

**UNIVERSITY PLACE CITY COUNCIL
Special Council Meeting Agenda
Saturday, January 31, 2015, 8:00 a.m.**

Note: Times are approximate and subject to change.

**Fircrest Golf Club
1500 Regents Boulevard
Fircrest, WA 98466**

8:00 am **1. CHECK-IN AND BREAKFAST**

8:30 am **2. CALL SPECIAL MEETING TO ORDER**

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.)

8:35 am **3. BUDGET REVIEW: FINANCIAL FORECAST OPTIONS**

11:45 am **4. BREAK - LUNCH**

12:30 pm **5. UTILITY TAX REFUND REVIEW**

1:00 pm **6. ADJOURNMENT**

***PRELIMINARY CITY COUNCIL AGENDA**

February 2, 2015
Regular Council Meeting

February 17, 2015
Regular Council Meeting

March 2, 2015
Regular Council Meeting

March 16, 2015
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**

Memo

DATE: January 28, 2015
TO: City Council
FROM: Eric A. Faison, Finance & Administrative Services Director
SUBJECT: Council Budget Workshop

Background

On multiple occasions over the last few years, Council has had to address a number of significant financial issues. The City has emerged from the Great Recession with greater stability and substantially increased ending fund balances. However, current conditions largely reflect substantial cuts in staffing and service levels, and use of significant one-time or unanticipated revenue. While the City has adopted a balanced 2015-2016 budget that maintains existing services levels and recommended ending fund balances, as has been identified during Council's prior discussions and shown in our long-range financial projections, the City will not be able to maintain existing service levels over time with existing revenues.

The focus of this workshop is to identify more definitively potential changes in the allocation of General Fund support to various City programs. This change in allocation begins the broader discussion of whether and/or how to support programs that, as a result, will no longer have adequate funding to maintain existing service levels. We anticipate that this broader discussion may require additional research and substantial deliberation during 2015, before final Council action.

Summary Conclusion

To achieve and maintain a balanced budget for a reasonable period of time, the City must identify approximately \$1,000,000 a year in a combination of new revenue or reduced expenditures in the General Fund and \$500,000 in the Public Safety Fund. Please note that the changes outlined in this memo do not address other substantive issues previously discussed by Council, such as increasing the Strategic Reserve, increasing the City's ending fund balances, providing funding for pavement maintenance or providing funding for equipment replacement reserves.

Packet Materials

We have included several documents in your packet, most of which you have seen before.

1. *Forecasts*: To help illustrate the scope of the problem and potential solutions, the packet includes four financial forecasts, each containing various assumptions identified at the bottom left hand side of the page. The first scenario shows, assuming no changes in our current allocations, an inadequate General Fund ending fund balance in 2017 and a negative General Fund and Public Safety Fund balance in 2018, based on existing service levels. The subsequent forecasts show the effect of changes to the projections based on various identified assumptions. As a brief reminder, these updated forecasts maintain very conservative revenue and expenditure assumptions. These assumptions generally include anticipated inflationary increases (by line item) in expenditures, a 1% annual increase in property tax revenue and 1-2% increases in other revenue sources.
2. *Summary of Revenue and Expenditures*: The summary of revenue and expenditures illustrates the deficit in the General Fund resulting from existing budgetary allocations, including General Fund allocations used to support various other funds. The document shows that the General Fund has a deficit of approximately \$900,000 a year (a number that grows annually). This deficit is funded during this biennium by previously accumulated positive ending fund balances – an action that is not sustainable. Please note that the Public Safety Fund, which also operates at a deficit through the use of previously accumulated ending fund balances, does not receive General Fund support.
3. *Organizational Chart & Personnel Expenditures*: We have included an organizational chart to reorient the Council to the division of responsibilities within the organization. The personnel expenses summary illustrates the percentage of non-public safety related personnel expenditures funded by statutorily limited revenues, and the remaining expenditures that relate to statutory mandated responsibilities. The personnel expense summary, in particular, shows the limited ability of the City to simply shift resources from the General Fund to support non-General Fund expenditures.
4. *Debt Service Schedule*: Because a substantial portion of the City's General Fund expenditures are dedicated to debt service, we have included a copy of our debt service schedule, which shows that we have a fairly level debt payment (divided amongst various bonds) through 2037.

Revenue Options

There are several revenue options that are available to Council as it explores how to address the City's projected deficit. The first three options below can be implemented simply by Council action (sewer franchise fee and B&O tax) or through negotiation (TPU franchise fee). All of the remaining options require voter approval. Please note that two of the options (TBD & Metropolitan Park District) are statutorily restricted to a particular use.

1. **Pierce County Sewer Franchise Fee**: The City currently has a franchise agreement with Pierce County Sewers. However, unlike other utilities, the City does not currently impose a franchise fee. The City Council has the authority under the franchise and by law to impose a franchise

fee by Council ordinance. A fee equivalent to the fee for TPU water would generate approximately \$500,000 a year.

2. *Business & Occupations (B&O) or Excise Tax:* A B&O tax or excise tax can be instituted by Council vote. There are statutory limitations on the rates that can be imposed with a B&O tax, but these taxes can apply broadly or be tailored to very specific business activities. It is difficult to calculate the exact amount that such a tax would generate because, presumably, the tax would include businesses that do not currently pay sales tax (e.g., dentists, doctors and lawyers). Our preliminary revenue estimate is approximately \$250,000 a year.
3. *TPU Franchise Fee:* The City currently has a franchise fee with Tacoma Public Utilities for its electric and water services. The franchise fee is roughly equivalent to a 6% utility tax for electric services and 8% for water services. The fee generates approximately \$1.5 million a year. Council could seek to renegotiate this fee (the franchise is due for renegotiation in 2017). Each 1% increase in the fee generates approximately \$180,000 for electric and \$70,000 for water.
4. *Transportation Benefit District:* In 2013, Council established a Transportation Benefit District (TBD) and imposed a \$20 annual vehicle fee, with a five year sunset. The \$20 fee is the statutory maximum that can be imposed without a public vote. The District generates approximately \$290,000 a year. Council has the authority by Council vote to continue the annual vehicle fee beyond the five year sunset, which would reduce the projected 2024 deficit in the General Fund by \$1.6 million. The TBD statute also authorizes various other voter approved revenue options, most importantly a 0.2% local sales tax, which would generate approximately \$450,000 a year.
5. *Metropolitan Park District:* The establishment of a Metropolitan Park District (MPD) requires voter approval. A MPD is an independent legal entity that may be administered by the City Council sitting "ex officio" as the board of the district or by a separately elected board. A MPD can provide services independently or contract with a city or another entity for services, facilities and equipment. A MPD has the authority to levy a property tax of up to \$0.75 per \$1,000 in assessed value. A levy of \$0.10 per \$1,000 would generate approximately \$275,000 a year and would result in a property tax increase of \$30 per year for a UP home with an assessed value of \$300,000. The City's Parks & Recreation Commission recommended the submission to voters the establishment of a UP MPD with an independent board, but they did not identify a level of funding or division of existing assets between the City and the MPD.
6. *Property tax:* An increase in the City's property tax rate will require voter approval. An increase in the tax rate from our 2014 rate of \$1.43 per \$1,000 in assessed value to the

statutory limit of \$1.60 would raise \$472,000 a year. For a UP home with an assessed value of \$300,000, this would result in an increase of approximately \$51 per year.

