

**UNIVERSITY PLACE CITY COUNCIL  
Special Council Meeting Agenda  
Monday, April 27, 2015, 6:30 p.m.**

*Note: Times are approximate and subject to change.*

**Town Hall Meeting Room  
2515 Bridgeport Way West**

- 6:30 pm
- 1. CALL SPECIAL MEETING TO ORDER**
  - 2. ROLL CALL**
  - 3. APPROVAL OF AGENDA**

**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.)

- 6:35 pm
- 4. BUDGET REVIEW: FINANCIAL FORECAST OPTIONS**
- 9:00 pm
- 5. ADJOURNMENT**

\*PRELIMINARY CITY COUNCIL AGENDA

May 4, 2015  
Regular Council Meeting

May 20, 2015  
Regular Council Meeting

June 1, 2015  
Regular Council Meeting

June 15, 2015  
Regular Council Meeting - CANCELLED

**Preliminary City Council Agenda subject to change without notice\***  
Complete Agendas will be available 24 hours prior to scheduled meeting.  
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**American Disability Act (ADA) Accommodations Provided Upon Advance Request  
Call the City Clerk at 253-566-5656**

# Memo

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**DATE:** April 24, 2015  
**TO:** City Council  
**FROM:** Eric A. Faison, Finance & Administrative Services Director  
**SUBJECT:** Council Budget Study Session

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## Background

At the last Finance Committee meeting, we discussed the City's financial condition and the need to make adjustments to achieve a balanced, sustainable budget. This discussion also takes place within the context of an opportunity to refinance several of the City's outstanding bonds. This refinance (or refunding) would be structured so that the repayment period remains unchanged, but reduced rates would allow the City to save over \$1 million in debt payments. To achieve this savings and maintain a good bond rating, the City must address its structural financial imbalance.

The focus of the prior discussion was on a plan that would involve eliminating the General Fund's subsidy of the City's Recreation program and Street Fund. Under this plan, the Recreation program would increase fees immediately, and be subsidized fully for the remainder of this year and 50% next year. The subsidy would end in 2017. Additionally, the City would eliminate the General Fund subsidy of the Street Fund through the imposition of a sewer franchise fee (which would be dedicated to the Street Fund) and the removal of the sunset provision on the Transportation Benefit District's \$20 vehicle license fee (which is currently dedicated to the Street Fund). The combination of cuts and revenues would be sufficient to achieve a sustainable budget during our forecast period, while maintaining at least \$1 million in a General Fund ending fund balance.

## Alternative – Plan 2

To help Council evaluate the alternative to this plan, staff has evaluated to alternative option of addressing the City's financial shortfall solely through service level (and staffing level) reductions. This plan would continue to involve the aforementioned reductions in the Recreation program. Additionally, the General Fund contribution to Development Services would be reduced to support only two positions, and the contribution to Engineering would be reduced to support only one position. All other positions within the two Departments would be eliminated or supported by permit fees, grants or Surface Water Management Fund projects.

Also eliminated would be the front desk position, one finance position and the Economic Development Director/Assistant City Manager position. These reduction would begin in 2017. Total reductions would be up to 30% of the City's workforce.

The effect of these reductions would be slower response times in General Fund supported activities, such as code changes, comprehensive plan amendments and other administrative requests. There also would be slower response times in fee supported activities, such as the processing of permits. Fee waivers could not be supported by the General Fund. All permit inquiries and reviews would be conducted on a fee basis. Grant funded projects would be very limited. Incoming calls would be directed by automated response. And the economic development program would be substantially reduced.

I have attached for your review a comparison forecast, illustrating the financial effect of the two plans. Both assumptions assume the completion of the bond refinancing this year. Please note that neither forecast addresses the projected shortfall in the Public Safety Fund, which at this time is assumed to be addressed through a reduction in staffing levels within that Fund. The plans also do not address strategic issues, such as street pavement maintenance or increases in the Strategic Reserve.

