



LAKWOOD CITY COUNCIL STUDY SESSION AGENDA

Monday, September 26, 2016

7:00 P.M.

City of Lakewood

City Council Chambers

6000 Main Street SW

Lakewood, WA 98499

Page No.

CALL TO ORDER

ITEMS FOR DISCUSSION:

- (3) 1. Joint Community Services Advisory Board meeting. – (Work Plan)
- (5) 2. Review of Fiscal Year 2017 Community Development Block Grant and HOME Investment Partnership Act grant funding policy statement and proposed use of funds. – (Memorandum)
- (11) 3. Review of amendments to Chapter 15A.05 of the Lakewood Municipal Code relative to the International Building Code. – (Memorandum)
- (20) 4. Review of policy and procedures for the naming or renaming City parks and facilities. – (Memorandum)
- (26) 5. Review of sponsorship guidelines for City events, programs, projects, sites and public facilities. – (Memorandum)
- (32) 6. Review of Preliminary 2017-2018 Revenue Estimates and 2017 Property Tax Levy – (Memorandum)

REPORTS BY THE CITY MANAGER

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

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

ITEMS TENTATIVELY SCHEDULED FOR THE OCTOBER 3, 2016 REGULAR CITY COUNCIL MEETING:

1. Youth Council Report.
2. Proclamation declaring the month of October 2016 as Domestic Violence Awareness month.
3. Clover Park School District Report.
4. Setting Monday, November 7, 2016, at approximately 7:00 p.m., as the date for a public hearing by the City Council on the 2017-2018 proposed Biennial Budget and 2017 property tax levy. – (Motion – Consent Agenda)
5. Setting Monday, November 7, 2016, at approximately 7:00 p.m., as the date for a public hearing by the City Council on the 2016 budget amendments. – (Motion – Consent Agenda)
6. Awarding a bid for the Waughop Lake trail improvements. – (Motion – Consent Agenda)
7. Adopting amendments to Chapter 15A.05 of the Lakewood Municipal Code relative to the International Building Code. – (Ordinance – Consent Agenda)
8. Adopting policy and procedures for the naming or renaming of City parks and facilities. – (Resolution – Regular Agenda)
9. Adopting sponsorship guidelines for City events, programs, projects, sites and public facilities. – (Motion – Regular Agenda)
10. Presentation of the 2017-2018 Proposed Biennial Budget and Six Year Financial Forecast (2016-2022). – (Memorandum – Regular Agenda)

COUNCIL COMMENTS**ADJOURNMENT**

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Community Services Advisory Board (CSAB) 2016/17 Work Plan

CSAB Members

Edith Owen Wallace, Chair
Sharon Taylor, Vice Chair
Paul Calta
DeeAnn Harris
Michael Lacadie

Kathleen Lind
Laurie Maus
Mumbi Ngari-Turner
Ric Torgerson

Youth Council Liaison- Claudia Penny

Council Liaison

Councilmember Marie Barth

Meeting Schedule

Meets as needed, primarily September – June, for actions related to the Human Services, CDBG and HOME Programs

Significant Accomplishments

- **Measuring Collective Impact**
 - Allocated \$350,000 dollars to 27 programs covering four strategic focus areas
 - Created 2015 City Human Services Program Annual Report
 - Instituted new outcome measures for like-type programs
 - Streamlined contracting process for 2016 (second-year) funded programs
- **Lakewood Community Collaboration**
 - Continues to meet the 2nd Wednesday of the month, average monthly attendance 43 and an electronic mailing list with 309 subscribers
 - Hosted community trainings: ACES 2.0 (3/16) & Youth Mental Health 1st Aid (10/16) in partnership with the CHOICE Coalition
- **Homeless and Health Services Planning Efforts**
 - On-going representation on the Pierce County Continuum of Care Committee, CHOICE Prevention Coalition and Pierce County Human Services Coalition
 - Participant in the Pierce County Homeless Count and the Community Plan to End Homelessness Charrette

Work Plan

- Seek Council direction on funding policies and priorities on the proposed use of FY 2017 CDBG and HOME funds in meeting HUD's national objectives (Council Action – September 26, 2016)
- Conduct a Public Hearing on community development, housing, and public services needs for FY 2017 Annual Action Plan and proposed use of funds (October 6, 2016)
- Conduct the 2017/18 Human Services Funding Allocation Process and prepare human services funding recommendations for Council (Council Review - November 14, 2016)

**Community Services Advisory Board (CSAB)
2016/17 Work Plan**

- Review, rate and make funding recommendations in accordance with Council policies and priorities and on the FY 2017 Consolidated Annual Action Plan and proposed use of CDBG and HOME funds for submission to HUD. – (Council Review- March 13, 2017; Council Action- May 1, 2017)

- Evaluate and report on the effectiveness of the City's strategies in Housing, Health Care, Emotional Supports and Stabilization Services. Analyze the collective impact of the currently funded activities and identify opportunities to increase internal and external partnerships that enhance social service delivery systems (June 12, 2017)

- Submit FY 2016 Consolidated Performance and Evaluation Report (CAPER) to HUD (September, 2017)

- Monitor contracted agencies' capacity to meet service goals and contract requirements and prepare second-year (2018) funding recommendations for Council (December, 2017)



TO: Mayor and City Councilmembers

FROM: Jeff Gumm, Program Manager

THROUGH: John J. Caulfield, City Manager *John J. Caulfield*

DATE: September 26, 2016 (Council Study Session)

SUBJECT: FY 2017 Annual Action Plan Funding Policy Statement and Proposed Use of Funds

Introduction: The purpose of this memorandum is to provide a framework for the FY 2017 CDBG/HOME funding processes, including the development of the FY 2017 Policy Statement as it pertains to CDBG and HOME program funding priorities.

FY 2017 CDBG & HOME Funding Process: The Department of Housing and Urban Development requires the City to establish policies setting funding guidelines and priorities concerning the City's utilization of its CDBG and HOME funds on an annual basis. Once established, these funding policies and priorities will be used to drive funding decisions for the FY 2017 Annual Action Plan and proposed use of funds in compliance with HUD's three national objectives, which are to: 1) benefit low and moderate income citizens, 2) remove slums and blight, and 3) meet an urgent need.

Actions to Date:

- September 14, 2016 – The Community Services Advisory Board (CSAB) met to review the Draft FY 2017 Work Plan and Draft Policy Statement outlining funding policies and proposed use of funds based on the strategies already established in the 5-Year 2015-2019 Consolidated Plan as adopted May 4, 2015 (Resolution 2015-13) and the five year goals and priorities identified by the Council for CDBG & HOME funding.
- September 21, 2016 – The CSAB met to approve the 2015 Consolidated Annual Performance Evaluation Report and to discuss the October 6, 2016 public hearing process on CDBG and HOME funding needs.
- **September 26, 2016** – In preparation of the application and funding process for FY 2017 (July 1, 2017 - June 30, 2018) CDBG and HOME projects, the Council and the CDBG CAB begin a process to establish program policies and funding guidelines for the proposed use of CDBG & HOME funds. In accordance with HUD funding

procedures, funding for FY 2017 is to be divided into four distinct HUD categories- 1) Physical/Infrastructure Improvements; 2) Housing; 3) Public Service; and 4) Economic Development (*listed in order of priority per FY 2016 Council priorities*).

Actions Pending:

- October 6, 2016 – Consolidated planning process to begin with a public hearing to receive citizen input on community development, economic development, housing, and public services needs to benefit Lakewood’s low and moderate income citizens.
- October 12, 2016 – The CSAB meets to review public hearing testimony and to tentatively approve the Work Plan and Policy Statement.
- October 17, 2016 – Council’s consideration to adopt the FY 2017 CSAB Work Plan and Policy Statement in preparation for making FY 2017 funding applications available.
- November 1 – December 5, 2016 – Application filing period.
- March 13, 2017 – Council review of the FY 2017 Annual Action Plan (proposed use of funds).
- April 17, 2017 – Public Hearing on the FY 2017 Annual Action Plan.
- May 1, 2017 – Council’s consideration to adopt the FY 2017 Annual Action Plan.
- May 15, 2017 – Submittal of Plan to HUD.

