance adopting the City’s budget, to be used for a specific purpose. Once assigned, the limitation imposed by the ordinance or resolution remain in place until a similar action is taken (the adoption of an ordinance or passing of a resolution) to remove or revise the limitation.
- e. Unassigned: Fund balance amounts that represent residual positive fund balance within the General Fund that has not been classified as restricted, committed, or assigned, and negative fund balances in other governmental funds.

The City considers restricted amounts to have been spent first when expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available. When expenditures of unrestricted fund balance are incurred, the City considers committed amounts spent first, then assigned amounts, and lastly unassigned amounts.

A minimum fund balance has been established through Resolution 702 Section 3: The City shall attempt to maintain a cash reserve of five to fifteen percent (5%-15%) of its operating budget.

G. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans’ fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between fund balance- total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that "Certain liabilities, such as bonds payable and accrued expenses, are not reported in this fund financial statement because they are not due and payable, but they are presented in the statement of net position."

The details of this difference are as follows:

	2015
General obligation bonds	\$ 43,355,000
Revenue bonds payable	5,345,000
Public works trust fund loan	964,334
Compensated absences	431,615
Subtotal debt	<u>50,095,949</u>
Interest payable	<u>(227,932)</u>
Total	<u>\$ 49,868,017</u>

One element of the reconciliation explains that internal service funds are used to charge the costs of services to individual funds. The assets and liabilities of the internal service funds are not reported in this fund financial statement but they are reported in the statement of net position. This difference is \$675,220.

**CITY OF UNIVERSITY PLACE
NOTES TO THE FINANCIAL STATEMENTS**

Internal service funds net position \$ 675,220
Add debt reported above:

NOTE III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

During 2015, there have been no material violations of finance-related legal or contractual provisions.

NOTE IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits

As required by state law, all deposits and investments of the City’s funds are entirely covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (WPDPC).

Investments

On December 31, 2015, the City had the following investments:

Investment	Fair Value
State Investment Pool	\$ 15,392,256
Federal Home Loan Bank	\$ 999,630

The LGIP is an un-rated 2a-7 like pool, as defined by GASB 31. Accordingly, participants’ balances in the LGIP are not subject to interest rate risk, as the weighted average maturity of the portfolio will not exceed 90 days. Per GASB 40 guidelines the balances are also not subject to custodial credit risk. The credit risk of the LGIP is limited as most investments are either obligations of the US government, government sponsored enterprises, or insured demand deposit accounts and certificates of deposit.

The State’s Local Government Investment Pool is managed by the Washington State Treasurer’s Office. The LGIP is not SEC registered but has oversight provided by the following sources: 1) annually audited by the Office of the State Auditor; 2) annually audited by an outside, independent auditor; 3) an Advisory Committee meets quarterly to advise the State Treasurer on issues regarding the LGIP; 4) monthly statement enclosures detailing portfolio breakdown and earnings information sent to participants; and, 5) quarterly newsletters that include a compliance report and quarterly financials. The fair value of the City’s position in the pool is the same as the value of the pool shares. Financial reports are available at the State Treasurer’s Office, P.O. Box 40200, Olympia, Washington, 98504-2000. The City’s Investment Policy allows for investment in the State’s Local Government Investment Pool.

The Federal Nation Mortgage Assoc. investment was rated Aaa by Moody’s and AA+ by Standard and Poors.

**CITY OF UNIVERSITY PLACE
NOTES TO THE FINANCIAL STATEMENTS**

B. Receivables and Due from Other Governments

The following is an analysis of the accounts receivable and amounts due from other governments for 2015:

Accounts receivable			
Property tax	\$	65,259	
Utility company taxes and ROW use fees		433,692	
Gambling and admissions taxes		7,529	
TIF Deferral		83,068	
Miscellaneous receivables		20,265	
Total	\$	<u>609,813</u>	

Due from other governments			
Due from other governments	\$	575,714	
Grants receivable		658,408	
Total	\$	<u>1,234,122</u>	

C. Capital Assets

Capital assets are tangible or intangible assets having initial useful lives extending beyond a single reporting period. The City has included intangible assets for a number of years and is in compliance with GASB 51. Capital assets activity for governmental activities for the year ended December 31, 2015 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated				
Land	\$ 26,789,357	\$ -	\$ -	\$ 26,789,357
Easement	1,702,904	273,971	-	1,976,875
Construction in progress	9,581,900	5,927,263	(7,192,819)	8,316,344
Total capital assets, not being depreciated	<u>38,074,161</u>	<u>6,201,234</u>	<u>(7,192,819)</u>	<u>37,082,576</u>
Capital Assets, Being Depreciated				
Buildings	\$ 37,895,158	-	-	37,895,158
Infrastructure	175,333,107	7,192,819	-	182,525,926
Equipment and Software	3,234,658	237,118	(52,979)	3,418,797
Total capital assets, being depreciated	<u>216,462,923</u>	<u>7,429,937</u>	<u>(52,979)</u>	<u>223,839,881</u>
Less Accumulated Depreciated for				
Buildings	\$ (7,490,629)	(1,284,796)	-	(8,775,425)
Infrastructure	(144,621,469)	(2,453,307)	-	(147,074,776)
Equipment and Software	(2,419,583)	(176,788)	52,979	(2,543,392)
Total accumulated depreciation being depreciated	<u>(154,531,681)</u>	<u>(3,914,891)</u>	<u>52,979</u>	<u>(158,393,593)</u>
Total capital assets, being depreciated, net	<u>61,931,242</u>	<u>3,515,046</u>	<u>-</u>	<u>65,446,288</u>
Governmental activities capital assets, net	<u>\$ 100,005,403</u>	<u>\$ 9,716,280</u>	<u>\$ (7,192,819)</u>	<u>\$ 102,528,864</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

**CITY OF UNIVERSITY PLACE
NOTES TO THE FINANCIAL STATEMENTS**

Functions/Programs:	
General government	\$ 1,191,363
Transportation	2,502,080
Health and Human Services	10,782
Cultural and Recreation	<u>259,439</u>
Total depreciation expense	<u>\$ 3,963,664</u>

D. Long-Term Debt

The various categories of long-term debt reflected on the City’s financial statements are briefly described in the following paragraphs.

General Obligation Bonds are a direct obligation of the City for which its full faith and credit are pledged. Proceeds are used for the acquisition or construction of major capital facilities or equipment. “Councilmanic Bonds” are general obligation bonds issued by City Council without voter approval. Under State law, repayment of these bonds must be financed from general City revenues since no additional property taxes can be levied to support related debt service payments. Although General Obligation Bonds may be issued to support proprietary fund activity, the City has issued these bonds for general government purposes only.

The 2005 bonds were issued for the purpose of refinancing of bonds issued in 1996 and 1997. Those bonds were issued for various purposes including the purchase of Windmill Village/City Hall, Windmill Village remodel, Grandview Avenue CIP, arterial lighting CIP and park land acquisition.

The 2007 Series A bonds were issued to make street improvements and sewer improvements, construct a portion of a transit center garage and construct other public capital projects related to the Town Center project. The Series B bonds were issued to repay the bond anticipation note in the principle amount of \$12.3 million that was used to finance the acquisition of property within the Town Center of the City. The Series C were issued to finance certain road projects, including: Bridgeport 3A, neighborhood capital improvement projects, 19th Street retrofit, Alameda bike and pedestrian path, 40th Street bike and pedestrian path and Civic Building Design and other capital projects of the City. The Series D bonds were issued to finance a portion of a garage in the Town Center area of the City.

The 2009 Series A bonds were issued to finance a portion of the costs of completing the core and shell of a civic building, including the library. Proceeds of the 2009 Series B bonds were used to pay a portion of the costs of completing the Civic Building and to pay taxable lines of credit entered into in connection with the Town Square project.

The 2012 Series A and Series B bonds were issued to refinance the 2007 Series B (\$12,445,000) and the remaining principal on the 2001 LTGO (\$1,685,000). The 2001 LTGO bonds were issued for the purpose of park and recreation improvements at the Cirque and Bridgeport Park site.

General Obligation Bonds approved by the voters are typically repaid through an annual “excess” property tax levy authorized for this purpose by State statute. At year-end 2015 the City had no voter-approved bonds outstanding.

Local Revitalization Revenue Bonds were issued in 2011 in the amount of \$5,885,000. The City established, by ordinance, a separate Authority which is authorized to undertake a “local revitalization financing” by using revenues received from a local sales and use tax imposed pursuant to RCW 82.14.510 to pay the principal of and interest on revenue bonds issued to finance “public improvements” within a local revitalization area. The City has no liability for the bonds. Bond holders look solely to the finances of the Authority for repayment.

State of Washington Public Works Trust Fund Loans (PWTF) are a direct responsibility of the City. University Place currently has five such loans. The first PWTF loan with a balance of \$201,827 was used for Grandview Drive West improvements. The second PWTF loan with a balance of \$178,939 was used for Sunset Drive West improvements. The third PWTF loan with a balance of \$257,370 was used for Bridgeport Way West improvements between 40th Street West and Cirque Drive West. The fourth PWTF loan with a balance of \$200,522 was used for improvements on Bridgeport Way and the Streetscape in the Town Center Project. The fifth PWTF loan with a balance of \$455,754 was used for improvements on Cirque Drive West. All loan agreements provide for interest at 1% or 2% per annum on the outstanding loan balance. After the first loan repayment, subsequent repayments are due June 30th of each year and will consist of 1/19th of the outstanding principal plus interest on the unpaid balance of the loan. The terms of the loans will not exceed twenty years.

CITY OF UNIVERSITY PLACE
NOTES TO THE FINANCIAL STATEMENTS

Long-term debt activity for the year ended December 31, 2015 follows:

Description	Date of Issue	Maturity Date	Amount Originally Issued	Beginning Outstanding Debt	Amount Issued	Amount to be Redeemed	Ending Outstanding Debt
Governmental Activity							
General obligation bonds							
2007 refunding	11-Apr-05	1-Dec-17	\$ 5,670,000	\$ 1,640,000	\$ -	\$ 600,000	\$ 1,040,000
2007 Series A	25-Jul-07	1-Dec-29	3,575,000	3,575,000	-	-	3,575,000
2007 Series C	1-Dec-07	1-Dec-27	3,065,000	3,065,000	-	185,000	2,880,000
2007 Series D	1-Dec-07	1-Dec-15	1,015,000	350,000	-	350,000	-
2009 Series A	24-Aug-09	1-Dec-25	14,685,000	14,685,000	-	-	14,685,000
2009 Series B	24-Aug-09	1-Dec-34	7,760,000	7,760,000	-	-	7,760,000
2012 Series A	20-Nov-12	1-Dec-37	6,250,000	5,970,000	-	155,000	5,815,000
2012 Series B (taxable)	20-Nov-12	1-Dec-37	7,880,000	7,600,000	-	-	7,600,000
Subtotal			<u>49,900,000</u>	<u>44,645,000</u>	<u>-</u>	<u>1,290,000</u>	<u>43,355,000</u>
Revenue bond							
2011 local option sales	11-Jul-11	1-Oct-37	5,885,000	5,495,000	-	150,000	5,345,000
Subtotal			<u>5,885,000</u>	<u>5,495,000</u>	<u>-</u>	<u>150,000</u>	<u>5,345,000</u>
Other debt							
Public works trust fund loans							
PW-97-791-033	1-Jul-98	1-Jul-17	1,240,991	199,623	-	66,540	133,083
PW-00-691-059	1-Jul-01	1-Jul-20	345,508	109,100	-	18,183	90,917
PW-00-691-060	1-Jul-01	1-Jul-20	665,280	214,029	-	35,672	178,357
PW-00-691-058	1-Jul-02	1-Jul-20	495,132	175,740	-	29,290	146,450
PW-05-691-PRE-145	1-Jul-06	1-Jul-25	766,983	457,080	-	41,553	415,527
Subtotal			<u>3,513,894</u>	<u>1,155,572</u>	<u>-</u>	<u>191,238</u>	<u>964,334</u>
Total governmental activity general obligation bonds & other debt			<u>\$ 59,298,894</u>	<u>\$ 51,295,572</u>	<u>\$ -</u>	<u>\$ 1,631,238</u>	<u>\$ 49,664,334</u>
Business-type Activity							
Other debt							
Public works trust fund loans							
PW-97-791-033	1-Jul-98	1-Jul-17	641,009	103,106	-	34,369	68,737
PW-00-691-059	1-Jul-01	1-Jul-20	334,492	105,628	-	17,606	88,022
PW-00-691-060	1-Jul-01	1-Jul-20	294,720	94,813	-	15,802	79,011
PW-00-691-058	1-Jul-02	1-Jul-20	136,012	48,272	-	8,045	40,227
PW-05-691-PRE-145	1-Jul-06	1-Jul-25	99,762	59,479	-	5,407	54,072
Subtotal			<u>1,505,995</u>	<u>411,298</u>	<u>-</u>	<u>81,229</u>	<u>330,069</u>
Total business-type activity other-debt			<u>\$ 1,505,995</u>	<u>\$ 411,298</u>	<u>\$ -</u>	<u>\$ 81,229</u>	<u>\$ 330,069</u>

**CITY OF UNIVERSITY PLACE
NOTES TO THE FINANCIAL STATEMENTS**

Annual debt service requirements to maturity for general obligation debt are as follows:

General Obligation Bonds

Year	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2016	1,130,000	2,231,168	3,361,168	-	-	-
2017	1,165,000	2,191,783	3,356,783	-	-	-
2018	1,215,000	2,145,638	3,360,638	-	-	-
2019	1,270,000	2,089,060	3,359,060	-	-	-
2020	1,330,000	2,029,099	3,359,099	-	-	-
2021-2025	7,810,000	8,992,739	16,802,739	-	-	-
2026-2030	10,125,000	6,636,640	16,761,640	-	-	-
2031-2035	13,055,000	3,746,145	16,801,145	-	-	-
2036-2037	6,255,000	473,227	6,728,227	-	-	-
Total	\$ 43,355,000	\$ 30,535,499	\$ 73,890,499	\$ -	\$ -	\$ -

Public Works Trust Fund Loans

Year	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 191,239	\$ 7,566	\$ 198,805	\$ 81,230	\$ 3,030	\$ 84,260
2017	191,239	5,861	197,100	81,230	2,245	83,475
2018	124,697	4,156	128,853	46,861	1,460	48,321
2019	124,697	3,117	127,814	46,861	1,018	47,879
2020	124,697	2,078	126,775	46,861	577	47,438
2020-2025	207,764	3,116	210,880	27,036	406	27,442
Total	\$ 964,333	\$ 25,894	\$ 990,227	\$ 330,079	\$ 8,736	\$ 338,815

LFR Revenue Bond

Year	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 155,000	\$ 241,413	\$ 396,413	\$ -	\$ -	\$ -
2017	160,000	236,763	396,763	-	-	-
2018	165,000	231,963	396,963	-	-	-
2019	170,000	227,013	397,013	-	-	-
2020	175,000	221,488	396,488	-	-	-
2021-2025	985,000	997,390	1,982,390	-	-	-
2026-2030	1,235,000	752,327	1,987,327	-	-	-
2031-2035	1,560,000	425,788	1,985,788	-	-	-
2036-2037	740,000	56,000	796,000	-	-	-
Total	\$ 5,345,000	\$ 3,390,145	\$ 8,735,145	\$ -	\$ -	\$ -

CITY OF UNIVERSITY PLACE
NOTES TO THE FINANCIAL STATEMENTS

E. Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2015 is as follows:

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due in One Year	Due in More than One Year
Bonds and Loans Payable						
General obligation bonds	\$ 44,645,000	\$ -	\$ (1,290,000)	\$ 43,355,000	\$ 1,130,000	\$ 42,225,000
Revenue bonds	5,495,000	-	(150,000)	5,345,000	155,000	5,190,000
Public works trust fund loans	1,155,572	-	(191,238)	964,334	191,239	773,095
Total bonds and loans payable	<u>51,295,572</u>	<u>-</u>	<u>(1,631,238)</u>	<u>49,664,334</u>	<u>1,476,239</u>	<u>48,188,095</u>
Compensated absences	420,587	191,409	(180,381)	431,615	143,870	287,745
Net pension liability*	<u>3,204,365</u>	<u>-</u>	<u>(284,429)</u>	<u>2,919,936</u>	<u>-</u>	<u>2,919,936</u>
Government activities, long-term liabilities	<u>\$ 54,920,524</u>	<u>\$ 191,409</u>	<u>\$ (2,096,048)</u>	<u>\$ 53,015,885</u>	<u>\$ 1,620,109</u>	<u>\$ 51,395,776</u>
Business-type Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due in One Year	Due in More than One Year
Bonds and loans payable						
Public works trust fund loans	\$ 411,298	\$ -	\$ (81,229)	\$ 330,069	\$ 81,230	\$ 248,839
Total bonds and loans payable	<u>411,298</u>	<u>-</u>	<u>(81,229)</u>	<u>330,069</u>	<u>81,230</u>	<u>248,839</u>
Compensated absences	46,747	21,274	(20,049)	47,972	15,990	31,982
Net pension liability*	<u>438,642</u>	<u>-</u>	<u>(19,289)</u>	<u>419,353</u>	<u>-</u>	<u>419,353</u>
Government activities, long-term liabilities	<u>\$ 896,687</u>	<u>\$ 21,274</u>	<u>\$ (120,567)</u>	<u>\$ 797,394</u>	<u>\$ 97,220</u>	<u>\$ 700,174</u>

*Net pension liability beginning balance has been adjusted for the implementation of GASB 68 and 71.

The general fund and internal service funds typically have been used in prior years to liquidate the liability for compensated absences.

F. Transfers

Transfers are legally authorized contributions of resources from one fund to another to subsidize designated activities or expenditures. Transfers are accounted for as "Other Financing Sources and Uses". The City transferred funds for various construction projects, to the debt service fund as principle and interest payments become due and to finance various programs accounted for in other funds in accordance with budgetary authorizations. The following transfers were recorded during 2015:

**CITY OF UNIVERSITY PLACE
NOTES TO THE FINANCIAL STATEMENTS**

Fund Category	2015	
	Transfer in	Transfer out
General	\$ 7,310	\$ 4,120,160
Surface water management	-	1,367,936
Public works capital improvement	2,675,969	-
Nonmajor capital project funds	67,288	-
Debt service	3,777,420	-
Nonmajor special revenue fund	489,395	1,568,565
LRF	2,000	345,136
Internal service	382,415	-
Total	\$ 7,401,797	\$ 7,401,797

G. Construction and other significant commitments

Construction Commitments - The City has active public works capital improvement construction projects as of December 31, 2015. The projects include street construction and widening, parks and trails, general government facilities, technology upgrades and waterworks system improvements. At December 31, 2015, the City's construction commitments were \$189,946.

Construction Commitments	
Project	Remaining
Bridgeport Phase 5	\$ 72,133
Mildred/67th	20,021
Soundview Drive/SWM	10,945
Olympic Dr. W/SWM	10,945
Tahoma Place/SWM	10,945
SafeRoutes Elwood	2,000
Bridgeport 4A	24,069
Cirque Dr. Overlay	20,000
Garage Painting	18,888
Total	\$ 189,946

Encumbrances - Encumbrances (e.g., purchase orders, contracts) accounting is employed in governmental funds. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At the year end the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General funds	\$ 142,397
Total	\$ 142,397

NOTE V. PENSION PLANS

The following table represents the aggregate pension amounts for all plans subject to the requirements of the GASB Statement 68, *Accounting and Financial Reporting for Pensions* for the year 2015:

Aggregate Pension Amounts - All Plans	
Pension liabilities	\$ 3,339,289
Pension assets	\$ -
Deferred outflows of resources	\$ 407,146
Deferred inflows of resources	\$ 514,943
Pension Expense/Expenditures	\$ 329,312

**CITY OF UNIVERSITY PLACE
NOTES TO THE FINANCIAL STATEMENTS**

State Sponsored Pension Plans

Substantially all of the City of University Place's full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans. The state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to:

Department of Retirement Systems
Communications Unit
P.O. Box 48380
Olympia, WA 98540-8380

Or the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov.

Public Employees' Retirement System (PERS)

PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is comprised of three separate pension plans for membership purposes. PERS plans 1 and 2 are defined benefit plans, and PERS plan 3 is a defined benefit plan with a defined contribution component.

PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2015 were as follows:

PERS Plan 1		
Actual Contribution Rates:	Employer	Employee*
January through June 2015	9.21 %	6.00 %
July through December 2015	11.18 %	6.00 %

* For employees participating in JBM, the contribution rate was 12.26%

The city's actual contributions to the plan were \$0 for the year ended December 31, 2015.

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service for Plan 2 and 1 percent of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

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NOTES TO THE FINANCIAL STATEMENTS**

- With a benefit that is reduced by three percent for each year before age 65; or
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. PERS Plan 3 members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by statute, Plan 3 required defined contribution rates are set at a minimum of 5 percent and escalate to 15 percent with a choice of six options. Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

PERS Plan 2/3		
Actual Contribution Rates:	Employer 2/3	Employee 2*
January through June 2015	9.21 %	4.92 %
July through December 2015	11.18 %	6.12 %
Employee PERS Plan 3		Varies

* For employees participating in JBM, the contribution rate was 15.30%

The city's actual contributions to the plan were \$372,832 for the year ended December 31, 2015.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2015 with a valuation date of June 30, 2014. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2007-2012 Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2014 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2015. Plan liabilities were rolled forward from June 30, 2014, to June 30, 2015, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 3% total economic inflation; 3.75% salary inflation
- **Salary increases:** In addition to the base 3.75% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.5%

Mortality rates were based on the RP-2000 report's Combined Healthy Table and Combined Disabled Table, published by the Society of Actuaries. The OSA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

There were minor changes in methods and assumptions since the last valuation.

- The OSA updated demographic assumptions, consistent with the changes from the *2007-2012 Experience Study Report*, used when valuing the PERS 1 and TERS 1 Basic Minimum COLA.
- The OSA corrected how valuation software calculates a member's entry age under the entry age normal actuarial cost method. Previously, the funding age was rounded, resulting in an entry age one year higher in some cases.

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- For purposes of calculating the Plan 2/3 Entry Age Normal Cost contribution rates, the OSA now uses the current blend of Plan 2 and Plan 3 salaries rather than using a long-term membership assumption of two-thirds Plan 2 members and one-third Plan 3 members.
- The OSA changed the way it applies salary limits, as described in the *2007-2012 Experience Study Report*.

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.5 percent.

To determine that rate, an asset sufficiency test included an assumed 7.7 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. (All plans use 7.7 percent.) Consistent with the long-term expected rate of return, a 7.5 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue being made at contractually required rates (including PERS 2/3, PSERS 2, SERS 2/3, and TRS 2/3 employers, whose rates include a component for the PERS 1, and TRS 1 plan liabilities). Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.5 percent was used to determine the total liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.5 percent was determined using a building-block-method. The Washington State Investment Board (WSIB) used a best estimate of expected future rates of return (expected returns, net of pension plan investment expense, including inflation) to develop each major asset class. Those expected returns make up one component of WSIB's capital market assumptions. The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns at various future times. The long-term expected rate of return of 7.5 percent approximately equals the median of the simulated investment returns over a 50-year time horizon.

Estimated Rates of Return by Asset Class

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed income	20.00 %	1.70 %
Tangible assets	5.00 %	4.40 %
Real estate	15.00 %	5.80 %
Global equity	37.00 %	6.60 %
Private equity	23.00 %	9.60 %
	100.00 %	28.10 %

Sensitivity of NPL

The table below presents the City of University Place's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the city's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5 percent) or 1-percentage point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
PERS 1	\$ 2,159,680	\$ 1,773,861	\$ 1,442,091
PERS 2/3	\$ 4,577,392	\$ 1,565,428	\$ (740,720)

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Pension Plan Fiduciary Net Position

Detailed information about the State's pension plans' fiduciary net position is available in the separately issued DRS financial report.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the City of University Place reported a total pension liability of \$3,339,289 for its proportionate share of the net pension liabilities as follows:

PERS 1	\$ 1,773,861
PERS 2/3	\$ 1,565,428

At June 30, the city's proportionate share of the collective net pension liabilities was as follows:

	Proportionate Share 6/30/2014	Proportionate Share 6/30/2015	Change in Proportion
PERS 1	0.033220 %	0.033911 %	0.000691 %
PERS 2/3	0.042771 %	0.043812 %	0.001041 %

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Nonemployer Allocations* for all plans.

The collective net pension liability (asset) was measured as of June 30, 2015, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2014, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended December 31, 2015 the city recognized pension expense as follows:

	Pension Expense
PERS 1	\$ (11,821)
PERS 2/3	341,133
TOTAL	\$ 329,312

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2015, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and experience PERS 2/3	\$ 166,405	\$ 417,893
Change of assumptions pers 2/3	2,522	-
Changes in proportion and differences between contributions and proportionate share of contributions PERS 2/3	33,495	-
Contributions subsequent to the measurement date PERS 2/3	204,724	-
Total PERS 2/3	\$ 407,146	\$ 417,893
Differences between actual and experience PERS 1.	-	97,050
Total all plans	\$ 407,146	\$ 514,943

Deferred outflows of resources related to pensions resulting from the city's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2015. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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2016	\$	9,852
2017	\$	9,852
2018	\$	9,852
2019	\$	3,940
2020	\$	-
Thereafter	\$	-

Other Local Government Pension Systems - City of University Place Employee's Retirement Plan

The City Council established a defined contribution retirement plan called the University Place Retirement Plan effective August 31, 1995 (the date of incorporation) in accordance with Internal Revenue Code Section 401(a). The plan was established as an alternative to the Federal Social Security System and is authorized by the Federal Social Security Act (42 USCA, Section 418(g)). In accordance with the provisions of GASB Statement 32, plan balances and activities are not reflected in the financial statements of the City. The City Council is authorized under RCW 41.48.050 to establish or amend the plan's provisions and contribution requirements.

The plan is currently administered by ICMA Retirement Corporation. The City Manager is the appointed Trustee of the plan. Covered payroll for 2015 was \$3,335,836 and total City payroll for benefit covered employees was \$3,746,366. The City's contribution was \$206,822 and the employee's contribution was \$227,444. During 2015, there were a total of 49 individuals covered by this plan. As of the end of the year, 45 remained as active employees of the City. The three inactive employees have left the City's employment and either had been reimbursed their contributions or reimbursement was pending. Six employees are on a union retirement plan.

The pension benefits a participant will receive depend only on the amount contributed to the participant's account and earnings on investments of these contributions. Employees' self-direct investment amounts to various investment options for both employee and employer contributions. All contributions are invested in instruments arranged through the ICMA Retirement Corporation. The plan assets are not the property of the City and are not subject to the claims of the City's general creditors.

All regular, non-represented employees are required to participate in the City's 401(a) defined contribution retirement plan. The employee contributes a minimum of 6.0% up to 18.0%, and the City provides a matching contribution of 6.2%. Contributions into the plan are tax deferred. Vesting for the City share of the 401(a) contribution is 33.3%

International Union of Operating Engineers (IUOE)

Employees represented by the bargaining unit of International Union of Operating Engineers (IUOE) participate in the IUOE pension plan. Per collective bargaining agreement, the City contributes 13.7% to the IUOE pension plan and no employee contribution is required.

NOTE VI. OTHER INFORMATION

A. Other Employee Benefits

Health and Welfare

The City of University Place is a member of the Association of Washington Cities Employee Benefit Trust Health Care Program (AWC Trust HCP). Chapter 48.62 RCW provides that two or more local government entities may, by Interlocal agreement under Chapter 39.34 RCW, form together or join a pool or organization for the joint purchasing of insurance, and/or joint self-insurance, to the same extent that they may individually purchase insurance, or self-insure.

An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC Trust HCP was formed on January 1, 2014 when participating cities, towns, and non-city entities of the AWC Employee Benefit Trust in the State of Washington joined together by signing an Interlocal Governmental Agreement to jointly self-insure certain health benefit plans and programs for participating employees, their covered dependents and other beneficiaries through a designated account within the Trust.

As of December 31, 2015, 263 cities/towns/non-city entities participate in the AWC Trust HCP.

The AWC Trust HCP allows members to establish a program of joint insurance and provides health and welfare services to all participating members. The AWC Trust HCP pools claims without regard to individual member experience. The pool is

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actuarially rated each year with the assumption of projected claims run-out for all current members. The AWC Trust HCP includes medical insurance through Regence BlueShield and Asuris Northwest Health, dental insurance through Delta Dental of Washington, and vision insurance through Vision Service Plan. Eligible members are cities and towns within the state of Washington. Non-City Entities (public agency, public corporation, intergovernmental agency, or political subdivision within the state of Washington) are eligible to apply for coverage into the AWC Trust HCP, submitting application to the Board of Trustees for review as required in the Trust Agreement.

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. The AWC Trust HCP purchases stop loss insurance for Regence/Asuris plans at an Individual Stop Loss (ISL) of \$1.5 million through Life Map, and Group Health ISL at \$750,000 through Sun Life. The aggregate policy is for 200% of expected medical claims.

Participating employers contract to remain in the AWC HCP for a minimum of three years. Participating employers with over 250 employees must provide written notice of termination of all coverage a minimum of 12 months in advance of the termination date, and participating employers with under 250 employees must provide written notice of termination of all coverage a minimum of 6 months in advance of termination date. When all coverage is being terminated, termination will only occur on December 31. Participating employers terminating a group or line of coverage must notify the HCP a minimum of 60 days prior to termination. A participating employer's termination will not obligate that member to past debts, or further contributions to the HCP. Similarly, the terminating member forfeits all rights and interest to the HCP Account.

The operations of the Health Care Program are managed by the Board of Trustees or its delegates. The Board of Trustees is comprised of four regionally elected officials from Trust member cities or towns, the Employee Benefit Advisory Committee Chair and Vice Chair, and the AWC Board of Directors President and Vice President. The Trustees or its appointed delegates review and analyze Health Care Program related matters and make operational decisions regarding premium contributions, reserves, plan options and benefits in compliance with Chapter 48.62 RCW. The Board of Trustees has decision authority consistent with the Trust Agreement, Health Care Program policies, Chapter 48.62 RCW and Chapter 200-110-WAC.

The accounting records of the Trust HCP are maintained in accordance with methods prescribed by the State Auditor's office under the authority of Chapter 43.09 RCW. The Trust HCP also follows applicable accounting standards established by the Governmental Accounting Standards Board ("GASB"). Year-end financial reporting is done on an accrual basis and submitted to the Office of the State Auditor as required by Chapter 200-110 WAC. The audit report for the AWC Trust HCP is available from the Washington State Auditor's office.

For the employees of the City of University Place, per the contract through the Trust to the insurance company, the employer must pay 50% of the premium for medical insurance however the employer does not have a requirement to pay a minimum level for dependents. For dental (WDS/Willamette) the Trust requires the employer to pay 75% of the employee, spouse, and dependent premium. For vision (VSP) the Trust requires the employer to pay 100% of the employee premium. Since this is full family coverage, the payment actually is the same for the employee and anyone in the family that is covered. The City's contributions to the Trust for the year ended December 31, 2015 were \$662,488 for Medical, \$67,106 for Dental and \$10,008 for Vision which equaled the required contributions of that year.

Long-term Disability

The City also provides insurance payments (approximately 1%) for all full-time employees for long-term disability, survivor, accidental death and dismemberment, and lump sum death benefit coverage.

Deferred Compensation

The City offers employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. These plans permit City employees to defer a portion of their salary into future years. The deferred compensation is not available until termination, retirement, death, or unforeseeable emergency. Employees may choose to have their plan administered by the State of Washington Deferred Compensation Program (DCP), ICMA Retirement Corporation, Nationwide Retirement Solutions, or Teachers Insurance and Annuity Association/College Retirement Equity Fund (TIAA-CREF). The plan became effective June 14, 1995.

In accordance with GASB Statement 32, the assets of the deferred compensation plans are no longer presented in the City's financial statements. Due to recent changes in the tax law as set forth in the Internal Revenue Code, these assets are not the property of the City or subject to the claims of the City's general creditors.