7. *Utility Tax:* An increase in the City's existing 6% utility tax rate would require voter approval. Each percentage increase would generate approximately \$400,000 a year and would add \$1.00 to a \$100 utility bill (garbage, gas, telephone, cell phone, surface water and cable).

Election Dates

Because most of the above options require voter approval, the following are the upcoming election dates:

2015 Elections	Election Date	Resolution Deadline	Voter's Pamphlet Statement	Ballot Mailed
Special	April 28 th	March 13 th	March 9 th /10 th	April 10 th
Primary	August 4 th	May 8 th	May 12 th /14 th	July 17 th
General	November 3 rd	August 4 th	August 7 th /11 th	October 16 th

The election dates for 2016 are:

2016 Elections	Election Date	Resolution Deadline	Voter's Pamphlet Statement	Ballot Mailed
Special	February 9 th	December 25 th	December 28 th / January 9 th	January 22 nd
Special	April 26 th	March 11 th	March 7 th /8 th	April 8 th
Primary	August 2 nd	May 6 th	May 10 th /12 th	July 15 th
General	November 8 th	August 9 th	August 12 th /16 th	October 21 st

Expenditure Reduction Options

Most of the services provided by the City are either statutorily mandated (e.g., maintenance of public records, processing permits, growth management planning, financial reporting, etc.) or otherwise

deemed essential (e.g., maintenance of City assets and facilities, police services, etc.). There also are services provided by the City that the Council has identified as important (e.g., economic development, recreation, etc.). Some of these services are provided directly with City staff, and some are provided by contract. Some of the services are funded with unrestricted general revenues of the City, and some are funded by revenues that can only be used for a specific purpose.

In response to economic stresses brought about by the Great Recession and various statewide initiatives, the City went through a prioritization exercise in 2008 that resulted in the reduction in one-third of its staffing levels and corresponding reductions in service levels. Due to the relatively limited nature of the remaining City services, much of the prioritization done in 2008 remains relevant today.

Since 2008, the City has expanded operations in several areas. The City has added two public safety officers (an investigator and a community support officer), added various community events, published two additional newsletters per year, and most significantly, continued City funding for the recreation program. The City has financed these additions primarily through the use of one-time or unanticipated revenue. These additions in staffing and service levels are the focus of areas identified by staff for potential cuts.

General Fund

1. Eliminate City support for events: \$54,000 a year.
2. Eliminate UPTV (including the elimination of 1 FTE): \$118,000 a year.
3. Reduce funding for City newsletters (publish two rather than six per year): \$35,000 a year.

Recreation Fund

1. Eliminate City support for recreation: \$390,000 a year.

Public Safety Fund

1. Eliminate funding for the CSO position: \$90,000 a year.
2. Eliminate funding for the investigator position: \$153,000 a year.

These cuts alone are not sufficient to produce a long-term balanced budget. The fourth financial forecast scenario reflects all of these cuts, combined with implementation of a sewer franchise fee dedicated to the Street Fund and elimination of the TBD sunset.

Next steps

Staff is seeking general Council consensus on the various areas in which there is substantial interest in increasing revenue and reducing expenditures. Staff also is seeking Council direction related to research of additional revenue options and/or service delivery methods.

**CITY OF UNIVERSITY PLACE
FINANCIAL FORECAST - Status Quo
2015 THROUGH 2024**

	ENDING FUND BALANCE									
	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023	12/31/2024
General Fund	\$ 2,059,927	\$ 1,178,066	\$ 272,684	\$ (604,550)	\$ (1,605,675)	\$ (2,800,912)	\$ (4,178,224)	\$ (5,729,741)	\$ (7,415,449)	\$ (9,164,688)
Police/Public Safety Fund	484,411	361,139	138,947	(183,386)	(609,824)	(1,144,457)	(1,791,511)	(2,555,349)	(3,440,475)	(4,451,543)
Parks and Recreation	-	-	(0)	0	(0)	(0)	(0)	0	(0)	(0)
Street Fund	-	-	-	-	-	-	-	-	-	-
General Fund Transfers/Subsidy:										
Street Fund	507,178	371,362	394,309	346,549	384,709	561,994	699,748	730,794	762,881	796,042
Recreation	376,987	390,440	426,960	444,799	463,300	482,491	502,394	523,034	544,436	566,631
Parks Maintenance	330,045	299,169	312,958	345,119	358,815	374,174	390,014	408,034	392,016	408,851
Police	-	-	-	-	-	-	-	-	-	-
Development Services	441,139	590,497	636,315	666,903	693,462	720,917	749,298	778,635	808,962	840,306
	<u>1,655,349</u>	<u>1,651,468</u>	<u>1,770,542</u>	<u>1,803,370</u>	<u>1,900,286</u>	<u>2,139,576</u>	<u>2,341,454</u>	<u>2,440,497</u>	<u>2,508,295</u>	<u>2,611,830</u>

Assumes:

- TBD Sunsets in 5 years (2019)
- Continued GF support of Recreation
- Continued GF support of Parks
- Continued GF support of Streets with no additional funding
- No additional Police Funding