FY 2017 Policy Statement and HUD Funding Categories: In accordance with HUD’s annual consolidated planning process for CDBG and HOME, eligible jurisdictions should develop a policy statement outlining funding guidelines and policies used to prioritize the of use of CDBG and HOME funds. The prioritization of funding is to be divided into four primary HUD categories- 1) Physical/Infrastructure Improvements; 2) Housing; 3) Public Service; and 4) Economic Development.

Funding categories are defined by HUD as follows:

1. Physical/Infrastructure Improvement – Acquisition, construction, reconstruction, rehabilitation or installation of publically owned facilities, or that are owned by a nonprofit and open to the general public for the purpose of benefitting low- and moderate- income (LMI) individuals. Typical activities include roads, sidewalks, sewers, street lighting, park or recreational facility improvements, and improvements to special needs or client services type facilities.
2. Housing – Housing activities directed toward homeownership and rental activities for LMI individuals. Typical activities include homeowner rehabilitation, down payment assistance, rental acquisition and rehabilitation, lead paint activities, and new construction, if carried out by a Community Based Development Organization (CBDO).

3. Public Service – Providing assistance and/or services to LMI individuals. Typical funding includes activities such as employment and education services, health care and substance abuse services, services for seniors, fair housing counseling, job training or counseling services, recreational services, and services for homeless persons.
4. Economic Development – Creating economic opportunities and jobs for LMI individuals. Economic development requires “direct” assistance to a business or development organization, most typically for full-time job creation.

DRAFT POLICY STATEMENT
FY 2017
CDBG and HOME Programs

GENERAL

1. All programs and projects will be consistent with the Community Development Block Grant (CDBG) and HOME Investment Partnership Act (HOME) program regulations as applicable.

CDBG projects must meet one of the three U. S. Department of Housing and Urban Development national objectives: (a) benefiting low and moderate income persons, (b) removing slums or blights or (c) meeting an urgent need.

HOME projects must provide housing or assist in housing for low-income persons.

2. Priority consideration (not necessarily in the following order) will be given to projects which:
 - a. Are consistent with the Consolidated Plan.
 - b. Use CDBG and HOME funds to leverage funds from other sources.
 - c. Demonstrate collaboration and cooperation with community residents and other community organizations that will improve service delivery and/or cost effectiveness.
 - d. Promote or facilitate self-sufficiency.
 - e. Are prioritized consistent with Lakewood City Council goals, subject to CDBG and HOME regulations.
 - f. Can be implemented within twelve months.
 - g. Do not require General Fund allocations for continuing operation and maintenance or which reduce current operation and maintenance costs. (Note: It is recognized, that to address community needs, some federal funded projects may require support from the General Fund for operation and maintenance costs, however, these projects must have a commitment from the General Fund prior to being recommended for federal funding.)
5. CDBG funds will be set aside in the Contingency category to cover unanticipated cost overruns on projects, for use as matching funds for grants, or to take advantage of unforeseen opportunities during the program year. Funds in the Contingency category will not exceed five (5) percent of the total grant.
6. A maximum of 20 percent of the total CDBG grant may be set aside for administration.

7. Up to 15 percent of the total CDBG grant may be set aside for public service programs.
8. The CDBG Citizens Advisory Board (CDBG/CAB) will review and make recommendations for the programming and reprogramming of CDBG and HOME funding.
9. The CDBG/CAB will review funding proposals for CDBG and HOME projects and will recommend projects for CDBG and HOME funding from new and reprogrammed allocations.
10. The CDBG/CAB will recommend annual funding policies and will recommend CDBG and HOME funding allocations by applicable categories (i.e. economic development, public service, community development (physical/infrastructure improvement), and housing in the Consolidated Annual Action Plan for consideration by the City Council.
11. The Tacoma Community Redevelopment Authority (TCRA) will review loan and grant applications for housing development projects funded by HOME Investment Partnership Act funds and make funding decisions based on projects meeting the lending criteria of the TCRA in accordance with the allocations to specific housing categories as approved by the Lakewood City Council.

CITY COUNCIL GOAL & PRIORITIES:

The Lakewood City Council overarching goals for the use of CDBG funds for FY 2017 is to enable economic development. The following areas are prioritized in order: physical/infrastructure improvements, housing, public service, and economic development.

PRIORITY 1 – PHYSICAL/INFRASTRUCTURE IMPROVEMENTS (COMMUNITY DEVELOPMENT)

The policy for physical/infrastructure improvements is to support neighborhood revitalization and improvements to spur economic development activities and improve living conditions for lower income persons. Activities that support this policy include:

1. Construction or improvement of public facilities (i.e. sewers, streets, sidewalks, alleys, lighting or related public improvements) in lower income residential neighborhoods or for business that create and/or retain jobs for lower-income persons.
2. Construction or rehabilitation of public or privately-owned, community service facilities (i.e. community, senior and youth centers) that will provide a public service benefiting low-income citizens.

3. Acquisition, development and improvement of parks, playgrounds and open space in lower-income residential neighborhoods.

PRIORITY 2 - HOUSING

The policy for housing is to support economic development and job development/retention by improving neighborhoods to expand opportunities for affordable housing for lower-income individuals, and to preserve affordable housing to prevent homelessness and to improve property values and neighborhood characteristics. Activities that support this policy include:

1. Projects that develop or renovate housing to create housing near jobs and promote economic viability.
2. Projects that conserve existing housing by making home repairs or rehabilitating homes to meet building and housing codes.
3. Projects that provide affordable housing and homeownership and rental housing opportunities.
4. Projects that support housing to accommodate persons with special needs.
5. Projects that provide housing for homeless or transitional shelter for homeless persons.
6. Projects that coordinate housing efforts in the city, county and neighboring jurisdictions to assess housing needs and create affordable housing opportunities.

PRIORITY 3 - PUBLIC SERVICE

The policy for CDBG funded public service activities is to target low-income clientele. Most of the City's human services activities are supported through 1% of the City's General Fund.

PRIORITY 4 - ECONOMIC DEVELOPMENT

The policy for economic development is to create viable businesses in targeted areas and to create and/or retain jobs for lower income persons.

Activities that support this policy include, not necessarily in priority order.

1. Assistance to businesses to make exterior improvements to facilities.
2. Assistance for microenterprise businesses.
3. Loans to businesses expanding jobs for lower-income persons.
4. Infrastructure to support businesses.



TO: Mayor and City Councilmembers

FROM: David Bugher, Assistant City Manager, Development Services

THROUGH: John J. Caulfield, City Manager *John J. Caulfield*

DATE: September 26, 2016 (Study Session)

SUBJECT: 2015 International Construction Code

Request: On June 6, 2016, the City Council adopted Ordinance No. 641. This ordinance implemented the revised the International Construction Codes (ICC) pursuant to the requirements of the state of Washington. Since then, it was brought to the attention of the Building Official that the amended ICC contained three errors. The department would like to submit an ordinance to the City Council to correct these mistakes.

First Correction: The first correction has to do with the adoption of the ICC Appendices. For the last three editions of the ICC, the fire sprinkler requirements were located in Appendix S. Staff assumed that in this adoption cycle, fire sprinklers would remain in the same Appendix. That was an incorrect assumption; the category, fire sprinklers was moved to a new Appendix, Appendix V. Further review showed that the ICC also changed the content of Appendices G and R.

The first set of corrections would adopt the appropriate Appendices. Please see Table 1 for details.

TABLE 1		
Appendix	Year	Description
Appendix F	2012 - 2015 -	Radon Control Methods
Appendix G	2012 - 2015 -	Swimming Pools, spas and hot tubs Piping Standards for Various Applications
Appendix R	2012 - 2015 -	Dwelling unit Fire Sprinkler Systems Light Straw-Clay Construction
Appendix Q	2015 -	Dwelling Unit Fire Sprinkler systems
Appendix S	2012 -	Fire Sprinklers

TABLE 1		
Appendix	Year	Description
	2015 -	Straw Bale Construction
Appendix V	2012 - 2015 -	Fire Sprinklers

To move forward, the following changes should be made to the ICC:

- Appendix F (Radon Control Methods) would remain the same;
- Appendix G would be deleted as there is no Appendix addressing swimming pools in the 2015 Residential Code;
- Appendix R should be Appendix Q; and, lastly
- Appendix S should be Appendix V.