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B. Other Post-Employment Benefits

Association of Washington Cities Benefit Trust ("Trust")

Trust Description. The City is a Participating Employer in the Association of Washington Cities Employee Benefit Trust ("Trust"), a cost-sharing multiple-employer welfare benefit plan administered by the Association of Washington Cities. The Trust provides medical benefits to certain eligible retired employees of Participating Employers and their eligible family members. Under Article VII of the Trust document, the Trustees have the authority and power to amend the amount and the nature of the medical and other benefits provided by the Trust. The Trust issues a publicly available financial report includes financial statements and requires supplementary information for Trust. That report along with a copy of the Trust document may be obtained by writing to Trust at 1076 Franklin Street SE, Olympia, WA 98501-1346 or by calling 1-800-562-8981.

Funding Policy. The Trust provides that contribution requirements of Participating Employers and of participating employees, retirees and other beneficiaries, if any, are established and may be amended by the Board of Trustees of the Trust. Retirees of the City receiving medical benefits from the Trust contribute the following monthly amounts:

Health First - 1000 \$871.51 for non-Medicare enrolled retiree coverage \$879.12 for non-Medicare enrolled spouse coverage N/A for Medicare enrolled retiree coverage N/A for non-Medicare enrolled spouse coverage	Health First - 2500 \$760.96 for non-Medicare enrolled retiree coverage \$766.49 for non-Medicare enrolled spouse coverage N/A for medicare enrolled retiree coverage N/A for non-Medicare enrolled spouse coverage
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Participating Employers are not contractually required to contribute at the rates assessed each year for non-LEOFF I retirees. The retiree pays for 100% of the premium.

Retirement Health Savings

The city also offers employees a Retirement Health Savings (RHS) plan for all benefit eligible employees. RHS is a plan to provide tax-free savings during employment for payment of medical insurance premiums and other qualified post-employment medical expenses allowable under IRC Section 213. The RHS plan is considered to be an HRA (Health Reimbursement Account), and as such Retirement Health Savings plans are unique. As compared to other retirement fund accounts, RHS accumulates on a tax deferred basis and the proceeds are tax free upon withdrawal.

The plan is administered by ICMA Retirement Corporation. The City Manager is the appointed Trustee of the plan.

Until 2007, an employee could make the individual choice to join RHS and determine the amount to be contributed into the account. In April of 2007, the Internal Revenue Service issued a revenue ruling that created a uniform rule set for all HRA accounts. As a result of this ruling, the City had to organize itself into several groups and the affected employees within each group had to decide if they wanted to opt in at a predetermined amount or completely opt out of the system. The City was organized into the following groups: executive team, management team, union staff, line staff, and finally the City Council.

A mandatory city-wide vote was conducted to determine if employees would participate in RHS. This vote was finalized on December 6, 2007. With the exception of the City Council group, which opted out of RHS, groups had over a 60% consensus for opting into the RHS program. The resolution was then brought before the City Council on December 17, 2007 and was unanimously passed. The revised RHS plan took effect on January 1, 2008. A vote was taken again in 2011 and all participating groups opted to continue their participation at the existing rates. The following is a breakdown of what percent of salary each group decided to participate at:

Executive team	3.5 %
Management team	3.0 %
Union staff	2.0 %
Line staff	1.5 %

The total amount contributed by employees in 2015 was \$96,585.

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C. Property Taxes

The County Treasurer acts as an agent to collect property taxes levied in the County for all taxing authorities. Collections are due on approximately the 10th of each month for the prior month's collections.

Property Tax Calendar

January 1	Taxes are levied and become an enforceable lien against properties.
February 14	Tax bills are mailed.
April 30	First of two equal installment payments is due.
May 31	Assessed value of property is established for next year's levy at 100 percent of market value.
October 31	Second installment is due.

During the year, property tax revenues are recognized when payments are received from the County. At year end, property tax revenues are recognized for collections expected to occur within 60 days. Unpaid property taxes are recorded as delinquent taxes receivable, offset by deferred inflows. No allowance for uncollectible taxes is established because delinquent taxes are considered fully collectible. The City may levy up to \$3.60 per \$1,000 of assessed valuation for general governmental services, subject to two limitations:

Washington State (RCW 84.55.010) limits the growth of regular property taxes to six percent per year, after adjustment for new construction. If the assessed valuation increases by more than six percent due to reevaluation, the levy rate will be reduced.

The Washington State Constitution limits the total regular property taxes to one percent of assessed valuation or \$10 per \$1,000 of value. If the taxes of all districts exceed this amount, each is proportionately reduced until the total is at or below the 1 percent limit.

Special property tax levies approved by the voters are not subject to the above limitations.

The City's regular tax levy for 2015 was \$1.35 per \$1,000 on an assessed valuation of \$3,006,817,787 for a total regular levy of \$4,045,432.

D. Risk Management

The City of University Place is a member of the Washington Cities Insurance Authority (WCIA).

Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and/or jointly contracting for risk management services. WCIA has a total of 175 members.

New members initially contract for a three-year term, and thereafter automatically renew on an annual basis. A one-year withdrawal notice is required before membership can be terminated. Termination does not relieve a former member from its unresolved loss history incurred during membership.

Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, public officials' errors or omissions, stop gap, and employee benefits liability. Limits are \$4 million per occurrence self-insured layer and \$16 million per occurrence in the re-insured excess layer. The excess layer is insured by the purchase of reinsurance and insurance. Total limits are \$20 million per occurrence subject to aggregate sub limits in the excess layers. The Board of Directors determines the limits and terms of coverage annually.

Insurance coverage for property, automobile physical damage, fidelity, inland marine, and boiler and machinery are purchased on a group basis. Various deductibles apply by type of coverage. Property insurance and auto physical damage are self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that amount by the purchase of insurance.

In-house services include risk management consultation, loss control field services, claims and litigation administration, and loss analyses. WCIA contracts for the claims investigation consultants for personnel issues and land use problems, insurance brokerage, and lobbyist services.

WCIA is fully funded by its members, who make annual assessments on a prospectively rated basis, as determined by an outside, independent actuary. The assessment covers loss, loss adjustment, and administrative expenses. As outlined in the

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interlocal, WCIA retains the right to additionally assess the membership for any funding shortfall.

An investment committee, using investment brokers, produces additional revenue by investment of WCIA’s assets in financial instruments which comply with all State guidelines.

A Board of Directors governs WCIA; which is comprised of one designated representative from each member. The Board elects an Executive Committee and appoints a Treasurer to provide general policy direction for the organization. The WCIA Executive Director reports to the Executive Committee and is responsible for conducting the day-to-day operations of WCIA.

The City’s industrial insurance is provided by Washington State and is administered by the Department of Labor and Industries. Coverage is purchased by means of standard rates per working hour and is computed by the total number of hours worked by employees multiplied by the basic premium rate assigned to the business risk classification. The following are benefits provided by industrial insurance: medical services, damaged clothing, travel expenses, time-loss payments, vocational rehabilitation, partial disability awards, pension awards, and survivor benefits.

The City is self-insured for unemployment insurance purposes. The City’s plan is administered through Washington State Employment Security Department, which provides partial compensation to workers who are temporarily and involuntarily unemployed. The City reimburses the Washington State Employment Security Department in full for any payments made to former employees.

Risk Management Fund

The City established the Risk Management Fund as an Internal Service Fund to pay insurance premiums, claims, and deductibles for the above areas of risk, as well as to establish reserves for self-insurance and uncovered losses. City operating funds contribute to the Insurance Fund based on information from the contributing funds past claims experience and loss exposures. In the past three years, none of the settlements exceeded the City’s insurance coverage. The Risk Management Fund reserves for December 31, 2015 and 2014 were as follows:

	2015	2014
Beginning of year	\$ -	\$ -
Additions	124,123	116,474
Deletions	(124,123)	(116,474)
End of Year	\$ -	\$ -

E. Estimated Arbitrage Rebate

The Federal Tax Reform Act of 1986 requires issuers of tax-exempt debt of over \$5 million to make payments to the United States Treasury of investment interest received at yields that exceed the issuer’s tax-exempt borrowing rates. Payments of arbitrage rebate amounts due under these regulations must be made to the U.S. Treasury every five years. The City’s estimated rebatable arbitrage amount as of December 31, 2015 is \$0 for its tax-exempt general obligation bond issues subject to the Tax Reform Act issued through that date.

F. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

At the close of 2015, there were a small number of claims for damages and lawsuits pending against the City. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City’s counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the government.

G. Transportation Benefit District

In 1987, the State Legislature created Transportation Benefit Districts (TBDs) as an option for local governments to fund transportation improvements. Chapter 36.73 of the Revised Code of Washington provides for the establishment of TBD by cities and counties for the sole purpose of acquiring, constructing, improving, providing, and funding transportation improvements within the district.

The University Place Transportation Benefit District (UPTBD) was created on December 2, 2013. The UPTBD Governing Board is comprised of all University Place City Councilmembers. The University Place Transportation Benefit District Board

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authorized a vehicle license fee of \$20. In July of 2014, the Washington State Department of Licensing began collecting the vehicle license fee on behalf of the UPTBD to fund maintenance, preservation, and safety enhancements to University Place's existing transportation network.

The 2015 Legislature adopted Second Engrossed Substitute Senate Bill ("2ESSB") 5987 which authorizes any city in which a transportation benefit district ("TBD") has been established pursuant to chapter 36.73 RCW with boundaries coterminous with the boundaries of the city to assume the rights, powers, functions, and obligations of the TBD, by adoption of an ordinance or resolution of the city legislative authority.

On November 16, 2015 the City Council passed Ordinance 660 assuming the rights, powers, functions and obligations of the University Place Transportation Benefit District. The ordinance did not change any collection amounts or the use of the funds as originally adopted by the City Council.

Note VII. BEGINNING NET POSITION AND FUND BALANCE ADJUSTMENTS AND OTHER CHANGES

The City's Fund balance, beginning of year for the General fund has been restated in the statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds, to account for a correction in the amount accrued for deferred revenue at that date. The deferred revenue accrual was determined to be overstated by \$87,030, resulting in an overstatement of the City's fund balance of an equal amount. This restatement effects the governmental fund financial statements only because unavailable revenue from property taxes are not considered revenue until collectable under its modified accrual basis approach and the City-wide financial statements, which uses a full accrual basis approach considers available revenue for property taxes financial resources for governmental activities.

The City's LRF fund's beginning fund balance was restated due to an error in recording accrued interest payable on the fund financial statements in error. This should only be recorded on the City-wide statements which uses a full accrual basis approach considers unavailable revenue for property taxes financial resources for governmental activities

The City's Fleet & Equipment fund and Information Technology & Services funds beginning net position has been restated because of an error in overstating accumulated depreciation and depreciation expense. These funds beginning net position have increased by \$45,109 and \$22,576 respectively.

All additional prior period adjustment amounts are explained in Note 1B with the implementation of GASB 68 & 71.

City of University Place
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2015

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes	\$ 5,269,750	\$ 5,328,750	\$ 6,114,393	\$ 785,643
Licenses and permits	2,278,200	2,485,095	2,614,487	129,392
Intergovernmental	248,870	248,870	437,338	188,468
Charges for services	430,073	430,073	397,322	(32,751)
Miscellaneous				
Fines and forfeitures	-	-	361	361
Rental, concessions and sales	69,350	69,350	52,928	(16,422)
Investment earnings	20,300	20,300	42,489	22,189
Other revenues	6,001	6,001	4,972	(1,029)
Total revenues	8,322,544	8,588,439	9,664,290	1,075,851
Expenditures				
Current				
General government	3,012,742	3,084,096	2,547,087	537,009
Public safety	-	-	3,231	(3,231)
Transportation	268,951	268,951	265,632	3,319
Natural and economic environment	462,449	711,511	349,449	362,062
Culture and recreation	123,410	123,410	96,591	26,819
Total expenditures	3,867,552	4,187,968	3,261,990	925,978
Excess (deficiency) of revenues over expenditures	4,454,992	4,400,471	6,402,300	149,873
Other financing sources/uses				
Transfers out	(4,340,789)	(5,335,329)	(3,993,956)	1,341,373
Proceeds from sale of assets	120,000	1,133,235	120,000	(1,013,235)
Total other financing sources/uses	(4,220,789)	(4,202,094)	(3,873,956)	328,138
Net change in budgetary fund balances	234,203	198,377	2,528,344	478,011
Fund balances, beginning of year	1,101,982	1,398,892	5,633,563	4,234,671
Prior period adjustments	-	-	(88,659)	(88,659)
Fund balance, beginning of year restated	1,101,982	1,398,892	5,544,904	4,146,012
Fund balances, end of year	\$ 1,336,185	\$ 1,597,269	8,073,248	\$ 4,624,023

Perspective Difference Reconciliation:

Actual fund balance-general fund schedule of revenues, expenditures, and changes in fund balance

\$ 8,073,248

The following funds were budgeted as special revenue funds but do not meet the definition of a special revenue fund under GASB Statement 54 and therefore are accounted for within the General Fund

Police and Public Safety	1,471,411
Parks and Recreation	(1,176,580)
Development Service Fund	(730,788)
Strategic Reserve Fund	856,934

Total fund balance - general fund balance sheet for governmental funds

\$ 8,494,225

City of University Place
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
LRF
For the Year Ended December 31, 2015

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes	\$ 500,000	\$ 500,000	\$ 522,937	\$ 22,937
Total revenues	500,000	500,000	522,937	22,937
Expenditures				
Debt service				
Principal retirement	150,000	150,000	150,000	-
Interest	252,000	252,200	247,913	4,287
Total expenditures	402,000	402,200	397,913	4,287
Excess (deficiency) of revenues over expenditures	98,000	97,800	125,024	18,650
Other financing sources/uses				
Transfers in	-	-	2,001	2,001
Transfers out	(98,000)	(1,886,320)	(345,136)	1,541,184
Total other financing sources/uses	(98,000)	(1,886,320)	(343,135)	1,543,185
Net change in fund balances	-	(1,788,520)	(218,111)	1,561,835
Fund balances, beginning of year	-	(1)	1,768,026	1,768,027
LRF Prior Period Adjustments	-	-	20,493	-
Fund balances, beginning of year restated	-	(1)	1,788,519	1,768,027
Fund balances, end of year	\$ -	\$ (1,788,521)	\$ 1,570,408	\$ 3,329,862

City of University Place
Schedule of Proportionate Share of the Net Pension Liability
Public Employee's Retirement System Plan 1
As of June 30, 2015
Last 10 Fiscal Years*

	2015
Employer's proportion of the net pension liability (asset)	0.033911 %
Employer's proportionate share of the net pension liability	\$ 1,565,428
Total	\$ 1,565,428
Employer's covered employee payroll	\$ 3,880,652
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	40.34 %
Plan fiduciary net position as a percentage of the total pension liability	89.20 %

* Until a full 10-year trend is compiled, the City will not represent information for those years for which information is not available.

City of University Place
Schedule of Proportionate Share of the Net Pension Liability
Public Employee's Retirement System Plans 2 and 3
As of June 30, 2015
Last 10 Fiscal Years*

	2015
Employer's proportion of the net pension liability (asset)	0.043812 %
Employer's proportionate share of the net pension liability	\$ 1,565,428
Total	\$ 1,565,428
Employer's covered employee payroll	\$ 3,880,652
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	40.34 %
Plan fiduciary net position as a percentage of the total pension liability	89.20 %

* Until a full 10-year trend is compiled, the City will not represent information for those years for which information is not available

City of University Place
Schedule of Employer Contributions
Public Employee's Retirement System Plans 2 and 3
As of December 31, 2015
Last 10 Fiscal Years*

	2015
Statutorily or contractually required contributions	\$ 372,832
Contributions in relation to the statutorily or contractually required contributions	\$ (372,832)
Contribution deficiency (excess)	\$ -
Covered employee payroll	\$ 3,830,087
Contributions as a percentage of covered payroll	9.73 %

* Until a full 10-year trend is compiled, the City will not represent information for those years for which information is not availabl.

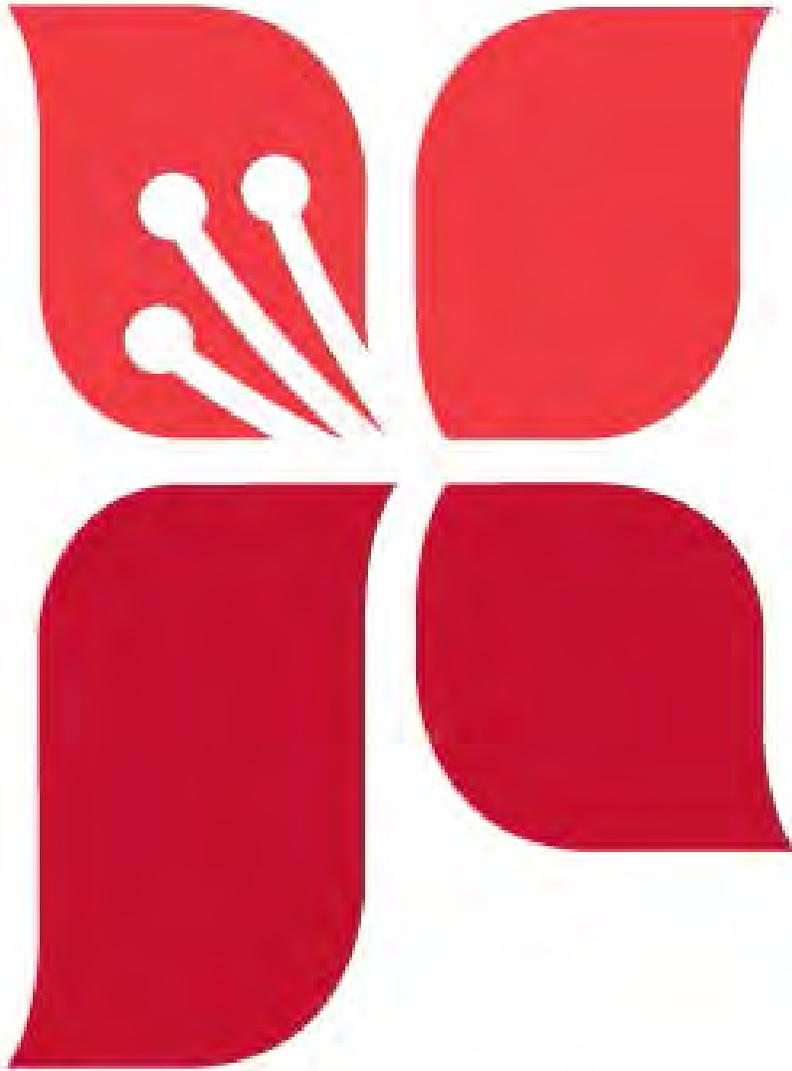
City of University Place
Notes to the Required Supplementary Information

Budgetary Information

The City's biennial budget is adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP) for all governmental funds.

Public Employee's Retirement System Plan 1

The City had no Plan 1 contributions during 2015 and therefore has omitted the schedule of employer contributions for Plan 1.



Fund Financial Statements

Non-Major Governmental Funds

Special Revenue Funds

These funds account for the proceeds of specific revenue sources other than special assessments, expendable trust, or major capital projects. These revenues finance particular activities or functions as required by law or administrative regulations. The City of University Place's Non-major Special Revenue Funds are summarized below.

Street Fund

The Street Fund was established in accordance with RCW 35A.37.010 to account for maintenance and improvement of the City's street and traffic control systems.

Arterial Street Fund

The Arterial Street Fund was established in accordance with RCW 82.36.020 for the administration of the State-levied motor vehicle fuel tax. These revenues are to be used for the construction, improvement, chip sealing, seal coating, and repair of arterial highways and city streets, or for the payment of related municipal debt.

Real Estate Excise Tax Fund

The REET fund accounts for the receipt and disbursement of the .25% real estate excise tax that is dedicated for capital purposes including public buildings and facilities, parks and debt service associated with such capital oriented projects. The fund also accounts for the receipt and expenditure of the additional .25% real estate excise tax authorized by the Growth Management Act. These revenues are restricted to financing capital projects that are specified in the capital facilities plan.

Traffic Impact Fee Fund

The Traffic Impact Fee Fund was established in accordance with RCW 82.02.050 to account for fees received from developers whose projects trigger the imposition of these fees. The fees pay for the incremental impact of the traffic generated by that construction. The funds are restricted for use in construction of specific roadway improvements identified in the enabling ordinances.

Transportation Benefit District Fund

The Transportation Benefit District Fund was established to account for vehicle license fees collected. The fees are collected to fund maintenance, preservation, and safety enhancements to University Place's existing transportation network.

Path and Trails Reserve Fund

The Path and Trails Reserve Fund was established in accordance with State law to accumulate unexpended proceeds of the City's one-half percent motor vehicle fuel tax receipts that are restricted in use to the construction and maintenance of path and trails within City right-of-way.

Donations Fund

The Donations Fund was established to receive donations designated for specific purposes identified by the donor.

Capital Projects Funds

These funds are used to account for the acquisition or development of major facilities, except those projects financed by proprietary funds. Sources of these funds include general obligation bond proceeds, federal and state grants, general property taxes, interest earnings, and transfers from other funds.

Parks Capital Projects Fund

The Parks Capital Projects Fund accounts for receipts and disbursements related to acquisitions, design, construction, and any other related park capital project expenditures. Fund appropriations do not lapse at the end of any calendar year, but remain in effect until such projects are complete. All Parks costs associated with acquisitions, improvements, issuance of bonds, and other costs shall be paid by this fund.

Municipal Facilities Capital Projects Fund

The Municipal Facilities Capital Projects Fund was established to account for receipts and disbursements of bond proceeds from the 1996 Limited Tax General Obligation Bond approved by Council.

City of University Place
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2015
(Unaudited)

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets			
Cash and equivalents	\$ 2,118,955	\$ 693,483	\$ 2,812,438
Accounts receivables	84,694	11,537	96,231
Due from other government units	115,987	-	115,987
Total assets	<u>\$ 2,319,636</u>	<u>\$ 705,020</u>	<u>\$ 3,024,656</u>
Liabilities and fund balance			
Liabilities			
Accounts payable	\$ 48,588	\$ 29,232	\$ 77,820
Accrued salaries and wages	6,407	-	6,407
Unearned revenue	83,068	6,294	89,362
Total liabilities	<u>138,063</u>	<u>35,526</u>	<u>173,589</u>
Fund balances			
Restricted			
Arterial street maintenance	16,519	-	16,519
Capital facilities plan financing	960,329	-	960,329
Traffic impact-roadway improvements	778,332	-	778,332
Transportation improvement projects	392,213	-	392,213
Donations	34,180	-	34,180
Parks capital improvement	-	669,494	669,494
Total fund balances	<u>2,181,573</u>	<u>669,494</u>	<u>2,851,067</u>
Total liabilities and fund balance	<u>\$ 2,319,636</u>	<u>\$ 705,020</u>	<u>\$ 3,024,656</u>

City of University Place
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2015
(Unaudited)

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues			
Taxes	\$ 2,305,503	\$ -	\$ 2,305,503
Charges for services	231,843	270,089	501,932
Miscellaneous			
Rental, concessions and sales	320	-	320
Contribution in aid for constructions	-	25,000	25,000
Contributions	20,691	-	20,691
Other revenues	28,163	-	28,163
State grants and entitlements	-	5,333	5,333
Total revenues	<u>2,586,520</u>	<u>300,422</u>	<u>2,886,942</u>
Expenditures			
Current			
General government	41,829	-	41,829
Transportation	1,253,552	-	1,253,552
Natural and economic environment	307	-	307
Culture and recreation	20,764	1,275	22,039
Capital outlay	-	174,001	174,001
Total expenditures	<u>1,316,452</u>	<u>175,276</u>	<u>1,491,728</u>
Excess (deficiency) of revenues over expenditures	<u>1,270,068</u>	<u>125,146</u>	<u>1,395,214</u>
Other financing sources/uses			
Transfers in	489,396	67,288	556,684
Transfers out	(1,568,565)	-	(1,568,565)
Insurance recovery	-	27,768	27,768
Total other financing sources/uses	<u>(1,079,169)</u>	<u>95,056</u>	<u>(984,113)</u>
Net change in fund balances	<u>190,899</u>	<u>220,202</u>	<u>411,101</u>
Fund balances, beginning of year	1,990,674	449,292	2,439,966
Fund balances, end of year	<u>\$ 2,181,573</u>	<u>\$ 669,494</u>	<u>\$ 2,851,067</u>

City of University Place
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2015
(Unaudited)

	Street	Arterial Street	Real Estate Excise Tax	Traffic Impact Fees	Transportation Benefit District	Path and Trails Reserve Fund	Donations Fund	Total Nonmajor Special Revenue Funds
Assets								
Cash and equivalents	\$ 59,098	\$ -	\$ 926,929	\$ 736,225	\$ 361,978	\$ -	\$ 34,724	\$ 2,118,954
Accounts receivables	1,483	-	-	83,068	-	-	142	84,693
Due from other government units	35,834	16,519	33,400	-	30,235	-	-	115,988
Total assets	<u>\$ 96,415</u>	<u>\$ 16,519</u>	<u>\$ 960,329</u>	<u>\$ 819,293</u>	<u>\$ 392,213</u>	<u>\$ -</u>	<u>\$ 34,866</u>	<u>\$ 2,319,635</u>
Liabilities and fund balance								
Liabilities								
Accounts payable	\$ 47,901	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 686	\$ 48,587
Accrued salaries and wages	6,407	-	-	-	-	-	-	6,407
Unearned revenue	-	-	-	83,068	-	-	-	83,068
Total liabilities	<u>54,308</u>	<u>-</u>	<u>-</u>	<u>83,068</u>	<u>-</u>	<u>-</u>	<u>686</u>	<u>138,062</u>
Fund balances								
Restricted								
Arterial street maintenance	-	16,519	-	-	-	-	-	16,519
Capital facilities plan financing	-	-	960,329	-	-	-	-	960,329
Traffic impact-roadway improvements	42,107	-	-	736,225	-	-	-	778,332
Transportation improvement projects	-	-	-	-	392,213	-	-	392,213
Donations	-	-	-	-	-	-	34,180	34,180
Total fund balances	<u>42,107</u>	<u>16,519</u>	<u>960,329</u>	<u>736,225</u>	<u>392,213</u>	<u>-</u>	<u>34,180</u>	<u>2,181,573</u>
Total liabilities and fund balance	<u>\$ 96,415</u>	<u>\$ 16,519</u>	<u>\$ 960,329</u>	<u>\$ 819,293</u>	<u>\$ 392,213</u>	<u>\$ -</u>	<u>\$ 34,866</u>	<u>\$ 2,319,635</u>

City of University Place
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2015
(Unaudited)

	Street	Arterial Street	Real Estate Excise Tax	Traffic Impact Fees	Transportation Benefit District	Path and Trails Reserve Fund	Donations Fund	Total Nonmajor Special Revenue Funds
Revenues								
Taxes	\$ 456,030	\$ 207,227	\$ 1,238,266	\$ 9,268	\$ 394,713	\$ -	\$ -	\$ 2,305,504
Charges for services	175,626	-	-	56,112	-	-	105	231,843
Miscellaneous								
Rental, concessions and sales	-	-	-	-	-	-	320	320
Contributions	-	-	-	-	-	-	20,691	20,691
Other revenues	28,163	-	-	-	-	-	-	28,163
Total revenues	<u>\$ 659,819</u>	<u>\$ 207,227</u>	<u>\$ 1,238,266</u>	<u>\$ 65,380</u>	<u>\$ 394,713</u>	<u>\$ -</u>	<u>\$ 21,116</u>	<u>\$ 2,586,521</u>
Expenditures								
Current								
General government	\$ 39,329	\$ -	\$ -	\$ -	\$ 2,500	\$ -	\$ -	\$ 41,829
Transportation	1,077,926	-	-	-	175,626	-	-	1,253,552
Natural and economic environment	-	-	-	-	-	-	307	307
Culture and recreation	-	-	-	-	-	-	20,764	20,764
Total expenditures	<u>1,117,255</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>178,126</u>	<u>-</u>	<u>21,071</u>	<u>1,316,452</u>
Excess (deficiency) of revenues over expenditures	<u>(457,436)</u>	<u>207,227</u>	<u>1,238,266</u>	<u>65,380</u>	<u>216,587</u>	<u>-</u>	<u>45</u>	<u>1,270,069</u>
Other financing sources/uses								
Transfers in	489,395	-	-	-	-	-	-	489,395
Transfers out	-	(206,855)	(793,551)	(530,000)	-	-	(38,159)	(1,568,565)
Total other financing sources/uses	<u>489,395</u>	<u>(206,855)</u>	<u>(793,551)</u>	<u>(530,000)</u>	<u>-</u>	<u>-</u>	<u>(38,159)</u>	<u>(1,079,170)</u>
Net change in fund balances	31,959	372	444,715	(464,620)	216,587	-	(38,114)	190,899
Fund balances, beginning of year	10,148	16,147	515,614	1,200,845	175,626	-	72,294	1,990,674
Prior period adjustments								
Fund balances, end of year	<u>\$ 42,107</u>	<u>\$ 16,519</u>	<u>\$ 960,329</u>	<u>\$ 736,225</u>	<u>\$ 392,213</u>	<u>\$ -</u>	<u>\$ 34,180</u>	<u>\$ 2,181,573</u>

City of University Place
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2015
(Unaudited)

	<u>Parks CIP</u>	<u>Municipal Facilities CIP</u>	<u>Total Nonmajor Capital Projects Funds</u>
Assets			
Cash and equivalents	\$ 693,483	\$ -	\$ 693,483
Accounts receivables	11,537	-	11,537
Total assets	<u>\$ 705,020</u>	<u>\$ -</u>	<u>\$ 705,020</u>
Liabilities and fund balance			
Liabilities			
Accounts payable	\$ 29,232	\$ -	\$ 29,232
Unearned revenue	6,294	-	6,294
Total liabilities	<u>35,526</u>	<u>-</u>	<u>35,526</u>
Fund balances			
Restricted			
Parks capital improvement	<u>669,494</u>	<u>-</u>	<u>669,494</u>
Total fund balances	<u>669,494</u>	<u>-</u>	<u>669,494</u>
Total liabilities and fund balance	<u>\$ 705,020</u>	<u>\$ -</u>	<u>\$ 705,020</u>

City of University Place
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds
December 31, 2015
(Unaudited)

	<u>Parks CIP</u>	<u>Municipal Facilities CIP</u>	<u>Total Nonmajor Capital Projects Funds</u>
Revenues			
Charges for services	\$ 270,089	\$ -	\$ 270,089
Miscellaneous			
Contribution in aid for constructions	25,000	-	25,000
State grants and entitlements	5,333	-	5,333
Total revenues	<u>300,422</u>	<u>-</u>	<u>300,422</u>
Expenditures			
Current			
Culture and recreation	1,275	-	1,275
Capital outlay	144,872	29,129	174,001
Total expenditures	<u>146,147</u>	<u>29,129</u>	<u>175,276</u>
Excess (deficiency) of revenues over expenditures	<u>154,275</u>	<u>(29,129)</u>	<u>125,146</u>
Other financing sources/uses			
Transfers in	38,159	29,129	67,288
Insurance recovery	27,768	-	27,768
Total other financing sources/uses	<u>65,927</u>	<u>29,129</u>	<u>95,056</u>
Net change in fund balances	220,202	-	220,202
Fund balances, beginning of year	449,292	-	449,292
Fund balances, end of year	<u>\$ 669,494</u>	<u>\$ -</u>	<u>\$ 669,494</u>

Budgetary Comparison Schedule

Non-Major Governmental Funds

Non-Major Governmental Budgetary Comparison Statements include the following:

- ⇒ Special Revenue Funds
 - Street Fund
 - Arterial Street Fund
 - Real Estate Excise Tax Fund
 - Traffic Impact Fund
 - Transportation Benefit District
 - Path and Trails Reserve Fund
 - Donations Fund

- ⇒ Capital Project Funds
 - Parks Capital Projects Fund
 - Public Works Capital Projects Fund
 - Municipal Facilities Capital Projects Fund

- ⇒ Debt Service Fund

Managerial Funds for Budgetary Purposes

These funds account for the proceeds of specific revenue sources other than special assessments, expendable trust, or major capital projects. These revenues finance particular activities or functions as required by law or administrative regulations. The City of University Place's Managerial Funds that are not classified as Special Revenue Funds are summarized below.