**CITY OF UNIVERSITY PLACE
FINANCIAL FORECAST - Option 2
2015 THROUGH 2024**

	ENDING FUND BALANCE									
	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023	12/31/2024
General Fund	\$ 2,059,927	\$ 1,178,066	\$ 710,208	\$ 288,395	\$ (238,751)	\$ (784,622)	\$ (1,407,584)	\$ (2,591,231)	\$ (3,996,974)	\$ (5,557,722)
Police/Public Safety Fund	605,590	731,947	766,873	709,371	555,710	302,036	0	(0)	(0)	(0)
Parks and Recreation	-	-	(0)	(0)	(0)	(0)	0	(0)	(0)	0
Street Fund	-	-	-	-	-	-	-	-	-	-
General Fund Transfers/Subsidy:										
Street Fund	507,178	371,362	394,309	346,549	384,709	405,849	402,939	431,010	460,093	490,221
Recreation	376,987	390,440	-	-	-	-	-	-	-	-
Parks Maintenance	330,045	299,169	302,394	334,496	348,136	363,444	379,238	397,215	381,161	397,966
Police	-	-	-	-	-	-	55,630	465,767	578,114	694,845
Development Services	441,139	590,497	636,315	666,903	693,462	720,917	749,298	778,635	808,962	840,306
	<u>1,655,349</u>	<u>1,651,468</u>	<u>1,333,018</u>	<u>1,347,948</u>	<u>1,426,307</u>	<u>1,490,210</u>	<u>1,587,105</u>	<u>2,072,627</u>	<u>2,228,330</u>	<u>2,423,338</u>

Assumes:

- NO TBD Sunset
- No GF support for Recreation
- No Change to Parks Maint.
- CSO/Investigator cut 6/2015
- GF support to Police

**CITY OF UNIVERSITY PLACE
FINANCIAL FORECAST - Option 3
2015 THROUGH 2024**

	ENDING FUND BALANCE									
	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023	12/31/2024
General Fund	\$ 2,059,927	\$ 1,549,428	\$ 1,537,879	\$ 1,526,785	\$ 1,450,764	\$ 1,379,482	\$ 1,286,236	\$ 1,073,002	\$ 781,680	\$ 484,880
Police/Public Safety Fund	605,590	731,947	766,873	709,371	555,710	656,370	663,669	573,814	382,890	86,851
Parks and Recreation	-	-	(0)	(0)	(0)	0	(0)	0	0	(0)
Street Fund	-	111,327	204,534	350,376	462,982	559,421	663,793	745,168	802,583	835,045
General Fund Transfers/Subsidy:										
Street Fund	507,178	-	-	-	-	-	-	-	-	-
Recreation	376,987	390,440	-	-	-	-	-	-	-	-
Parks Maintenance	330,045	299,169	240,394	270,326	281,720	294,704	308,091	323,579	304,947	319,084
Police	-	-	-	-	-	-	-	-	-	-
Development Services	441,139	590,497	636,315	666,903	693,462	720,917	749,298	778,635	808,962	840,306
	1,655,349	1,280,106	876,709	937,229	975,182	1,015,621	1,057,389	1,102,214	1,113,909	1,159,390

Assumes:

- NO TBD Sunset
- Sewer Franchise Fee for Streets
- No GF Support for Recreation
- Reduce Parks Maint.
- CSO/Investigator cut in 6/2015
- 2 Deputies cut 2020

**CITY OF UNIVERSITY PLACE
FINANCIAL FORECAST - Option 4
2015 THROUGH 2024**

	ENDING FUND BALANCE									
	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023	12/31/2024
General Fund	\$ 2,083,098	\$ 1,722,035	\$ 1,803,456	\$ 1,887,811	\$ 1,909,780	\$ 1,939,098	\$ 1,893,494	\$ 1,320,509	\$ 559,900	\$ (320,034)
Police/Public Safety Fund	605,590	731,947	766,873	709,371	555,710	302,036	0	(0)	(0)	(0)
Parks and Recreation	-	-	(0)	(0)	(0)	(0)	0	(0)	(0)	0
Street Fund	-	111,327	204,534	350,376	462,982	559,421	663,793	745,168	802,583	835,045
General Fund Transfers/Subsidy:										
Street Fund	507,178	-	-	-	-	-	-	-	-	-
Recreation	376,987	390,440	-	-	-	-	-	-	-	-
Parks Maintenance	330,045	299,169	302,394	334,496	348,136	363,444	379,238	397,215	381,161	397,966
Police	-	-	-	-	-	-	55,630	465,767	578,114	694,845
Development Services	441,139	590,497	636,315	666,903	693,462	720,917	749,298	778,635	808,962	840,306
	1,655,349	1,280,106	938,709	1,001,399	1,041,598	1,084,361	1,184,166	1,641,617	1,768,237	1,933,117

Assumes:

- NO TBD Sunset
- No GF Support for Recreation
- No Changes to Parks
- CSO/Investigator cut in 6/2015
- GF support to Police
- Sewer Franchise Fee for Streets
- Eliminate Events
- Reduce Community Information/UPTV - 1 FTE 2016
- Reduce Newsletter to 2x per year 2015

**CITY OF UNIVERSITY PLACE
FINANCIAL FORECAST - Option 5
2015 THROUGH 2024**

	ENDING FUND BALANCE									
	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023	12/31/2024
General Fund	\$ 2,083,098	\$ 1,722,035	\$ 1,803,456	\$ 1,887,811	\$ 1,909,780	\$ 1,939,098	\$ 1,949,124	\$ 1,841,906	\$ 1,659,411	\$ 1,474,322
Police/Public Safety Fund	684,330	891,790	1,010,251	1,037,956	971,205	806,179	538,935	165,398	(318,642)	(917,531)
Parks and Recreation	-	-	(0)	(0)	(0)	(0)	0	(0)	(0)	0
Street Fund	-	111,327	204,534	350,376	462,982	559,421	663,793	745,168	802,583	835,045
General Fund Transfers/Subsidy:										
Street Fund	507,178	-	-	-	-	-	-	-	-	-
Recreation	376,987	390,440	-	-	-	-	-	-	-	-
Parks Maintenance	330,045	299,169	302,394	334,496	348,136	363,444	379,238	397,215	381,161	397,966
Police	-	-	-	-	-	-	-	-	-	-
Development Services	441,139	590,497	636,315	666,903	693,462	720,917	749,298	778,635	808,962	840,306
	1,655,349	1,280,106	938,709	1,001,399	1,041,598	1,084,361	1,128,536	1,175,850	1,190,123	1,238,272

Assumes:

- NO TBD Sunset
- No GF Support for Recreation
- No Changes to Parks
- CSO/Investigator cut in 6/2015
- No GF support to Police
- Sewer Franchise Fee for Streets
- Eliminate Events
- Reduce Community Information/UPTV - 1 FTE 2016
- Reduce Newsletter to 2x per year 2015