The corrected language would read as follows:

“B. The 2015 edition of the International Residential Code (IRC) excluding sections R103, R104, R105, R106, R107, R108, R109, R110, R111, R112, R113, R114, but including Appendices F, ~~G~~, Q, ~~R~~ and ~~S~~ V, as published by the International Code Council and as adopted and amended by the Washington State Building Code Council in chapter 51-51 WAC, is hereby adopted by reference and as subsequently amended by this chapter.”

Second Correction: With the correct adoption of Appendix V, a change is required to Section AV107.1 Fire Sprinklers.

This section currently reads,

“An approved automatic fire sprinkler shall be installed in new one-family and two-family dwellings and townhouses in accordance with Appendix Q.”

The department is proposing to edit this section to read as follows,

“An approved automatic fire sprinkler shall be installed in new ~~one-family and two-family dwellings and~~ townhouses in accordance with Appendix Q.”

By way of information, under the ICC, townhouses are defined as a minimum of three attached dwelling units.

Third Correction: The Fire Marshal would like to make text changes to Section 15A 05.60, Sub-Section K. The purpose is to more properly align the ICC with the fire codes. The correction would be to change “floor area” to “fire area¹” and to include the Occupancy Groups R-1 and R-2 as follows:

¹ Fire area means the aggregate floor area enclosed and bounded by fire walls, fire barriers, exterior walls or horizontal assemblies of a building. Areas of the building not provided with

“Approved automatic sprinkler systems shall be provided in all newly constructed buildings and in existing buildings undergoing a Major Improvement, which exceed 5,000 square feet in ~~floor~~ fire area and houses A, B, F, M, R-1, R-2 or S occupancies. Additionally, automatic sprinkler systems shall also be provided in any of the other situations described in 903.2., as required under WAC 51-50 and/or as follows:”

Next Steps: An ordinance will be returned to the City Council for adoption on October 3, 2016. Since the item is considered housekeeping, if the Council is amenable, the ordinance would be placed on the Consent Calendar.

Attachment:
Proposed Draft Ordinance

surrounding walls shall be included in the fire area if such areas are included within the horizontal projection of the roof or floor next above.”

ORDINANCE NO. *BLANK*

An Ordinance of the City Council of the City of Lakewood, Washington, amending Ordinance No 641 (the adoption of the 2015 editions of the International Code Council [ICC]) to make minor corrections to code language.

WHEREAS, Title 15A LMC must be updated to reflect the new code adoption and amendments to the State Building Code established by RCW Chapter 19.27 and found in Title 51 of the WAC, and which become effective statewide on July 1, 2016;

WHEREAS, the City Council of the City of Lakewood adopted Ordinance No. 641; and

WHEREAS, the Building Division of the Community & Economic Development Department began administering the newly revised regulations; and

WHEREAS, errors were identified in the adopted code language necessitating that Ordinance No. 641 be amended; and

WHEREAS, the City Council of the City of Lakewood reviewed the proposed amendments at a City Council study session on the 26th day of September, 2016.

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

Section 1: Section 15A.05.020 of the Lakewood Municipal Code, entitled, “Codes Adopted by Reference,” is amended to read as follows:

The following codes, as herein adopted and further amended, shall be collectively known as the Lakewood Building Code.

A. The 2015 edition of the International Building Code (IBC), including Appendix Chapters E, G, J and I, published by the International Code Council and amended by the Washington State Building Code Council in chapter 51-50 WAC, is hereby adopted by reference and as subsequently amended by this chapter.

B. The 2015 edition of the International Residential Code (IRC) excluding sections R103, R104, R105, R106, R107, R108, R109, R110, R111, R112, R113, R114, but including Appendices F, ~~G~~, Q, R and ~~S~~ V, as published by the International Code Council and as adopted and amended by the Washington State Building Code Council in chapter 51-51 WAC, is hereby adopted by reference and as subsequently amended by this chapter.”

C. The 2015 edition of the International Mechanical Code (IMC) published by the International Code Council amended by the Washington State Building Code Council in chapter 51-52 WAC; including the 2015 International Fuel Gas, the 2011 edition of

NFPA 58 and the 2012 edition of ANSI Z223.1/NFPA 54 as amended by the Washington State Building Code Council, are hereby adopted by reference and as subsequently amended by this chapter.

D. The 2015 edition of the International Fire Code (IFC), including Appendix chapters B,C,D (sections 105 & 106), E, F and G, published by the International Code Council amended by the Washington State Building Code Council in chapter 51-54A WAC, is hereby adopted by reference and is subsequently amended by this chapter.

E. The 2015 edition of the Uniform Plumbing Code, including Appendices A, B and I, published by the International Association of Plumbing and Mechanical Officials amended by the Washington State Building Code Council in chapter 51-56 WAC, is hereby adopted by reference and is subsequently amended by this chapter.

F. The 2015 edition of the International Energy Conservation Code, as amended by the Washington State Building Code Council in chapters 51-11C and 51-11R WAC and known as the Washington State Energy Code, is hereby adopted.

G. The 2015 edition of the International Existing Buildings Code, published by the International Code Council and amended by the Washington State Building Code Council in chapter 51-50 WAC, is hereby adopted.

H. The 2015 edition of the International Performance Code, published by the International Code Council, is hereby adopted.

I. The 2015 edition of the International Property Maintenance Code, published by the International Code Council, is hereby adopted.

[LY1] Section 2: Section 15A.05.060 of the Lakewood Municipal Code, entitled “Amendments to International Building Code,” is amended to read as follows;

The following sections of the IBC are amended as follows:

A. **105.2 Work exempt from permit**, item #4, is amended to read as follows:

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 by the wall 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. **105.8 Ownership of permits**, add a new section to read as follows:

The ownership of a City of Lakewood permit shall incur to the property owner. The permit applicant is an agent of the owner, if not the property owner.

C. **107.3.4 Design professional in responsible charge**, is amended by the addition of the following paragraph (remainder unaffected):

The preparation of plans for any building or structure containing five or more residential dwelling units or doing design work including preparing construction contract documents and administering the construction contract for construction, erection,

enlargement, alteration, or repairs of or to a building of any occupancy over 4,000 square feet in floor area, or a project that impacts life safety or structure that is contained within a building of over 4,000 square feet in floor area

D. **109.4 Work commencing before permit issuance**, is amended to read as follows:

Any person who commences work on a building, structure, gas, mechanical or plumbing system before obtaining the necessary permits shall be subject to an investigation fee equal to the permit fee, The investigation fee may be based upon an hourly cost if determined appropriate by the building official.

E. **109.6 Refunds**, is amended to read as follows:

The building official may authorize a refund of: one hundred percent (100%) of any fee paid erroneously; up to eighty percent (80%) of the permit fee for a permit that is withdrawn, if no work has been done under the permit; and up to eighty percent (80%) of the plan review fee paid when an application is withdrawn prior to any plan review having been done. No refund shall be authorized except on written application filed by the original applicant not later than one hundred eighty days after the date of the fee payment.

F. **111.2 Certificate issued**, is amended to read:

After the building official inspects the building or structure and finds that it is in compliance with the applicable codes and regulations, the building official shall cause to be issued a Certificate of Occupancy on a form developed by the City to display the information pertinent to identify the facility and code requirements.

G. **Section 113 Board of Appeals**, is renamed **Appeals** and reads as follows:

113.1 Authority and Limitations. The hearing examiner system established by LMC 1.36 shall be authorized to hear and decide appeals of orders, decisions or determinations made by the building official relative to the application and interpretation of this code. Any reference, in the adopted codes, to a board of appeals shall be read as 'hearings examiner.

113.2 Limitations on Authority. An application for appeal shall be based on a claim that the true intent of this code has not been correctly interpreted, or the provisions do not fully apply, or an equally good or better form of construction is proposed. The hearings examiner shall have no authority to waive requirements of this code. The examiner is not authorized to interpret or decide on administrative provisions contained in chapter 1.

113.3 Further Appeal to Superior Court. The decision by the Hearing Examiner under this Title shall be final and conclusive unless within twenty-one (21) days from the date of the decision, a party makes application to a court of competent jurisdiction for a writ of certiorari, a writ of petition or a writ of mandamus, or other applicable relief.