Parks and Recreation Fund

The Parks and Recreation Fund was established to identify revenues and expenditures related to the operation of Parks and Recreation. Recreation is being funded primarily through user fees from the programs, donations and revenue from fundraising events. The administration of Recreation is funded by a transfer from the General Fund. Parks maintenance is funded through a transfer from the General Fund.

Development Services Fund

The Development Services Fund was established to identify revenues and expenditures related to planning, building and engineering associated with private development. Non fee supported activities (including, but not limited to, long range planning, customer service, general administration and special projects management) are funded by a transfer from the General Fund.

Police and Public Safety Fund

The Police and Public Safety Fund was established to identify revenues and expenditures related to police services, court services, jail services, city attorney's office, crime prevention, animal control, code enforcement, and emergency management. It is funded through property taxes, revenues identified by state statutes collected in support of public safety, fines and forfeitures, pet license fees, and grants.

Strategic Reserve Fund

The Strategic Reserve Fund was established by ordinance to set aside financial resources for mitigating adverse situations caused by severe short-term revenue shortfalls, expenditures resulting from emergencies, or as otherwise designated by the City Council. Per City Ordinance 179, the fund is financed by transferring undesignated and unreserved fund balance, (now classified as unassigned fund balance by GASB 54) in the General Fund at the end of each calendar year or by other appropriation, as deemed appropriate by the City Council. This fund is a recourse of last resort and shall be used only when no other reasonable financial management alternative exists.

City of University Place
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
Street
For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Taxes	\$ 448,300	\$ 448,300	\$ 456,030	\$ 7,730
Charges for services	-	175,626	175,626	-
Miscellaneous				
Other revenues	10,000	10,000	28,163	18,163
Total revenues	<u>458,300</u>	<u>633,926</u>	<u>659,819</u>	<u>25,893</u>
Expenditures				
Current				
General government	45,277	45,277	39,329	5,948
Transportation	1,066,201	1,131,014	1,077,926	53,088
Total expenditures	<u>1,111,478</u>	<u>1,176,291</u>	<u>1,117,255</u>	<u>59,036</u>
Excess (deficiency) of revenues over expenditures	<u>(653,178)</u>	<u>(542,365)</u>	<u>(457,436)</u>	<u>(33,143)</u>
Other financing sources/uses				
Transfers in	653,178	532,216	489,395	(42,821)
Total other financing sources/uses	<u>653,178</u>	<u>532,216</u>	<u>489,395</u>	<u>(42,821)</u>
Net change in fund balances	-	(10,149)	31,959	(75,964)
Fund balances, beginning of year	-	-	10,148	10,148
Fund balances, end of year	<u>\$ -</u>	<u>\$ (10,149)</u>	<u>\$ 42,107</u>	<u>\$ (65,816)</u>

City of University Place
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
Arterial Street
For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Taxes	\$ 212,000	\$ 212,000	\$ 207,227	\$ (4,773)
Total revenues	<u>212,000</u>	<u>212,000</u>	<u>207,227</u>	<u>(4,773)</u>
Expenditures				
Excess (deficiency) of revenues over expenditures	<u>212,000</u>	<u>212,000</u>	<u>207,227</u>	<u>(4,773)</u>
Other financing sources/uses				
Transfers out	<u>(212,000)</u>	<u>(212,000)</u>	<u>(206,855)</u>	<u>5,145</u>
Total other financing sources/uses	<u>(212,000)</u>	<u>(212,000)</u>	<u>(206,855)</u>	<u>5,145</u>
Net change in fund balances	-	-	372	372
Fund balances, beginning of year	-	3,736	16,147	12,411
Fund balances, end of year	<u>\$ -</u>	<u>\$ 3,736</u>	<u>\$ 16,519</u>	<u>\$ 12,783</u>

City of University Place
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
Real Estate Excise Tax
For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Taxes	\$ 630,000	\$ 630,000	\$ 1,238,266	\$ 608,266
Total revenues	<u>630,000</u>	<u>630,000</u>	<u>1,238,266</u>	<u>608,266</u>
Expenditures				
Excess (deficiency) of revenues over expenditures	<u>630,000</u>	<u>630,000</u>	<u>1,238,266</u>	<u>608,266</u>
Other financing sources/uses				
Transfers out	<u>(694,323)</u>	<u>(794,323)</u>	<u>(793,551)</u>	<u>772</u>
Total other financing sources/uses	<u>(694,323)</u>	<u>(794,323)</u>	<u>(793,551)</u>	<u>772</u>
Net change in fund balances	(64,323)	(164,323)	444,715	609,038
Fund balances, beginning of year	21,830	1,465,477	515,614	(949,863)
Fund balances, end of year	<u>\$ (42,493)</u>	<u>\$ 1,301,154</u>	<u>\$ 960,329</u>	<u>\$ (340,825)</u>

City of University Place
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
Traffic Impact Fees
For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Taxes	\$ -	\$ -	\$ 9,268	\$ 9,268
Charges for services	120,000	120,000	56,112	(63,888)
Total revenues	<u>120,000</u>	<u>120,000</u>	<u>65,380</u>	<u>(54,620)</u>
Expenditures				
Excess (deficiency) of revenues over expenditures	<u>120,000</u>	<u>120,000</u>	<u>65,380</u>	<u>(54,620)</u>
Other financing sources/uses				
Transfers out	(450,000)	(530,000)	(530,000)	-
Total other financing sources/uses	<u>(450,000)</u>	<u>(530,000)</u>	<u>(530,000)</u>	<u>-</u>
Net change in fund balances	(330,000)	(410,000)	(464,620)	(54,620)
Fund balances, beginning of year	947,588	880,347	1,200,845	320,498
Fund balances, end of year	<u>\$ 617,588</u>	<u>\$ 470,347</u>	<u>\$ 736,225</u>	<u>\$ 265,878</u>

City of University Place
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
Transportation Benefit District
For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Taxes	\$ -	\$ 293,600	\$ 394,713	\$ 101,113
Charges for services	293,600	-	-	-
Total revenues	<u>293,600</u>	<u>293,600</u>	<u>394,713</u>	<u>101,113</u>
Expenditures				
Current				
General government	5,900	5,900	2,500	3,400
Transportation	-	175,626	175,626	-
Total expenditures	<u>5,900</u>	<u>181,526</u>	<u>178,126</u>	<u>3,400</u>
Excess (deficiency) of revenues over expenditures	<u>287,700</u>	<u>112,074</u>	<u>216,587</u>	<u>97,713</u>
Other financing sources/uses				
Transfers out	<u>(146,000)</u>	-	-	-
Total other financing sources/uses	<u>(146,000)</u>	-	-	-
Net change in fund balances	141,700	112,074	216,587	97,713
Fund balances, beginning of year	-	146,000	175,626	29,626
Fund balances, end of year	<u>\$ 141,700</u>	<u>\$ 258,074</u>	<u>\$ 392,213</u>	<u>\$ 127,339</u>

City of University Place
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
Path and Trails Reserve Fund
For the Year Ended December 31, 2015

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Expenditures				
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances, beginning of year	2,563	2,759	-	(2,759)
Fund balances, end of year	\$ 2,563	\$ 2,759	\$ -	\$ (2,759)

City of University Place
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
Donations Fund
For the Year Ended December 31, 2015

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Charges for services	\$ -	\$ -	\$ 105	\$ 105
Miscellaneous				
Rental, concessions and sales	-	-	320	320
Contributions	-	-	20,691	20,691
Total revenues	-	-	21,116	21,116
Expenditures				
Current				
General government	-	1,153	-	1,153
Natural and economic environment	-	931	307	624
Culture and recreation	-	32,052	20,764	11,288
Total expenditures	-	34,136	21,071	13,065
Excess (deficiency) of revenues over expenditures	-	(34,136)	45	8,051
Other financing sources/uses				
Transfers out	-	(38,159)	(38,159)	-
Total other financing sources/uses	-	(38,159)	(38,159)	-
Net change in fund balances	-	(72,295)	(38,114)	8,051
Fund balances, beginning of year	67,505	67,505	72,294	4,789
Fund balances, end of year	\$ 67,505	\$ (4,790)	\$ 34,180	\$ 12,840

City of University Place
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
Parks CIP
For the Year Ended December 31, 2015

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Charges for services	\$ 40,000	\$ 40,000	\$ 270,089	\$ 230,089
Miscellaneous	-	-	-	-
Contribution in aid for constructions	-	-	25,000	25,000
State grants and entitlements	-	-	5,333	5,333
Total revenues	40,000	40,000	300,422	260,422
Expenditures				
Current	-	-	-	-
Culture and recreation	-	-	1,275	(1,275)
Capital outlay	247,900	343,443	144,872	198,571
Total expenditures	247,900	343,443	146,147	197,296
Excess (deficiency) of revenues over expenditures	(207,900)	(303,443)	154,275	63,126
Other financing sources/uses				
Transfers in	-	38,159	38,159	-
Insurance recovery	-	-	27,768	27,768
Total other financing sources/uses	-	38,159	65,927	27,768
Net change in fund balances	(207,900)	(265,284)	220,202	90,894
Fund balances, beginning of year	-	(93,502)	449,292	542,794
Fund balances, end of year	\$ (207,900)	\$ (358,786)	\$ 669,494	\$ 633,688

City of University Place
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
Public Works CIP
For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$ 2,883,250	\$ 11,377,125	\$ 4,171,188	\$ (7,205,937)
Miscellaneous				
Other revenues	45,150	236,092	88,671	(147,421)
Total revenues	<u>2,928,400</u>	<u>11,613,217</u>	<u>4,259,859</u>	<u>(7,353,358)</u>
Expenditures				
Current				
General government	-	-	21,794	(21,794)
Transportation	2,116,333	3,220,005	503,341	2,716,664
Natural and economic environment	-	112,672	108,480	4,192
Capital outlay	4,517,569	16,303,650	6,138,495	10,165,155
Total expenditures	<u>6,633,902</u>	<u>19,636,327</u>	<u>6,772,110</u>	<u>12,864,217</u>
Excess (deficiency) of revenues over expenditures	<u>(3,705,502)</u>	<u>(8,023,110)</u>	<u>(2,512,251)</u>	<u>(20,217,575)</u>
Other financing sources/uses				
Transfers in	3,661,438	7,055,092	2,675,969	(4,379,123)
Total other financing sources/uses	<u>3,661,438</u>	<u>7,055,092</u>	<u>2,675,969</u>	<u>(4,379,123)</u>
Net change in fund balances	(44,064)	(968,018)	163,718	(24,596,698)
Fund balances, beginning of year	-	-	968,017	968,017
Fund balances, end of year	<u>\$ (44,064)</u>	<u>\$ (968,018)</u>	<u>\$ 1,131,735</u>	<u>\$ (23,628,681)</u>

City of University Place
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
Municipal Facilities CIP
For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Expenditures				
Current				
General government	\$ -	\$ 100,000	\$ -	\$ 100,000
Capital outlay	913,235	938,235	29,129	909,106
Total expenditures	913,235	1,038,235	29,129	1,009,106
Excess (deficiency) of revenues over expenditures	(913,235)	(1,038,235)	(29,129)	(1,009,106)
Other financing sources/uses				
Transfers in	-	1,038,235	29,129	(1,009,106)
Total other financing sources/uses	-	1,038,235	29,129	(1,009,106)
Net change in fund balances	(913,235)	-	-	(2,018,212)
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ (913,235)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,018,212)</u>

City of University Place
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
Debt Service
For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Investment earnings	\$ -	\$ -	\$ 1	\$ 1
Total revenues	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
Expenditures				
Debt service				
Principal retirement	1,481,240	1,481,240	1,481,239	(1)
Interest	2,296,684	2,296,684	2,296,182	(502)
Total expenditures	<u>3,777,924</u>	<u>3,777,924</u>	<u>3,777,421</u>	<u>(503)</u>
Excess (deficiency) of revenues over expenditures	<u>(3,777,924)</u>	<u>(3,777,924)</u>	<u>(3,777,420)</u>	<u>504</u>
Other financing sources/uses				
Transfers in	3,777,924	3,777,924	3,777,420	(504)
Total other financing sources/uses	<u>3,777,924</u>	<u>3,777,924</u>	<u>3,777,420</u>	<u>(504)</u>
Net change in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of University Place
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
Parks and Recreation
For the Year Ended December 31, 2015

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes	\$ 224,220	\$ 224,220	\$ 278,851	\$ 54,631
Charges for services	280,550	280,550	368,806	88,256
Miscellaneous				
Rental, concessions and sales	25,700	25,700	41,305	15,605
Contributions	-	-	14,055	14,055
Other revenues	-	-	955	955
Total revenues	530,470	530,470	703,972	173,502
Expenditures				
Current				
General government	94,610	94,610	72,818	21,792
Transportation	11,246	11,246	9,468	1,778
Culture and recreation	896,720	896,720	900,988	(4,268)
Health and human services	108,723	110,215	93,348	16,867
Total expenditures	1,111,299	1,112,791	1,076,622	36,169
Excess (deficiency) of revenues over expenditures	(580,829)	(582,321)	(372,650)	137,333
Other financing sources/uses				
Transfers out	(126,203)	(126,203)	(126,203)	-
Total other financing sources/uses	(126,203)	(126,203)	(126,203)	-
Net change in fund balances	(707,032)	(708,524)	(498,853)	137,333
Fund balances, beginning of year	501	1	(677,727)	(677,728)
Fund balances, end of year	\$ (706,531)	\$ (708,523)	\$ (1,176,580)	\$ (540,395)

City of University Place
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
Development Services
For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Licenses and permits	\$ 609,000	\$ 609,000	\$ 209,359	\$ (399,641)
Charges for services	60,970	60,970	293,629	232,659
Miscellaneous				
Fines and forfeitures	-	-	1,840	1,840
Other revenues	25,000	25,000	1,173	(23,827)
Total revenues	<u>694,970</u>	<u>694,970</u>	<u>506,001</u>	<u>(188,969)</u>
Expenditures				
Current				
General government	124,090	124,090	94,218	29,872
Public safety	62,699	62,699	48,652	14,047
Transportation	4,850	4,850	1,986	2,864
Natural and economic environment	1,015,425	971,361	901,579	69,782
Total expenditures	<u>1,207,064</u>	<u>1,163,000</u>	<u>1,046,435</u>	<u>116,565</u>
Excess (deficiency) of revenues over expenditures	<u>(512,094)</u>	<u>(468,030)</u>	<u>(540,434)</u>	<u>(305,534)</u>
Other financing sources/uses				
Transfers in	<u>15,000</u>	<u>15,000</u>	<u>7,310</u>	<u>(7,690)</u>
Total other financing sources/uses	<u>15,000</u>	<u>15,000</u>	<u>7,310</u>	<u>(7,690)</u>
Net change in fund balances	(497,094)	(453,030)	(533,124)	(313,224)
Fund balances, beginning of year	-	24,891	(197,664)	(222,555)
Fund balances, end of year	<u>\$ (497,094)</u>	<u>\$ (428,139)</u>	<u>\$ (730,788)</u>	<u>\$ (535,779)</u>

City of University Place
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
Police/Public Safety Fund
For the Year Ended December 31, 2015

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes	\$ 4,415,364	\$ 4,415,364	\$ 4,555,281	\$ 139,917
Licenses and permits	63,500	63,500	57,828	(5,672)
Intergovernmental	137,728	143,428	160,459	17,031
Charges for services	125,387	125,387	138,604	13,217
Miscellaneous				
Fines and forfeitures	2,010	2,010	17,500	15,490
Other revenues	-	-	6	6
Federal grants	10,414	10,414	10,414	-
Total revenues	4,754,403	4,760,103	4,940,092	179,989
Expenditures				
Current				
General government	656,135	582,513	523,102	59,411
Public safety	4,106,647	4,145,661	3,871,315	274,346
Transportation	120,068	120,068	113,121	6,947
Culture and recreation	-	-	(1,425)	1,425
Total expenditures	4,882,850	4,848,242	4,506,113	342,129
Net change in fund balances	(128,447)	(88,139)	433,979	(162,140)
Fund balances, beginning of year	57,787	569,765	1,035,803	466,038
Prior period adjustment	635,058	-	1,629	1,629
Fund balances, beginning of year restated	692,845	569,765	1,037,432	467,667
Fund balances, end of year	\$ 564,398	\$ 481,626	\$ 1,471,411	\$ 305,527

City of University Place
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
Strategic Reserve
For the Year Ended December 31, 2015

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Expenditures				
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances, end of year	856,934	856,934	856,934	-
Fund balances, beginning of year	\$ 856,934	\$ 856,934	\$ 856,934	\$ -

Non-Major Funds

Proprietary Funds

Internal Service Funds

These funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, on a cost reimbursement basis.

The **Fleet and Equipment Fund** accounts for the costs of maintaining and replacing the majority of City vehicles and auxiliary equipment. All equipment costs, including depreciation, are factors in calculating the rates that are charged to each user department.

The **Information Technology and Services Fund** accounts for all costs associated with data processing, telecommunications, cable, postal operations, copier and duplication services, and the Geographical Information System (GIS). This fund owns and depreciates all non-proprietary fund assets related to these functions, and charges users for both maintenance and operating costs and equipment replacement charges based on depreciation schedules.

The **Risk Management Fund** accounts for the City's risk financing activities established to minimize the adverse effects of losses associated with property and casualty, medical and dental, unemployment, and worker's compensation claims. Both risk control (to minimize the losses that strike an organization) and risk financing (to obtain finances to provide for or restore the economic damages of those losses) are involved. The City is a member of Washington Cities Insurance Authority (WCIA), which offers a combination of self-insurance, or standard insurance to cover liability and property risks. The City is currently self-insuring only State Unemployment Compensation. Related premiums received by the fund are used to reimburse the unemployment benefits paid to eligible individuals and to establish reserves for the payment of estimated future unemployment claims liability.

City of University Place
Combining Statement of Net Position
Internal Service Funds
December 31, 2015

	Fleet & Equipment	Information Technology & Services	Risk Management	<u>Govt. Activities</u> Total Internal Service Funds
Assets				
Current assets				
Cash and equivalents	\$ 1,968	\$ 39,235	\$ -	\$ 41,203
Total current assets	1,968	39,235	-	41,203
Noncurrent Assets				
Capital assets				
Machinery and equipment	1,330,751	463,891	10,043	1,804,685
Less: accumulated depreciation	(715,572)	(253,991)	(4,018)	(973,581)
Total noncurrent assets	615,179	209,900	6,025	831,104
Total assets	\$ 617,147	\$ 249,135	\$ 6,025	\$ 872,307
Deferred outflows of resources				
Deferred outflows for pension contributions	-	19,263	-	-
Total deferred outflows of resources	-	19,263	-	-
Liabilities, deferred inflows and net position				
Current liabilities				
Accounts payable	\$ 1,968	\$ 2,666	\$ -	\$ 4,634
Accrued salaries and wages	-	3,062	-	3,062
Total current liabilities	1,968	5,728	-	7,696
Noncurrent Liabilities				
Compensated absences	-	26,298	-	26,298
Net pension liability	-	157,991	-	157,991
Total noncurrent liabilities	-	184,289	-	184,289
Total liabilities	1,968	190,017	-	191,985
Deferred inflows for employer contributions	-	24,364	-	-
Net position				
Invested in capital assets	615,179	54,017	6,025	675,221
Total deferred gain on bond refunding	615,179	54,017	6,025	675,221
Total liabilities, deferred inflows and net position	\$ 617,147	\$ 268,398	\$ 6,025	\$ 867,206

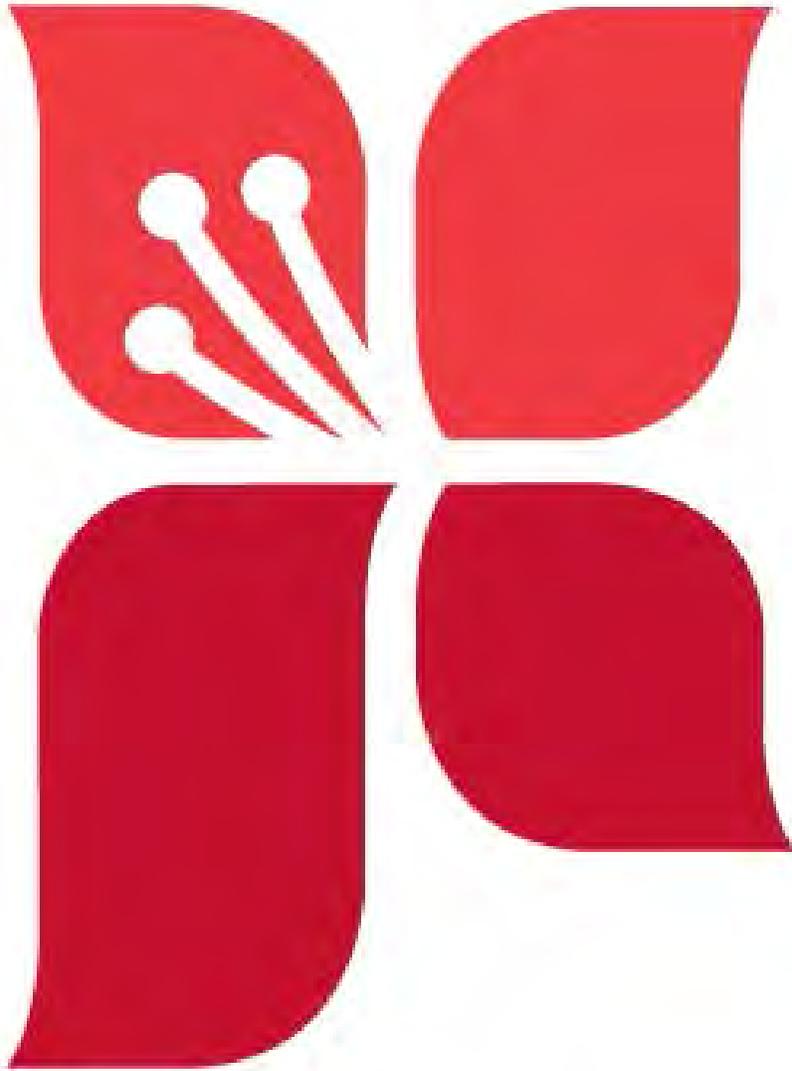
City of University Place
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Year Ended December 31, 2015

	Fleet & Equipment	Information Technology & Services	Risk Management	<u>Govt. Activities</u> Total Internal Service Funds
Operating Revenues:				
Charges for services	\$ 100,022	\$ 394,518	\$ 124,123	\$ 618,663
Intergovernmental	(99)	-	-	(99)
Total operating revenues	<u>99,923</u>	<u>394,518</u>	<u>124,123</u>	<u>618,564</u>
Operating Expenses:				
Salaries and employee benefits	\$ -	\$ 240,188	\$ -	\$ 240,188
Materials and supplies	46,650	62,424	1,624	110,698
Services and charges	53,274	244,395	-	297,669
Insurance claims and expenses	-	-	122,499	122,499
Depreciation and amortization	102,645	50,413	2,009	155,067
Total operating expenses	<u>202,569</u>	<u>597,420</u>	<u>126,132</u>	<u>926,121</u>
Operating income (loss)	<u>(102,646)</u>	<u>(202,902)</u>	<u>(2,009)</u>	<u>(307,557)</u>
Nonoperating revenue (expenses):				
Insurance recovery	15,529	-	-	15,529
Total nonoperating revenue (expenses)	<u>15,529</u>	<u>-</u>	<u>-</u>	<u>15,529</u>
Income (loss) before transfers	(87,117)	(202,902)	(2,009)	(292,028)
Transfers in	129,682	252,735	(1)	382,416
Change in net position	42,565	49,833	(2,010)	90,388
Net position, beginning of year	617,723	146,904	8,035	772,662
Change in accounting principle GASB 68	-	(165,297)	-	(165,297)
Prior period adjustment	(45,109)	22,577	-	(22,532)
Net position, beginning of year restated	572,614	4,184	8,035	584,833
Net position, end of year	<u>\$ 615,179</u>	<u>\$ 54,017</u>	<u>\$ 6,025</u>	<u>\$ 675,221</u>

City of University Place
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2015

	Fleet & Equipment	Information Technology & Services	Risk Management	<u>Govt. Activities</u> Total Internal Service Funds
Cash flows from operating activities:				
Cash receipts from customers	\$ 100,022	\$ 394,518	\$ 124,123	\$ 618,663
Payments for employees for services	-	(176,886)	-	(176,886)
Payments for goods and service	(103,887)	(316,082)	(1,624)	(421,593)
Payments for employee benefits	-	(58,834)	-	(58,834)
Cash paid for Insurance	-	-	(122,499)	(122,499)
Net cash provided (used) by operating activities	<u>(3,865)</u>	<u>(157,284)</u>	<u>-</u>	<u>(161,149)</u>
Cash flows from noncapital financing activities:				
Cash receipts from transfers from other funds	\$ 129,680	\$ 252,734	\$ -	\$ 382,414
Net cash provided (used) by noncapital financing activities	<u>129,680</u>	<u>252,734</u>	<u>-</u>	<u>382,414</u>
Cash flows from capital and related financing activities:				
Proceeds/(loss) from retirement of assets	15,529	-	-	15,529
Payments for capital acquisitions	(145,067)	(91,908)	-	(236,975)
Net cash provided (used) by capital and related financing activities	<u>(129,538)</u>	<u>(91,908)</u>	<u>-</u>	<u>(221,446)</u>
Net increase (decrease) in cash and cash equivalents	<u>(3,723)</u>	<u>3,542</u>	<u>-</u>	<u>(181)</u>
Cash and cash equivalents, beginning of year	<u>5,691</u>	<u>35,693</u>	<u>-</u>	<u>41,384</u>
Cash and cash equivalents, end of year	<u>1,968</u>	<u>39,235</u>	<u>-</u>	<u>41,203</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	(102,646)	(202,902)	(2,009)	(307,557)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation Exp	102,645	50,413	2,009	155,067
Change in assets and liabilities				
Increase (decrease) in accounts payable	(3,864)	(9,265)	-	(13,129)
Increase (decrease) in accrued salaries	-	326	-	326
Increase (decrease) in compensated absences	-	6,349	-	6,349
(Increase) decrease in deferred Inflows/outflows	-	5,101	-	5,101
(Increase) decrease in net pension liability	-	(7,306)	-	(7,306)
Net cash provided by operating activities	<u>\$ (3,865)</u>	<u>\$ (157,284)</u>	<u>\$ -</u>	<u>\$ (161,149)</u>

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City of University Place
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2015

Federal Agency Name/Pass-Through Agency Name	Federal Program Name	CFDA Number	Other I.D. Number	Expenditures			Passed Through to Subrecipients	Foot-Note Ref.
				From Pass-Through Awards	From Direct Awards	Total		
U.S. Department of HUD/Pass-Through Pierce County Department of Community Services	Community Development Block Grants/Entitlement Grants	14.218	97979-0	\$ 223,300	\$ -	\$ 223,300		
			Subtotal	223,300	-	223,300	0	1,2,7
U.S. Department of Transportation (NHTSA)/Pass Through Washington Traffic Safety Commission	State and Community Highway Safety Alcohol Impaired Driving	20.600	N/A	5,328	-	5,328		
		20.600	N/A	613	-	613		
		20.616	N/A	594	-	594		
			Subtotal	6,535	-	6,535	0	
U.S. Department of Justice Bureau of Justice Assistance	Edward Byrne Memorial Justice Assistance Grant Program	16.738	2011-DJ-BX-3262	-	10,414	10,414		
			Subtotal	-	10,414	10,414	0	1,2,7
U.S. Department of Transportation/Pass Through from WSDOT	Highway Planning and Construction	20.205	SPUL-2947(011)	466,972	-	466,972		
			STPUL-CM-2947(014)	152,772	-	152,772		
			STPUL-CM-2957(006)	57,333	-	57,333		
			SRTS-3236(009)	1,042	-	1,042		
			SRTS-3239(001)	163	-	163		
			SRTS-3212(001)	682,198	-	682,198		
			SRTS-1343(003)	229,093	-	229,093		
			STPUL-3200(003)	679,907	-	679,907		
			CM-3236(012)	1,422	-	1,422		
			STPUL-2947(018)	2,149	-	2,149		
			STPUL-3200(004)	671,633	-	671,633		
			SRTS-9927(058)	48,048	-	48,048		
			STPUL-3200(002)	68,400	-	68,400		
			Subtotal	3,061,132	-	3,061,132	0	1,2,7
TOTAL FEDERAL AWARDS EXPENDED				\$ 3,290,967	\$ 10,414	\$ 3,301,381	\$ 0	

Note 1 - Basis of Accounting

The Schedule of Financial Assistance is prepared on the same basis of accounting as the City of University Place's governmental fund financial statements. The City uses the modified accrual basis of accounting, which is the basis adapted to governmental fund-type measurement focus. All grants reported on this schedule have been accounted for in governmental fund types. Grant revenues are determined to be earned and available at the time related expenditures are incurred. For this reason, grant revenues to be received as reimbursement for expenditures incurred in the current year are also recognized as revenue in that year.

Note 2 - Program Costs

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs, including the City of University Place's portion, are more than shown. Such expenditures are recognized following, as applicable, either the cost principles in the OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 7 - Indirect Cost Rate

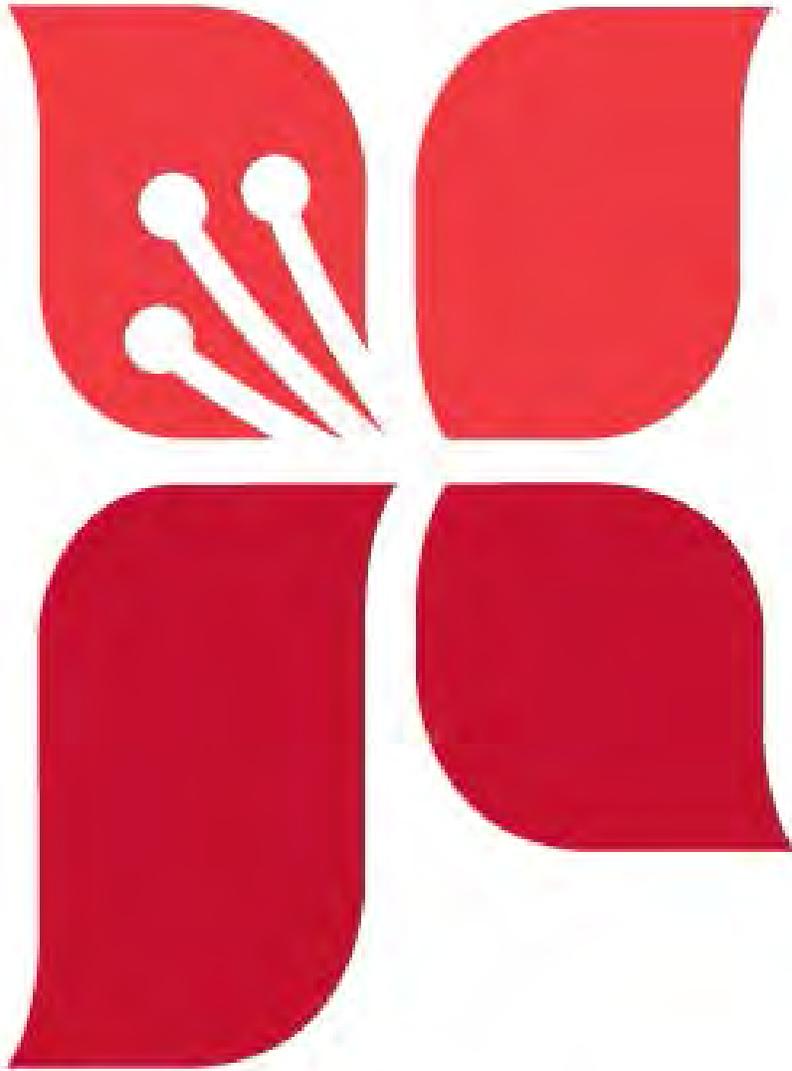
The City of University Place has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

City of University Place
Schedule of State and Local Financial Assistance
For the Year Ended December 31, 2015

Grantor/Program Title	Identification Number	Current Year Expenditures
Washington State Department of Ecology		
University Place Local Government Storm Water Grant 2013	EG160499	\$ 11,133
Total Washington State Department of Ecology		<u>11,133</u>
 Washington State Department of Commerce		
Main Street Redevelopment	CD14-951-021	933,987
Total Washington State Department of Transportation		<u>933,987</u>
 Washington State Transportation Improvement Board		
27th Street W/Regents Boulevard	8-1-203(005)-1	21,014
Total Washington State Department of Transportation		<u>21,014</u>
 TOTAL STATE ASSISTANCE		 <u>966,134</u>
 TOTAL STATE AND LOCAL ASSISTANCE		 <u>\$ 966,134</u>

Note 1.-BASIS OF ACCOUNTING

The Schedule of Financial Assistance is prepared on the same basis of accounting as the City of University Place's governmental fund financial statements. The City uses the modified accrual basis of accounting, which is the basis adapted to governmental fund-type measurement focus. All grants reported on this schedule have been accounted for in governmental fund types. Grant revenues are determined to be earned and available at the time related expenditures are incurred. For this reason, grant revenues to be received as reimbursement for expenditures incurred in the current year are also recognized as revenue in that year.