Summary of Revenue and Expenses by Fund

General Fund

Operating budget revenue	7,800,000
Misc revenue	200,000
Operating budget expenditures	(3,800,000)
Debt Service (the City has a level debt payment until 2037)	(3,100,000)
General fund support	<u>(2,000,000)</u>
Net	(900,000)

Street Fund

Fuel taxes	460,000
Trans. Benefit District	290,000
General fund support	390,000
Expenditures	<u>(1,140,000)</u>
Net	-

Recreation

Revenue (approx. \$150,000 in youth sports and \$85,000 in youth programs)	305,000
General fund support	395,000
Expenditures	<u>(700,000)</u>
Net	-

Park Maintenance

Revenue (1% county-wide sales tax for parks)	225,000
General fund support	315,000
Expenditures	<u>(540,000)</u>
Net	-

Public Safety

Property tax revenue	4,100,000
Other revenue (mostly State-shared)	700,000
Police contract	(3,800,000)
Court contract	(270,000)
Jail contract	(170,000)
Other expenditures (City Atty, Public Safety, Code Enf., Animal Control, EOC)	<u>(750,000)</u>
Net	(190,000)

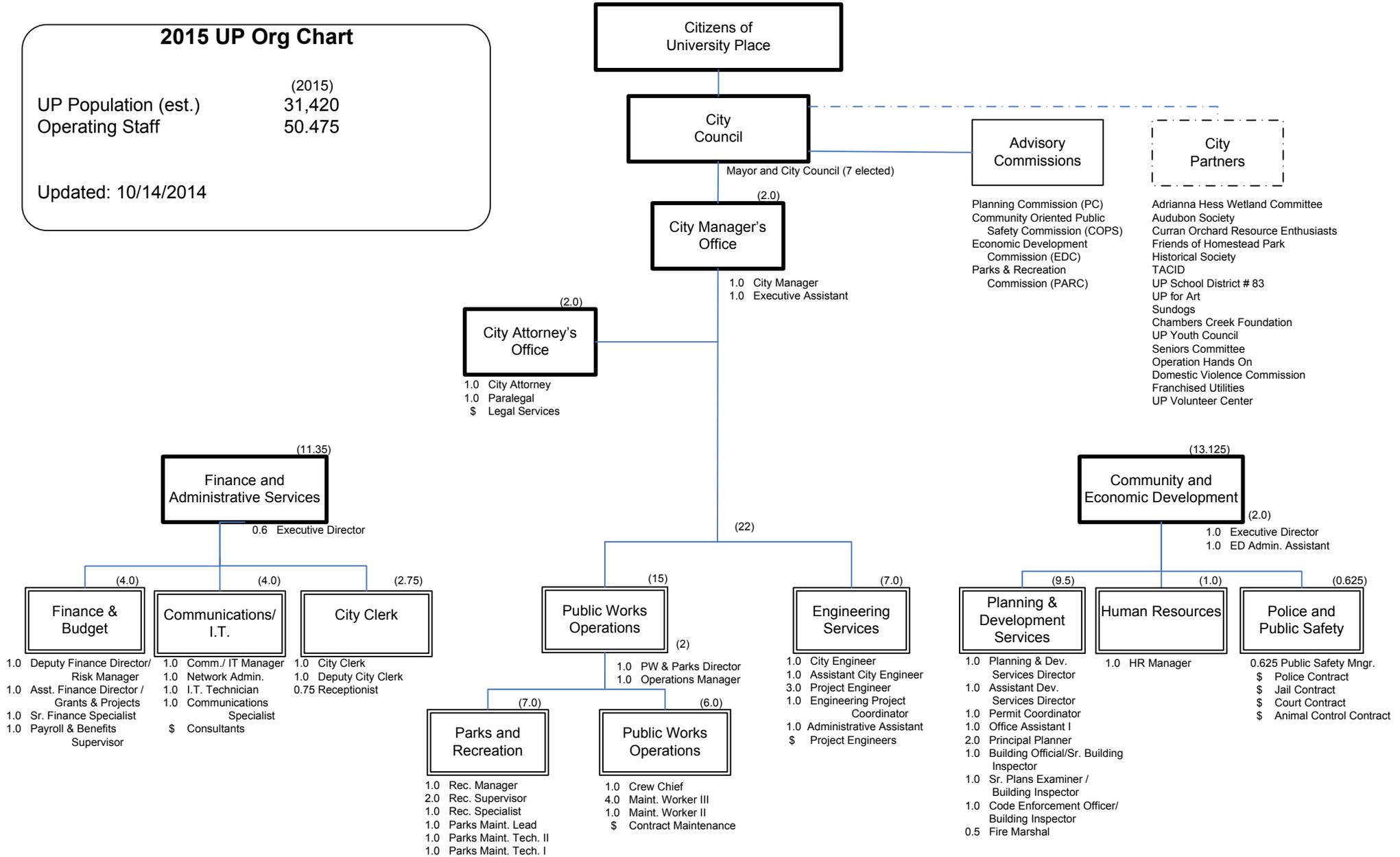
Development Services

Building permits	570,000
General fund support	630,000
Expenditures	<u>(1,200,000)</u>
Net	-

2015 UP Org Chart

(2015)
 UP Population (est.) 31,420
 Operating Staff 50.475

Updated: 10/14/2014



Advisory Commissions

- Planning Commission (PC)
- Community Oriented Public Safety Commission (COPS)
- Economic Development Commission (EDC)
- Parks & Recreation Commission (PARC)

City Partners

- Adrianna Hess Wetland Committee
- Audubon Society
- Curran Orchard Resource Enthusiasts
- Friends of Homestead Park
- Historical Society
- TACID
- UP School District # 83
- UP for Art
- Sundogs
- Chambers Creek Foundation
- UP Youth Council
- Seniors Committee
- Operation Hands On
- Domestic Violence Commission
- Franchised Utilities
- UP Volunteer Center

Finance and Administrative Services (11.35)

0.6 Executive Director

Finance & Budget (4.0)

Communications/I.T. (4.0)

City Clerk (2.75)

Public Works Operations (15)

Engineering Services (7.0)

Community and Economic Development (13.125)

(2.0)
 1.0 Executive Director
 1.0 ED Admin. Assistant

Planning & Development Services (9.5)

Human Resources (1.0)

Police and Public Safety (0.625)