H. **Section 114.4 Violation penalties**, is amended to read as follows:

Any violation of a provision of the Lakewood Building Code is a misdemeanor, punishable by imprisonment for a term of up to ninety (90) days, by a fine of up to one thousand dollars (\$1,000), or by both.

I. **Section 202 Definitions.** Add a definition of Major Improvement that reads:

Major improvement means all improvements to a structure (excluding normal maintenance and repair and life/safety improvements) which within a 72-month period

exceeds a cumulative value of 50 percent of the current county assessed value of the structure. The value of improvements shall be as determined by the building official.

J. **901.7 Fire Areas**, is revised to read as follows:

Where buildings, or portions thereof, are subject to the fire protection provisions of this chapter the use of fire walls, fire barriers or other means to divide fire area in order to not exceed the limits established for requiring a fire protection system in accordance with this chapter are prohibited

K. **903.2 Where required**. is amended to read as follows:

Approved automatic sprinkler systems shall be provided in all newly constructed buildings and in existing buildings undergoing a *Major Improvement*, which exceed 5,000 square feet in ~~floor~~ fire area and houses A, B, F, M, R-1, R-2 or S occupancies. Additionally, automatic sprinkler systems shall also be provided in any of the other situations described in 903.2., as required under WAC 51-50 and/or as follows:

Exceptions:

1) *F-2 and S-2 occupancies of type IA, IB, IIA, IIB, IIA, IIIA or IIIB less than 12,000 square feet in area, unless required by other provisions of the code.*

2) *B occupancies located on a floor other than level of exit discharge that serves other occupancies are not allowed the use of the 5,000 square foot threshold.*

L. **903.2.7 Group M**. section 903.2.7 item #4 is revised to read:

4. A Group M occupancy used for the display of upholstered furniture.

M. **903.2.13** A new section 903.2.13 is added and reads as follows:

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

N. **903.3.1.1.1 Exempt locations**. section 903.3.1.1.1 is amended by deletion of items 4,5 and 6.

O. **912.2 Location**. Section 912.2 is amended to read as follows:

With respect to hydrants, driveways, buildings and landscaping, fire department connections shall be so located that fire apparatus and hoses connected to supply the system will not obstruct access to the building(s) for other fire apparatus. Fire department connections shall not be located closer than 50 feet from the structure or 1 ½ times the building height, whichever is greater. The location shall be approved by the fire code official.

Section 3: Section 15A.5.070 Amendments to International Residential Code is amended to read as follows:

The following sections of the International Residential Code are amended as follows:

A. Table R302.2(1) Climatic and geographical design criteria, is amended to read as follows:

Ground snow load	25 lbs. per sq. ft.
------------------	---------------------

Wind speed (gusts)	85 mph exposure B
Seismic Design Category	D1
Subject to damage from weathering	Moderate
Frost line depth	12 inches
Termite	Slight to moderate
Decay	Slight to moderate
Winter design temperature	26degrees Fahrenheit
Ice shield underlayment required	No
Flood hazards	Current FEMA map
Air freezing index	Not applicable
Mean annual temperature	50 degrees Fahrenheit

B. Section 107, Appendix V is amended as follows.

An approved automatic fire sprinkler system shall be installed in new townhouses in accordance with Appendix Q.

Section 4 Savings Clause: No offense committed and no penalty or forfeiture incurred prior to the effective date of this Ordinance nor any proceeding undertaken to enforce the provisions so repealed shall be affected by such a repeal and the same shall proceed in all respects, as if such provision had not been repealed. Furthermore, any act undertaken pursuant to any provision so repealed is not intended to be lost, impaired or affected by this Ordinance.

Section 5 Severability: If any sections, sentence, clause or phrase of this Ordinance shall be held to be invalid or unconstitutional by a court of component jurisdiction, or its application held inapplicable to any person, property or circumstance, such invalidity or unconstitutionality or inapplicability shall not affect the validity or constitutionality of any other section, sentence, clause or phrase of this Ordinance or its application to any other person, property or circumstance.

Section 6 Effective Date: This Ordinance shall be in full force and effect thirty (30) days after publication of the Ordinance Summary.

ADOPTED by the City Council this ____ day of _____, 2016.

CITY OF LAKEWOOD

Don Anderson, Mayor

Attest:

Alice M. Bush, MMC, City Clerk

Approved as to Form:

Heidi A. Wachter City Attorney



To: Mayor and City Councilmembers

From: Sally Martinez, Parks, Recreation and Community Services

Through: John J. Caulfield, City Manager *John J. Caulfield*

Date: September 26, 2016

Subject: Naming/Re-naming Policy Recommendations

Attachments: Updated Naming Policy Recommendations
Naming Policy Resolution 2016-XX

In 1997 the City Council passed Resolution 1997-2 which is a policy and procedure for naming/re-naming parks and facilities. As part of the City Parks and Recreation Department work plan, a Sponsorship policy for the City of Lakewood was created. When reviewing this policy the PRAB also reviewed Resolution 1997-2 created in 1997 to name/re-name parks and facilities. Because the Naming policy needed updates to include current best practices, and because the two policies went hand-in hand, they were combined into one document. During Council review at the April 25th City Council Study Session it was recommended to separate the Sponsorship and Naming Policies into two distinct documents because “sponsorships” are considered temporary in nature, while “naming” opportunities are considered permanent. Also, the sponsorship policy is new while the naming policy consists of suggested recommendations to enhance the original document created in 1997.

The following recommendations serve to update and enhance Resolution 1997-2 and implement a clear process and procedures for naming/renaming City parks and facilities. They are intended to keep the policy transparent, relevant and help the city stay pro-active by preventing naming issues that have presented themselves in other cities from occurring in the City of Lakewood.

We recommend adding the following changes to Resolution 1997-2:

Supplementing the definition of naming/renaming in section 1.

Updating criteria in Section B with new language that keeps the City's best interests and reputation top of mind. Updates include language regarding the following areas: Engender a strong, positive image; have broad public support; avoid undue commercialization of the park and/or recreational facility; include individuals, historic events, culture, people and places; consideration for gifts, renaming or relocating properties and a morals clause.

Adding in section C specifics regarding the process used by Council for review and approval for naming/renaming a city park or facility. Based on best practices, it was recommended that naming a place could require a 36 month waiting period.

RESOLUTION NO. ~~1997-2~~ 2016-XX

A RESOLUTION of the City Council of the City of Lakewood, Washington, relating to parks and public facilities, creating a policy and procedure for naming/renaming City parks and facilities.

WHEREAS, the City Council may have occasions to name or rename City parks and other City facilities; and,

WHEREAS, it is appropriate to establish criteria and procedures for the official naming/renaming of City parks and other facilities.

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

Section 1.

A. The naming/renaming of City Parks and other City facilities shall only be in accordance with the procedures and criteria set forth below. Once adopted, name changes should occur on an exceptional basis only. Permanent naming/renaming opportunities: (1) are non-sponsorship and non-fundraising related opportunities; (2) are permanent and do not expire; and (3) are opportunities that comply with this policy.