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STATISTICAL SECTION

Financial Trends - These schedules contain trend information to help the reader understand how the city's financial performance and fiscal health has changed over time.

Entity Wide Perspective

Table 1 - Net Position by Component, Last Ten Years

Table 2 - Changes in Net Position, Last Ten Years

Table 3 - Program Revenues by Function/Program, Last Ten Years

Fund Perspective

Table 4 - Fund Balances, Governmental Funds

Table 5 - Changes in Fund Balances, Governmental Funds

Revenue Capacity - These schedules contain information to help the reader assess the City's most significant revenue sources, property tax and retail sales tax.

Table 6 - Tax Revenue by Source

Table 7 - Assessed and Estimated Actual Value of Taxable Property – Current Year

Table 8 - Property Tax Levies - Direct and Overlapping Governments

Table 9 – Principal Taxpayers, Current and Nine Years Ago

Table 10 – Property Tax Levies and Collections

Table 11 – Sales Tax by Category

Table 12 – Direct and Overlapping Sales Tax Rates

Table 13 – Sales Tax Payers, Current and Nine Years Ago

Debt Capacity - These schedules present information used in assessing the current level of outstanding debt and the City's ability to issue additional debt in the future.

Table 14 – Ratios of Outstanding Debt by Type

Table 15 – Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt per Capita

Table 16 – Computation of Direct and Overlapping Debt

Table 17 – Computation of Limitation of Indebtedness

Table 18 – Compilation of General Obligation Debt Capacity

Demographic Statistics - These schedules offer demographic and economic indicators to help the reader understand the environment in which the City's financial activities take place.

Table 19 – Demographic Statistics

Table 20 – Principal Employers, Current and Nine Years Ago

Operating Information - These schedules offer operating data to help the reader understand how the information in the City's financial report relates to the services it provides and the activities it performs.

Table 21 – Full Time Equivalent Employees by Function

Table 22 – Operating Indicators by Function/Program

Table 23 – Capital Asset Statistics by Function/Program



City of University Place
Net Position by Component
Last Ten Fiscal Year

TABLE 1

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total Governmental Activities										
Net investment in capital assets	\$ 66,373,349	\$ 58,517,697	\$ 47,943,516	\$ 47,536,216	\$ 53,973,837	\$ 52,262,278	\$ 54,839,331	\$ 51,594,485	\$ 50,158,131	\$ 53,836,345
Restricted	-	-	-	-	-	-	-	4,977,561	4,207,993	3,797,613
Unrestricted	<u>5,905,689</u>	<u>7,196,584</u>	<u>6,222,745</u>	<u>7,576,258</u>	<u>2,854,864</u>	<u>7,662,636</u>	<u>8,335,771</u>	<u>1,290,337</u>	<u>5,770,986</u>	<u>5,798,537</u>
Total governmental activities net position	<u>\$ 72,279,038</u>	<u>\$ 65,714,281</u>	<u>\$ 54,166,261</u>	<u>\$ 55,112,474</u>	<u>\$ 56,828,701</u>	<u>\$ 59,924,914</u>	<u>\$ 63,175,102</u>	<u>\$ 57,862,383</u>	<u>\$ 60,137,110</u>	<u>\$ 63,432,495</u>
Business-type activities										
Unrestricted net position	-	-	-	-	-	-	-	3,882,944	4,486,712	4,106,408
Total business-type activities net position	<u>\$ -</u>	<u>\$ 3,882,944</u>	<u>\$ 4,486,712</u>	<u>\$ 4,106,408</u>						
Primary Government										
Net investment in capital assets	\$ 66,373,349	\$ 58,517,697	\$ 47,943,516	\$ 47,536,216	\$ 53,973,837	\$ 52,262,278	\$ 54,839,331	\$ 51,594,485	\$ 50,158,131	\$ 53,836,345
Restricted for	-	-	-	-	-	-	-	8,860,505	8,694,705	7,904,021
Unrestricted	<u>5,905,689</u>	<u>7,196,584</u>	<u>6,222,745</u>	<u>7,576,258</u>	<u>2,854,864</u>	<u>7,662,636</u>	<u>8,335,771</u>	<u>1,290,337</u>	<u>5,770,986</u>	<u>5,798,537</u>
Total primary government net position	<u>\$ 72,279,038</u>	<u>\$ 65,714,281</u>	<u>\$ 54,166,261</u>	<u>\$ 55,112,474</u>	<u>\$ 56,828,701</u>	<u>\$ 59,924,914</u>	<u>\$ 63,175,102</u>	<u>\$ 61,745,327</u>	<u>\$ 64,623,822</u>	<u>\$ 67,538,903</u>

Source: City of University Place CAFR 2006-2015

City of University Place
Changes in Net Position
Last Ten Fiscal Years

TABLE 2

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities										
General government	\$ 5,286,655	\$ 4,273,648	\$ 4,093,015	\$ 4,396,297	\$ 4,528,050	\$ 5,583,679	\$ 4,078,073	\$ 4,135,066	\$ 4,838,826	\$ 5,341,577
Public safety	3,822,617	4,168,495	4,415,728	4,363,210	3,685,338	3,885,010	4,116,238	3,610,062	3,772,857	4,313,235
Utilities	224,425	171,685	196,215	164,811	171,793	235,696	(740)	1,501	229	-
Transportation	8,900,904	13,502,539	17,268,094	13,323,599	6,784,584	4,994,721	5,614,993	4,118,244	4,487,987	4,185,572
Natural and economic environment	1,510,664	1,616,339	1,654,342	1,396,164	265,265	233,781	1,229,910	1,531,871	1,562,354	1,359,236
Health and human services	-	-	-	-	-	-	-	-	19,861	104,130
Culture and recreation	1,198,216	1,445,780	1,468,448	1,510,424	1,276,647	571,511	921,633	1,103,983	1,162,408	1,304,953
Interest on long-term debt	974,856	1,159,880	1,519,783	1,842,624	2,661,848	2,707,817	2,868,939	2,750,344	2,566,304	2,694,094
Total governmental activities	21,918,337	26,338,366	30,615,625	26,997,129	19,373,525	18,212,215	18,829,046	17,251,071	18,410,826	19,302,797
Business-type activities										
Water management	-	-	-	-	-	-	-	1,559,845	1,497,100	1,355,212
Total business-type activities	-	-	-	-	-	-	-	1,559,845	1,497,100	1,355,212
Total primary government	21,918,337	26,338,366	30,615,625	26,997,129	19,373,525	18,212,215	18,829,046	18,810,916	19,907,926	20,658,009
Program revenues										
Governmental activities										
Charges for services										
General government	1,902,981	1,997,227	2,121,795	2,210,936	2,632,389	2,421,481	2,884,980	3,432,163	3,258,958	486,337
Public safety	84,848	90,766	-	-	-	-	129,907	92,195	88,198	79,377
Utilities	-	-	-	-	-	-	2,699,026	79,288	1,221	432,920
Transportation	-	-	-	-	-	-	-	44,434	233,384	265,791
Natural and economic environment	3,158,802	3,523,400	3,412,101	3,838,012	3,558,410	3,626,800	714,299	736,287	1,200,882	619,785
Culture and recreation	285,472	316,778	317,266	298,612	425,709	991,715	586,405	397,062	373,800	369,536
Operating grants and contributions	28,016	81,710	69,944	215,309	174,078	116,833	2,642,625	763,943	316,874	1,188,004
Capital grants and contributions	303,089	1,744,611	1,597,628	5,644,741	2,211,066	2,468,217	621,526	2,816,307	3,571,298	3,308,256
Total governmental activities	5,763,208	7,754,492	7,518,734	12,207,610	9,001,652	9,625,046	10,278,768	8,361,679	9,044,615	6,750,006
Business-type activities										
Charges for services	-	-	-	-	-	-	-	-	-	2,770,459
Operating grants and contributions	-	-	-	-	-	-	-	2,819,837	2,747,343	11,133
Capital grants and contributions	-	-	-	-	-	-	-	158,308	23,510	-
Total business-type activities	-	-	-	-	-	-	-	2,978,145	2,770,853	2,781,592
Total primary government	5,763,208	7,754,492	7,518,734	12,207,610	9,001,652	9,625,046	10,278,768	11,339,824	11,815,468	9,531,598
Net (expense)/revenue										
Governmental activities	\$ (16,155,129)	\$ (18,583,874)	\$ (23,096,891)	\$ (14,789,519)	\$ (10,371,873)	\$ (8,587,169)	\$ (8,550,278)	\$ (8,889,392)	\$ (9,366,211)	\$ (12,552,791)
Business-type activities	-	-	-	-	-	-	-	1,418,300	1,273,753	1,426,380
Total primary government net expenses	(16,155,129)	(18,583,874)	(23,096,891)	(14,789,519)	(10,371,873)	(8,587,169)	(8,550,278)	(7,471,092)	(8,092,458)	(11,126,411)

City of University Place
Changes in Net Position
Last Ten Fiscal Years

TABLE 2

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Revenues and Other Changes in Net Assets										
Governmental activities										
Taxes:										
Real and personal property	3,483,775	3,576,794	3,665,872	3,742,760	3,727,676	3,780,850	3,856,992	4,012,030	4,063,189	4,125,973
Sales	2,628,659	2,784,774	2,992,380	2,781,426	2,541,251	2,714,260	3,093,414	3,419,454	4,123,518	4,661,338
Excise and other taxes	3,640,096	4,419,504	4,099,633	3,952,390	3,920,987	3,776,208	4,295,915	4,185,622	5,270,134	5,368,508
Investment earnings	354,323	342,243	134,029	48,676	16,551	12,689	10,558	13,400	27,445	42,489
Intergovernmental revenues	1,299,051	803,917	514,261	535,300	634,122	506,098	-	-	-	-
Other revenue	3,756,020	91,885	142,696	575,180	1,247,513	893,277	955,057	1,068,493	893,391	4,661,897
Capital contributions to other governments	-	-	-	-	-	-	-	(1,764,902)	-	-
Special item - sale of land	-	-	-	-	-	-	-	-	(2,736,739)	-
Total governmental activities	15,161,924	12,019,117	11,548,871	11,635,732	12,088,100	11,683,382	12,211,936	10,934,097	11,640,938	18,860,205
Business-type activities										
Transfers	-	-	-	-	-	-	-	(801,248)	(669,985)	(1,367,936)
Total business-type activities	-	-	-	-	-	-	-	(801,248)	(669,985)	(1,367,936)
Total primary government	15,161,924	12,019,117	11,548,871	11,635,732	12,088,100	11,683,382	12,211,936	10,132,849	10,970,953	17,492,269
Change in net position										
Governmental activities	(993,205)	(6,564,757)	(11,548,020)	(3,153,787)	1,716,227	3,096,213	3,661,658	2,044,705	2,274,727	6,307,414
Business-type activities	-	-	-	-	-	-	-	617,052	603,768	58,444
Total primary government	\$ (993,205)	\$ (6,564,757)	\$ (11,548,020)	\$ (3,153,787)	\$ 1,716,227	\$ 3,096,213	\$ 3,661,658	\$ 2,661,757	\$ 2,878,495	\$ 6,365,858

Source: City of University Place CAFR 2006-2015

City adopted GASB 34 in Fiscal Year 2003

City of University Place
Program Revenues by Function / Program
Last Ten Fiscal Year

TABLE 3

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
General government	\$ 1,904,781	\$ 2,078,937	\$ 2,123,400	\$ 2,291,621	\$ 2,714,295	\$ 2,438,729	\$ 5,246,885	\$ 3,557,528	\$ 3,473,156	\$ 511,337
Public safety	111,064	90,766	4,985	72,674	34,722	23,906	233,760	261,793	264,184	367,116
Utilities	-	-	-	-	-	-	2,782,067	520,034	1,221	432,920
Transportation	275,421	1,744,611	1,620,982	5,706,691	2,268,516	2,365,099	621,696	2,860,741	3,703,981	3,549,048
Natural and economic environment	3,158,802	3,523,400	3,452,101	3,838,012	3,558,410	3,678,741	743,867	736,287	1,200,882	625,118
Health and human services	-	-	-	-	-	-	-	-	-	894,933
Culture and recreation	313,140	316,778	317,266	298,612	425,709	1,118,571	650,493	425,296	401,191	369,536
Total governmental activities	<u>\$ 5,763,208</u>	<u>\$ 7,754,492</u>	<u>\$ 7,518,734</u>	<u>\$ 12,207,610</u>	<u>\$ 9,001,652</u>	<u>\$ 9,625,046</u>	<u>\$ 10,278,768</u>	<u>\$ 8,361,679</u>	<u>\$ 9,044,615</u>	<u>\$ 6,750,008</u>
Business-type activities										
Water management	-	-	-	-	-	-	-	2,978,145	2,770,853	2,781,592
Total business-type activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,978,145</u>	<u>\$ 2,770,853</u>	<u>\$ 2,781,592</u>
Total primary government	<u>\$ 5,763,208</u>	<u>\$ 7,754,492</u>	<u>\$ 7,518,734</u>	<u>\$ 12,207,610</u>	<u>\$ 9,001,652</u>	<u>\$ 9,625,046</u>	<u>\$ 10,278,768</u>	<u>\$ 11,339,824</u>	<u>\$ 11,815,468</u>	<u>\$ 9,531,600</u>

Source: City of University Place CAFR 2006-2015

City adopted GASB 23 in Fiscal Year 2003

City of University Place
Fund Balances - Governmental Funds
Last Ten Fiscal Years

TABLE 4

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Unreserved	\$ 2,648,493	\$ 3,594,805	\$ 2,195,696	\$ 4,034,602	\$ 587,584	\$ -	\$ -	\$ -	\$ -	\$ -
Assigned	-	-	-	-	-	870,804	1,114,750	1,543,822	1,892,740	2,241,116
Unassigned	-	-	-	-	-	9,349	1,652,292	2,575,720	4,758,169	6,253,110
Total general fund	\$ 2,648,493	\$ 3,594,805	\$ 2,195,696	\$ 4,034,602	\$ 587,584	\$ 880,153	\$ 2,767,042	\$ 4,119,542	\$ 6,650,909	\$ 8,494,226
All Other Governmental Funds										
Reserved	563,855	265,549	887,001	833,058	614,876	-	-	-	-	-
Unreserved:										
Designated for Capital Project Funds	1,022,635	1,684,996	1,223,506	1,495,449	480,312	-	-	-	-	-
Designated for Special Revenue Funds	746,150	797,245	814,386	820,922	823,154	-	-	-	-	-
Designated for Debt Service Funds	138,077	256,012	334,950	257,404	205,731	-	-	-	-	-
Restricted	-	-	-	-	-	8,293,069	8,681,487	4,977,561	4,207,993	4,421,476
Committed	-	-	-	-	-	7,210	2,737	-	-	-
Assigned	-	-	-	-	-	17,077	305,820	630,218	968,017	1,131,735
Unassigned	-	-	-	-	-	(1,697,949)	-	-	-	-
Total all other governmental funds	2,470,717	3,003,802	3,259,843	3,406,833	2,124,073	6,619,407	8,990,044	5,607,779	5,176,010	5,553,211
Total governmental funds	\$ 5,119,210	\$ 6,598,607	\$ 5,455,539	\$ 7,441,435	\$ 2,711,657	\$ 7,499,560	\$ 11,757,086	\$ 9,727,321	\$ 11,826,919	\$ 14,047,437

Source: City of University Place CAFR 2006-2015

(1) GASB 54 implemented new fund balance classification in 2011

City of University Place
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years

TABLE 5

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Taxes	\$ 9,752,530	\$ 10,781,077	\$ 10,757,885	\$ 10,476,576	\$ 10,189,914	\$ 10,271,318	\$ 10,844,349	\$ 10,882,470	\$ 13,458,468	\$ 13,776,967
Licenses and permits	1,902,981	1,997,227	2,121,795	2,210,936	2,632,389	2,421,481	2,704,465	2,721,159	3,046,342	2,881,674
Intergovernmental	1,630,156	803,917	2,181,833	6,395,350	2,902,639	3,091,150	3,792,019	4,162,096	3,750,035	4,768,985
Charges for services	3,524,742	3,925,144	3,589,931	4,132,634	3,980,008	3,928,812	4,078,935	1,958,444	2,023,177	1,700,294
Miscellaneous										
Fines and forfeitures	4,380	5,800	5,825	3,990	4,111	4,141	3,603	11,902	5,240	19,701
Rental, concessions and sales	-	-	-	-	-	-	-	-	-	94,553
Investment earnings	-	-	-	-	-	-	-	-	-	42,489
Contribution in aid for constructions	-	-	-	-	-	-	-	-	-	25,000
Contributions	307,556	282,922	112,865	40,530	14,677	11,333	15,779	-	6,097	34,746
Other revenues	-	-	-	-	-	-	-	-	-	123,940
Federal grants	850,827	1,855,093	142,696	575,180	1,238,752	889,478	456,112	304,003	341,786	10,414
State grants and entitlements	-	-	-	-	-	-	-	-	-	5,333
Total revenues	<u>17,973,172</u>	<u>19,651,180</u>	<u>18,912,830</u>	<u>23,835,196</u>	<u>20,962,490</u>	<u>20,617,713</u>	<u>21,895,262</u>	<u>20,040,074</u>	<u>22,631,145</u>	<u>23,484,095</u>
Expenditures										
Current										
General government	3,502,791	3,580,314	3,661,944	3,907,983	3,920,952	4,273,709	2,479,311	3,046,198	3,275,889	3,300,848
Public safety	3,831,846	4,168,495	4,415,728	4,363,210	3,685,338	3,885,010	4,161,087	3,611,011	3,770,125	3,923,198
Utilities	224,425	171,685	196,215	164,811	171,793	235,696	-	-	-	-
Transportation	2,309,236	2,692,047	2,040,884	5,233,942	2,903,748	2,661,714	3,360,629	1,625,130	1,979,723	2,147,100
Natural and economic environment	1,640,871	1,616,339	1,654,342	1,396,164	265,265	233,781	1,347,956	1,513,284	1,563,013	1,359,815
Culture and recreation	1,309,183	1,410,074	1,468,448	1,510,424	990,394	1,037,499	1,063,147	1,098,592	1,164,493	1,018,193
Health and human services	-	-	-	-	-	-	-	-	-	93,348
Capital outlay	6,413,978	12,108,484	17,510,515	13,137,380	10,317,388	4,301,893	2,119,023	3,700,702	5,296,863	6,312,496
Debt service										
Principal retirement	716,000	13,079,722	804,722	18,847,468	872,468	1,897,468	15,152,467	1,306,240	1,726,239	1,631,239
Interest	974,856	1,159,880	1,519,783	1,842,624	2,664,922	2,707,817	2,824,585	2,662,644	2,632,559	2,544,095
Debt issue costs	-	-	-	-	-	-	107,650	-	-	-
Total expenditures	<u>20,923,186</u>	<u>39,987,040</u>	<u>33,272,581</u>	<u>50,404,006</u>	<u>25,792,268</u>	<u>21,234,587</u>	<u>32,615,855</u>	<u>18,563,801</u>	<u>21,408,904</u>	<u>22,330,332</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(2,950,014)</u>	<u>(20,335,860)</u>	<u>(14,359,751)</u>	<u>(26,568,810)</u>	<u>(4,829,778)</u>	<u>(616,874)</u>	<u>(10,720,593)</u>	<u>1,476,273</u>	<u>1,222,241</u>	<u>1,153,763</u>
Other Financing Sources (Uses)										
Bond proceeds	-	20,100,000	-	22,077,647	-	5,885,000	14,130,000	-	-	-
Bond anticipation note	1,620,526	1,379,474	13,000,000	6,000,000	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	(392,239)	-	-	-	-
PWTF loan proceeds	650,059	-	216,686	-	-	-	-	-	-	-
Intergovernmental loan proceeds	-	(164,227)	-	-	-	-	-	-	-	-
Proceeds from sale of assets	-	-	-	-	-	-	600,000	120,000	546,000	120,000
Insurance recovery	-	-	-	-	-	-	-	-	-	27,768
Transfers in	4,173,273	17,228,009	7,048,217	22,691,706	12,714,924	8,568,568	23,376,320	5,190,609	7,150,777	7,019,382
Transfers out	(4,340,923)	(16,728,009)	(7,048,217)	(22,214,646)	(12,614,924)	(8,656,552)	(23,128,200)	(4,934,568)	(6,819,421)	(6,033,860)
Total other financing sources (uses)	<u>2,102,935</u>	<u>21,815,247</u>	<u>13,216,686</u>	<u>28,554,707</u>	<u>100,000</u>	<u>5,404,777</u>	<u>14,978,120</u>	<u>376,041</u>	<u>877,356</u>	<u>1,133,290</u>
Net change in fund balances	<u>\$ (847,079)</u>	<u>\$ 1,479,387</u>	<u>\$ (1,143,065)</u>	<u>\$ 1,985,897</u>	<u>\$ (4,729,778)</u>	<u>\$ 4,787,903</u>	<u>\$ 4,257,527</u>	<u>\$ 1,852,314</u>	<u>\$ 2,099,597</u>	<u>\$ 2,287,053</u>
Fund balances, beginning of year	\$ 5,966,289	\$ 5,119,220	\$ 6,598,604	\$ 5,455,538	\$ 7,441,435	\$ 2,711,657	\$ 7,499,558	\$ 7,875,008	\$ 9,727,322	\$ 11,760,382
Fund balances, end of year	<u>\$ 5,119,210</u>	<u>\$ 6,598,607</u>	<u>\$ 5,455,539</u>	<u>\$ 7,441,435</u>	<u>\$ 2,711,657</u>	<u>\$ 7,499,560</u>	<u>\$ 11,757,085</u>	<u>\$ 9,727,322</u>	<u>\$ 11,826,919</u>	<u>\$ 14,047,435</u>
Debt services as a percentage of non-capital expenditures	11.65 %	51.08 %	14.75 %	55.52 %	22.86 %	27.20 %	58.95 %	26.70 %	27.05 %	18.78 %

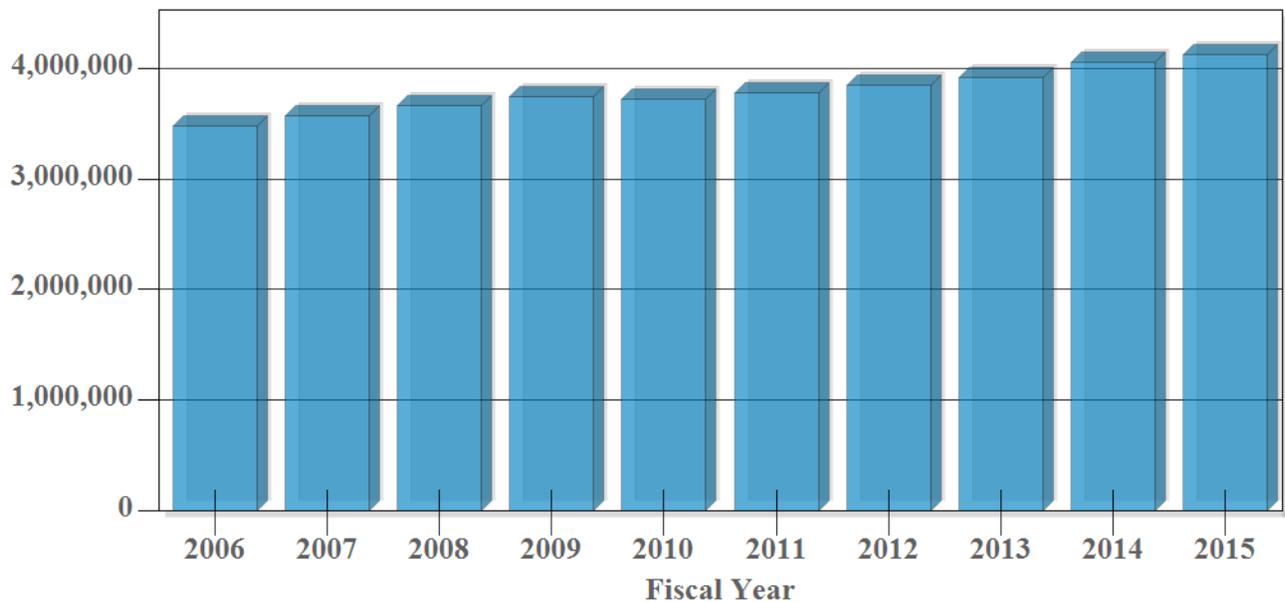
Source: City of University Place, CAFR 2006-2015

City of University Place
Tax Revenue by Source Last Ten Years
General, Special Revenue, and Debt Service Funds
Last Ten Fiscal Years

TABLE 6

Fiscal Year	General Property Taxes	General Sales Tax	Utility Taxes	(a) Miscellaneous Other Taxes and Assessments	Total Taxes
2006	\$ 3,483,775	\$ 2,628,659	\$ 2,201,047	\$ 1,439,049	\$ 9,752,530
2007	3,576,794	2,784,774	2,389,972	2,029,532	10,781,072
2008	3,665,872	2,992,380	2,474,650	1,624,983	10,757,885
2009	3,742,760	2,781,426	2,516,672	1,435,718	10,476,576
2010	3,727,676	2,541,251	2,432,540	1,488,447	10,189,914
2011	3,780,850	2,493,549	2,493,179	1,503,740	10,271,318
2012	3,856,992	2,552,103	2,456,160	1,979,094	10,844,349
2013	3,924,801	3,419,454	2,410,110	1,128,108	10,882,473
2014	4,063,189	4,123,518	2,357,963	2,913,798	13,458,468
2015	4,125,973	4,661,338	428,404	4,561,252	13,776,967
Change 2006 - 2015	118.43 %	177.33 %	19.46 %	316.96 %	141.27 %

General Property Taxes



Source: City of University Place, CAFR 2006-2015

(a) Includes real estate excise, gambling excise, admissions, fuel excise and leasehold excise tax

City of University Place
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

TABLE 7

Fiscal Year	Real Property	Personal Property	State Public Service Property	Total	Assessed Value As a Percent of Actual Value	Total Direct Tax Rate
2006	2,532,785,820	21,821,293	12,049,984	2,566,657,097	100.0 %	1.36
2007	3,152,199,908	23,811,652	22,528,555	3,198,540,115	100.0 %	1.12
2008	3,434,005,020	25,441,289	24,873,860	3,484,320,169	100.0 %	1.05
2009	3,451,322,426	46,707,420	23,748,622	3,521,778,468	100.0 %	1.06
2010	3,266,641,553	48,768,711	25,013,932	3,340,424,196	100.0 %	1.12
2011	3,018,686,530	53,748,116	26,258,631	3,098,693,277	100.0 %	1.23
2012	2,836,789,663	30,980,728	24,309,053	2,892,079,444	100.0 %	1.33
2013	2,602,333,635	28,645,527	24,091,119	2,655,070,281	100.0 %	1.47
2014	2,723,191,741	31,063,512	25,276,770	2,779,532,023	100.0 %	1.43
2015	2,951,603,991	28,717,012	26,496,784	3,006,817,787	100.0 %	1.35

Source: City of University Place, CAFR 2006-2015

Tax rates per \$1,000 of Assessed Value

City of University Place
Property Tax Levies
Direct and Overlapping Governments
Last Ten Fiscal Years
(Unaudited)

TABLE 8

Fiscal Year	City of University Place (1)	Pierce County	U.P. School District #83	Port of Tacoma	Library District	Fire District #3	State of Washington	Total Taxes
Tax Rates Per \$1,000 Assessed Valuation								
2006	1.36	1.38	5.30	0.19	0.40	2.66	2.64	13.93
2007	1.12	1.14	5.68	0.19	0.48	2.21	2.29	13.11
2008	1.06	1.08	5.51	0.19	0.44	2.34	2.07	12.69
2009	1.06	1.08	5.42	0.18	0.44	2.37	2.02	12.57
2010	1.12	1.16	5.92	0.18	0.47	2.86	2.07	13.78
2011	1.23	1.29	6.60	0.18	0.50	2.88	2.27	14.95
2012	1.33	1.42	6.93	0.18	0.50	3.11	2.41	15.88
2013	1.47	1.69	7.47	0.18	0.50	3.29	2.63	17.23
2014	1.43	1.66	7.17	0.18	0.50	3.52	2.53	16.99
2015	1.35	1.58	7.17	0.18	0.50	3.42	2.39	16.59
Detail of Tax Rates for 2015								
Basic Rate	1.35	1.58	-	0.18	0.50	2.00	2.39	8.00
Voted Rate	-	-	7.17	-	-	1.42	-	8.59

Source: City of University Place, CAFR 2006-2015

(1) Note: The City's direct rate consists wholly of the regular levy; there are no voted excess levies.