University Place Personnel Expenses

Personnel Expenses	Expense	FTE
Total Non-Police Fund Personnel	5,322,337	50.00
Less City Council	(147,842)	-3.50
Less City Manager	(206,930)	-1.00
SubTotal	4,967,565	45.50
Less Recreation Staff	(567,146)	-4.00
Total Non-Police Fund Personnel	4,400,419	41.50

Funded by Statutorily Limited Revenue:	Expense	FTE	
SWM	741,671	6.93	Eng SWM, PW SWM
SWM	197,393	1.86	GF - 16.5% admin
Development Services Fees	537,083	4.48	Dev Services Staff
Development Services Fees	26,154	-	Engineering
County Parks Sales Tax	208,284	3.00	Parks Maint
Reet/Arterial Street Funds	239,011	1.88	PW CIP Staff
Fuel Tax	441,675	3.93	Street Fund Staff
TBD			Street Fund Staff
Total Statutorily Limited Revenue	2,391,271	22.08	

Funded by Remaining General Fund Revenues:	Expense	FTE	
	105,050	0.9	CM Admin Asst
	153,630	1	ACM/Economic Development
	90,262	0.6	ACM/Director Finance
	462,644	4	Finance*
	284,082	3	IT*
	182,757	2	City Clerk*
	115,830	1	HR
	50,973	0.5	Economic Development/Planning
	104,930	1	UPTV/Communications
	40,375	0.75	Reception
	384,176	3.52	Development Services*
	223,833	2.1	Engineering/GF
	72,329	0.8	Property management
		(1.86)	SWM covered (above)
Total General Fund Personnel Expenses	2,270,871	19.31	

*These positions are either statutorily mandated or include statutorily mandated responsibilities.

AGGREGATE DEBT SERVICE

City of University Place, WA
 Limited Tax General Obligation Refunding Bonds, Series 2012
 (Refunding Series 2001 and 2007B Bonds)
 -- Wrapped Level Debt Service --
 -- 25 Year Amortization --

Period Ending	Refund 2001 Bonds	Refund 07B - Tax Exempt Portion	Refund 07B - Taxable Portion	2005 LTGO Bonds	2007A LTGO Bonds	2007C LTGO Bonds	2007D LTGO Bonds	2009A LTGO Bonds	2009B LTGO Bonds
12/01/2013	178,800	232,250	614,131.56	664,425	155,512.50	124,083.76	55,538	813,618.76	490,142
12/01/2014	186,100	232,250	316,004.56	667,225	155,512.50	124,083.76	720,538	813,618.76	490,142
12/01/2015	193,200	232,250	316,004.56	664,895	155,512.50	309,083.76	369,495	813,618.76	490,142
12/01/2016	200,100	232,250	466,004.56	666,495	155,512.50	306,961.26	-	813,618.76	490,142
12/01/2017	205,150	232,250	463,381.06	431,808	155,512.50	309,646.26	-	813,618.76	720,142
12/01/2018	209,900	232,250	460,382.56	-	155,512.50	306,946.26	-	813,618.76	1,151,526
12/01/2019	219,350	232,250	461,910.06	-	155,512.50	309,053.76	-	813,618.76	1,141,566
12/01/2020	228,350	232,250	457,856.80	-	155,512.50	310,453.76	-	813,618.76	1,134,830
12/01/2021	236,900	232,250	458,090.56	-	155,512.50	311,453.76	-	813,618.76	1,122,322
12/01/2022	-	232,250	422,930.56	-	155,512.50	307,053.76	-	813,618.76	1,397,567
12/01/2023	-	232,250	423,543.06	-	155,512.50	307,153.76	-	813,618.76	1,396,947
12/01/2024	-	232,250	427,974.30	-	155,512.50	311,841.26	-	813,618.76	1,391,833
12/01/2025	-	232,250	426,993.06	-	155,512.50	310,910.00	-	1,008,618.76	1,197,225
12/01/2026	-	232,250	425,805.56	-	155,512.50	309,360.00	-	2,208,381.26	-
12/01/2027	-	232,250	424,411.80	-	645,512.50	307,390.00	-	1,719,618.76	-
12/01/2028	-	232,250	427,811.80	-	1,624,197.50	-	-	1,047,643.76	-
12/01/2029	-	232,250	425,600.40	-	1,664,382.50	-	-	1,008,218.76	-
12/01/2030	-	232,250	423,176.90	-	-	-	-	2,674,843.76	-
12/01/2031	-	232,250	425,541.30	-	-	-	-	2,670,375.00	-
12/01/2032	-	232,250	422,481.50	-	-	-	-	2,674,718.76	-
12/01/2033	-	232,250	424,209.60	-	-	-	-	2,672,031.26	-
12/01/2034	-	232,250	425,001.00	-	-	-	-	2,672,312.50	-
12/01/2035	-	232,250	3,100,343.20	-	-	-	-	-	-
12/01/2036	-	1,702,250	1,630,075.20	-	-	-	-	-	-
12/01/2037	-	3,333,750	-	-	-	-	-	-	-
	1,857,850	10,377,750	14,269,665.52	3,094,848	6,111,267.50	4,265,475.12	1,145,571	30,120,187.70	12,614,526

University Place

Several Council members asked for additional information on specific expenditures. Below please find 2015 budgeted expenditures for various items.

Large Organization Fees

Association of Washington Cities	22,000
Puget Sound Regional Council	11,000
South Sound Military & Communities Partnership	6,500

Contributions - Social Programs

Tacid	3,000
Crystal Judson	3,000
UP Volunteer Center	5,000

Public Safety

Animal Control	114,718
Court	183,000
Specialized Legal Services	75,000

Other Large Items

Electricity - Street Lights/Traffic Signals	60,000
Contracted Svcs for Street Light (cobra head) maintenance, Pole Attachment	26,500
Contracted Traffic Svcs (Traffic Signals, Signs & Road Striping)	106,500
Landscape Maintenance Contract (Apr to Oct)	33,613
Cirque Park Maintenance - Mowing, Fertilization (Apr to Oct)	32,770
Water - Irrigation	31,000

UNIVERSITY PLACE RECREATION

The following chart shows the 2014 participation levels and net revenue (excluding staff costs) for the various programs provided by the City's four FTE Recreation Department. If the Department's staffing level were reduced to two FTE staffing, the programs that would be elemented are shown in red. This reduced staffing and program would have revenues of approximately \$100,000 a year and expenses of approximately \$200,000 a year, requiring a General Fund subsidy of \$100,000 a year. Please note that the program currently (and in the future) would rely heavily on part-time and contracted staffing support.