B. The following criteria shall be considered:

1. ~~Neighborhood or geographical identification;~~
The past, present and future history of the land or community should be considered.
Consideration for naming and re-naming should ensure that:
 - a) It is in the best interest of the city and provides a worthy and enduring legacy for the city.
 - b) The name reflects the significance of a feature and the mission and vision of the city.
 - c) The name is appropriate to the location and remains relevant as the city grows and changes.
2. ~~Natural or geological features;~~
3. ~~Historical or cultural significance;~~
4. The individual or entity who has donated substantial monies or land or has been otherwise instrumental in the acquisition of the property;
5. The articulated preference of residents of the neighborhood surrounding the public facility;

6. ~~Facilities shall not be named for living persons; however, exceptions may be considered when a significant contribution of land or money is made and the donor stipulates naming the facility as a condition of the donation or when an unusually outstanding public service would so justify.~~
7. Engender a strong, positive image.
8. Have broad public support.
9. Avoid undue commercialization of the park and/or recreational facility.
10. **Outstanding Individuals**
Outstanding individuals will be considered posthumously. Consideration will be given when:
 - a) The person was exceptionally dedicated or demonstrated excellence in service in ways that made a significant contribution to the land, community, park, or city department.
 - b) The person risked his or her life to save or protect others; or
 - c) The person demonstrated commitment to equity, inclusion and justice.
11. **The naming of historic events, culture, people and places:**
When a park and/or facility is associated with or located near events, people, and places of historic, cultural or social significance: consideration will be given to naming the park, facility, etc., after such events, people and places. This history may include its founders, other historical figures, Native American heritage, local landmarks, prominent geographical locations, and natural features.
12. **Gift Related Naming**
A gift-related naming occurs when a donor makes a significant tax-deductible contribution that adds considerable value to the City of Lakewood. If the city benefits from the generosity of residents, businesses and foundations, the significance of the donation may warrant consideration for requests from either the donor or another party to acknowledge such a gift by naming. Decisions regarding such recognition are made on a case-by-case basis and will take into consideration the total cost of the project, the availability of other funds and the level of financial contribution. All gift-related naming will be documented by a written donor agreement. As a guideline, the threshold for considering the naming of an asset will include one or more of the following:
 - a) Land for the majority of the park was deeded to the City by the donor.
 - b) Contribution of a minimum of 60% of the capital construction costs associated with developing the park/facility.
 - c) Provision of a minimum 20-year endowment for the continued maintenance, operation and/or programming of the Asset.
13. **Renaming**

The renaming and reconsideration of current names of parks, facilities, natural areas, etc., is allowed but discouraged. Name changes will be subject to a critical review that includes consideration of the original justification for the current name, the monetary value of prior contributors, and the rationale for changing the name. The renaming process would follow all other steps in the Naming process.

The naming of physical entities is intended to be in place for the life of the specific physical entity. If, in the determination of the City Council, circumstances change so that the purpose for which the physical entity was established is significantly altered or if the physical entity is no longer needed or habitable, they will determine an appropriate way to recognize the donor's naming gift in perpetuity. If the City and the donor(s) previously established a contract that provides a practicable course of action, then that action shall be followed.

14. **Moral Clause**

Under circumstances that would cast a negative image upon the City (such as committing a serious crime), any naming of City-owned facilities in honor of an individual, family or group may be revoked at the discretion of the City Council. The names of individuals or corporations or groups involved in controversial enterprises or activities that would be detrimental to the mission or image of the City should be avoided. The donation of land, facilities, or funds for the acquisition, renovation or maintenance of land or facilities, shall not constitute an obligation by the City to name the land and/or facility or any portion thereof after an individual, family or organization.

15. **Modification or Relocation of Property and Names**

As modifications are made to property over time, situations may occur where it is in the best interest of the city to relocate, modify, or reallocate named city property. This is to insure that the original purpose of the naming and the donor's wishes, if built with private funds, are preserved as appropriate.

C. Prior to City Council approval, the proposed naming information will be reviewed by the appropriate City staff or committee who will consider names based on the criteria outlined below and with consideration of public comment. The following guidelines shall be followed for naming/renaming of City parks and other City facilities:

1. If the City Council determines that a City Park or other City facility should be named or renamed, the City shall solicit suggestions for names from private organizations and individuals. All suggestions, whether solicited or independently offered, shall be acknowledged and recorded by the City.
2. Following a review of recommendations, suggestions and public comments, the City Council shall determine the name for City parks and other City facilities.

3. There shall be a lapse of at least ~~twelve (12)~~ thirty six (36) months between the date of the death of the person(s) or of the event commemorated and the final naming or renaming of the City park or City facility.

D. Naming Application Process

Any group, person, or organization may submit an application to name or re-name a public park, facility, street, natural area or significant capital asset. The application should be submitted to the City Manager. Applications should contain the following information:

1. Name of applicant
2. Proposed name for asset
3. Background/support for proposed name
4. Demonstrated community support for proposed name
5. Identification of interested/impacted stakeholders
6. Description/Map showing location
7. If proposing to name an asset after an outstanding person, documentation of that person's community or financial contribution to the City, State or Nation's history
8. If proposing to re-name a facility, the application should also include background information on the current name and the rationale for requesting a new name

E. Naming Approval Process

City Council will be advised based on a transparent process and utilize the following steps . The following steps will be used as guidelines for approval:

1. Advertise intent to name a park or facility or consider proposed names.
2. Refer completed application to appropriate staff or committee for review.
3. Take public comment, the purpose of which is to represent the broad range of demographics and interests of city residents;
4. Forward recommendation to City Council for consideration.
5. Notify the applicant of the application status once the City Council has taken action.

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

PASSED by the City Council this _____ day of _____, 199_____

CITY OF LAKEWOOD

Attest:

Bill Harrison, Don Anderson, Mayor

Alice M. Bush, CMC, City Clerk

Approved as to Form:

Daniel B. Heid, Heidi Wachter, City Attorney



To: Mayor and City Councilmembers

From: Sally Martinez, Parks, Recreation and Community Services

Through: John J. Caulfield, City Manager *John J. Caulfield*

Date: September 26, 2016

Subject: Sponsorship Guidelines

Attachments: Draft Sponsorship Guidelines

As part of the City Parks and Recreation Department work plan, a Sponsorship policy for the City of Lakewood was created. When reviewing this policy the PRAB also reviewed Resolution 1997-2 created in 1997 to Name parks and facilities. Because the Naming policy needed updates to include current best practices, and because the two policies went hand-in hand, they were combined into one document. During council review at the April 25 2016 City Council Study Session it was recommended to separate the Sponsorship and Naming Policies into two distinct documents because “sponsorships” are considered temporary in nature, while “naming” opportunities are considered permanent. Also, the sponsorship policy is new, and the naming policy consists of suggested recommendations to enhance the original document created in 1997.

We are now referring to this document as Sponsorship Guidelines because it is intended to guide staff when they are engaging donors. The Guidelines form a structure based on best practices of consistent elements of sponsorships, but also affords the flexibility needed due to the unique nature of each sponsorship opportunity.

Please note that the guidelines do not list specific industries, products, or businesses that may be ineligible for sponsorship or naming because we recommend addressing each situation on a case-by-case basis.

City of Lakewood Sponsorship Guidelines

This document supports the City of Lakewood's (referred to as "City") mission to enhance the quality of life of our residents by providing essential services in a fiscally responsible manner, ensuring public safety, promoting economic development, and preserving our natural environment. It also supports the Legacy Plan vision of ensuring Lakewood remains a healthy, vibrant community where opportunities abound. This document is divided into the following sections:

1. Summary and Purpose
2. Sponsorship Categories
3. Guidelines for Sponsorship Approval
4. Benefits and Recognition Guidelines for Sponsors
5. Sponsorship Procedures
6. Terms of Agreement
7. Sponsorship and Advertising Conditions
8. Associated Uses
9. Definitions

1. Summary and Purpose

The purpose of the document is to establish guidelines for City sponsorship and advertising agreements. It ensures efficient use of resources to sustain and enhance City programs and events, while actively pursuing cost recovery efforts. The document addresses how to engage partnerships in a manner that respects the noncommercial nature of public places. The City is pursuing partnerships and program support with all sectors (for-profit, non-profit, individuals, intergovernmental agencies, etc.), in the form of event, program, project, and site/area sponsorships. All sponsorships and advertising opportunities should comply with the guidelines and procedures in this document. However, the City shall not relinquish any aspect of the City's right to manage and control the City's assets and facilities based on a sponsorship opportunity.

2. Sponsorship Categories

Sponsorships are temporary and fall into the following five categories. In each case, marketing opportunities and recognition of the sponsorship will be outlined in a Sponsorship Agreement Letter and/or Sponsorship Contract with each individual partner.

Event Sponsorship. Event sponsorship is the financial support for a City event. An event is typically a one-time occasion (e.g. SummerFest, Jingle Bell 5k Fun Run, Tree Lighting Ceremony).

Project Sponsorship. Project sponsorship is financial support of a specific project which is usually a one-time effort. Results often include a product being developed for the public.

Program Sponsorship. Program sponsorship is financial support of a City led program for the public. A program normally includes a series of organized classes by the City.

Site Sponsorship. Site sponsorship is financially supporting a specific public place or feature (e.g. sports field, dog park, trail, community garden, picnic areas) within a city park or open space area.

Public Facility Sponsorship. Public facility sponsorship is financial support for a City building, structure or land. If naming is anticipated, refer to Resolution No. 2016-XX.