**City of University Place
Principle Property Taxpayers
Current Year and Nine Years Ago**

TABLE 9

Tax Payer	Type of Business	2015 Assessed Valuation	Rank	Percentage of Total Assessed Valuation*	2006 Assessed Valuation	Percentage of Total Assessed Valuation*
Chambers Creek 433 LLC	Apartment Complex	33,601,400	1	\$ 1.12	24,779,000	\$ 29.72
Fred Meyer	Commercial/Retail	21,784,172	2	0.72	16,275,253	19.52
KW University Place, LLC	Apartment Complex	20,192,100	3	0.67	-	0.00
PMF Investments Inc. LLC.	Commercial/Retail	17,163,900	4	0.57	17,017,400	20.41
Clearview Mixed Use Building LLC	Retail/Apartment Complex	12,590,200	5	0.42	-	0.00
Peach Creek LLC	Real Estate/Homes	11,957,300	6	0.40	10,932,900	13.11
27th and Grandview LLC	Apartment Complex	11,921,600	7	0.40	7,519,100	9.02
Puget Sound Energy	Gas Utility	10,658,332	8	0.35	6,861,614	8.23
UP Cornerstone LLC	Commercial Developer	10,515,800	9	0.35	-	0.00
Ridgedale Associates LLC	Commercial Property	10,402,800	10	0.35	-	0.00
Abbey Lane Apartments LLC	Apartment Complex	9,347,800	11	0.31	-	0.00
C F C Management Corp	Apartment Complex	9,104,800	12	0.30	-	0.00
Hidden Vale Apartments LLC	Apartment Complex	8,843,500	13	0.29	-	0.00
Orchard Crest Apartments	Apartment Complex	8,757,800	14	0.29	-	0.00
Dominion-Valley View Assoc LLC	Apartment Complex	8,350,700	15	0.28	-	0.00
		<u>205,192,204</u>		<u>6.82</u>	<u>83,385,267</u>	<u>2.61</u>
* Total assessed value for the City		3,006,817,787			3,198,540,115	

Source: City of University Place, CAFR 2006-2015

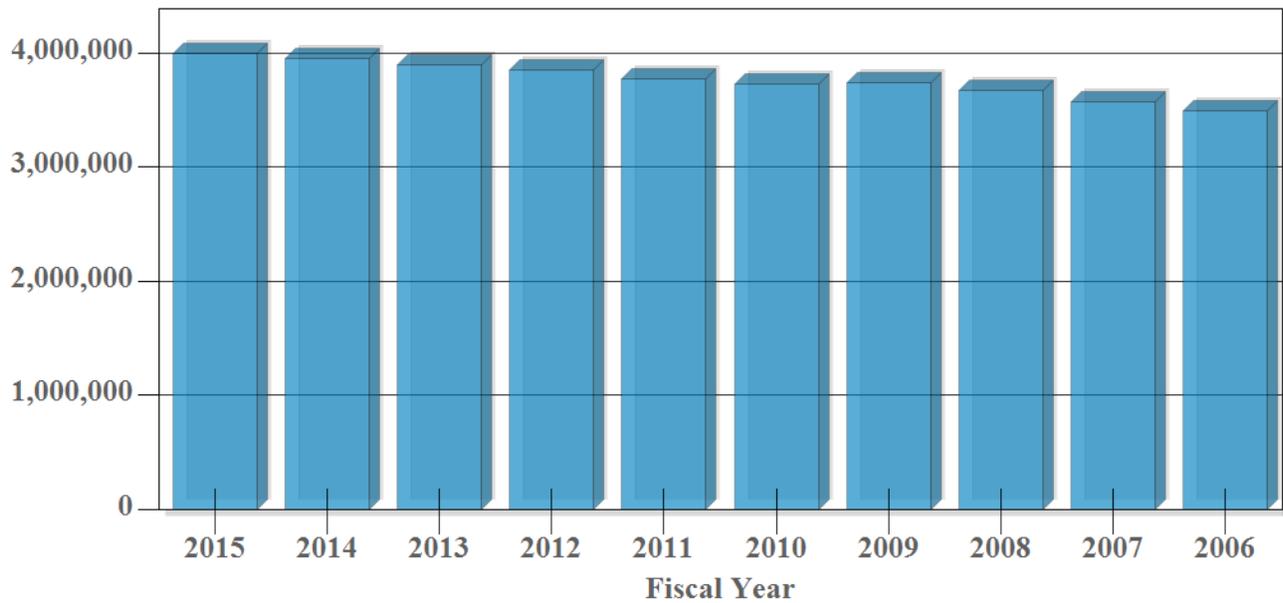
Information not available for assessed valuations for all of 2006

City of University Place
Property Taxes Levies and Collections
Last Ten Fiscal Years

TABLE 10

Fiscal Year	Taxes Levied for Fiscal Year	Current Tax Collections	Percentage of Levy	Collections in Subsequent Years	Total Tax Collections to Date	Percentage of Levy
2006	3,496,175	3,428,559	98.1 %	67,934	3,496,493	100.0 %
2007	3,608,645	3,509,566	97.3 %	68,481	3,578,047	99.2 %
2008	3,678,101	3,605,479	98.0 %	74,961	3,680,440	100.1 %
2009	3,748,944	3,673,364	98.0 %	71,788	3,745,152	99.9 %
2010	3,745,905	3,660,227	97.7 %	77,670	3,737,897	99.8 %
2011	3,804,780	3,714,341	97.6 %	67,600	3,781,941	99.4 %
2012	3,857,832	3,779,775	98.0 %	70,456	3,850,231	99.8 %
2013	3,908,520	3,849,279	98.5 %	51,006	3,900,285	99.8 %
2014	3,980,549	3,924,947	98.6 %	36,460	3,961,407	99.5 %
2015	4,045,432	3,998,753	98.8 %	-	3,998,753	98.8 %

Total Taxes Collected



Source: City of University Place, CAFR 2006-2015

Note:

(1) Original amount levied for the fiscal year

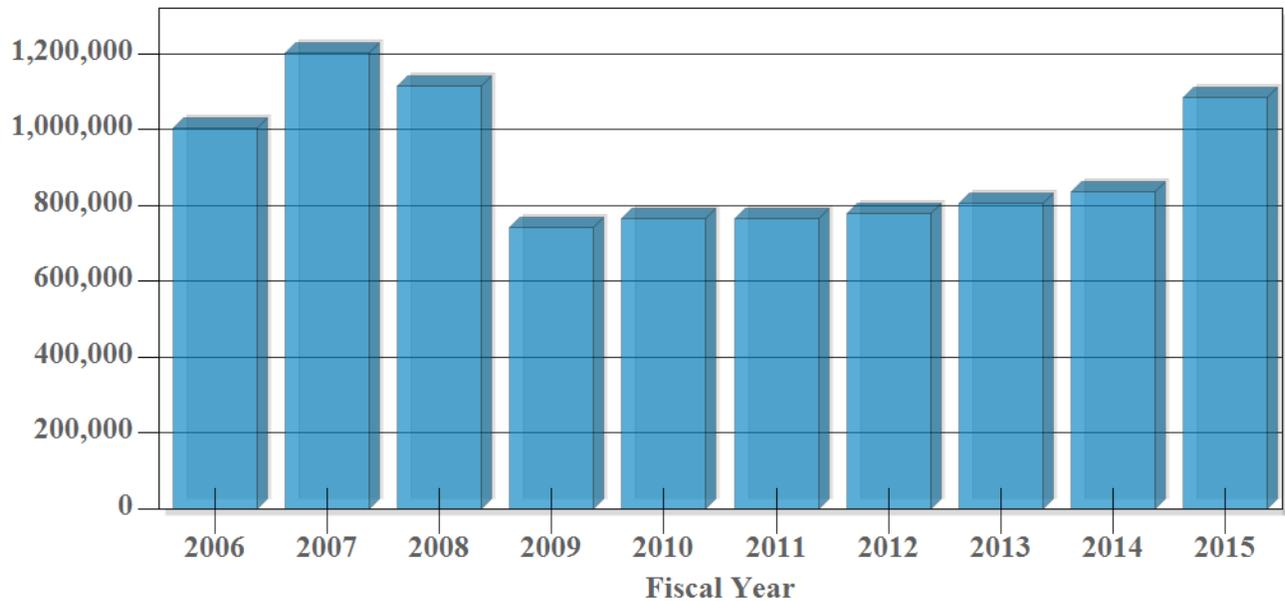
(2) Includes levy adjustments, penalties, interest and subsequent year tax collections

**City of University Place
Sales Taxes Collected by Category
Last Ten Fiscal Years**

TABLE 11

Fiscal Year	Retail	Services	Contracting	Transportation	Wholesale	Manufacturing	Finance	Government	Other	Total
				Communication			Insurance			
				Utilities			Real Estate			
2006	1,004,150	125,849	399,049	122,824	54,930	45,692	58,263	12,332	86,916	1,910,005
2007	1,200,959	147,174	412,579	87,872	51,863	45,892	56,853	4,264	68,994	2,076,450
2008	1,113,441	115,868	666,236	46,430	86,453	41,113	65,562	1,478	154,361	2,290,942
2009	742,216	392,867	543,758	137,508	96,155	30,870	148,193	31,930	66,016	2,189,513
2010	765,846	380,332	328,776	157,421	84,238	28,408	72,569	31,069	77,842	1,926,501
2011	763,223	397,122	289,103	141,609	63,401	27,293	63,781	30,888	108,403	1,884,823
2012	777,709	396,690	319,888	143,633	62,961	37,136	65,966	38,436	88,153	1,930,572
2013	806,134	379,997	521,074	148,118	75,150	27,248	77,041	42,368	104,726	2,181,856
2014	834,377	403,291	1,043,529	165,136	95,020	36,009	88,272	39,996	98,489	2,804,119
2015	1,082,718	522,239	1,163,135	163,109	89,831	39,999	128,819	50,652	124,985	3,365,487

Retail



Source: City of University Place, CAFR 2006-2015

Does not include Local Revitalization Financing Sales Tax Revenue, Park Sales Tax Revenue or Criminal Justice Sales Tax Revenue

City of University Place
Direct and Overlapping Sales Tax Rates

TABLE 12

Fiscal Year	State	Pierce Transit	Pierce City Jail	Criminal Justice	Regional Transit	Pierce County	911 Comm	Parks	Public Transport	State Adm Fee	City	Total
2006	6.50 %	0.30 %	0.10 %	0.10 %	0.40 %	0.15 %	0.00 %	0.10 %	0.30 %	0.01 %	0.84 %	8.80 %
2007	6.50 %	0.30 %	0.10 %	0.10 %	0.40 %	0.15 %	0.00 %	0.10 %	0.30 %	0.01 %	0.84 %	8.80 %
2008	6.50 %	0.30 %	0.10 %	0.10 %	0.40 %	0.15 %	0.00 %	0.10 %	0.30 %	0.01 %	0.84 %	8.80 %
2009	6.50 %	0.30 %	0.10 %	0.10 %	0.90 %	0.15 %	0.00 %	0.10 %	0.30 %	0.01 %	0.84 %	9.30 %
2010	6.50 %	0.30 %	0.10 %	0.10 %	0.90 %	0.15 %	0.00 %	0.10 %	0.30 %	0.01 %	0.84 %	9.30 %
2011	6.50 %	0.30 %	0.10 %	0.10 %	0.90 %	0.15 %	0.00 %	0.10 %	0.30 %	0.01 %	0.84 %	9.30 %
2012	6.50 %	0.30 %	0.10 %	0.10 %	0.90 %	0.15 %	0.10 %	0.10 %	0.30 %	0.01 %	0.84 %	9.40 %
2013	6.50 %	0.30 %	0.10 %	0.10 %	0.90 %	0.15 %	0.10 %	0.10 %	0.30 %	0.01 %	0.84 %	9.40 %
2014	6.50 %	0.30 %	0.10 %	0.10 %	0.90 %	0.15 %	0.10 %	0.10 %	0.30 %	0.01 %	0.84 %	9.40 %
2015	6.50 %	0.30 %	0.10 %	0.10 %	0.90 %	0.15 %	0.10 %	0.10 %	0.30 %	0.01 %	0.84 %	9.40 %

Source: City of University Place, CAFR 2006-2015

City of University Place
Sales Tax Payers by Industry
Last Ten Fiscal Years

TABLE 13

Industry	2015 Tax Liability	Percentage of Levy	2006 Tax Liability	Percentage of Levy
Retail Trade	\$ 1,082,718	32.17 %	\$ 1,004,150	52.57 %
Contracting	1,163,135	34.56 %	399,049	20.89 %
Services	522,239	15.52 %	125,849	6.59 %
Transportation, Communication, Utilities	163,109	4.85 %	122,824	6.43 %
Finance, Insurance, Real Estate	128,819	3.83 %	58,263	3.05 %
Wholesale	89,831	2.67 %	54,930	2.88 %
Manufacturing	39,999	1.19 %	45,692	2.39 %
Government	50,652	1.51 %	12,332	0.65 %
Other	124,985	3.71 %	86,916	4.55 %
Total	<u>\$ 3,365,487</u>	<u>100.00 %</u>	<u>\$ 1,910,005</u>	<u>100.00 %</u>

Source: City of University Place, CAFR 2006-2015

City of University Place
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

TABLE 14

Fiscal Year	General Obligation Bonds	Public Works Trust Fund Loans General Govt	Public Works Trust Fund Loans Business Type	Revenue Bonds	Letter of Credit	Capital Leases	Total Debt	Percent of Taxable Value	Percentage of Personal Income	Debt per Capita
2006	7,975,000	3,441,334	-	-	11,020,526	-	22,436,860	0.70 % \$	1.97	721
2007	27,555,000	3,181,613	-	-	-	-	30,736,613	0.96 %	2.51	987
2008	27,010,000	3,201,690	-	-	13,000,000	-	43,211,690	1.23 %	3.35	1,374
2009	48,880,000	2,929,222	-	-	1,000,000	11,097	52,820,319	1.58 %	4.25	1,677
2010	48,280,000	2,656,754	-	-	1,000,000	6,165	51,942,919	1.68 %	4.07	1,646
2011	47,655,000	2,384,286	-	5,885,000	-	-	55,924,286	1.93 %	4.38	1,796
2012	47,005,000	2,111,818	-	5,785,000	-	-	54,901,818	2.07 %	4.04	1,756
2013	46,035,000	1,839,350	492,513	5,640,000	-	-	53,514,350	1.93 %	3.88	1,708
2014	44,645,000	1,566,882	411,283	5,495,000	-	-	51,706,882	1.72 %	3.77	1,646
2015	43,355,000	1,294,412	330,078	5,345,000	-	-	49,994,412	1.58 % \$	N/A	1,576

Source: City of University Place, CAFR 2006-2015

Pierce County Assessor/Treasurer

(1) Note: 2015 data not yet available

City of University Place
Ratio of Net General Bonded Debt to Assessed Value
And Net Bonded Debt per Capita
Last Ten Fiscal Years

TABLE 15

Fiscal Year	(a) Population	(b) Assessed Value	General Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2006	31,140	3,198,540,115	7,975,000	0.25%	256.10
2007	31,300	3,484,320,167	27,555,000	0.79%	880.35
2008	31,440	3,521,778,468	27,010,000	0.77%	859.10
2009	31,500	3,340,414,196	49,880,000	1.49%	1,583.49
2010	31,550	3,098,693,277	48,280,000	1.56%	1,530.27
2011	31,144	2,892,079,444	47,655,000	1.65%	1,530.15
2012	31,270	2,655,070,281	47,005,000	1.77%	1,503.20
2013	31,340	2,779,532,023	46,035,000	1.66%	1,468.89
2014	31,420	3,006,817,787	44,645,000	1.48%	1,420.91
2015	31,720	3,159,537,693	43,355,000	1.37%	1,366.80

(a) Source: Washington State Office of Financial Management.

(b) The assessed value if the final certified Regular Levy assessed value of taxable property which was used by Pierce County Assessor's Office for use in calculating levy rates for the 2015 tax levy.

City of University Place
Computation of Direct and Overlapping Debt

TABLE 16

	(a) Gross General Obligation Debt Outstanding	(b) Percentage Applicable to City	Amount Applicable to University Place
Direct Debt			
City of University Place	\$ 49,664,334	100.00 %	\$ 49,664,334
Overlapping Debt			
West Pierce Fire and Rescue	8,290,000	36.29 %	3,008,441
Pierce County	154,086,008	3.82 %	5,886,086
Tacoma School District No. 10	574,370,000	2.13 %	12,234,081
University Place School District No. 83	66,182,738	93.73 %	62,033,080
Clover Park School District No. 400	137,830,000	0.005 %	6,892
Steilacoom Historical School District No. 1	51,090,000	0.11 %	56,199
Port of Tacoma	179,575,000	3.82 %	6,859,765
Pierce County Rural Library District	-	5.55 %	-
Total overlapping debt	\$ 1,171,423,746		\$ 90,084,544
Total Direct and Overlapping Debt	<u>\$ 1,221,088,080</u>	11.44 %	<u>\$ 139,692,476</u>

(a) Total general obligation bonds outstanding on December 31, 2015, exclusive of refunded bonds.

Source: West Pierce Fire District, Pierce County Finance and Budget Office, Tacoma School District, Clover Park School District, Port of Tacoma & Pierce County Library

(b) Determined by ratio of assessed valuation of property subject to taxation in overlapping unit to valuation of property subject to taxation in reporting unit.

Source: Pierce County Assessor-Treasurers Office

**City of University Place
Computation of Limitation of Indebtedness**

TABLE 17

Total Taxable Property Value (Assessed at 100% taxes payable in 2015)	\$ 3,159,537,693
General Purpose Indebtedness	
Non-Voted General Purpose Indebtedness and Capital Leases (Councilmanic)	
Legal Limit 1.5% of Total Taxable Property Value	47,393,065
Less: outstanding debt	45,128,999
Less: contracts payable	-
Less: excess of debt with a vote	-
Add: available assets	-
Remaining Non-Voted Debt Capacity - General Purposes	\$ 2,264,066
Total General Purpose Indebtedness with a 3/5 Vote of the People (includes non-voted)	
Legal Limit 2.5% of Total Taxable Property Value	78,988,442
Less: indebtedness incurred - non-voted	45,128,999
Less: outstanding debt - voted	-
add: available assets	-
Total Remaining Debt Capacity - General Purposes	\$ 33,859,443
Utility Purpose Indebtedness	
Indebtedness for Utility Purposes with a 3/5 Vote of the People	
Legal Limit 2.5% of Total Taxable Property Value	78,988,442
Less: outstanding debt	-
Less: contracts payable	-
Add: available assets	-
Remaining Debt Capacity - Utility Purposes	\$ 78,988,442
Open Spaces and Parks Facilities Indebtedness	
Indebtedness for Open Spaces and Parks Facilities with 3/5 Vote of the People	
Legal Limit 2.5% of Total Taxable Property Value	78,988,442
Less: outstanding debt	-
Less: contracts payable	-
Add: available assets	-
Remaining Debt Capacity - Open Spaces and Parks Facilities	\$ 78,988,442
Summary	
Total indebtedness allowable	
Legal Limit 7.5% of Total Taxable Property Value	236,965,327
Less: indebtedness incurred - general purposes	45,128,999
Less: indebtedness - utility purposes	-
Less: indebtedness incurred - open spaces and parks facilities	-
Add: Assets available	-
Remaining Debt Capacity	\$ 191,836,328
Legal Debt Margin to the Debt Limit (%)	80.96 %
Total Net Debt Applicable to the Debt Limit (%)	19.04 %

City of University Place
Compilation of General Obligation Debt Capacity Last Ten Years
Last Ten Fiscal Years

TABLE 18

<u>Fiscal Year</u>	<u>Voter Approved Debt Capacity</u>	<u>Net Debt Outstanding</u>	<u>Remaining Debt Capacity</u>
2006	79,963,503	18,895,526	\$ 61,067,977
2007	87,108,004	27,555,000	59,553,004
2008	88,044,462	39,686,942	48,357,520
2009	83,510,605	50,111,877	33,398,728
2010	77,467,332	49,681,834	27,785,498
2011	77,467,325	48,060,584	29,406,741
2012	66,376,757	47,412,120	18,964,637
2013	69,488,301	47,874,350	21,613,951
2014	75,170,445	46,679,216	28,491,229
2015	78,988,442	45,128,999	\$ 33,859,443

Table 17 Identifies individual debt limits by category for 2016

City of University Place
Demographic Statistics
Last Ten Fiscal Years

TABLE 19

<u>Fiscal Year</u>	<u>Population</u>	<u>Total Personal Income (1) (2)</u>	<u>Per Capita Personal Income (1) (2)</u>	<u>Median Age (1)</u>	<u>School Enrollment</u>	<u>Unemployment Rate (1)</u>
2006	31,140	\$ 27,915,787,000	\$ 36,567	36.5	5,427	5.2 %
2007	31,300	\$ 30,164,757,000	\$ 39,049	36.2	5,380	4.7 %
2008	31,440	\$ 32,198,440,000	\$ 40,996	36.4	5,178	5.3 %
2009	31,500	\$ 31,395,360,000	\$ 39,417	35.3	5,424	6.6 %
2010	31,550	\$ 32,212,709,000	\$ 40,500	38.0	5,632	11.2 %
2011	31,144	\$ 33,117,849,000	\$ 40,992	39.4	5,577	8.6 %
2012	31,270	\$ 35,232,946,000	\$ 43,407	36.3	5,670	8.4 %
2013	31,340	\$ 36,054,002,000	\$ 43,982	36.5	5,655	6.6 %
2014	31,420	\$ 36,282,818,000	\$ 43,613	36.8	5,634	6.3 %
2015	31,720	\$ -	\$ -	-	5,646	5.9 %

Sources: U.S. Bureau of Economic Analysis

Washington State Office of Financial Management

Washington State Office of Superintendent of Public Instruction

Washington State Employment Security

(1) Note: Based on data for Pierce County

(2) Note: 2015 data not yet available

City of University Place
Principle Employers
Current Year and Nine Years Ago

TABLE 20

Employer	Ranking 2015	Employees 2015 (a)	% of Total Employees	Ranking 2006 (b)	Employees 2006
University Place School District	1	542	25.76%	1	497
Franciscan Health System	2	330	15.68%	3	177
Fred Meyer Stores	3	259	12.31%	6	135
Soundcare, Inc	4	198	9.41%	4	143
Whole Foods	5	170	8.08%	N/A	N/A
Pierce County Government	6	159	7.56%	2	218
Charles Wright Academy	7	134	6.37%	5	139
Kemper Sports	8	125	5.94%	N/A	N/A
Safeway Stores, Inc.	9	110	5.23%	N/A	N/A
Mcdonald's Restaurants	10	77	3.66%	8	86
Total Employees		2,104			

Source:

(a) Tacoma-Pierce County Economic Development Board

(b) Only data available for prior years is the Tacoma area

City of University Place
Full Time Equivalent City Employees by Function
Last Ten Fiscal Years

Table 21

Fiscal Year	City Manager	City Attorney	Administrative Services	Public Works	Development Services	Engineering	Finance	Total
2006	3.60	2.00	18.06	20.00	11.50	6.50	6.00	67.66
2007	2.60	2.00	16.63	21.00	15.00	5.00	6.00	68.23
2008	3.10	2.00	17.25	21.00	14.00	6.00	6.00	69.35
2009	2.60	2.00	17.25	21.00	11.00	6.00	6.00	65.85
2010	2.50	2.00	11.72	16.00	6.25	4.66	4.90	48.03
2011	1.90	2.00	12.48	16.00	6.50	4.75	4.50	48.13
2012	1.90	2.00	12.48	16.00	6.50	4.75	4.00	47.63
2013	1.90	2.00	11.48	16.00	6.50	4.75	4.00	46.63
2014	2.00	2.00	10.98	16.00	7.00	6.75	4.00	48.73
2015	2.00	2.00	11.98	14.00	7.50	7.00	4.50	48.98

Source: City of University Place Budgets 2006-2015

Total does not include Council Members or contract Police Officers

**City of University Place
Operating Indicators by Function
Last Ten Fiscal Years**

TABLE 22

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government										
Building Permits Issued	338	967	653	646	707	630	715	735	822	752
Police										
Part 1 Crimes*	1,262	1,075	950	960	1,079	884	1,026	882	815	824
DUI Arrests	121	132	133	101	76	86	69	41	51	53
Other Traffic Arrests	177	305	259	225	129	209	266	192	154	132
Fire**										
Emergency Medical Responses	2,543	2,418	2,482	2,612	2,736	8,412	8,716	8,961	9,128	10,545
Fire Responses	195	85	145	146	104	284	312	298	286	448
Other	659	685	767	797	914	4,063	4,564	4,306	4,593	4,465

Source: City of University Place City Manager's Office

* Part 1 Crimes includes violent crime (aggravated assault, murder, rape, robbery) and property crime (arson motor vehicle theft burglary and theft)

** In March, 2011, the University Place Fire District merged with the Lakewood Fire District to form West Pierce Fire. As a result, the 2011 through 2014 statistics reflect the total for West Pierce Fire.

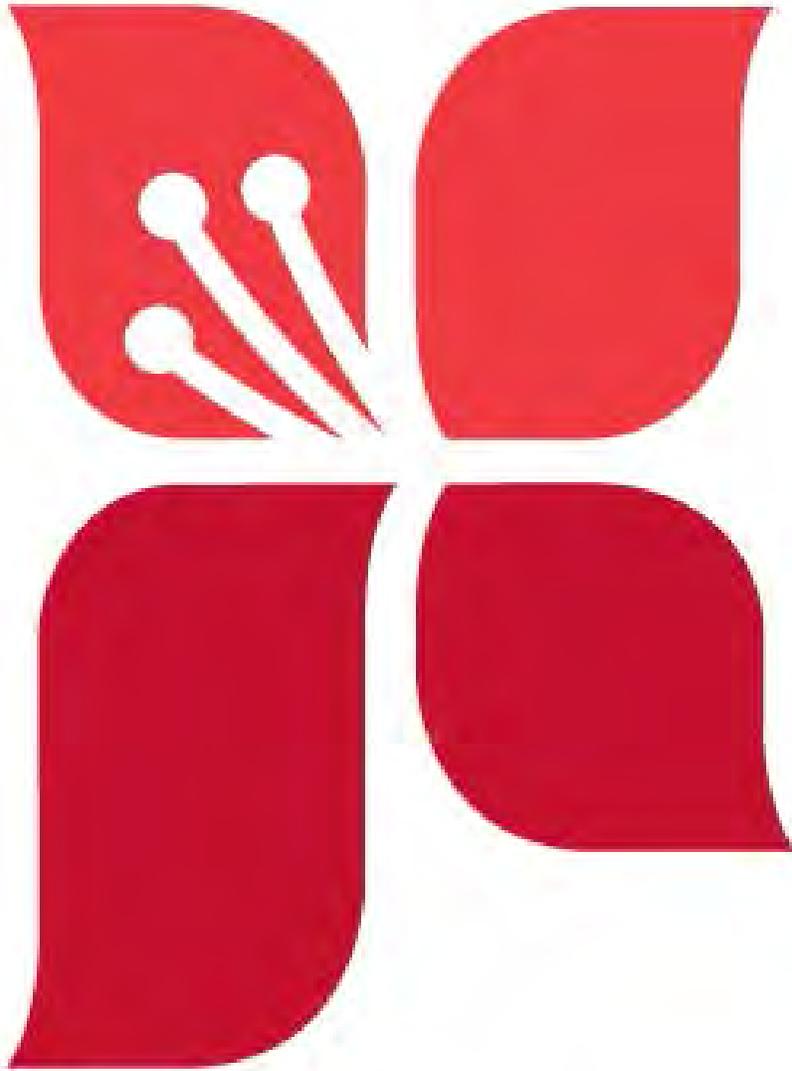
City of University Place
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Table 23

Fiscal Year	General Government	Culture and Recreation	Streets/Transportation	Construction in Progress	Total
2006	25,759,552.00	13,025,413.00	160,116,840.00	5,708,396.00	204,610,201.00
2007	26,469,578.00	13,728,768.00	163,151,059.00	10,090,618.00	213,440,023.00
2008	38,715,053.00	14,432,836.00	163,495,034.00	6,919,066.00	223,561,989.00
2009	38,533,785.00	14,798,988.00	163,495,034.00	19,871,562.00	236,699,369.00
2010	38,588,153.00	14,798,988.00	163,780,609.00	29,849,005.00	247,016,755.00
2011	39,614,405.00	14,841,746.00	170,451,913.00	27,187,141.00	252,095,205.00
2012	39,735,243.00	14,841,746.00	172,701,448.00	26,957,875.00	254,236,312.00
2013	55,107,519.00	15,108,936.00	174,264,047.00	7,880,766.00	252,361,268.00
2014	54,286,309.00	15,456,923.00	175,333,107.00	9,460,746.00	254,537,085.00
2015	54,286,309.00	15,456,923.00	175,333,107.00	9,460,746.00	254,537,085.00

Source: City of University Place CAFR 2006-2015.

City implemented GASB 34 in 2003.



**Business of the City Council
City of University Place, WA**

Proposed Council Action:

Adopt an ordinance amending Ordinance No. 623, amending Title14, Chapter 14.05 related to Building and Construction to comply with RCW 19.27 the State Building Code by adopting the 2015 Edition of the International Code, 2015 Edition of the State Energy Code and the 2015 Edition of the Uniform Plumbing Code.

Agenda No: 6C
Dept. Origin: Planning & Development Services
For Agenda of: July 5, 2016
Exhibits: Proposed Ordinance
Exhibit A

Concurred by Mayor: _____
Approved by City Manager: _____
Approved as to form by City Atty.: _____
Approved by Finance Director: _____
Approved by Department Head: _____

Expenditure Required: \$0.00	Amount Budgeted: \$0.00	Appropriation Required: \$0.00
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SUMMARY / POLICY ISSUES

Every three years the State Building Code Council (SBCC) advises the State Legislature on updates to the State Building Code. Since 2003 the SBCC has advised the State Legislature to adopt the International Code developed by the International Code Council (ICC) as the State Building Code. The ICC develops the codes and standards used to construct residential and commercial buildings including homes and schools. The International Codes or I-Codes provide the minimum safeguards for people at home, at school, and in the workplace. The I-Codes are a complete set of comprehensive, coordinated building safety and fire prevention codes. Fifty states and the District of Columbia have adopted the I-Codes at the state or jurisdictional level.

ALTERNATIVES CONSIDERED

The Revised Code of Washington Chapter 19.27 RCW the State Building Code requires the State Building Code be in effect in all counties and all cities in the State.

BOARD OR COMMITTEE RECOMMENDATION

The City Council reviewed the proposed amendments during a study session on June 20, 2016 and directed staff to bring the proposed amendments forward for consideration on July 5, 2016.

RECOMMENDATION/MOTION

MOVE TO: Pass an Ordinance Amending Ordinance No. 623, Amending Title14, Chapter 14.05 related to Building and Construction to comply with RCW 19.27 the State Building Code by adopting the 2015 Edition of the International Code, 2015 Edition of the State Energy Code and the 2015 Edition of the Uniform Plumbing Code.

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF UNIVERSITY PLACE, WASHINGTON, RELATING TO BUILDING AND CONSTRUCTION CODES, AMENDING TITLE 14 OF THE UNIVERSITY PLACE MUNICIPAL CODE BY AMENDING CHAPTER 14.05, EXCEPT FOR VESTED PERMIT APPLICATIONS, AND BY ADOPTING A NEW CHAPTER 14.05, BUILDING AND CONSTRUCTION CODES, WHICH SHALL APPLY TO NEW PERMIT APPLICATIONS

WHEREAS, the Revised Code of Washington Chapter 19.27 RCW the State Building Code requires the State Building Code be in effect in all counties and all cities in the State; and

WHEREAS, RCW 19.27.040 authorizes cities to amend the State Building Code as it applies within their jurisdiction; and

WHEREAS, the City Council finds that the public health, safety, and general welfare are best served by adopting and enforcing building and construction codes that require minimum performance standards for construction and construction materials, consistent with accepted standards of engineering, fire and life safety, and to permit the use of modern technical methods, devices and improvements.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF UNIVERSITY PLACE, WASHINGTON, HEREBY DOES ORDAIN AS FOLLOWS:

Section 1. Preserving Vested Permit Applications, the City's Authority to Enforce Prior Building and Construction Codes. The amendment of Chapter 14.05, Uniform Codes, of the University Place Municipal Code as provided for in Section 2 shall not apply: (1) to any vested permit application that is lawfully entitled to be processed under the prior Building and Construction Code; or (2) to any enforcement action taken by the City to enforce the provisions of prior Building and Construction Code.

Section 2. Amend Chapter 14.05, Building and Construction Code, to the University Place Municipal Code. The University Place Municipal Code, Chapter 14.05, Building and Construction Code, is hereby amended as shown in Exhibit A.

Section 3. Severability. If any section, sentence, clause or phrase of this Title shall be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause or phrase of this Title.

Section 4. Publication and Effective Date. A summary of this ordinance consisting of its title shall be published in the official newspaper of the City. This Ordinance shall take effect five (5) days after publication.

PASSED BY THE CITY COUNCIL ON JULY 5, 2016.