Number of Recreation Participants: 11,761

Number of Recreation Programs: 971

Staffing: 4 full time employees, 48 part-time employees, 15 contracted employees

Youth Sports: 2,139 participants; \$83,000 net revenue

YOUTH BASKETBALL
YOUTH BASEBALL/SOFTBALL
YOUTH SPORTS CAMPS
~~YOUTH SKYHAWKS CAMP~~
YOUTH TENNIS
YOUTH INDOOR SOCCER
YOUTH FLAG FOOTBALL
YOUTH GOLF
YOUTH - OUTDOOR SOCCER
TRACK CLUB
KIDZ LOVE SOCCER

Martial Arts: 35 participants; \$900 net revenue

~~TAE KWON DO~~
~~TAI CHI~~

Outdoor Classes: 3 classes; \$300 net revenue

~~OUTDOOR CLASSES~~

Senior Services: 7,347; \$-5,036 net revenue

~~SENIOR CLASSES~~
~~SENIOR FITNESS~~
~~DROP IN PROGRAM~~
~~SENIOR EVENTS~~

Senior Center: 33 rentals; \$-4,600 net revenue

~~FACILITY RENTALS-33~~

Technology

~~ADULT COMPUTER~~

Youth Programs: 1,503 participants; \$-37 net revenue

~~YOUTH SPECIAL CAMPS (ART CAMP)~~
~~YOUTH CULTURAL ARTS~~
~~YOUTH DAY TRIPS~~
~~YOUTH SPECIAL EVENTS (DADDY DAUGHTER/MOTHER SON)~~
~~YOUTH SUMMER CAMP UPLAY~~
~~YOUTH SCHOOL BREAK CAMPS~~
~~UNIVERSITY PLACE YOUTH COUNCIL~~

Trips and Tours: 378 participants; \$10,100 net revenue

~~DAY TOURS~~
~~OVERNIGHT TOURS~~

Fitness: 283 participants, \$-529 net revenue

~~AEROBICS~~
~~YOGA~~
~~PILATES~~
~~ZUMBA~~
~~FITNESS-BOOTCAMP~~

Field/Shelter Rentals: 182 rentals; \$15,000 net revenue

BALL FIELDS - 34
PICNIC SHELTERS - 135
CURRAN ORCHARD - 4
VOLLEYBALL - 9

Cultural Arts: 187 participants; \$2,200 net revenue

~~CULTURAL AND REC EDUCATION CLASSES ADULT~~
~~ART/MUSIC CLASSES~~
~~POLYNESIAN/TAHITIAN~~

**2015 CITY OF UNIVERSITY PLACE
SHERIFF SERVICES**

FUNCTION	NUMBER	TYPE	UNIT COST	ANNUAL COST
Command /Supervision	1	Chief	\$ 209,954	\$ 209,954
	1	Sergeant	166,932	166,932
		Investigations (major crimes & investigative support)	\$ 300,447	\$ 300,447
Basic Patrol	12	Deputies	\$ 152,826	\$ 1,833,792
Investigator	1	Deputy	\$ 152,826	\$ 152,826
Special Services (Canine, SWAT, Hazardous Device, Lab Team)		% of calls per service (No charge 2007-2009)	No charge	No charge
School Resource Officer	1	Deputy	\$ 152,826	\$ 152,826
Community Support Officer	1	C.S.O.	\$ 89,532	\$ 89,532
Office Assistant	1	Administrative Aide		86,544
*SS911 (estimated by 3% and subject to modification once Board has reviewed in August				499,425
TOTAL	18			\$ 3,492,278

All costs are estimates and based on a 3% increase or minimum defined by contract as detailed in the "me too" clause. Therefore, this contract was increased by 3%.

University Place Police Service Level Options

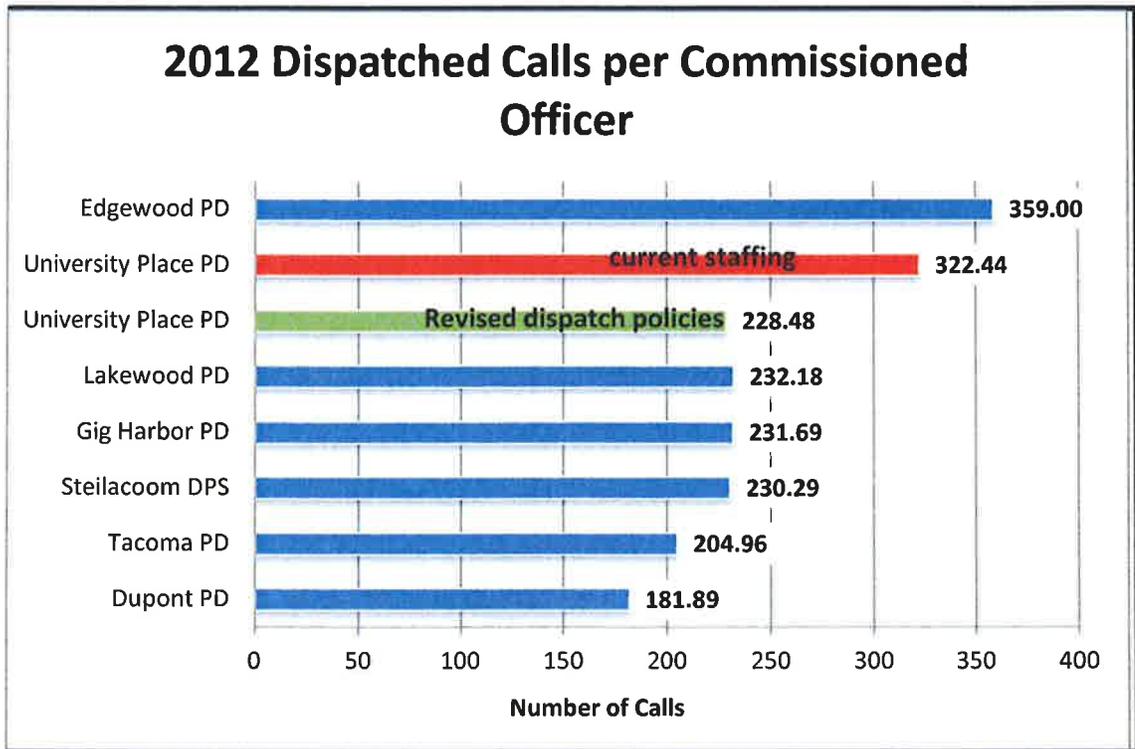
All of the options outlined in the various scenarios presented to Council illustrate changes to the staffing levels for police services in University Place following the failure of the Public Safety ballot measure in November. Council has the option of sending the ballot measure (or a revision thereto) back to voters. However, if there are no changes in available revenues, we have identified two staffing options.