3. Guidelines for Sponsorship Approval

Sponsorships can affect the city's image. When evaluating proposals for sponsorship, the following important questions should be considered to ensure they meet the City's mission and don't pose a conflict of interest:

- 1) Are the organizations products, services, and marketing goals compatible with the City's mission, values, policies, or programs?
- 2) Are the organizations products and services compatible with the City codes and ordinances?
- 3) Does the proposed sponsorship enhance current priorities, programs, and core services of the City?
- 4) Do the conditions of the sponsorship (especially in terms of marketing benefits and temporary advertising) compromise the design standards, visual integrity of our City and facilities or the experience of users?
- 5) Does the sponsorship help make the program more accessible to underserved residents.
- 6) Does the sponsorship commit the City to additional operating and maintenance responsibilities and costs?
- 7) Are the tangible and in-tangible benefits balanced for both the sponsor and the City and consistent with the vision and mission?
- 8) Would the sponsorship create a conflict of interest for the City?
- 9) What is the organizations past record on community involvement with City projects and agencies?
- 10) Does the organization cause harm or negatively impact the City's reputation or image?

4. Benefits and Recognition Guidelines for Sponsors

Marketing benefits are negotiated and detailed in each specific Sponsorship Agreement Letter and Sponsorship Contract. A variety of sponsorship levels with appropriate benefits associated with each level could include:

- Logo on banners, street signs, brochures, flyers, posters, Connections Magazine, City Website, City face book page, and on products such as t- shirts, awards, swag bags, medals, etc. Other benefits may include entry to events, etc.
- All use of the City logo, in any manner, must be approved by the city per chapter 1.20 of the LMC. All logo use must be associated with the specific program or sponsorship.

5. Sponsorship Procedures

- 1) Sponsorship contract and/or Letter of Agreement detailing the terms is prepared.
- 2) Documents are approved by the City Manager or designee.
- 3) Sponsorship Contract with routing form is prepared.
- 4) Donor signs two original Sponsorship Contracts or initials Letter of Agreement.
- 5) Sponsor is invoiced.
- 6) Appropriate documentation is submitted to Finance Department for annual reporting
- 7) A thank you letter is sent on behalf of the City.

6. Terms of Agreement

Sponsorship fee levels will be based on the value of the marketing, brand benefits to the sponsor and the cost the event. Agreements will include the following at a minimum:

- a. Clear statement of how the City is improving or sustaining services through this funding and how the sponsorship supports the mission and vision of the City.
- b. The financial value, benefits associated, costs of the sponsorship, including any exclusivity or other hierarchy of benefits.
- c. Type and time limit for sponsorship.
- d. Clear statement of the responsibilities and roles of each party.
- e. Marketing and branding opportunities-- display, type, location, size, design, content and duration.
- f. Starting and ending date of Sponsorship.

7. Sponsorship and Advertising Conditions

Because sponsorships often include various forms of advertising, the following conditions will be followed:

- 1) The City will be transparent if there appears to be any conflicts of interests among sponsors.
- 2) The City reserves the right to refuse any advertisement or sponsorship from an organization, business, agency, or individual that are of a substantial similar nature as the programs and facilities provided by the City, and therefore might be detrimental to the City and outweigh any revenue gained.
- 3) The City does not support or endorse any political party, candidate, agenda or viewpoint, or endorse or promote any religious group of viewpoint. Therefore the City will not accept any advertisement or sponsorship that is associated with any political party, candidate, agenda or viewpoint, or endorse or promote any religious group of viewpoint.
- 4) The City may reject advertisements once the available space has been filled or the sponsorships have been met. If the advertisement or sponsorship is refused by the City, written notification shall be provided to the applicant, together with the reasons for refusal, which reasons shall be consistent with the terms of the document.
- 5) If possible the city will provide 30-day written notice of cancellation of sponsored programs or events.
- 6) Once the advertisement or sponsorship has been approved, City reserves the right to revise the size or placement of the advertisement without notice. Any camera or digital ready advertisement submitted that does not conform to a publication's mechanical requirements may be enlarged, reduced, and floated at the discretion of the communications manager or City representative or designee.
- 7) A Hold Harmless agreement is signed to hold the City, its officers, agents, employees and volunteers harmless for any and all claims made concerning the sponsorship agreement.
- 8) Advertisers, sponsors, and their agents do each, by the signature on the agreement will represent that they are fully authorized and licensed to use: (i) the names, portraits, and/or pictures of living persons; (ii) any copyright or trademarked materials; and (iii) any testimonials, as contained in the advertisement submitted for the City publication; and that

such advertisement is neither libelous or otherwise defamatory, an invasion of privacy or unlawful with respect to the third party.

- 9) The City shall not be responsible for the damages to advertisements, sponsors, or their agents that may be caused by the acts of God, fires, strikes, accidents, or other occurrences, beyond the control of the City or its publishers.
- 10) Any drawings, artwork, and copy submitted for reproduction are accepted by the City at the risk of the advertiser, sponsor, or their agents. Correction of errors shall be made at the City sole discretion, shall be limited to the first insertion, and shall not exceed the cost of the space in which the errors occurred. No allowance shall be granted for the errors that do not materially affect the value of an advertisement.
- 11) The City will not return any advertisement or sponsorship unless otherwise specifically agreed at the time of submission.
- 12) No advertisements shall be placed without a signed advertising or sponsorship agreement.

8. Associated Uses

This document also impacts a number of associated uses:

- 1) **Community sports teams.** Sponsorship policies do not apply to organized teams and leagues that often solicit their own sponsorship and enter into private agreements. With the exception of team uniforms, written approval must be obtained from the City for any public display on or within City facilities of private sponsorships (e.g. banners, flags, signs). All displays must meet City sign codes.
- 2) **Concessionaires.** Private Concessionaires are permitted to obtain sponsorships as they relate to their operation. However, any marketing materials (e.g. banners, etc.) displayed outside of the physical boundary of the Concession site but within a city facility must be approved by the City and meet city sign codes.
- 3) **Private programs, projects and events.** According to LMC 08.76.150 use of park facilities for financial gain, to include display of sponsorship material, is only allowed through a concession contract.

9. Definitions

- 1) **Advertising.** The activity or profession of producing advertisements for commercial products or services.
- 2) **Approval.** Process used to ensure the sponsorship opportunity is in the best interest of the citizens of the Lakewood.
- 3) **City.** Refers to the City of Lakewood, a Washington municipal corporation.
- 4) **Gifts:** A gift is a freely given donation of goods, cash or real property to the City for public purposes. Gifts may be designed for a specific purpose or may be general in nature. Recognition for donors is determined by the City. Guidelines for gifts and naming are detailed in Resolution No. 2016-XX referring to the naming and re-naming of City parks and other City facilities.
- 5) **Marketing.** Opportunities given to the sponsor to visibly brand their products, signage, name and logo on City property or materials. Details are specific to each sponsor and are outlined in the Sponsorship Agreement.

- 6) **Public Facilities.** Public facilities include streets, roads, highways, sidewalks, or any building, structure, or land area managed or owned by the City.
- 7) **Sign.** Any structure, device, letter, figure, character, poster, picture, logo, trademark or reading matter which is used or designed to announce, declare, demonstrate, display or otherwise identify or advertise, or attract the attention of the public. This includes, but is not limited to every device, frame, letter, figure, character, mark, plane, point, design, picture, logo, stroke, stripe, trademark, plane, point, design, picture, logo, stroke, stripe, trademark, or reading matter, which is used or intended to be used to attract attention or convey information when the same is visibly placed from a public right-of-way or on public property; and shall include all parts, portions, units, and materials composing the same, together with the frame, background, and supports or anchoring thereof.
- 8) **Sites.** Sites are specific places varying in scale from individual features or larger areas (e.g. baseball fields, soccer fields, dog parks, trails, picnic areas) within a public facility.
- 9) **Special Use Sign.** A sign intended to be displayed for a limited time and which is not permanently mounted, that advertises political issues or candidates, private sales, residential sale/rent/lease, commercial and industrial sale/rent/lease, or is a short term contractor's sign.¹
- 10) **Sponsor.** A third party entity that enters into a temporary sponsorship agreement with the City.
- 11) **Sponsorship Contract.** A mutual, contractual agreement that imitates the business plan for the exchange of marketing and branding benefits to the City and a third party for a specific period of time.
- 12) **Sponsorship.** *Temporary* financial or in-kind support from a third party entity for a specific event, project, program, public facility or site in exchange for marketing potential associated with the City. Sponsorships may include one or more of the city's events, projects, programs, public facilities or sites.