### **Next Steps**

Staff seeks direction on:

1. Whether to implement the proposed changes to the City's Recreation program; and
2. Whether to return to Council at the next regular meeting with ordinances imposing the sewer franchise fee and elimination of the TBD sunset provision; or
3. Whether to assume for budgeting and operational purposes the staffing and service level cuts identified in the alternative plan above.

**CITY OF UNIVERSITY PLACE**  
**FINANCIAL FORECAST - Option 1, Revenue**  
**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	\$ 2,386,822	\$ 2,088,108	\$ 2,146,251	\$ 2,165,618	\$ 2,109,941	\$ 2,042,485	\$ 1,937,804	\$ 1,701,935	\$ 1,365,283	\$ 1,004,603
Police/Public Safety Fund	605,590	731,949	768,594	713,394	562,652	312,554	(40,840)	(501,599)	(1,073,924)	(1,762,152)
Parks and Recreation	-	(195,220)	-	-	-	-	-	-	-	-
Street Fund	-	111,326	206,945	357,673	477,701	581,190	692,274	780,056	843,613	881,985
<b>General Fund Transfers/Subsidy:</b>										
Street Fund	387,178	-	-	-	-	-	-	-	-	-
Recreation	376,987	195,220	-	-	-	-	-	-	-	-
Parks Maintenance	330,045	299,169	319,475	358,707	380,063	403,711	428,507	456,191	450,592	478,647
Police	-	-	-	-	-	-	-	-	-	-
Development Services	441,139	590,497	636,315	666,903	693,462	720,917	749,298	778,635	808,962	840,306
	<u>1,535,349</u>	<u>1,084,886</u>	<u>955,790</u>	<u>1,025,610</u>	<u>1,073,525</u>	<u>1,124,628</u>	<u>1,177,805</u>	<u>1,234,826</u>	<u>1,259,554</u>	<u>1,318,953</u>

**Assumes:**

- Eliminate TBD Sunset (dedicated to Streets)
- 8% Sewer Franchise Fee - beginning Sept 2015 (dedicated to Streets)
- Reduced GF support of Recreation - cut by 1/2 in 2016, eliminated in 2017
- Eliminate GF support of Streets
- Eliminate CSO & Investigator - No additional Police Funding
- Bond Refi Savings - Beginning in January 2016

**CITY OF UNIVERSITY PLACE  
FINANCIAL FORECAST - Option 2 - Cuts  
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	\$ 2,266,822	\$ 1,596,746	\$ 1,676,561	\$ 1,787,106	\$ 1,843,958	\$ 1,946,993	\$ 1,982,174	\$ 1,730,479	\$ 1,365,587	\$ 963,686
Police/Public Safety Fund	605,590	731,949	768,594	713,394	562,652	312,554	(40,840)	(501,599)	(1,073,924)	(1,762,152)
Parks and Recreation	-	(195,220)	-	-	-	-	-	-	-	-
Street Fund	-	-	-	-	-	-	-	-	-	-
<b>General Fund Transfers/Subsidy:</b>										
Street Fund	507,178	371,362	394,309	346,549	384,709	408,819	555,923	730,794	762,881	796,042
Recreation	376,987	195,220	-	-	-	-	-	-	-	-
Parks Maintenance	330,045	299,169	319,475	358,707	380,063	403,711	428,507	456,191	450,592	478,647
Police	-	-	-	-	-	-	-	-	-	-
Development Services	441,139	590,497	389,845	414,429	434,872	456,104	478,148	501,040	524,815	549,495
	1,655,349	1,456,248	1,103,629	1,119,685	1,199,644	1,268,634	1,462,578	1,688,025	1,738,288	1,824,184

**Assumes:**

- TBD Sunsets in 2019
- Reduced GF support of Recreation - cut by 1/2 in 2016, eliminated in 2017
- Continued GF support of Streets
- Eliminate CSO & Investigator - No additional Police Funding
- Includes Bond Refi Savings - beginning in January 2016
- Reduce GF Support for Engineering to 1 FTE
- Reduce GF Support for Dev. Services to 2 FTE
- Reduce ED Director to .6 2018 and Eliminate in 2020
- Eliminate Front Desk Reception in 2017