Option 1 Summary Recommendations Staffing reduction by 2 positions

This option would provide the Public Safety Fund with a balanced budget through 2022. It would require a reduction in two position, beginning in July 2015.

- Discontinue the City's assigned Investigator. All Investigations will be shifted to Sheriff Headquarters.
- Discontinue the City's Community Support Officer and reduce front desk hours open to the public as follows:
 - Tues, Thurs (1PM-4PM), Wednesday (9AM – 12Noon).
- Institute Retail Theft Program for in custody shoplift cases to offset new dispatch policies. *The Pierce County Sheriff's Office has agreed to provide this service to University Place at no additional cost and the manpower provided by our current Criminal Investigations Contract.*
- Alter dispatch policies to allow for online and phone reporting for the following calls:
 - Theft under \$1500
 - Gas Runout
 - Theft of License Plate
 - Theft of License Tab
 - Theft of Bicycle
 - Theft of Mail
 - Theft of Services
 - Shoplift (not in custody)
 - Theft of Checks/Credit Card
 - Vandalism Property Damage
 - Vandalism Graffiti (minor)
 - Lost Property General
 - Lost Property Firearm/Passport/Military ID
 - Obscene Phone Calls

- Adopting new dispatch policies is similar to our neighboring agencies (e.g., Pierce County Sheriff, Lakewood Police and the Tacoma Police Departments). The new dispatch policy will reduce workload and still allow for our officers to respond to nuisance complaints and suspicious circumstances. The following chart reflects our current workload as well as projected workload using the new dispatch policies.



Option 2 Summary Recommendations Staffing reduction by 2 positions

In addition to the changes identified in Option 1, this option also would include:

- Lay off two Patrol Deputies, effective 12/31/2016
 - There will be no local police coverage in the City three days a week from 1am to 6am.
 - 911 calls to the City during these times, will be dispatched from South Hill Patrol.

University Place Planning & Development Services Permit Activity

Annual Building & ROW Permit Comparison 2009 – 2014

Year	# of Building Permits Issued	# of Inspections Performed	Construction Valuation	Building Revenue Collected	% of Over The Counter Permits	# of ROW Permits Issued	# of Political Signs Removed
2014**	970	3,679	\$51,506,291	\$655,056	39.7%	180	
2013**	816	3,372	\$15,435,768	\$393,028	42.9%	179	
2012	781	3,183	\$33,391,616	\$482,329	41.0%	198	569
2011	675	2,980	\$12,723,311	\$303,149	41.0%	134	134
2010	733	3,209	\$16,724,852	\$371,940	38.5%	181	498+
2009	730	3,991	\$33,622,525	\$364,946	39.2%	212	242

** Does **not** include Pierce County Wastewater Treatment Plant Construction Valuation or Revenue.

Memo

DATE: January 22, 2015
TO: City Council
FROM: Leslie Blaisdell, Deputy Finance Director
SUBJECT: Continuation of the Utility Tax Refund



Currently the City offers a Utility Tax Refund to Low Income Residents who have lived in the City for at least 9 months. All eligible low income households receive a refund of \$56.00, with an additional \$9.00 refunded for gas utility customers. Attached is a spreadsheet listing the number of applications received and the amounts refunded from 1996 to 2013. I have also attached a copy of our program information sheet and application form.

History of the Utility Tax Refund:

- March, 1996 – The City Council adopted Ordinance 82 establishing a Utility Tax Refund for Senior Citizens or Disabled Persons who meet low income criteria.
- November, 1996 - Ordinance 122 set low income criteria at fifty percent of median income and amended the refund amounts to include an additional \$10 for Natural Gas customers.
- April, 1999 - Ordinance 232 changed the eligibility to include all low income residents.
- July, 2006 – Ordinance 474 required proof of 9 months residency to qualify.

The refund program has morphed into a social service program and it is difficult to fairly administer. City staff is not trained to deal with the situations the applicants present. In order to determine someone's eligibility we cannot get adequate documentation. Over the years we have attempted to change the documentation requirements to make it easier to determine eligibility. However, we have found that with the introduction of EBT cards; online banking; banks charging for statements; and individuals privacy concerns we are unable to find a manageable way to control this refund program. Many applicants do not file a tax return due to their income level, many do not have a bank account, and many do not want to provide what they believe to be personal information on income and sources of their income.

Additionally, it is extremely time consuming to review all the paperwork submitted and to follow up with those that do not provide all required documents. We estimate that from April to June it consumes the equivalent of half of an FTE to administer the program in finance. This does not include the time spent by the front desk receptionist in answering phone calls and handling applicants who come to the counter.

Many applicants are already receiving a discount for their utilities through Tacoma Public Utilities and Puget Sound Energy. We tracked this in 2012 and 42% of the applicants were receiving discounts from TPU and PSE. Those that don't already receive the other discounts would qualify.

The 2015-2016 budget does not include an appropriation for the Utility Tax Refund program. In order to continue to offer this program a budget adjustment in the amount of \$10,000 would need to be made. To discontinue this program City Council would need to adopt an ordinance to eliminate this program.

Tax Year	Amount of Refund Available		Number of Applications Received	Total Amount Refunded
	Electric	Gas		
1997	10.00	10.00	5	60.00
1998	10.00	10.00	10	130.00
1999	10.00	10.00	6	70.00
2000 ¹	56.00	9.00	21	1,020.00
2001	56.00	9.00	87	5,079.00
2002	56.00	9.00	127	7,319.00
2003 ²	56.00	9.00	90	5,139.00
2004	56.00	9.00	133	7,597.00
2005	56.00	9.00	203	11,681.00
2006 ³	56.00	9.00	213	12,279.00
2007	56.00	9.00	232	13,222.00
2008	56.00	9.00	246	14,116.00
2009 ⁴	56.00	9.00	191	11,002.00
2010	56.00	9.00	169	9,788.00
2011	56.00	9.00	219	12,593.00
2012 ⁵	56.00	9.00	158	9,008.00
2013	56.00	9.00	159	8,925.00
TOTAL ALL YEARS \$				129,028.00

NOTES:

¹ Ordinance #232 approved on April 19, 1999 changed the eligibility to include all low income residents beginning with the 2000 refund.