Javier H. Figueroa, Mayor

ATTEST:

Emelita Genetia, City Clerk

APPROVED AS TO FORM:

Steve Victor, City Attorney

Published: xx/xx/xx

Effective Date: xx/xx/xx

Chapter 14.05

BUILDING AND CONSTRUCTION CODE

Sections:

- 14.05.010 Short title.
- 14.05.020 Purpose.
- 14.05.030 Adoption of codes by reference.
- 14.05.040 Conflicts between codes.
- 14.05.050 Fire Code Official designated.
- 14.05.060 Fees.
- 14.05.070 Hours of construction.
- 14.05.080 Codes – Copies on file.
- 14.05.090 Administrative provisions.
- 14.05.100 Building code amendments.
- 14.05.110 Fire code amendments.
- 14.05.120 Violations and penalties.
- 14.05.130 Liability.
- 14.05.140 Hearings Examiner – Powers and duties.

14.05.010 Short title.

This chapter is known as and may be referred to as the “building and construction code.”

(Ord. 623 § 2 (Exh. A), 2013; Ord. 570 § 2, 2010; Ord. 497 § 3, 2007; Ord. 408 § 3, 2004).

14.05.020 Purpose.

The purpose of the codes and regulations adopted in this title is to provide minimum standards to safeguard life, health, property and public welfare by regulating and controlling the design, construction, quality of materials, use and occupancy, location and maintenance of all buildings and structures within the City of University Place. It is not the purpose or intent to create or designate any particular class or group of persons to be especially protected or benefited, nor is it intended to create any special relationship with any individual.

(Ord. 623 § 2 (Exh. A), 2013; Ord. 570 § 2, 2010; Ord. 497 § 3, 2007; Ord. 408 § 3, 2004).

14.05.030 Adoption of codes by reference.

The following codes are hereby adopted by this reference as if fully set forth in this chapter and as specifically modified or amended as set forth in this chapter:

A. The ~~2012~~ 2015 Edition of the International Building Code, including Appendix Chapter E, and ICC/ANSI A117.1-2009, and the 2015 International Existing Building Code and International Swimming Pool and Spa Code published by the International Code Council is hereby adopted by reference with the exceptions noted in Chapter 51-50 WAC and subsequently amended by this chapter.

B. The ~~2012~~ 2015 Edition of the International Residential Code including Appendices F, ~~G, R~~ and SQ as published by the International Code Council is hereby adopted as amended by the Washington State Building Code Council in Chapter 51-51 WAC and as subsequently amended by this chapter; provided, that Chapters 11 and 25 through 43 of this code are not adopted.

C. The ~~2012~~ 2015 Edition of the International Mechanical Code including adoption of 2015 International Fuel Gas Code. –published by the International Code Council and 2014 NFPA 58 & 2014 NFPA 54, published by the National Fire Protection Association is hereby adopted by reference with the exceptions noted in Chapter 51-52 WAC.

D. The ~~2012~~ 2015 Edition of the International Fire Code published by the International Code Council is hereby adopted by reference with the additions, deletions, and exceptions contained in Chapter 51-54A WAC, including Appendices B, C, D (Sections 105 and 106 only), E, F and G.

E. The ~~2012~~ 2015 Edition of the Uniform Plumbing Code, including Appendices A, B and I, published by the International Association of Plumbing and Mechanical Officials, is hereby adopted by reference with the additions, deletions and exceptions contained in Chapter 51-56 WAC; ~~provided, that Chapters 12 and 15 of this code are not adopted; provided further, that those requirements of the Uniform Plumbing Code relating to venting and combustion air of fuel fired appliances as found in Chapter 5 and those portions of the code addressing building sewers are not adopted.~~

F. The 2015 Edition of the Washington State Energy Code including commercial and residential provisions and appendices, is hereby adopted by reference with the additions, deletions and exceptions contained in Chapters 51-11C and 51-11R WAC.

~~F. The 2012 Edition of the International Conservation Code, Commercial, as amended by the Washington State Building Code Council in Chapter 51-11C WAC, is hereby adopted.~~

~~G. The 2012 Edition of the International Conservation Code, Residential, as amended by the Washington State Building Code Council in Chapter 51-11R WAC, is hereby adopted.~~

~~H. The 2012 Edition of the International Existing Buildings Code, published by the International Code Council, as amended by the Washington State Building Code Council in Chapter 51-50 WAC, is hereby adopted.~~

I. The National Electrical Code, published by the National Fire Protection Association, as adopted and enforced by Tacoma Public Utilities, is hereby adopted.

~~J. The 2013 National Fire Protection Association Standards, 13, 13D, 13R and 72 are hereby adopted.~~

(Ord. 623 § 2 (Exh. A), 2013; Ord. 591 § 1, 2011; Ord. 587 § 2, 2011*; Ord. 570 § 2, 2010; Ord. 497 § 3, 2007; Ord. 408 § 3, 2004).

*Code reviser's note: Section 1 of Ordinance 587 states: "The amendment of Chapter 14.05 Building and Construction Code of the University Place Municipal Code as provided for in Section 2 shall not apply: (1) to any vested permit application that is lawfully entitled to be processed under the prior Building and Construction Code; or (2) to any enforcement action taken by the City to enforce the provisions of prior Building and Construction Code."

14.05.040 Conflicts between codes.

In case of conflict among the building code, the residential code, the mechanical code, the fire code, and the plumbing code, the first named code shall govern over those following. In case of conflicts between other codes and provisions adopted by this chapter, the code or provision that is most specific, as determined by the Building Official, shall apply.

(Ord. 623 § 2 (Exh. A), 2013; Ord. 570 § 2, 2010; Ord. 497 § 3, 2007; Ord. 408 § 3, 2004).

14.05.050 Fire Code Official designated.

Inspections and code enforcement of the fire code shall be conducted by the University Place Fire Code Official. Conflicts of code interpretation shall be determined by the Building Official.

(Ord. 662 § 1 (Exh. A), 2015; Ord. 623 § 2 (Exh. A), 2013; Ord. 570 § 2, 2010; Ord. 497 § 3, 2007; Ord. 408 § 3, 2004).

14.05.060 Fees.

~~Any fee schedule in the codes listed in UPMC 14.05.030 shall be void.~~ All fee schedules shall be listed in a fee resolution adopted by the City Council of the City of University Place.

(Ord. 623 § 2 (Exh. A), 2013; Ord. 570 § 2, 2010; Ord. 497 § 3, 2007; Ord. 408 § 3, 2004).

14.05.070 Hours of construction.

Except as otherwise provided in this chapter and in UPMC 9.05.040, the activities regulated by this chapter shall be limited to the following hours:

A. Monday through Saturday: 7:00 a.m. to 7:00 p.m.

B. Sunday and legal holidays: 8:00 a.m. to 5:00 p.m.

(Ord. 623 § 2 (Exh. A), 2013; Ord. 570 § 2, 2010; Ord. 497 § 3, 2007; Ord. 408 § 3, 2004).

14.05.080 Codes – Copies on file.

The City Clerk is to maintain one copy on file of each of the codes adopted by this chapter for public inspection and photocopying. These copies may be kept in the care of the Building Official.

(Ord. 623 § 2 (Exh. A), 2013; Ord. 570 § 2, 2010; Ord. 497 § 3, 2007; Ord. 408 § 3, 2004).

14.05.090 Administrative provisions.

The administrative provisions as specified in Chapter 1 of the International Building Code as adopted and as subsequently amended by this chapter shall be used as the general administrative provisions for the codes listed in UPMC 14.05.030. As such, these provisions shall supersede conflicting provisions listed in other adopted codes.

(Ord. 623 § 2 (Exh. A), 2013; Ord. 570 § 2, 2010; Ord. 497 § 3, 2007; Ord. 408 § 3, 2004).

14.05.100 Building code amendments.

The following sections in the adopted International Building Code are hereby amended:

A. Section 105.2, item #4 is amended to read:

Retaining walls which are not over 4 feet (1,219 mm) in height measured from the bottom of the footing to the top of the wall, provided the wall is set back from any adjacent property lines or structures a distance at least equal to the height of the wall and the material retained slopes 1:2 (or less) up and away from the wall, unless supporting a surcharge or impounding Class I, II or II-A liquids.

B. Section 111.2 is amended to read:

After the building official inspects the building or structure and finds no violations of the provisions of the codes adopted by Chapter 14.05 UPMC or other pertinent laws that are enforced by the jurisdiction, the building official shall issue a certificate of occupancy on a form developed by the City to display the information pertinent to identify the facility and code requirements.

C. Section 903.2 is amended by the addition of the following paragraphs:

The provisions of this Section shall apply to existing buildings which are altered, repaired or remodeled to more than fifty percent of its county assessment value at the time of the first permit application, or within any seventy month period of time thereafter. Any additions to an existing structure shall be considered new construction and subject to the requirements of this Section.

D. Appendix Chapter J of the International Building Code is hereby amended as follows:

A grading permit shall not be required for the following:

Mining, quarrying, excavation, processing or stock piling rock, sand, gravel aggregate or clay controlled by other regulation, provided such operations do not affect the lateral support of, or significantly increase stresses in, soil on adjoining properties or cause erosion or sedimentation on adjoining properties.

E. The following sections in the adopted International Residential Code are hereby amended:

1. Section 105.2 of the International Residential Code (Work exempt from a permit) is hereby deleted and replaced with Section 105.2 (Work exempt from a permit) of the International Building Code.

2. Appendix S of the International Residential Code is hereby amended by adding the following:

An approved automatic fire sprinkler system shall be installed throughout every building which is a group of townhouses as defined in the 2012 International Residential Code, which contains three (3) or more townhouse units.

3. Appendix R of the International Residential Code is hereby amended by deleting Section 29104.1.1 Exception 4.

(Ord. 623 § 2 (Exh. A), 2013; Ord. 591 § 2, 2011; Ord. 570 § 2, 2010; Ord. 497 § 3, 2007; Ord. 463 § 1, 2005; Ord. 408 § 3, 2004).

14.05.110 Fire code amendments.

The following sections in the International Fire Code are hereby amended:

A. Section 105.2 is amended by addition of a new subsection 105.2.15 to read:

Permit Fees. The City ~~or Fire District~~ shall collect fees for permits, plan review and inspection services as prescribed in the City of University Place "Fee Schedule."

B. Section 202 is amended as follows:

Fire Wall. A fire-resistance-rated wall having protected openings, which restricts the spread of fire and extends continuously from the foundation to or through the roof, with sufficient structural stability under fire conditions to allow collapse of construction on either side of the wall without collapse of the wall. A Fire Wall shall not be allowed to create a separate building that avoids the requirement for approved automatic fire sprinkler systems.

C. A new Section 503.2.1.1 is added as follows:

Number of Accesses. More than one Emergency Vehicle Access may be required for commercial developments when it is determined that an access by a single street may be impaired by vehicle congestion, condition of terrain, climatic conditions or other factors that could limit access, unless acceptable mitigation is provided.

D. The following new subsections are added to Section 503.3:

503.3.1 Striping. Painted lines of red traffic paint shall mark fire apparatus access six (6) inches in width to show the boundaries of the lane. The words "NO PARKING FIRE LANE" shall appear in four (4) inches of white letters at 25 feet intervals on the red border markings along both sides of the fire lanes. Where a curb is available, the striping shall be on the vertical face of the curb.

503.3.2 Signs. Signs shall read "NO PARKING FIRE LANE" and shall be twelve (12) inches wide and eighteen (18) inches high. The signs shall have letters and background of contrasting colors, readily legible from a fifty (50) foot distance. Signs shall be permanently affixed to a stationary post and bottom of the sign shall be six feet, six inches (6'6") above finished grade. Signs shall be spaced not more than fifty (50) feet apart. Signs may be installed on permanent buildings or walls or as approved by the code official.

E. Section 505.1 is amended as follows:

New and existing commercial/multifamily buildings shall have approved address numbers, building numbers or approved building identification placed high on the building to be plainly legible and visible for the street or road fronting the property. These numbers shall contrast

with the background. Address numbers shall be Arabic numerical or alphabet letters. Numbers shall be a minimum of twelve (12) inches high. Individual unit/suite or space numbers or letters shall be 4" in size and contrasting with the background and visible for the approach side or angle.

New and existing residential structures shall have approved address numbers placed in a position that is plainly legible and visible for the street or road fronting the property. These numbers shall contrast with the background. Address numbers shall be a minimum of four (4) inches high with a minimum stroke of (.05) inch for buildings that are under fifty (50) from the street, six (6) inches high with a minimum stroke of (.05) inch for buildings that are more than fifty (50) from the street. Where access is by means of a private road or driveway and the structure can't be viewed from a public way, a monument, pole or other sign shall be used to identify the structure.

F. A new Section 507.5.4.1 is added reading:

Fire protection equipment and fire hydrants. Fire protection equipment and fire hydrants shall be clearly identified in an approved manner to prevent obstruction by parking or other obstruction. A minimum unobstructed distance of 15 feet shall be maintained on both sides of a fire hydrant along the access roadway.

~~G. Section 601 is amended by the addition of a new Subsection 601.1.1 as follows:~~

~~601.1.1 Commercial Kitchen Hoods. All kitchen hoods and cooking surfaces where grease-laden vapors are produced shall be protected by an approved UL300 system by January 1, 2012.~~

H. Section 901 is amended by the addition of a new Section 901.118.2 to read:

In the event of more than two false alarms in any 90-day period the Chief may charge a fee for fire department response as specified in the City of University Place "Fee Schedule."

EXCEPTIONS: False alarms resulting from the failure of a fire alarm service technician notifying the central proprietary or remote monitoring station shall be billed at the rate specified in the City of University Place "Fee Schedule."

For the purpose of this Section, a false alarm shall be defined as any unintentional activation of the fire alarm or detection system which is the result of improper installation, maintenance or use of that system.

Fire alarm system control units shall be provided with an approved sign indicating such fees will be imposed.

I. Section 903.2.8 is amended by the addition of a new Section 903.2.8.1 reading:

All Group R-3 occupancies requiring 2,000 gallons per minute of fire flow per Appendix B of the International Fire Code shall install an approved fire sprinkler system.

J. Section 903.2.1 is amended to read as follows:

903.2.1 Group A. An approved automatic sprinkler system shall be provided throughout buildings and portions thereof as provided in 903.2.1.1 – 903.2.1.3 below. For group A-5 occupancies, the automatic sprinkler system shall be provided in the spaces indicated in Section 903.2.1.5.

K. Section 903.2.1.1 is amended to read as follows:

903.2.1.1 Group A-1. An approved automatic sprinkler system shall be provided for Group A-1 where one of the following conditions exists:

1. The building exceeds 5,000 square feet;
2. The building has an occupant load of 300 or more;
3. The building contains a multi-theater complex.
4. The fire area is located on a floor other than a level of exit discharge serving such occupancies.

L. Amend Section 903.2.1.2 to read as follows:

903.2.1.2 Group A-2. An approved automatic sprinkler system shall be provided for Group A-2 occupancies where one of the following conditions exists:

1. The building exceeds 5,000 square feet;
2. The building has an occupant load of 100 or more.
3. The fire area is located on a floor other than a level of exit discharge serving such occupancies.

M. Amend Section 903.2.1.3 to read as follows:

903.2.1.3 Group A-3. An approved automatic sprinkler system shall be provided for Group A-3 occupancies where one of the following conditions exists:

1. The building exceeds 5,000 square feet;
2. The building has an occupant load of 300 or more.
3. The fire area is located on a floor other than a level of exit discharge serving such occupancies.

N. Amend Section 903.2.1.4 to read as follows:

903.2.1.4 Group A-4. An approved automatic sprinkler system shall be provided for Group A-4 occupancies where one of the following conditions exists:

1. The building exceeds 5,000 square feet;
2. The building has an occupancy load of 300 or more.
3. The fire area is located on a floor other than a level of exit discharge serving such occupancies.

O. Amend Section 903.2.2 with a new subsection 903.2.2.1 to read as follows:

903.2.2.1 Group B. An approved automatic sprinkler system shall be provided for Group B occupancies where one of the following conditions exists:

1. The building exceeds 5,000 square feet.

Exception: Building containing Group B occupancies and with construction Type IA/IB, Type IIA/IIB, Type IV/VA, or Type IIB/IIIB; and the building does not exceed 12,000 square feet.

P. Amend Section 903.2.3 to read as follows:

903.2.3 Group E. An approved automatic sprinkler system shall be provided for Group E occupancies where one of the following conditions exists:

1. The building exceeds 5,000 square feet or there are 50 or more occupant load as calculated in accordance with Table 1004.1.2.
2. Throughout every portion of educational buildings below the level of exit discharge.

Q. Amend Section 903.2.4 to read as follows:

903.2.4 Group F. An approved automatic sprinkler system shall be provided throughout all buildings containing a Group F occupancy where one of the following conditions exists:

1. The building exceeds 5,000 square feet.

Exception: Buildings containing Group F-2 occupancies and with the construction Type IA/IB, Type IIA/IIB, Type IV/V-A or Type IIB/IIIB; and the building does not exceed 12,000 square feet.

2. The building exceeds 2,500 square feet and contains a woodworking operation which generates finely divided combustible waste or which use finely divided combustible materials.
3. Where a Group F occupancy is located more than three stories above grade.
4. Where the combined area of all Group F-1 fire areas on all floors, including any mezzanines, exceeds 2,500 square feet.
5. The building exceeds 2,500 square feet and is used for the manufacture of upholstered furniture or mattresses.

R. Amend Section 903.2.7 to read as follows:

903.2.7 Group M. An approved automatic sprinkler system shall be provided throughout buildings containing a Group M occupancy where one of the following conditions exists:

1. The building exceeds 5,000 square feet;
2. Where the Group M is located more than three stories above grade.
3. Where the combined area of all Group M fire areas on all floors, including any mezzanines, exceeds 5,000 square feet.
4. A Group M occupancy is used for the display and sale of upholstered furniture or mattresses exceeds 5,000 square feet.

S. Amend Section 903.2.9 to read as follows:

903.2.9 Group S. An approved automatic sprinkler system shall be provided throughout all buildings containing a Group S occupancy where one of the following conditions exists:

1. The building exceeds 5,000 square feet.
2. Where a Group S area is located more than three stories above grade.
3. Where the combined area of all Group S-1 fire areas on all floors, including any mezzanines, exceeds 5,000 square feet.
4. A Group S used for the storage of commercial trucks or buses where the fire area exceeds 5,000 square feet.

5. A Group S occupancy is used for the display and sale of upholstered furniture or mattresses exceeds 2,500 square feet.

Exception: Buildings containing Group S-2 occupancies and with the construction Type IA/IB, Type IIA/IIB, Type IV/V-A or Type IIB/IIIB; and the building does not exceed 12,000 square feet except as provided in Section 903.2.9.

T. Amend Section 903.2.9.1 to read as follows:

903.2.9.1 Repair garages. An approved automatic sprinkler system shall be provided throughout all buildings used as repair garages in accordance with International Building Code to read as follows:

1. Buildings exceeding 5,000 square feet.
2. Buildings with a repair garage servicing vehicles parked in the basement.
3. A Group S used for the repair of commercial trucks or buses where the fire area exceeds 5,000 square feet.

U. Amend Section 903.2.9.2 to read as follows:

Buildings and structures where the area used for the storage of tires exceeds 20,000 cubic feet shall or 5,000 square feet shall be equipped throughout with an automatic fire sprinkler system in accordance with 903.3.1.1.

V. Add Section 903.2.13 to read as follows:

903.2.13 Spray booths and rooms. New and existing spray booths and spraying rooms shall be protected by an approved automatic fire-extinguishing system.

W. Amend Section 903.3.1.1.1 to read as follows:

903.3.1.1.1 Exempt locations. Sprinklers shall not be omitted from any room merely because it is damp, or has fire-resistance rated construction or contains electrical equipment. The following conditions may be exempt if approved by the fire code official.

1. Any room where the application of water, or flame and water, constitutes a serious threat to life or fire hazard.
2. Any room or space where sprinklers are considered undesirable because of the nature of the contents in the room or space.
3. Generator and transformer rooms separated from the remainder of the building by walls and floor/ceiling or roof/ceiling assemblies having a fire-resistance rating of not less than 2 hours.

X. Add Section 907.1.4 to read as follows:

907.1.4 Fire alarm control panel. Information provided by the fire alarm control panel when a signal(s) is/are received from a device or other system equipment shall include the location of the signal(s) in a manner as specific as the fire alarm system allows. The location description of the signal(s) shall be written in English, not code, and provide the location of the device to fire department personnel.

Y. Add Section 907.1.5 to read as follows:

907.1.5 Design standards. All alarm systems, new or replacement, serving 30 or more alarm actuating devices, shall be addressable fire detection systems. Alarm systems serving more

than seventy-five (75) smoke detectors or more than 200 total alarm activating devices shall be analog intelligent fire detection systems. EXCEPTIONS:

1. Existing systems need not comply unless the total system remodel or expansion initiated after adoption of this code exceeds thirty (30) percent of the building.
2. When building remodel or expansion exceeds fifty (50) percent, the building must comply within 18 months of permit application.

Z. Section 901.7.0.1, Fire watch, is amended to add a new subsection:

The Fire Chief, or his or her designee, shall determine when Fire Department personnel must conduct a fire watch due to code requirements, excessive occupant load, the unusual nature of the event, the use of pyrotechnics or fireworks, the existence of hazardous condition, the inoperability of the fire protection system, or other conditions affecting safety at the event or at the property. The person responsible for the facility shall pay a fee per the fee schedule for associated costs. If more than one person is required for the fire watch, the person responsible for the facility shall pay a fee per the fee schedule. The Fire Chief or designee may notify the responsible person of the period of the fire watch and the resulting fee prior to the event.

AA. Amend Section 907.5 to add:

5. Where a new building has installed a fire suppression system, an occupant notification alarm system shall also be installed. Tenant improvements in sprinklered buildings shall require that space to provide an occupant notification system.

(Ord. 623 § 2 (Exh. A), 2013; Ord. 570 § 2, 2010; Ord. 497 § 3, 2007; Ord. 408 § 3, 2004).

14.05.120 Violations and penalties.

A. Civil Violation. Except as otherwise provided in this chapter, any violation of any of the provisions of this chapter shall constitute a civil violation subject to the penalties and abatement process detailed in Chapter 1.20 UPMC.

B. Criminal Penalty. Except as otherwise provided, in addition to or as an alternative to any other penalty provided for in this chapter, any person, partnership, firm, association, or corporation violating any of the provisions of this chapter shall be guilty of a misdemeanor punishable as provided for in RCW 9A.20.021.

C. Additional Remedies. In addition to any other remedies provided by this chapter, the City may initiate injunction or abatement proceedings or any other appropriate action in the courts against any person, partnership, firm, association, or corporation who violates or fails to comply with any provision of this chapter, or any code adopted herein, to prevent, enjoin, abate, or terminate such violation or to restore a condition which existed prior to the violation. In all injunction, abatement and nuisance proceedings, the violator shall be required, in addition to any other relief, to pay the costs of such action, including reasonable attorneys' fees.

(Ord. 623 § 2 (Exh. A), 2013; Ord. 570 § 2, 2010; Ord. 497 § 3, 2007; Ord. 408 § 3, 2004).

14.05.130 Liability.

The express intent of the City of University Place is that the responsibility for compliance with the provisions of this chapter shall rest with the permit applicant and their agents.

(Ord. 623 § 2 (Exh. A), 2013; Ord. 570 § 2, 2010; Ord. 497 § 3, 2007; Ord. 408 § 3, 2004).

14.05.140 Hearings Examiner – Powers and duties.

All appeals authorized by the international codes as to suitability of alternate materials and methods of construction and from other rulings, interpretations or enforcement actions of those officials charged with enforcing the codes shall be to the City's Hearings Examiner as established by Chapter 2.20 UPMC. The Hearings Examiner shall utilize the procedures and penalties set forth in Chapter 1.20 UPMC. The Hearings Examiner shall serve in lieu of all boards of appeals mentioned or described in the international codes as adopted and amended by the City.

(Ord. 623 § 2 (Exh. A), 2013; Ord. 570 § 2, 2010; Ord. 497 § 3, 2007; Ord. 408 § 3, 2004).

STUDY SESSION

Memo

DATE: July 5, 2016

TO: Mayor Javier Figueroa
Members of the City Council
Steve Sugg, City Manager

FROM: Steve Victor, City Attorney

SUBJECT: Marijuana Recommendation

Introduction

Mayor and Members of the City Council,

I would like to recommend changes to the City's 2014 marijuana ordinance which would allow State-licensed and regulated marijuana business(es) within the City where permitted by State and local siting criteria.

Current U.P. Marijuana Ordinance

The City's current marijuana ordinance (No. 637), UPMC Chapter 5.35, was adopted in 2014, after two six-month moratoriums, and it prohibits all marijuana businesses not licensed by the State and also provides that:

No application for a State-licensed marijuana business shall be accepted by University Place until such time as the federal law is amended to allow marijuana production, processing, and retail sale for recreational use in the State of Washington.

Changes to federal law

1. Rohrabacher-Farr - CJS amendment

In 2014 and 2015, Congress approved a bi-partisan budget amendment that prohibits Justice Department funds from being used to prevent states from implementing state cannabis laws. This law has been interpreted by lower federal courts to mean that federal agencies may not engage in enforcement against marijuana-related activities that comply with state laws. Known as the Rohrabacher-Farr - CJS amendment, its restrictions on federal enforcement are part of the 2016 funding bill for the Commerce-Justice-Science (CJS) budgets and expire at the end of the fiscal year, September 30, 2016. However, it may be renewed and is indicative of a change in federal politics on this issue.

2. Potential Change in Marijuana on Controlled Substances Act (CSA) Schedule

Controlled substances may have their CSA schedule status changed or be removed from CSA regulation entirely either administratively by the Drug Enforcement Agency (DEA), or by an act of Congress.

Under the CSA, drugs, substances, and certain chemicals used to make drugs are classified into five (5) distinct categories or "Schedules" depending upon the drug's acceptable medical use and the drug's abuse or dependency potential, with Schedule 1 containing those deemed most dangerous. Marijuana is currently listed on Schedule 1.

Since 2011, the DEA has been reviewing a petition initiated by then-Governors Christine Gregoire of Washington, and Lincoln Chafee of Rhode Island to remove marijuana from Schedule 1. The DEA went on record stating that it had all the information it needed to make a decision on the petition in September of 2015. More recently, the DEA informed federal lawmakers that it was prepared to issue a decision in 2016.

Though the DEA has made no indication of its likely response, the potentials include moving marijuana from Schedule 1 to another Schedule, which would not make it legal for "recreational" use but would allow medical research and prescription use, or removal from the Schedules and CSA entirely.

Changes to State Law

Subsequent to the adoption of the City's 2014 ordinance, Washington courts have conclusively determined that Washington's local governments have clear legal authority to ban marijuana stores outright. In addition, the State legislature in 2015 adopted substantial reforms to the State marijuana laws. Those amendments definitively close the much-argued issue of unlicensed, untaxed, medical marijuana dispensaries. The new laws and regulations effective this year definitively prohibit such unlicensed "green cross" storefronts. The amendments also put limits on odors from marijuana businesses which will allow for local regulation of marijuana odors.

Conclusion

Based on the Council's legislative findings, the underlying basis for the City's 2014 marijuana ordinance was a concern over the conflict with federal law, and a concern over the potential for proliferation of unlicensed, unregulated "medical marijuana dispensaries" which were arguably allowed under the old State marijuana law. Today, neither of those concerns is practically operative. It is clear that aggressive federal enforcement to end state marijuana legalization is not going to materialize in any realistic future scenario. In addition, the new Washington State marijuana laws preclude, and allow for easy enforcement against, any marijuana businesses not licensed and regulated by the State.

Based on the foregoing, it is my recommendation as the City's chief law enforcement official that the Council remove the federal law-based restriction from the City's marijuana ordinance which would then allow for the potential operation of a State-licensed and regulated marijuana business(es) in the City. The State Liquor and

Cannabis Board has allocated only one available license for University Place, but could change that in future rulemaking without City consent. The City's current marijuana ordinance was carefully crafted to provide effective zoning and regulatory control over licensed marijuana stores, in the event of a change in federal marijuana law, and it should serve the City well.

I must add, however, that under current State law, Washington cities and counties still have a legal right to ban all marijuana businesses within their jurisdiction, so a complete ban remains an option. Should a majority or more of the Council desire to continue a ban, I recommend considering the adoption of a simpler prohibition ordinance with new legislative findings which do not reference those on which we relied in 2014.

Potential Legislative Options

1. Amend the existing ordinance to remove the federal law reference. This would allow a State-licensed, regulated and taxed marijuana retail business(es) to open in the City under the existing City regulations, if the business can secure an allowable location.
2. Prior to considering amending the existing ordinance to remove the federal law reference, refer the topics of permitting requirements and whether to reduce buffer widths, where allowed under State law, to the Planning Commission for study and recommendations. The ultimate decision of whether to allow marijuana businesses would remain a City Council legislative decision.
3. In either of the above scenarios, refer the topic of permitting and zoning requirements for producers and processors of marijuana to the Planning Commission for study and recommendations.
4. Amend the existing City marijuana ordinance to make it a simple ban, with new legislative findings.

**Business of the City Council
City of University Place, WA**

Proposed Council Action:

Pass an Ordinance amending Chapter 19.65 Landscaping/Trees of the University Place Municipal Code pertaining to Purpose, Enforcement and Penalties, Definitions, Exemptions, Maintenance, Urban Forest Management, Tree Retention, Tree Removal in Subdivisions, Tree Replacement, Tree Maintenance and Pruning, and Other Related Provisions.

Agenda No: 9
Dept. Origin: Planning & Development Services
For Agenda of: July 5, 2016
Exhibits: Proposed Ordinance
Exhibit A – Proposed Amendments

Concurred by Mayor: _____
Approved by City Manager: _____
Approved as to form by City Atty.: _____
Approved by Finance Director: _____
Approved by Department Head: _____

Expenditure Required: \$0.00	Amount Budgeted: \$0.00	Appropriation Required: \$0.00
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SUMMARY / POLICY ISSUES

On July 29, 2012, the City Council held a study session to discuss the protection of scenic views and raised questions concerning the City's tree retention provisions. The Council requested Planning Commission review of existing regulations and adopted Resolution No. 698, which directed the Commission to recommend language to clarify existing Zoning Code provisions regarding:

- a. The number of trees that property owners are allowed to cut down in a three-year period; and
- b. City staff's availability to consult on the determination of what constitutes a dangerous or hazardous tree.

The proposed amendments address the City Council Resolution by:

- Authorizing staff to make certain hazard tree determinations without the need of a certified urban forester; and
- Allowing smaller, invasive and nuisance trees to be removed without a tree removal permit, thereby allowing additional, but less significant, trees to be cut within a three year period.

The amendments would add or modify a number of tree retention provisions, including: definitions; the size threshold for regulated trees; options for determining tree retention; the process for evaluating trees, designing projects around them, and protecting retained trees during construction; and nuisance and invasive tree provisions. They would provide consistency with the newly updated comprehensive plan by supporting policies to "protect and enhance the natural green and wooded character of the city by retaining an abundance of mature trees". The amendments would reduce unintended consequences such as the retention of trees having little aesthetic or ecological value by providing more flexibility for developers to work with staff in developing plans that focus on protecting larger and more beneficial trees rather than smaller and less desirable trees.

BOARD OR COMMITTEE RECOMMENDATION

The Planning Commission recommends approval of amendments to UPMC Chapter 19.65 Landscaping/Trees. These amendments are contained in Proposed Ordinance Exhibit A attached to this Council Bill, with modifications to the enforcement and penalties section as requested by Council at its June 20, 2016 meeting.

RECOMMENDATION / MOTION

MOVE TO: Pass an Ordinance amending Chapter 19.65 Landscaping/Trees of the University Place Municipal Code pertaining to Purpose, Enforcement and Penalties, Definitions, Exemptions, Maintenance, Urban Forest Management, Tree Retention, Tree Retention Plans, Tree Removal in Subdivisions, Tree Replacement, Tree Maintenance and Pruning, and Other Related Provisions.