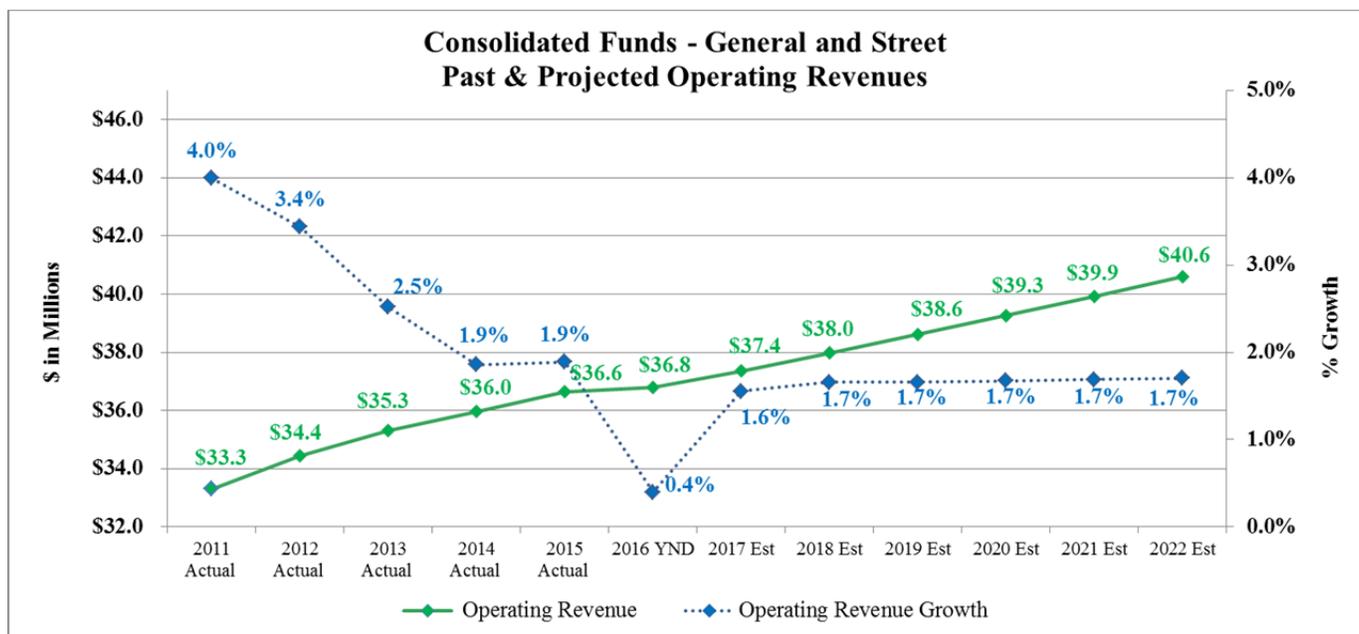
To: Mayor and City Councilmembers
 From: Tho Kraus, Assistant City Manager/Administrative Services
 Through: John J. Caulfield, City Manager *John J. Caulfield*
 Date: September 26, 2016
 Subject: Preliminary 2017-2018 Revenue Estimates

Introduction

The intent of the preliminary 2017-2018 revenue estimates update is to provide an overview of operating revenue projections and trends focusing primarily on the combined General and Street funds as these two funds are the City’s primary general governmental operating funds. This update also includes a revenue forecast for six years beyond the current budget period consistent with the City’s financial policy. Revenues are projected conservatively using a five-year trend and adjusted accordingly for current economic condition, recent activity and anticipated activity. The update on the expenditure estimates is scheduled for October 3, 2016 as part of the 6-year financial forecast presentation.

Consolidated Funds - General and Street

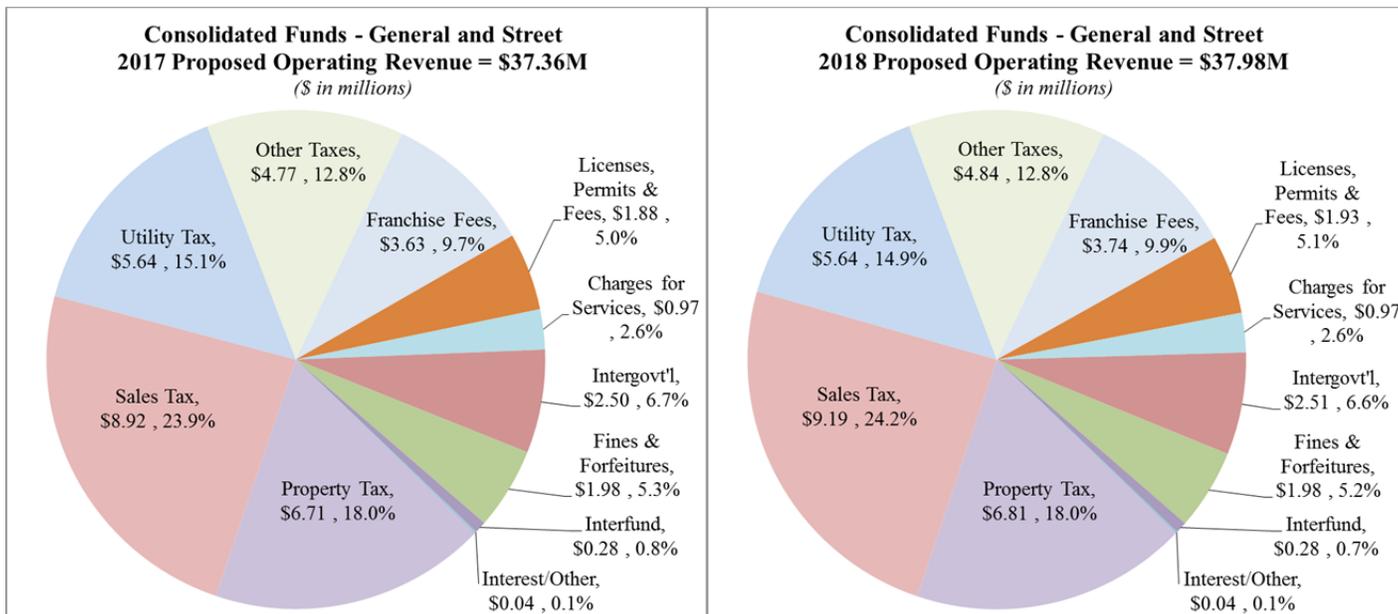
Operating revenues for the consolidated General and Street Fund is projected to increase by 1.6% in 2017 and 1.7% thereafter. The 0.4% revenue growth estimated for 2016 year-end is due primarily to decreases in estimated gambling tax, utility tax and admissions tax compared to 2015 actuals.



Of all the funds, the General and Street Funds are the two funds accounting for general city services that are primarily supported by taxes. In total, taxes account for 70% of the operating revenue sources which includes sales tax, property tax, utility tax and other taxes such as gambling tax, admissions tax, parks sales tax, natural gas tax, and criminal justice sales tax.

Among the taxes supporting General and Street fund operations, sales tax is by far the most significant source and accounts for 24% of the General & Street Fund operating revenues. Sales tax revenue fluctuates from year to year depending on the local economic condition. With that in mind, economic development continues to be a priority of the City, particularly focusing on the community’s commercial corridors to improve the City’s tax base.

The next largest source of tax revenue is property tax followed by utility tax, which accounts for 18% and 15%, respectively, of the General and Street funds operating revenues.



Sales & Use Tax (RCW 82.14)

The City of Lakewood has a local sales and use tax rate of up to 1% to fund general government programs. Of this total 15% is provided to Pierce County per state law. Currently the City imposes both the basic 0.5% and the optional 0.5% sales and use tax. This tax is imposed on personal and business purchases of tangible property. The retail sales tax is also assessed on some services such as repairs and construction. Revenues are accounted for in the General Fund.