² In 2004 the Finance Department began automatically sending applications to those that received refunds the previous year.

³ Beginning in 2007 applicants applying for a refund were required to provide documentation proving residency in UP of at least 9 months for the year in which the refund applies.

⁴ In 2010, unlike previous years, the refund was not advertised in a City newsletter. It was only advertised on the website and the application was mailed to those citizens who received the refund the previous year.

⁵ For the 2012 refund year a number of changes were made to the required documentation for proof of income. We began requiring that they turn in an income tax return and/or copies of bank statements. This was an attempt to clearly identify total annual income. Prior to this the applicants were not claiming things like child support, retirement payments, etc. as income because we hadn't asked them to indicate these types of payments anywhere.

UTILITY TAX REFUND PROGRAM INFORMATION



3715 Bridgeport Way W
University Place, WA 98466
PH: 253.566.5656 FAX: 253.566.5658

WHO IS ELIGIBLE:

In order to be eligible for a Utility Tax Refund, you must be a low income household as defined by the following and have lived within the incorporated city limits of University Place for 9 months or more in 2013.

LOW INCOME: Means a household earning less than fifty percent (50%) of median income as defined by the U.S. Department of Housing and Urban Development.

You are eligible if you can answer **YES TO ALL** of the following questions:

You lived within the incorporated limits of the City of University Place for 9 months or more in 2013 YES NO

You paid electric and/or gas utilities, which are in your name in 2013 YES NO

The annual gross income (from all income sources) of your household in 2013 did not exceed the following: YES NO

of People in Household

Maximum Annual Gross Income

- | | |
|---|----------|
| <input type="checkbox"/> One person | \$24,600 |
| <input type="checkbox"/> Two persons | \$28,100 |
| <input type="checkbox"/> Three Persons | \$31,600 |
| <input type="checkbox"/> Four or more persons | \$35,100 |

WHAT IS "GROSS INCOME OF HOUSEHOLD"?

This is the income received in the 2013 tax year by EVERY member of your household (related or not) who was at least 18 years old (on or before 1/1/2013).

This includes, but is not limited to: **wages, salaries, bonuses, tips, gross amounts of pensions and annuities, retirement benefits, Social Security benefits, life insurance benefits, interest, capital gains, gifts, inheritances, third-party income, and other assets.**

HOW MUCH IS THE REFUND?

All eligible low income households will receive a refund of \$56.00, with an additional \$9.00 refunded for gas utility customers.

WHAT DOCUMENTS ARE REQUIRED TO PROVE INCOME?

For all members of your household with an income we require:

- A 2013 U.S. Individual Tax Return Form 1040 (if one was filed); or
- Bank statements for November and December 2013 (if no income tax return was filed); **and**
- Documentation for all sources of income not included in bank statements or on IRS Form 1040.

WHAT OTHER DOCUMENTATION MUST BE PROVIDED?

- Fully completed City of University Place Utility Tax Refund Application.
- Proof of residency. To fulfill residency requirements please provide copies of utility bills (electric or gas) showing 9 months of University Place residency. For example, if you lived in University Place for all of 2013, please attach a copy of a January, 2013 and December, 2013 utility bill. If you lived in University Place less than a year, but more than 9 months, please submit a beginning month and ending month to prove 9 month residency. Residents residing in University Place for less than 9 months in 2013 are not eligible for a refund.
- If you are also requesting a refund for your natural gas utility tax, you must provide a copy of one natural gas bill from 2013.

WHAT IS THE APPLICATION DEADLINE?

Applications must be received by **June 30, 2014**. Applications received after this deadline will be returned.

WHEN SHOULD I EXPECT TO RECEIVE MY TAX REFUND CHECK?

Refund applications are processed in the order in which they are received. To expedite your refund, please follow the directions outlined and submit an orderly and complete packet. Incomplete applications will result in a much delayed refund. Due to staffing levels and normal processing time, we expect refunds to take approximately 8-10 weeks from the time you submit your completed packet.

WHERE DO I APPLY?

Submit a completed application and all required documentation by mail or in person to:

University Place City Hall
3715 Bridgeport Way W. Ste. B-1
University Place, WA 98466-4456

HAVE QUESTIONS?

We're here to help you – and are happy to do so! Please contact the City of University Place Finance Department at 253.460.2547. Regular business hours are Monday – Friday, 9 a.m. to 4 p.m. However, if we miss your call, please leave a message with your name and phone number and your call will be returned.

UTILITY TAX REFUND APPLICATION



3715 Bridgeport Way W
University Place, WA 98466
PH: 253.566.5656 FAX: 253.566.5658

APPLICANT INFORMATION:

Name: _____ Birthdate: _____

Address: _____

City, State, Zip: _____

Phone: _____ Email: _____

List all other people in household. Use additional sheets if needed.

Name: _____ Birthdate: _____

Name: _____ Birthdate: _____

Name: _____ Birthdate: _____

Name: _____ Birthdate: _____

of People in Household

Maximum Annual Gross Income (2013)

- | | |
|---|----------|
| <input type="checkbox"/> One person | \$24,600 |
| <input type="checkbox"/> Two persons | \$28,100 |
| <input type="checkbox"/> Three Persons | \$31,600 |
| <input type="checkbox"/> Four or more persons | \$35,100 |

DOCUMENTATION: In support of your application for a utility tax rebate you **MUST** include copies of:

PROOF OF INCOME (For ALL household members 18 years of age or older with an income)

If you DID file a 2013 tax return, provide:

- Complete copy of 2013 tax return(s); AND
- Documentation for all other income

OR

If you DID NOT file a 2013 tax return, provide:

- Bank statements from Nov. and Dec. 2013; AND
- Documentation for all other income not included in the bank statements

ADDITIONAL DOCUMENTATION

- Proof of Residency (see instructions)
- Natural Gas Bill (if eligible for additional \$9.00 natural gas refund)

DECLARATION:

I, _____, declare under penalty of perjury of the laws of the State of Washington that all information stated on this form and on the documents I have submitted is true and correct. I further declare that I meet the minimum eligibility requirements of the Utility Tax Refund Program. I understand that falsification of any documentation required for this refund is cause for denial of this application.

This declaration was signed by me this _____ day of _____, 2014.

Signature of Applicant

Location (city, state) Signed