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF UNIVERSITY PLACE, WASHINGTON, AMENDING TITLE 19 CHAPTER 19.65 LANDSCAPING/TREES OF THE UNIVERSITY PLACE MUNICIPAL CODE PERTAINING TO PURPOSE, ENFORCEMENT AND PENALTIES, DEFINITIONS, EXEMPTIONS, MAINTENANCE, URBAN FOREST MANAGEMENT, TREE RETENTION, REMOVAL IN SUBDIVISIONS, TREE REPLACEMENT, TREE MAINTENANCE AND PRUNING, AND OTHER RELATED PROVISIONS

WHEREAS, in enacting the Growth Management Act (Chapter 36.70A RCW, hereafter GMA) the Legislature found that "uncoordinated and unplanned growth, together with a lack of common goals expressing the public's interest in the conservation and the wise use of our lands, pose a threat to the environment, sustainable economic development, and the health, safety, and high quality of life enjoyed by residents of this state"; and

WHEREAS, the GMA requires that local governments meeting certain criteria, including the City of University Place, adopt development regulations to guide development subject to state regulations, multi-county and countywide planning policies, and comprehensive plan goals and policies; and

WHEREAS, the City Council established and appointed the Planning Commission to advise the City Council on the following topics: growth management; general land use and transportation planning; long range capital improvement plans; and other matters as directed by the City Council; and

WHEREAS, the Planning Commission is charged with holding hearings on and preparing development regulations for the City and making recommendations to the City Council on amendments to these regulations; and

WHEREAS, On August 20, 2012, the Council requested the Planning Commission review existing tree preservation regulations and adopted Resolution No. 698, which directed the Commission to recommend language to clarify existing provisions regarding the number of trees that property owners are allowed to cut down in a three-year period and staff's availability to consult on the determination of what constitutes a dangerous or hazardous tree; and

WHEREAS, On September 23, 2015, the City submitted a set of draft amendments to the Department of Commerce to initiate the mandatory 60-day state agency review period; and

WHEREAS, the state agency review period ended on November 22, 2015 and no agency comments were received; and

WHEREAS, the City issued a *SEPA Determination of Non-significance* on September 23, 2015 with a 14-day comment period ending October 6, 2015, and no adverse comments were received; and

WHEREAS, the City published a *Notice of Public Hearing* in the Tacoma News Tribune on September 23, 2015 regarding an October 7, 2015 Planning Commission public hearing to be held on the draft code amendments; and

WHEREAS, the Planning Commission conducted a public hearing on October 7, 2015 to consider written and oral public comments on the draft amendments, considered the approval criteria listed in UPMC 19.90.030, and voted unanimously to recommend to the City Council approval of the draft amendments; and

WHEREAS, the City Council conducted a public review the recommended amendments at meetings held on January 19, 2016 and June 20, 2016; and

WHEREAS, the City Council has considered the approval criteria listed in UPMC 19.90.030 and adopted the following findings in support of the amendments:

1. The proposed tree retention amendments reflect, and respond to, changes that have occurred in University Place since incorporation in 1995. The amendments will ensure consistency with University Place Comprehensive Plan goals, objectives and policies, including the following:

GOAL CC6

Promote the planning, management and preservation of a safe and healthy urban forest that reflects community character goals by establishing effective programs, practices, landscaping standards, and guidelines.

Policy CC6A

Encourage the use of native, drought-tolerant plants to provide for an attractive urban setting; support the urban citywide tree canopy and wildlife; buffer the visual impacts of development; help reduce storm water runoff; and, contribute to the planting, maintenance, and preservation of a stable and sustainable urban forest. Require landscaping with a drought-tolerant native plant component (trees, shrubs and groundcovers) to be installed when development activities, including new construction and substantial alterations of existing structures, parking areas, streets and sidewalks, take place.

Policy CC6B

Ensure that City landscaping standards and guidelines promote plant retention, selection, installation and maintenance. These standards are intended to maintain existing trees when practicable, more effectively ensure that plants survive and thrive, minimize conflicts with infrastructure, and in some cases provide a substantial visual screen or buffer. The City should periodically review the effectiveness of its landscaping and tree retention requirements and amend them as necessary to ensure they will achieve desired urban forest goals and objectives.

GOAL EN3

Protect and improve the essential livability of the urban environment.

TREES AND LANDSCAPING

Policy EN3K

Protect and enhance the natural green and wooded character of University Place. Retain an abundance of mature trees and a healthy understory to maintain community identity and contribute to a healthy environment by cleaning the air, producing oxygen, reducing surface water run-off, providing wildlife habitat, absorbing sound and masking noise, and reducing energy costs through shading and windbreak functions.

Policy EN3L

Encourage preservation of significant trees and planting of new trees in locations that allow normal growth patterns, support energy conservation and complement view access, light, privacy and safety needs. Plant deciduous trees where summer shade, winter solar gain, and seasonal change will be beneficial or desired. Plant evergreen trees where year-around beauty, visual screening and noise buffering are desired. Require street trees along all new and substantially modified arterial, collector and local streets.

Policy EN3O

Require tree surveys for new developments to identify healthy significant trees that should be preserved. Focus tree retention on the perimeter of a development site where building setbacks already preclude construction while also preserving significant trees in the interior of a site. Protect trees designated for preservation from development impacts. Require replacement trees if the requisite number of trees cannot be preserved.

2. The proposed amendments are in the best interest of the citizens and property owners of the City as the amended regulations will more carefully direct growth and manage change in the community with respect to tree retention in a manner consistent with community aspirations;

3. The proposed amendments enhance the public health, safety, comfort, convenience or general welfare by refining tree retention regulations that will more effectively implement Comprehensive Plan objectives and directives supported by the community;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF UNIVERSITY PLACE, WASHINGTON, DOES ORDAIN AS FOLLOWS:

Section 1. University Place Municipal Code Title 19 Zoning Amendments Adopted. The City of University Place Municipal Code is hereby amended as indicated in Exhibit "A" attached.

Section 2. Severability. If any section, sentence, clause or phrase of this Title shall be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause or phrase of this Title.

Section 3. Publication and Effective Date. A summary of this ordinance, consisting of its title, shall be published in the official newspaper of the City. This ordinance shall be effective five (5) days after its publication.

PASSED BY THE CITY COUNCIL ON _____, 2016.

Javier H. Figueroa, Mayor

ATTEST:

Emelita Genetia, City Clerk

APPROVED AS TO FORM:

Steve Victor, City Attorney

Published: xx/xx/xx
Effective Date: xx/xx/xx

City of University Place

Tree Retention Code Amendments

Chapter 19.65 Landscaping/Trees

19.65.010 Purpose.

The purposes of this chapter are:

- A. To implement the City's vision statement and the goals and policies of the Comprehensive Plan;
- B. To protect and enhance the natural green and wooded character of University Place for aesthetics and community enjoyment;
- C. To promote the compatibility between land uses and zones by reducing the visual, noise and lighting impacts of development on users of the site and abutting uses;
- D. To protect critical areas from the impacts of development, by facilitating aquifer recharge, protecting urban wildlife habitat, reducing stormwater runoff and pollution of surface waters, and controlling dust, erosion and sedimentation;
- E. To promote the use and protection of vegetation native and common to the Puget Sound region;
- F. To promote the application of water-efficient techniques in the design, installation and maintenance of landscaping; ~~and~~
- G. To provide physical safety of pedestrians and motorists through the proper location and placement of vegetation; ~~and~~
- H. To protect public health through the absorption of air pollutants and contamination, and by capturing carbon dioxide;
- I. To provide visual screening and summer cooling;
- J. To reduce energy demand and urban heat island impacts; ~~and~~
- K. To enhance property values; ~~and~~
- L. To preserve scenic views, including views from public property and the City right-of-way.

19.65.020 Authority.

The Department shall review and may approve, disapprove or approve with modification all permits, site plans, and/or landscape plans for all uses and developments which are required to comply with the provisions of this section. This section includes landscaping requirements and urban forest management. Chapter [76.09](#) RCW and Chapter [222-20](#) WAC authorize the urban forest management provisions of this chapter.

19.65.030 Disclaimer of liability.

The City is not liable for any damage to property or injury to persons that results because of landscaping or trees that must be retained as required by this section whether by natural and/or other causes. It shall be the responsibility of property owners to question the safety of landscape requirements or the health and safety of trees and to request modification of landscape requirements or review of diseased and/or dangerous trees as provided for in this section.

19.65.040 Enforcement and penalties.

A. It shall be unlawful to remove any tree or vegetation in a manner inconsistent with this chapter, an approved tree preservation plan and/or a plat note which requires the preservation of trees and/or vegetation.

B. In addition to any other sanction or penalty or any remedial or administrative procedure available under the University Place Municipal Code or State law for a violation of any provision of this chapter or failure to comply with any permit or other written order or decision issued pursuant to this chapter, a monetary penalty of one thousand dollars for each tree cleared, cut, damaged or removed, or for each act of clearing, cutting, damaging, or removing shall ~~vegetation, shall~~ be assessed. ~~that is the greater of:~~

~~1. One thousand dollars for each tree cleared, cut, damaged or removed, or for each act of clearing, cutting, damaging, or removing vegetation; or~~

~~2. Triple the value of each tree cleared, cut, damaged or removed, or of the vegetation cleared, cut, damaged, or removed. The replacement value shall be determined using the methods described in the Guide for Plant Appraisal published by the International Society of Arboriculture, most current edition; or~~

~~3. An amount reasonably determined by the Director to be equivalent to the economic benefit that the violator derives from the violation as measured by the greater of the resulting increase in market value of the property or the value received by the violator, or savings of construction costs realized by the violator.~~

C. In the case of urban forest management, the City ~~may~~ shall impose a six-year moratorium on the development of the subject property when a property owner either fails to obtain a tree removal permit or violates the provisions of a valid tree removal permit, including failure to disclose the intended use of the property.

D. In addition to the monetary penalties above, each tree illegally removed shall be replaced with new trees of the same species at a replacement rate of three trees for every tree removed. The City may authorize an alternative species or cultivar if it would be a more suitable and beneficial selection for a specific location given unique site characteristics.

19.65.050 Permits.

A. Tree Removal Permit. A tree removal permit is required to cut or otherwise remove six or more trees in any consecutive 36-month period. An application for a tree removal permit and any information required by this section shall be submitted for any tree removal activity not exempt by this section. If six or more trees are to be removed, a tree removal permit application shall be submitted at the same time an application for a building permit, development permit or land use permit is submitted. The application shall be on a form provided by the City and shall be accompanied by documents and information as are determined to be necessary by the Director. Notification of abutting and adjacent property owners is required.

B. The City may refer applications to an urban forester for comments. Any permit granted shall expire one year from the date of issuance. Upon a showing of good cause, a permit may be extended by the Director for one six-month period. The permit may be suspended or revoked by the Director because of incorrect information supplied or any violation of the provisions of this chapter. No work shall begin until a public notice has been posted on the subject site in a conspicuous location. The notice shall remain posted until the project has been completed.

19.65.060 Definitions.

“Brushing” means the practice of removing significant groundcover by hand or hand-operated equipment to create better visibility on a property for purposes such as marketing or surveying of said property.

“Christmas tree” means any evergreen tree or the top thereof, commonly known as a Christmas tree, with limbs and branches, with or without roots including fir, pine, spruce, cedar and other coniferous species.

“Clearing” means the cutting, moving on site, or removal of standing or fallen timber (including stumps); the removal or moving on site of stumps; or the cutting or removal of brush, grass, groundcover, or other vegetative matter from a site in a way which exposes the earth’s surface of the site.

“Conversion” means converting the use of land from forestry to non-forestry uses.

“Critical root zone” is an area where the tree’s roots are located. This root zone is generally the area surrounding a tree at a distance which is equal to one-foot radius for every diameter-inch measured at breast height (DBH) or four and one-half feet above ground.

“Crown” is the area of a tree containing leaf- or needle-bearing branches.

“Development” is the division of a parcel of land into two or more parcels; the construction, reconstruction, conversion, structural alteration, relocation, or enlargements of any structure; any mining, excavation, landfill, stockpiling, clearing or land disturbance; and any use or extension of use of the land.

“Diameter at breast height” (DBH) is a tree’s diameter in inches at four and one-half feet above the ground. On multi-stemmed or multi-trunked trees, the diameter shall be the diameter equivalent to the sum of trunk areas measured at four and one-half feet above ground.

“Drip line” of a tree means an imaginary line on the ground created by the vertical projection of the foliage at its greatest circumference.

“Forest practices” means any activity relating to growing trees and harvesting or processing timber including but not limited to road and trail construction; harvesting; thinning; reforestation, fertilization, prevention and suppression of diseases and insects; salvage of trees; and brush control.

“Groundcover” means types of vegetation which are normally terrestrial such as shrubs, vines, grasses, and herbaceous plants.

“Hazard tree” is any tree with a structural defect and/or disease which makes it subject to a high probability of failure and with a proximity to persons or property that makes it an imminent threat.

“Invasive tree” is a species that was introduced by humans to locations outside of their native range that spread and persist over large areas. Invasive species negatively impact natural ecosystems by displacing native species, reducing biological diversity, and interfering with natural succession. Tree species known to be invasive in the Pacific Northwest are listed in UPMC 19.65.330.

“Limited tree removal” is the removal of five trees or less in any 36 consecutive months for the purposes of property development, solar access, general property and utility maintenance, landscaping or gardening. ~~Tree removal in a landslide and erosion hazard area, a wildlife habitat area or a wetland or wetland buffer is prohibited unless specified otherwise.~~

“Nuisance tree” is a species that is known to be weak-wooded and unstable, or one that exhibits other traits that render it prone to creating nuisance conditions for persons and property located in close proximity to such trees. Tree species categorized as nuisance trees in University Place are listed in UPMC 19.65.340.

“Outdoor storage area” means an area on a site where materials, merchandise and/or equipment is stored outdoors.

“Remove” or **“removal”** is the act of removing a tree by digging up, cutting down, or any act which causes the tree to die within a period of three years, including, but not limited to, damage inflicted on the root system by machinery, storage of materials, or soil compacting, or changing the ground level in the area of the tree’s root system; damage inflicted on the tree permitting infections or infestation; excessive pruning; topping; paving with concrete, asphalt, or other impervious material within the drip line; or any other action which is deemed harmful to the tree.

“Replacement tree” means any self-supporting perennial woody plant that ~~matures at a height greater than six feet and~~ measures at least six feet in height at the time of planting and at 24 inches above the root ball has a diameter of at least three inches for evergreen trees, and is fully branched and has a minimum caliper of two inches and a minimum height of 10 feet at time of planting~~one and one-half inches~~ for deciduous trees.

“Significant tree” means a tree identified on the City’s inventory of significant trees.

“Tree” means ~~any~~ living woody plant characterized by one or more main stems or trunks and many branches, with the trunk or at least one main stem having a diameter of at least twelve~~six~~ inches DBH or more at breast height (DBH) for evergreen trees and at least nine inches DBH for deciduous trees. Invasive, nuisance or hazard trees, of any size, as determined by the City, are not considered trees for the purposes of this chapter.

• **“Tree removal permit”** means a permit issued by the City to permit clearing and/or tree removal pursuant to the provisions of this chapter.

“Tree Topping” is an extreme form of crown reduction that removes whole tops of trees or large branches and/or trunks from the tops of trees, leaving stubs or lateral branches that are too small to assume the role of a terminal leader – the vertical stem at the top of the trunk. Tree topping severely cuts back large trees to a predetermined size in a manner that:

- leaves large exposed wounds that can become infested;
- ruins tree structure;
- removes too much foliage, disrupting the tree’s energy storage;
- stimulates vigorous new growth, which is prone to breakage;
- increases tree maintenance costs; and
- destroys a tree’s appearance and value.

“Understory” means small trees and shrubs growing below the canopy of larger trees.

“Urban forest management” means the management of trees in the City, whether on public or private property, for the purposes of but not limited to maintaining the wooded character of the City and property values; providing wildlife habitat, buffering, and wind protection; facilitating aquifer recharge and slope stabilization and enhancing our healthy, safe, and attractive environment.

“Urban forester” is a licensed professional approved by the City with academic and/or field experience that makes him or her a recognized expert in tree preservation and management. For City approval, an urban forester shall be a Society of American Foresters (SAF) Certified Forester, a certified arborist with the an International Society of Arboriculture (ISA) Certified Arborist, or an American Society of Consulting Arborists (ASCA) Registered Consulting Arborist. ~~Submission of additional credentials including those of a registered arborist with the American Association of Consulting Arborists is encouraged. An urban forester shall have the necessary~~

~~training and experience to use and apply the International Society of Arboriculture's guide to evaluation and management of trees, "Guide to the Evaluation of Hazard Trees in Urban Areas," and to successfully provide the necessary expertise relating to management of trees specified in this chapter.~~

19.65.070 Exemptions.

The following shall be exempt from the tree removal permit requirements of this chapter but shall satisfy all standards and requirements of UPMC [19.65.240](#) and other sections as noted below. Except for limited tree removal, a written exemption must be obtained from the City prior to commencing any clearing or tree removal.

A. Limited tree removal except in the following critical areas: landslide and erosion hazard area, fish and wildlife habitat area or its buffer, and/or wetland or wetland buffer -- unless authorized pursuant to Title 17 Critical Areas~~otherwise specified. City notification is required to assist in record keeping.~~

B. Removal of trees where the trunks are located and groundcover in conjunction with new construction within a maximum of 10 feet of an existing the perimeter of the new building that will remain on a site and any area proposed to be cleared for driveway and septic purposes as indicated on a plot plan submitted with a building permit application; provided, however, the Director may require minor modifications in siting and placement of driveways, utilities and septic tank drain field systems where such modifications will promote the goals of this chapter and still satisfy the need and function of improvements. This exemption does not allow tree removal prior to preliminary plat, final plat, or short plat approval.

C. Removal of hazard trees ~~and groundcover~~ in emergency situations involving immediate danger to life or property or substantial fire hazards as determined by the City. Replacement of any trees removed is required in accordance with the replacement provisions of this chapter.

D. Removal of a hazard tree(s) following an affirmative recommendation by an ISA-Certified Arborist or ASCA Registered Consulting Arborist that the tree is a safety hazard and should be removed. The ~~Certified~~ arborist shall conduct an assessment in accordance with ANSI A300 (Part 9) – 2011 Tree Risk Assessment and provide a written report that includes: identification and location of the specified trees; a description of the methods used; tree risk assessment data; recommendations for mitigating risk or additional assessments; and, recommendations for monitoring and follow-up. The arborist performing this work shall have a Tree Risk Assessment Qualification (TRAQ) or equivalent. The City may, at its discretion and in consideration of ISA tree risk assessment guidance, waive the certified or registered arborist requirement if City staff conducts an on-site inspection and determines that a tree clearly and obviously constitutes a hazard. City staff should consider the following conditions when conducting a tree risk assessment:

- Is the tree dead, diseased, decayed, burned or otherwise damaged;

- [Are there multiple weak branch attachments, broken and/or hanging limbs;](#)
- [Is the foliage sparse, and/or discolored;](#)
- [Is there evidence of root rot/exposed, undermined or pruned roots or a restricted root area;](#)
- [If leaning what is the degree of lean. Are roots broken or is the soil heaving or cracking;](#)
- [Is the top broken on conifers; and](#)
- [Are there targets such as buildings, parking, or traffic or pedestrian facilities below the tree?
Can the target\(s\) be moved](#)

~~Upon such inspection, staff may determine that further review by a certified or registered arborist is required before making a determination as to whether a tree constitutes a hazard. use the most recent edition of the Photographic Guide to the Evaluation of Hazard Trees in Urban Areas and the Tree Hazard Evaluation Form published by the International Society of Arboriculture.~~

~~E. Removal of [obviously dead or diseased groundcover or windthrow trees](#). Replacement of any trees removed is required in accordance with the replacement provisions of this chapter.~~

F. Emergencies. Removal of trees necessary to protect public safety or public or private property from imminent danger in response to emergencies declared by the City, County, State or Federal governments. In the case of a declared emergency, the written approval requirement shall be waived.

G. Removal of street trees, when performed by or on behalf of the City to maintain rights-of-way and in the interest of public safety.

H. Removal of trees that interfere with existing utility transmission lines when pruning is not sufficient to alleviate the interference condition. Topping is prohibited. [Utility pruning shall be conducted in accordance with the latest edition of the United States Department of Agriculture’s Publication NA-FR-01-95 How to Prune Trees available on-the web, except that tree pruning for utilities shall be conducted in accordance with the latest edition of the International Society of Arboriculture’s Best Management Practices – Utility Pruning of Trees.](#)

19.65.080 Required water conservation.

During periods when water conservation is required, new landscaping and maintenance of existing required landscaping shall not be required. However, following the lifting of water restrictions, any landscaping required during the period of the required conservation shall be installed and all required landscaping shall be restored to a healthy condition. Any required landscaping that has died shall be replaced in accordance with UPMC [19.65.220](#).

19.65.090 Landscaping.

Landscaping shall be located along street frontages, around the perimeter, in parking areas and/or on other areas of a site in accordance with the following sections and the landscape tables in UPMC [19.65.150](#)(A) and (B). This subsection shall apply to the following:

A. New Development. All new uses shall provide landscaping in accordance with the requirements of this chapter. The landscape tables indicate the particular landscape category which applies to proposed uses. The tables and other sections of this chapter shall be used as standards when landscaping requirements are imposed as part of a discretionary permit review process.

B. Expansions of or Alterations to Existing Uses. The requirements of this section shall apply to remodeling or expansion of existing uses under either of the following conditions: (1) when the remodeling or expansion results in the remodeling of or addition of 10 percent or more of the gross floor area of the existing principal building or, collectively, to any principal buildings in a ~~development project~~commercial center; or (2) when the remodeling or expansion results in cumulative improvements to the interior and/or exterior of a structure (except for normal maintenance, repair, and life/safety improvements including but not limited to reroofing, painting, recarpeting, fire sprinkler installation, and improved exiting and accessibility), which within a 12-month period exceeds a cumulative value of 10 percent of the assessed value of the structure as assessed by the Pierce County Assessor's Office. All landscape requirements of this section shall apply to the entire property. The landscape tables indicate the particular landscape category which applies to proposed expansion or alteration. Where conformance with this section would create a nonconformity of parking standards or would conflict with the location of existing buildings on the lot, the Director shall determine how the code is to be applied. The Director shall use landscape averaging by requiring more landscaping in one area and reducing it in another. In determining how to apply the landscaping requirements in such circumstances, the Director shall use the following criteria in deciding which of the landscaping requirements to adjust, listed in the order of highest importance:

1. Compliance with street frontage landscaping standards;
2. Compliance with perimeter landscaping standards;
3. Compliance with internal area of parking lot standards;
4. Compliance with other landscaping standards of this title.

C. Change of Use or Occupancy. When the use of a building or lot changes to another use which does not involve expansion or remodeling as provided in subsection (B) of this section, such use need not provide additional landscaping except under the following circumstances:

1. Additional off-street parking is required, in which case the landscaping required by UPMC [19.65.110](#) shall be required for all new parking spaces or parking facilities provided.
2. The use is subject to special use permit in which case the review authority shall establish the minimum landscape requirements for the specific use.
3. New uses, storage or other activities will take place outdoors, in which case the requirements of UPMC [19.65.120](#) shall apply.

4. The previous use did not comply with the requirements of the landscaping regulations in effect at the time it was established.

5. Difference of Standards. Where there is a difference in the standards listed in this section and the specific requirements listed for specific uses, the more stringent will apply. The Director may permit alternative landscaping, as provided in UPMC [19.65.170](#), when the overall site development plan proposed provides equivalent or better results than required by this title.

6. If contiguous lots are developed jointly, the requirement for perimeter buffering between the jointly developed lots shall not be required.

7. No street frontage landscaping is required for single-family or ~~duplex~~two-family dwellings constructed on a lot of record that existed on the effective date of this code.

19.65.095 Difference of standards.

Where there is a difference between the standards listed in this chapter and the specific requirements listed for specific uses, the more stringent will apply. Landscaping design standards and guidelines specified for small lot development, multifamily development, and projects located within the Town Center, Mixed Use, Mixed Use – Office, Mixed Use – Maritime, or Community Commercial zones shall prevail when conflicts between this chapter and these specific requirements exist. The Director may permit alternative landscaping, as provided in UPMC [19.65.170](#), when the overall site development plan proposed provides equivalent or better results than required by this title.

19.65.100 Street frontage landscaping.

Any portion of any use, except individual single-family or ~~duplex~~two-family lots, that abuts a public right-of-way shall install Level III landscaping unless otherwise specified. See Figure 1 in UPMC [19.65.140](#).

19.65.105 Transition landscaping requirements.

Development or redevelopment of uses not permitted in the R1 or R2 zones on those portions of properties that abut or are across a local street (as defined in Chapter [13.20](#) UPMC) from an R1 or R2 zoned property shall:

A. Install Level I landscaping within the front yard setback abutting all local streets. See Figure ~~13~~ in UPMC [19.65.140](#).

B. Install a solid 100 percent sight-obscuring six-foot-high fence or wall within or along the required setback along all local streets. The location of the fence or wall shall be approved by the Director. For the purposes of this section, a cyclone fence with slats is not a sight-obscuring fence.

19.65.110 Parking lot and impervious surface area landscaping.

A. The intent of this section is to break up and reduce the barren appearance of parking, circulation, loading, storage and other large impervious surface areas of a site. To the extent practicable, landscaped areas shall be dispersed throughout the impervious surface area.

B. Perimeter Street Landscaping. Any portion of a parking lot, outdoor sales area or other large impervious surface area that is within 20 feet of a public road right-of-way shall install Level III landscaping along that portion of the parking lot perimeter. See Figure 3 in UPMC [19.65.140](#).

C. Interior Landscaping. All surface parking lots with 10 or more spaces or combined outdoor sales areas greater than 1,600 square feet must provide interior landscaping as follows:

1. Row Requirement. The maximum number of consecutive vehicle parking or sales display spaces without an intervening island or peninsula is 10, unless the row fronts on a landscaping area with a minimum planting width of eight feet. For such rows, the maximum consecutive parking spaces without an intervening island or peninsula is 20 spaces. A landscaping island or peninsula is required at the end of each row of four or more automobile parking spaces that terminates within a parking or circulation area.

2. Island/Peninsula Requirement. Landscape islands and peninsulas shall have a minimum planting width and length of eight feet and minimum planting area of 120 square feet. There shall be at least one tree planted on every island and peninsula.

3. Planting Type and Density. The following landscaping is the minimum required for each 300 square feet of impervious surface landscaping: one two-inch caliper deciduous tree or one six-foot-tall evergreen tree; five five-gallon shrubs; and groundcover. There shall be a minimum of one deciduous canopy tree per four parking spaces or vehicle storage or sales display spaces. Deciduous canopy trees shall be selected in accordance with the Approved Street Tree Palette provided in the streetscape standards adopted pursuant to Chapter [19.54](#) UPMC.

4. Curb/Curb Edge. Planting areas shall be fully protected by curbs as a means of preventing injury to plants from pedestrian or vehicular traffic and to prevent landscaping material from entering the storm drainage system. No trees or shrubs shall be planted within two feet of a curb edge. Groundcover is required within this two-foot area.

19.65.120 Perimeter landscape buffering.

A. Intent. The intent of this section is to provide for a physical, visual and noise buffer and transition between uses. Different landscape/buffer levels are used to address different uses, compatibility and in conjunction with new subdivisions.

B. General Requirements. Refer to the tables in UPMC [19.65.150](#)(A) and (B) for the landscape level required by the proposed use, expansion or alteration. Each lot line will have a required landscape level based on the abutting land use except that, when two or more properties abut and share a common driveway or parking area, perimeter landscaping along the shared

property line may be waived. Pedestrian walkways shall be permitted to cross required landscape areas. Refer to Figures 1, 2, and 3 in UPMC [19.65.140](#) for illustration of perimeter landscaping requirements.

C. If contiguous lots are developed jointly, the requirement for perimeter buffering between the jointly developed lots shall not apply.

D.Maintenance: Where landscaping has been required or a natural buffer has been set aside, no other use including, but not limited to, the construction of structures is allowed unless authorized by the original permit.

19.65.125 Residential development canopy tree requirement.

A minimum of one deciduous tree per 3,000 square feet of lot area shall be planted on each new single-family or duplex lot created through the short plat or conventional preliminary plat/final plat process after the effective date of the ordinance codified in this section. In addition, a minimum of one deciduous or evergreen tree per 2,000 square feet of dedicated common open space shall be planted within a project's open space area. If the calculation of the number of trees results in a fraction of one-half or greater, the fraction and the number of trees shall round up to the next whole number. If this calculation results in a fraction of less than one-half, the fraction and the number of trees shall round down to the previous whole number.

Planting on an individual lot shall occur prior to the building permit being finalized for a new dwelling unit on the lot. Trees required under this provision shall be in addition to any street trees required to be planted within a public street right-of-way or replacement trees required to be planted in accordance with UPMC [19.65.310](#). This section shall not apply to small lot developments designed in accordance with Chapter [19.53](#) UPMC.

19.65.130 Interior landscaping/site stabilization.

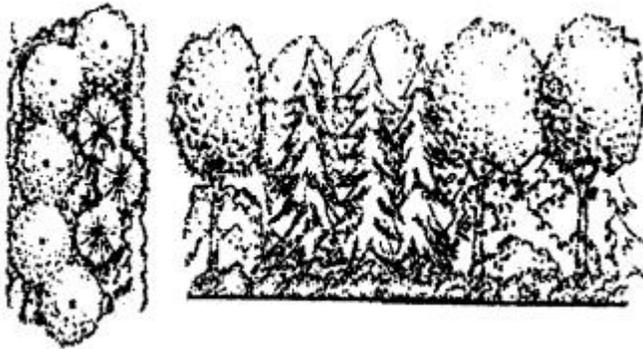
All interior portions of lots, parcels or tracts which are not developed with buildings, parking areas and/or accessory uses or where other more specific landscaping regulations are required shall be landscaped with Level IV landscaping, unless native vegetation already exists, and shall be maintained. This includes temporary stabilization of development sites.

19.65.140 Landscape levels.

A. Level I: Visual Screen. Level I landscaping is intended to provide a very dense sight barrier to significantly separate uses and zoning districts. It shall generally consist of a mix of predominantly evergreen plantings including living trees, shrubs and groundcovers. The choice and spacing of plantings shall be such that they will form a dense hedge sufficient to obscure sight through the screen within three years after planting. Where a sight-obscuring fence is required, chain-link fencing with slats shall not be considered to be sight-obscuring. Level I landscaping shall consist of the following:

1. A minimum of two staggered rows of evergreen trees planted along the entire length of the required buffer. Trees shall be chosen and spaced so as to form an effective visual screen, which creates a solid sight-obscuring barrier within three years of planting. Evergreen trees shall be planted no greater than 15 feet on center in each row.
2. The width of a Level I landscape buffer shall be no less than 20 feet. The area which is not planted with trees shall be planted with shrubs and groundcover. Shrubs shall be spaced no greater than five feet on center. Shrubs and groundcover shall be planted to attain a coverage of 90 percent of the planting area within three years.
3. Lawns may be used to cover up to 75 percent of the landscape area which is not planted with trees or shrubs.

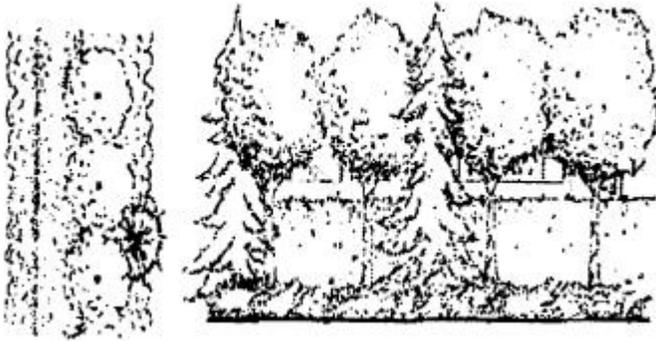
Figure 1. Landscaping Level I, Visual Screen



B. Level II: See-Through Buffer. Level II landscaping is intended to create a visual separation between uses and zones. Level II landscaping shall consist of:

1. A mix of evergreen and deciduous trees, with no more than 30 percent being deciduous. All trees shall be planted at intervals no greater than 10 feet on center.
2. The width of a Level II landscape buffer shall be no less than 12 feet. The area which is not planted with trees shall be planted with a mix of evergreen and deciduous shrubs, with not more than 30 percent being deciduous, planted at a density of seven per 100 square feet of planting area, together with other living groundcover planted to attain a coverage of 90 percent within three years of planting.

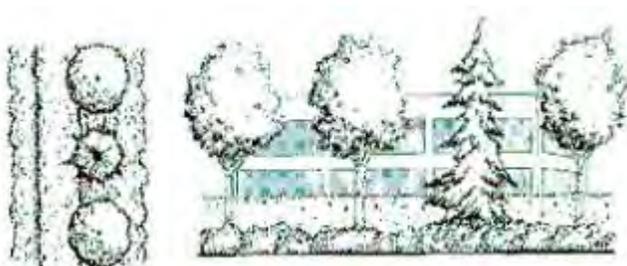
Figure 2. Landscaping Level II, See-Through Buffer



C. Level III: Ornamental Effects Landscaping. Level III landscaping is intended to provide a visual separation of uses from streets; and visual separation of compatible uses so as to soften the appearance of the development from public streets and soften the appearance of parking areas, buildings, and other improvements. Level III landscaping shall consist of:

1. Canopy-type deciduous trees or spreading evergreen trees planted in clumps or strips with a mix of living evergreen and deciduous groundcovers and low shrubs. Up to 100 percent of the trees may be deciduous. Trees shall be spaced at intervals no greater than 30 feet on center.
2. The width of a Level III landscape buffer shall be no less than five feet. The area which is not planted with trees shall be planted with shrubs and living groundcover chosen and planted to attain a coverage of 90 percent within three years of planting. Shrubs shall be planted at a density of five shrubs per 100 square feet of that portion of the landscape area which is not planted in lawn. Lawn may be used for up to 75 percent of the required groundcover.
3. Landscaping located within public rights-of-way shall be approved by the Department, prior to planting, as part of the review of landscape plans required by UPMC [19.65.200](#). Landscaping in the public right-of-way shall be in accordance with the “Design Standards and Guidelines for Streetscape Elements” adopted pursuant to Chapter [19.54](#) UPMC.

Figure 3. Landscaping Level III, Ornamental Effects



D. Level IV: Soil Stabilizing Vegetation/Landscaping. Level IV landscaping is intended to provide soil stability, prevent erosion and prevent sedimentation of off-site properties and improvements. Level IV landscaping shall consist of lawn, other living groundcover, shrubs and

trees with a root structure which stabilizes soil where necessary to prevent erosion and sedimentation. Type IV landscaping may include other organic and/or inorganic soil-stabilizing materials such as rockeries, retaining walls or other similar slope and soil stabilization devices. Level IV landscaping shall be established on all portions of development sites that are or have remained undeveloped for a period of six months.

Figure 4. Landscaping Level IV, Soil Stabilizing



19.65.150 Perimeter landscape tables.

A. Residential, Commercial and Industrial Table.

Existing Uses						
	School or Park	Single- or Two- Family <u>or Duplex</u> Dwellings	Multifamily and Senior Housing	Offices and Services	Commercial Uses	Industrial Uses
Proposed Uses						
Single- or Two- Family <u>or Duplex</u> Subdivisions	L3	<u>X</u>	L3	L1	L1	L1
Short Plats**	L3		L3	L3	L3	L3
Multifamily and Senior Housing*	L1	L1	L2	L1	L1	L1
Mixed Use	L1	L1	L1/L2***	L3	L3	L2
Religious Assembly and Day Care	L1	L1	L2	L1	L1	L1
Offices and Services	L1	L1	L1	L3	L3	L2
Commercial Uses	L1	L1	L1	L3	L3	L2
Industrial Uses	L1	L1	L1	L2	L2	L3

*Includes mobile home parks

**Required on newly created vacant lots only as a condition of building permit issuance. Installation required prior to building permit final.

***Mixed use projects that are predominantly commercial shall use an L1 buffer. Mixed use projects that are predominantly residential shall use an L2 buffer.

Note: Perimeter landscaping not required when development is adjacent to vacant land.

B. Public Facilities and Utilities Table.

Existing Uses						
	Single- or Two-Family or Duplex Dwellings	Single- or Two-Family or Duplex Subdivisions	Multifamily and Senior Housing	Offices and Services	Commercial Uses	Industrial Uses
Proposed Uses						
Government and Utility Offices	L1	L1	L1	L3	L3	L2
Schools and Parks	L1	L1	L1	L2	L2	L1
Government and Utility Maintenance Facilities	L1	L1	L1	L2	L2	L3
Sewage Treatment Plants	L1	L1	L1	L1	L1	L1
Accessory Utility Facilities	L2	L2	L2	L3	L3	L3

19.65.160 Not required in wetlands or across streams.

The landscape requirements of this chapter are not required in a wetland, wetland buffer, fish and wildlife buffers or across streams.

19.65.170 Modification of landscaping requirements.

A. Upon written request supported by one or more of the following instances the Director may authorize a reduced width of planting or waive some or all of the landscaping requirements:

1. Where, except those areas where Level IV landscaping is required, the requirement of this chapter would require more than 50 percent of the site area (excluding parking lots) to be landscaped, the Director may modify the requirements so that not more than 50 percent of the site area (excluding parking lots) must be landscaped. The Director may require more intensive

landscaping if the reduction in the required planting area would reduce the effectiveness of the landscaping to a point where the intent of the landscape level cannot be satisfied.

2. When the inclusion of existing vegetation on the site would result in landscaping equivalent to or better than the requirements of this chapter in achieving the intent of the required landscape level.

3. When existing conditions on or abutting the site, including, but not limited to, differences in elevation, existing vegetation, location of buildings or utilities would render the requirements of this chapter ineffective.

4. When Level I visual screening is required, an applicant may request to use plantings that can be expected to form a healthy sight-obscuring evergreen hedge within three years in lieu of two rows of trees. In reviewing such a request for modification, the Director shall consider the applicant's request in light of the intent of Level I landscaping and the nature of the use or development which is being screened.

5. When the applicant proposes an alternative method of landscaping that would achieve the intent and purpose of the landscaping required in this chapter and which the Director determines to provide superior quality through the use of native vegetation existing on site, preservation of groves of trees, preservation of wetlands and/or wildlife habitat, increasing perimeter landscape width in strategic locations, providing unique focal points of interest, or through other means.

6. When development will occur in phases and development of subsequent phases will result in removal of landscaping required by this title.

B. When approving a request for a modification of landscaping requirements, the Director shall issue findings upon which the approval is based. The Director may attach conditions to any such approval of a request for modification of landscaping requirements if necessary to assure that the intent of the landscape level and any modification thereof is maintained.

19.65.180 Planter boxes.

In limited circumstances the director may approve the use of planter boxes in lieu of Level III landscaping where such planter boxes will not obstruct sight distance.

19.65.190 Sizes and types of landscaping.

Landscape areas required pursuant to UPMC [19.65.090](#) through [19.65.150](#) shall conform to the following standards. All plant material shall meet or exceed ANSI Z60.1-1996 American Standards for Nursery Stock.

A. Trees, Evergreen. Size: Coniferous and broadleaf evergreen trees may be comprised of a mixture of sizes but shall not be less than six feet in height at time of planting. Tree material at

time of planting shall be of a sufficient size to meet ~~applicable the minimum height and landscape buffer or~~ screening requirements within 10 years of installation.

B. Trees, Deciduous. Size: Deciduous trees may be comprised of a mixture of sizes but shall be fully branched, have a minimum caliper of two inches and a minimum height of 10 feet at time of planting ~~unless the City determines that a particular species or cultivar, which is available only in a smaller size, is the preferred selection for a specific location~~. Tree material at time of planting shall be of a sufficient size to meet ~~any applicable the minimum height and landscape buffer or~~ screening requirements within 10 years of installation.

C. Shrubs and Hedges. Size: Shrubs may be comprised of a mixture of sizes but shall not be less than 24 inches at time of planting. Shrub and hedge material at time of planting shall be of a sufficient size to meet the minimum height and screening requirements within three years of installation.

D. Groundcover, Vegetative. Size: Groundcover shall be planted to achieve a minimum planting area coverage of 90 percent of required coverage within three years of installation and shall achieve 100 percent of required coverage within five years of installation.

E. Groundcover, Inert. Wood chips, bark, decorative rock or other appropriate inert organic material may be used.

F. Lawn Sodded and Seeded. Newly seeded lawns or installed sod shall be comprised of drought-resistant and hardy varieties which, when properly installed and maintained, are capable of surviving under conditions of restricted water use.

19.65.200 Landscape plans.

A. A Landscape plan includes a planting plan and an irrigation plan and is required to be prepared for any landscape areas required in UPMC [19.65.100](#) through [19.65.130](#) including active recreation areas in formal subdivisions and short subdivisions. Other areas require only a planting plan. Plans shall be submitted to the Department for review and approval.

B. Landscape plans shall be prepared by a Washington State registered landscape architect, a Washington State certified nurseryperson, or a Washington State certified landscaper, except that landscape plans for short subdivisions and for street tree requirements may be prepared by the applicant. A certified irrigation designer shall prepare the irrigation plan.

C. A planting plan is required to ensure that the proposed plantings are in conformance with the standards and requirements of this chapter. A planting plan drawn to the same scale as the other development plans shall include, at a minimum, the following components:

1. The location of existing vegetation to be retained, proposed vegetation, property lines, impervious surfaces, existing or proposed buildings, natural or manmade water features or bodies, existing or proposed fences and retaining walls, critical lands and associated buffers, and designated recreational open space areas.

2. A plant schedule containing the botanical and common names of the new plant material, existing plant material proposed to be retained, the planting size of the material, the number of each plant, and any special planting instructions.

3. Whenever possible the landscape plan shall incorporate the recommendations contained in the City's publication on root control, water conservation and suggested plant material.

D. An irrigation plan is required to ensure that the planting will be watered at a sufficient level to ensure plant survival and healthy growth. All landscaped areas must provide an irrigation method as stated below:

1. Option 1. A permanent underground irrigation method with an automatic controller plus an overriding rain switch.

2. Option 2. An irrigation method which provides sufficient water to ensure that the plants will become established. The method shall be required to be permanent unless the plant materials selected are determined to be drought-tolerant by the Department, in which case irrigation standards shall be required only during the first growing season following installation. Even if drought-tolerant plants are used in the landscape design, there must be an identified method to easily provide water to the plants in the case of a prolonged drought. Any automatic/mechanical system designed under this option shall be fitted with an overriding rain switch.

E. Planting is encouraged to take place in the spring or fall planting season following final development permit approval, and shall be completed prior to final occupancy approval of the building. The Director may allow a postponement of the landscaping due to weather conditions, with appropriate financial guarantees to ensure completion, but in no case shall planting be postponed beyond 90 days after the certificate of occupancy is issued or final inspection. However, the Director may approve an alternative timeline associated with a phased project.

F. Following installation of the landscaping and irrigation, the person or persons who prepared the planting and irrigation plans shall submit, within 30 days, a signed affidavit that the landscaping and irrigation system has been installed per the approved plans. The City will conduct an inspection prior to final approval of the landscape plan.

19.65.210 Maintenance.

A. The following standards shall be followed for all required landscaping:

1. The property owner shall maintain all landscaping for the life of the land use.

2. All landscape materials shall be pruned and trimmed as necessary to maintain a healthy growing condition or to prevent primary limb failure. [Tree pruning shall be accomplished in accordance with the latest edition of the United States Department of Agriculture's Publication NA-FR-01-95 How to Prune Trees available on-the web.](#)

3. All landscape areas shall be kept free of trash.

B. Uses permitted by special use permits issued before the City’s incorporation where landscaping was required as a condition of approval shall be subject to the maintenance provisions of this section.

19.65.220 Replacement.

The following standards apply to the replacement of vegetation within required landscape areas:

A. Any installed plant material located within required landscape areas which dies shall be replaced during the spring or fall growing season following plant loss but not greater than 180 days from time of loss. This standard applies for the life of the project.

B. Any tree existing on site at the time of development, greater than four inches DBH, located within a required perimeter landscape buffer or parking lot landscape areas, shall be replaced during the spring or fall growing season following death or following a determination by an urban forester or the City that the tree is diseased or damaged and has a significant chance of toppling in high winds, but not greater than 180 days from time of loss. The existing tree shall be replaced on a two-for-one basis. Any future replacement of the initial replacement trees shall occur at a one-for-one ratio. This standard applies for the life of the project.

19.65.230 Financial guaranty.

A. Performance bonds or other appropriate security (including but not limited to an assignment of funds) in the amount of 125 percent of the approved estimated landscaping cost shall be required if landscaping is not installed. The financial guaranty shall be provided prior to issuance of occupancy, for nonresidential building permits, before final inspection of residential construction, and prior to final subdivision or short plat approval, whichever is applicable. Prior to accepting a financial guaranty, the City shall have approved the landscape plans and a cost estimate for completing the landscaping. The cost estimate shall include the cost of plant material, irrigation and labor, installation, and materials.

B. For all projects which require landscaping except short plats, an 18-month landscaping maintenance guaranty equal to the cost of the landscaping less the irrigation system shall be required prior to final project approval or release of the landscape performance bond. At the end of the 18-month period, the applicant shall request that the City inspect the landscaping to ensure all planted material is alive and healthy. Any plant material needing replacement shall be replaced in accordance with UPMC [19.65.220](#) and inspected prior to the release of the maintenance guaranty. After the maintenance bond is released, landscaping shall be maintained in accordance with UPMC [19.65.210](#).

19.65.240 Urban forest management.

The intent of this section is best stated in Comprehensive Plan policy EN316, which states, “Protect and enhance the natural green and wooded character of University Place.” Therefore,

projects shall be designed around existing trees, preserving the maximum ~~number~~amount of significant trees and retaining existing native vegetation to the extent as possible. The intent is ~~not to discourage~~ allow clear-cutting of a project site, mass grading and reliance on them replanting with smaller trees as mitigation for the loss of tree canopy. Forest practices except for Christmas tree cultivation are prohibited in University Place. Because of the likelihood that much of the remaining undeveloped privately-owned ~~all~~ lands within the City will be converted to urban development in the foreseeable~~near~~ future, all trees shall be managed in accordance with this chapter.

19.65.250 City tree account.

Funds kept for planting and maintenance of trees on City property and in public rights-of-way shall be kept in a City tree account. Funds shall be placed in the account by the City Council, from fines collected as a result of violations of this chapter, from payments in lieu of replacement trees, from private donations and from grants and loans for the purpose of establishing and maintaining trees in the City. A schedule of tree costs including tree purchase, installation and maintenance is adopted by separate resolution.

19.65.260 Significant trees.

The City may maintain an inventory of significant trees.

19.65.270 Tree retention in development situations.

A. This section regulates the removal of trees associated with the development process to encourage development, where practicable, to incorporate existing trees, particularly high quality or larger trees, into a design. It is the intent of these provisions to lessen the aesthetic and ecological impacts of tree removal.

~~A. Except as provided in subsection (C) of this section, a maximum of five trees may be removed within a 36-month period without a permit. Additional trees can only be removed in accordance with this chapter.~~

~~B. The following trees shall be retained: The applicant must show how existing trees, excluding invasive trees, nuisance trees and hazard trees, will be preserved by choosing one of the following options to identify those trees to be retained. Trees located within a critical area or associated buffer are excluded from the following calculations:~~

~~1. Preserve at least 35% of the trees located on the site;~~

~~2. Preserve all trees \geq 20 inches DBH and at least 20% of the total tree diameter on the site, where there are at least 4 trees \geq 20 inches DBH on the site;~~

~~3. Preserve at least 50% of all trees \geq 20 inches DBH and at least 25% of the total tree diameter on the site, where there are at least 4 trees \geq 20 inches DBH on the site;~~

4. Preserve at least 30% of the total tree diameter on the site, where all trees are < 20 inches DBH; or

5. Preserve at least 35% of the total regulated tree canopy area on the site, if the site is larger than two acres.

~~1. The maximum number of trees located within any required perimeter landscaping area and in no case less than 75 percent;~~

~~2. Twenty five percent of the trees located in the interior of the lot, excluding critical areas or their buffers;~~

C. In addition to those trees identified for retention in subsection B, the following trees shall be retained:

~~31. All trees within a critical area including wetlands or wetland buffers, fish and wildlife habitat buffers, or landslide and erosion hazard areas with slopes requiring preservation, (trees and vegetation shall be maintained in these critical areas in accordance with unless removal is authorized pursuant to UPMC Title 17). If the city determines that a tree located within a critical area is a hazard, the city may authorize conversion of the tree to a “habitat snag” by cutting the tree at the highest point possible that still eliminates a tree’s hazard risk. The lower portion of the tree remains in place as a habitat snag to provide habitat value for fish and wildlife. In addition, the upper portion of the tree is usually left on the ground to provide extra habitat value. Also, in order to compensate for the loss in habitat value, additional tree plantings in the critical area and/or buffer may be required as mitigation;~~

~~42. All trees within an identified scenic road corridor, wildlife corridor, or scenic trail identified in the City’s Parks, and Recreation and Open Space Plan or the Comprehensive Plan;~~

~~53. All significant trees; and~~

~~64. Trees located within a shoreline vegetation conservation area except when their removal is authorized in accordance with UPMC 18.25.100(F) and (G).~~

CD. Except as provided in subsection (C)(1)(B)(3) of this section, trees to be retained shall not include hazard trees that are determined to be exempt under UPMC 19.65.070(D), following inspection and a report in the format recommended by the International Society of Arboriculture’s Guide to the Evaluation of Hazard Trees in Urban Areas prepared by an urban forester and reviewed and approved by the City, are determined to be: Hazard trees may include:

1. Damaged or diseased trees;

2. Trees that pose a safety hazard due to potential root, trunk or primary limb failure; or

3. exposure of mMature trees that which have grown in a closed, forested situation dense stand of trees and recently become exposed to windthrow due to nearby development activity.

D. The urban forester shall use the most recent guidelines established by the International Society of Arboriculture in its guide to the professional evaluation of landscape trees, shrubs and evergreens to make the determination that a tree is either damaged, diseased and/or a safety hazard.DE. At the discretion of the City, damaged or standing dead trees may be retained and counted toward the tree requirement, if demonstrated that such trees will provide important wildlife habitat and are not classified as hazard trees.

E. A tree removal permit is required when the development activity will result in the removal of more than five trees. Up to 5 trees may be removed in development situations before calculating the number of trees that shall be retained as set forth in UPMC 19.65.270(B).

19.65.275 Tree retention – No Associated Development.

A. The purpose of this section is to manage and conserve the urban forest when development activity is neither proposed nor occurring.

B. Trees listed in UPMC 19.65.270(C) shall be retained.

C. A maximum of five trees not listed in UPMC 19.65.270(C) may be removed within a 36-month period without a tree removal permit. In addition, trees determined to be hazard trees as provided in UPMC 19.65.270(D), invasive trees as provided in UPMC 19.65.330, and nuisance trees as provided in UPMC 19.65.340 may be removed and will not count toward the five-tree limit.

D. Removal of additional trees beyond those provided for in subsection B may only be authorized through issuance of a tree removal permit in accordance with the tree retention standards set forth in UPMC 19.65.270 and this chapter.

19.65.280 Tree retention plans.

On timbered property greater in size than one-half acre or commercial property with more than 15 trees, or other sites the City deems it necessary because of special circumstances or complexity, the City shall review the site and be involvedThe City shall participate in the following three phases of tree retention described below. The City may retain an urban forester consulting arborist to work on the City's behalf. The urban forester consulting arborist shall be paid by the City and the applicant shall reimburse the City for all urban forester consulting arborist costs. Urban forester Consulting arborist expenses shall be reimbursed prior to the issuance of any building permits or final approval, whichever is first required following the work done by the urban forester consulting arborist.

A. Survey and Evaluation Planning Phase.

1. Individual tree survey. The applicant shall provide a survey of the location of all trees and place them on the site plan. ~~If there is an overwhelming number of trees, the City may do a preliminary site evaluation to delineate where the better trees are located based on species, condition, size, soils, and exposure.~~ 2. All trees located near existing and proposed future buildings, roads, common open space areas, and ~~high to moderately used areas~~ other activity areas shall be evaluated. The tree identification number, species, size, condition, vigor, structure, risk of failure, and maintenance recommendations shall be documented in the plan.

2. Statistical sampling. For large stands of trees proposed to be retained in their entirety or largely in their entirety, statistical sampling may be used to estimate the total tree DBH and total number of trees present. Sampling must be carried out by an SAF Certified Forester based on standard methodologies. Statistical sampling may be used in these stands in lieu of individual tree survey.

3. Tree canopy. When calculating the amount of regulated tree canopy on a site, the total canopy area must be based on the most recent aerial photograph available. The aerial photograph must be no more than five years old. Other data such as LiDAR may be used to help in calculating tree canopy as appropriate. Regulated tree canopy excludes invasive trees, nuisance trees, hazard trees and trees within critical areas or their buffers.

~~3. once the survey and evaluation is completed, the applicant can begin to plan the project to avoid the more favorable trees and vegetation. The applicant shall work with the City to help determine which trees can be preserved based on location, grade changes, and proposed uses and improvements.~~

B. Planning and Design Phase.

1. Detailed planning and design should not proceed until the survey and evaluation phase is completed so that the project design may achieve the most beneficial tree retention plan from the standpoint of maximizing ecological and aesthetic benefit to the community. The applicant shall work with the City to determine which trees can be preserved based on location, grade changes, and proposed uses and improvements.

21. The critical root zone (CRZ) of all trees to be retained near clearing, grading, or other disturbances shall be shown on all site plan construction documents. Any grading, construction, or utility installation within the CRZ shall be called out on the plan. Required work in these areas shall be under the direction or instruction of the City.

32. The locations of ~~the~~ tree protection barriers shall be shown on the clearing and grading plans. ~~The tree~~ protection barriers shall be shown along the edge of the CRZ or adjusted under the direction of the City.

C. Construction Phase.

1. A preconstruction meeting is required before any clearing takes place. The City shall point out retained trees to the general contractor, review tree preservation guidelines, and answer questions regarding tree protection.
2. The City shall inspect and approve the tree protection barrier prior to any work on the site, make adjustments where necessary, and discuss techniques to work within CRZs as needed.
3. The City shall establish a schedule to periodically monitor the tree retention plan based on the number of trees and difficulty of protecting trees during construction.
4. When clearing and grading activities are completed, the applicant shall request an inspection. The City may require tree maintenance and remedial action to improve tree health and vigor. If any unauthorized trees are removed, the City shall take action in accordance with UPMC [19.65.040](#).

19.65.290 Tree protection.

A. To provide the best protection for remaining trees:

1. No tree removal that requires a permit shall be allowed on a site until approval of the tree removal permit.
2. An area free of disturbance, generally corresponding to the CRZ of each tree, shall be identified on the site plan. During construction a temporary five-foot-high chain link or plastic net fence shall be installed around the trees or group of trees to be retained.
3. No impervious surfaces, fill, excavation, or storage of construction materials shall be permitted within the area enclosed by such fencing.
4. A rock wall shall be constructed if the grade level around a tree is to be raised by more than one foot. The inside diameter of the wall shall be equal to the diameter of the drip line of the tree.
5. The grade level shall not be lowered within the larger of the two areas defined as follows:
 - a. The drip line of the tree(s); or
 - b. An area around the tree equal to one-foot diameter or each inch of tree trunk diameter measured four feet above the ground.

B. The City may approve use of tree protection techniques, other than those listed above, if the trees will be protected to an equal or greater degree than by the techniques listed above. Alternative techniques shall be those recommended by an urban forester.

C. No impervious surface or fill shall be placed within the drip line of the tree unless the City determines that the long-term health of the tree will not be significantly harmed.

19.65.300 Tree removal in subdivisions.

When subdividing property by preliminary plat, trees and groundcover shall not be removed prior to preliminary plat approval. When subdividing property by either short or preliminary plat, no clearing of trees or groundcover may take place until a tree preservation plan and site development permit have been approved by the City. Road locations must be staked prior to clearing. Prior to issuance of a building permit, a title notification shall be recorded that states:

Trees which are required to remain on this lot pursuant to the city's tree preservation regulations (Chapter [19.65](#) UPMC) shall not be removed for a period of three years from the date of original purchase by individual lot owners except as provided for in UPMC [19.65.270](#)(~~CD~~) and only then following consent by the city. Regulated trees removed subsequent to this three year period shall be replaced in accordance with UPMC 19.65.190 and UPMC 19.65.310.

19.65.310 Tree replacement.

A. When the required number of trees cannot be retained as determined at the sole discretion of the City, trees that are removed shall be replaced with new trees of the same species ~~in accordance with UPMC [19.65.220](#)~~, at a replacement rate of three trees for every tree removed. The City may authorize an alternative species or cultivar if it would be a more suitable and beneficial selection for a specific location given unique site characteristics.

B. When the required number of trees cannot be physically retained or replaced on site, the applicant has the option of:

1. Planting the required number of replacement trees at locations approved by the City prior to the time of occupancy of the building or final approval of the subdivision at the same rate as the replacement rate required for on-site replacement of trees; or
2. Payment in lieu of replacement may be made to the City tree account for planting of trees in priority off-site locations various areas of within the City. These are public street rights-of-way, public parks, and other public open spaces. The payment is an equivalent amount to the estimated cost of buying and planting the trees that would otherwise have been required to be planted on site, as determined by the City's tree replacement cost schedule. The payment in lieu of planting trees on site shall be made prior to the issuance of any building permit or final subdivision approval.

19.65.320 Tree Maintenance and Pruning

Trees which are required to be maintained and replacement trees shall be pruned and trimmed as necessary to maintain a healthy growing condition or to prevent primary limb failure. Tree pruning shall be accomplished in accordance with the latest edition of the United States Department of Agriculture's Publication NA-FR-01-95 *How to Prune Trees* available on-the web, except that tree pruning for utilities shall be conducted in accordance with the latest edition of

[the International Society of Arboriculture’s Best Management Practices – Utility Pruning of Trees.](#)

19.65.3320 Common area management plans.

In those cases where a ~~subdivision or planned~~residential development has common areas ~~that,~~which are managed by a homeowner’s association, a common area management plan may be developed in lieu of obtaining consecutive tree removal permits. A common area management plan shall be developed by a certified or registered arborist and submitted to the City for review and approval.

19.65.3340 Invasive tree species list.

Tree species known to be invasive in the Pacific Northwest are listed below. The City may determine that additional tree species should be classified as invasive if the species clearly exhibits the detrimental characteristics of invasive species.

<u>Common Name</u>	<u>Species Name</u>
<u>Norway maple</u>	<u><i>Acer platanoides</i></u>
<u>Sycamore maple</u>	<u><i>Acer pseudoplatanus</i></u>
<u>Horse chestnut</u>	<u><i>Aesculus hippocastanum</i></u>
<u>Tree-of-heaven</u>	<u><i>Ailanthus altissima</i></u>
<u>European white birch</u>	<u><i>Betula pendula</i></u>
<u>English/European hawthorn</u>	<u><i>Crataegus monogyna</i></u>
<u>English holly</u>	<u><i>Ilex aquifolium</i></u>
<u>Princess tree</u>	<u><i>Paulownia tomentosa</i></u>
<u>White poplar</u>	<u><i>Populus alba</i></u>
<u>Sweet cherry</u>	<u><i>Prunus avium</i></u>
<u>Cherry laurel</u>	<u><i>Prunus laurocerasus</i></u>
<u>Portugal</u>	<u><i>Prunus lusitanica</i></u>
<u>Black locust</u>	<u><i>Robinia pseudoacacia</i></u>
<u>European mountain ash</u>	<u><i>Sorbus aucuparia</i></u>
<u>Siberian elm</u>	<u><i>Ulmus pumila</i></u>

19.65.3450 Nuisance tree species list.

Tree species categorized as nuisance trees in University Place are listed below. The City may determine that additional tree species should be classified as nuisance trees if the species clearly exhibits the detrimental characteristics of nuisance species.

<u>Common Name</u>	<u>Species Name</u>
<u>Red alder</u>	<u>Alnus rubra</u>
<u>Black cottonwood</u>	<u>Populus trichocarpa</u>

RESOLUTION NO. 698

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF UNIVERSITY PLACE, WASHINGTON, REQUESTING THE CITY PLANNING COMMISSION STUDY, DEVELOP, AND RECOMMEND ACTIONS TO HELP MAINTAIN SCENIC VIEWS THAT ARE OBSTRUCTED BY VEGETATION AND TO CLARIFY EXISTING PROVISIONS REGARDING TREE REMOVAL

WHEREAS, on July 29, 2012 the City Council of the City of University Place held a study session to discuss protecting scenic views that are obstructed by vegetation, and,

WHEREAS, the City of University Place is located on the south Puget Sound where hundreds of homes facing west have scenic views to the Puget Sound and the Olympic Mountains, and,

WHEREAS, other properties in the City that face east have views of Mt. Rainier and the Cascade Mountain Range, and,

WHEREAS, in the time since many of these homes were developed trees and other vegetation has grown tall obstructing the scenic views these homes had when built or purchased, and

WHEREAS, many of these homes are valued and assessed on the basis of their location in a view area but which have little or no view because of tall vegetation located on the private and public property including the City's rights-of-ways, and

WHEREAS, the owners of these homes enjoy and value the scenic views from their property and disfavor the tall vegetation that obstructs the views they would otherwise enjoy were it not for tall vegetation obstructing their view, and

WHEREAS, the City Council expressed their desire to have the City's Planning Commission study, develop, and recommend actions to protect scenic views that are obstructed by vegetation in the City including:

- a. Polices regarding trees in the City's right-of-way and on City property,
- b. Protecting views along select view corridors or from specific points,
- c. Regulating the types of vegetation planted during new construction, and
- d. Instituting an educational program to encourage property owners in view-sensitive areas to be mindful of the vegetation they plant and maintain on their private properties, and

WHEREAS, on the same evening the City Council also expressed their desire to have the City's Planning Commission recommend language that would help clarify that property owners are allowed to cut down up to five trees in a three-year period and that the City staff is available to consult with on the determination of what constitutes a dangerous or hazardous tree, and

WHEREAS, in accordance with Ordinance 338 the purpose of the Planning Commission is to advise the City Council on the following topics: growth management; general land use and transportation planning; long range capital improvement plans; and other matters as directed by the City Council.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF UNIVERSITY PLACE, WASHINGTON, AS FOLLOWS:

Section 1. Protection of Scenic Views that are Obstructed by Vegetation. The City Council directs the City's Planning Commission to study, develop, and recommend actions to protect scenic views that are obstructed by vegetation in the City including:

- a. Polices regarding trees in the City's right-of-way and on City property,

- b. Protecting views along select view corridors or from specific points,
- c. Regulating the types of vegetation planted during new construction, and
- d. Instituting an educational program to encourage property owners in view sensitive areas to be mindful of the vegetation they plant and maintain on their private properties.

Section 2. Tree Removal. The City Council directs the City's Planning Commission to recommend language to clarify existing Zoning Code provisions regarding:

- a. The number of trees that property owners are allowed to cut down in a three-year period, and
- b. That the City staff is available to consult with on the determination of what constitutes a dangerous or hazardous tree.

Section 3. Effective Date. This Resolution shall take effect immediately upon its adoption.

ADOPTED BY THE CITY COUNCIL AUGUST 20, 2012.

Ken Grassi, Mayor

ATTEST:

Emelita Genetia, City Clerk

APPROVED AS TO FORM:

Steve Victor, City Attorney