The City of Lakewood receives 1% of the 9.4% sales tax rate. Of the 1%, Lakewood receives 0.84% (Pierce County receives 15% of the 1% and the State receives 1% of the 1% leaving 84% (.84%) to the City of Lakewood.

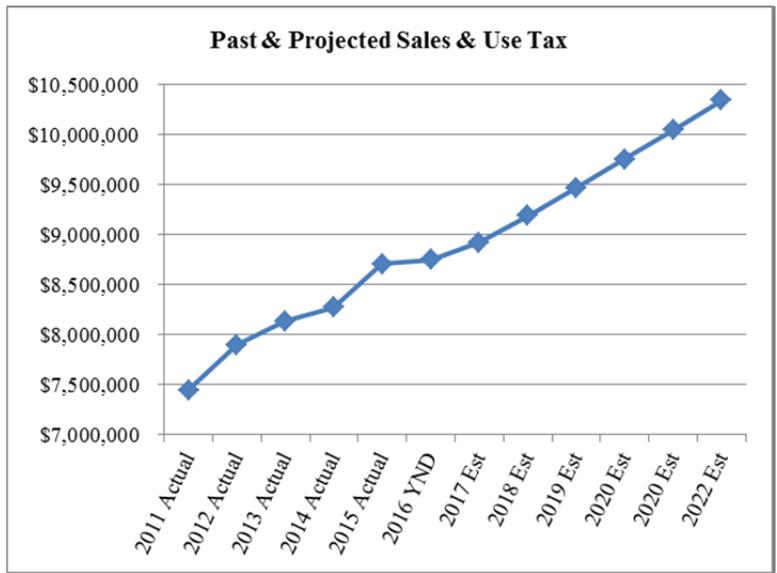
Agency	Rate
State of Washington	6.50%
City of Lakewood	1.00%
Criminal Justice Sales Tax	0.10%
Pierce Transit	0.60%
Sound Transit	0.90%
Pierce County Juvenile Facilities	0.10%
Zoo-Park Fee	0.10%
South Sound 911	0.10%
Total Tax on Sales & Use	9.40%

Each sales tax dollar that is collected in the City is distributed as follows:

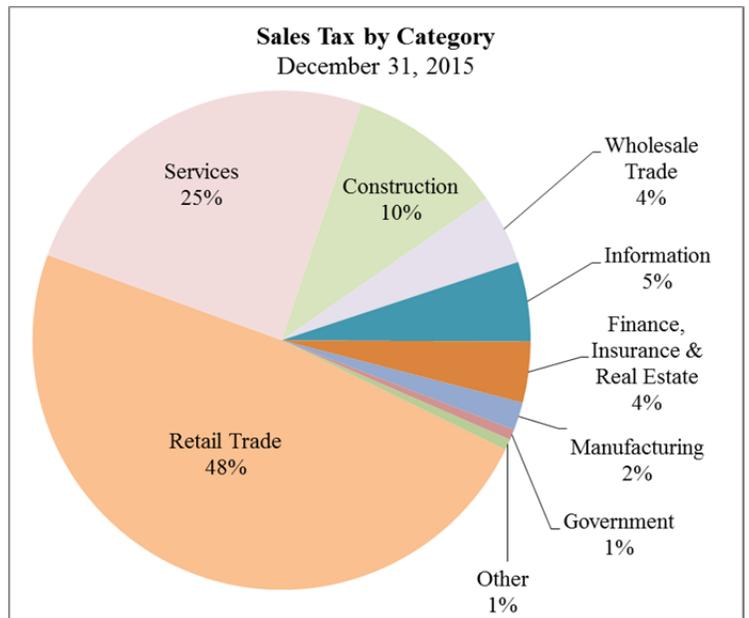


Sales tax is the largest single revenue source for the City of Lakewood representing 24% of General and Street Fund revenue. It is estimated to generate \$8.9M in 2017 (an increase of 2.0% over the 2016 year-end estimate) and \$9.2M in 2018 (an increase of 3.0% over 2017).

Year	Sales & Use Tax	% of G/S Oper Rev	Chg Over Prior Year	
			\$	%
2011 Actual	\$ 7,445,356	22.4%	\$ (116,983)	-1.5%
2012 Actual	\$ 7,897,357	22.9%	\$ 452,001	6.1%
2013 Actual	\$ 8,140,449	23.1%	\$ 243,092	3.1%
2014 Actual	\$ 8,272,877	23.0%	\$ 132,428	1.6%
2015 Actual	\$ 8,707,904	23.8%	\$ 435,028	5.3%
2016 YND	\$ 8,750,000	23.8%	\$ 42,096	0.5%
2017 Est	\$ 8,925,000	23.9%	\$ 175,000	2.0%
2018 Est	\$ 9,192,800	24.2%	\$ 267,800	3.0%
2019 Est	\$ 9,468,600	24.5%	\$ 275,800	3.0%
2020 Est	\$ 9,752,700	24.8%	\$ 284,100	3.0%
2020 Est	\$ 10,045,300	25.2%	\$ 292,600	3.0%
2022 Est	\$ 10,346,700	25.5%	\$ 301,400	3.0%
Average 6 Year Change (2011 - 2016)				2.5%
Average 6 Year Change (2012 - 2017)				1.9%
Average 6 Year Change (2013 - 2018)				1.9%



According to a listing of businesses registered with the City of Lakewood and sorted by the North American Industry Classification System, the business economy appears to be configured as follows: retail trade 48%; services 25%; construction 10%; wholesale trade 4%; information 5%; finance, insurance and real estate 4%; manufacturing 2%; and all other 2%.



Sales Tax Revenue by Category

(\$ in thousands)

Category	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Retail Trade	\$ 3,480	\$ 3,803	\$ 3,660	\$ 3,473	\$ 3,586	\$ 3,719	\$ 4,016	\$ 3,938	\$ 3,925	\$ 4,209
Services	1,694	1,787	1,800	1,769	1,830	1,872	1,819	1,924	1,998	2,147
Construction	915	954	1,162	1,076	963	714	903	1,030	884	884
Wholesale Trade	361	359	435	291	382	312	317	342	466	398
Information	307	320	329	324	364	364	364	387	424	449
Finance, Insurance & Real Estate	280	314	268	233	234	230	239	277	280	344
Manufacturing	158	184	143	104	113	136	132	136	157	158
Government	101	107	82	65	57	55	66	59	71	59
Other	38	46	47	41	35	45	40	46	68	61
Total	\$ 7,334	\$ 7,874	\$ 7,926	\$ 7,376	\$ 7,564	\$ 7,447	\$ 7,896	\$ 8,139	\$ 8,273	\$ 8,707

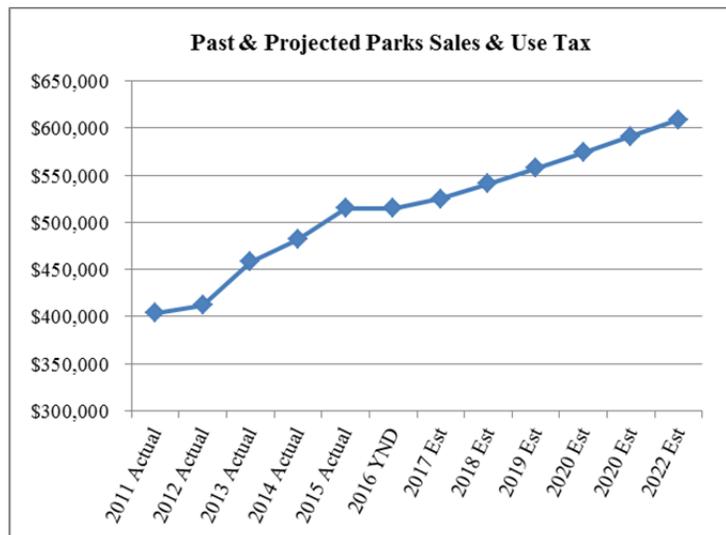
Parks Sales & Use Tax (RCW 82.14.400)

On September 19, 2000, Pierce County voters approved the ballot measure to increase local sales taxes by one-tenth of 1 percent. A sales and use tax equal to one-tenth of one percent (0.001%) within Pierce County provides funds to acquire, improve, rehabilitate, maintain, or develop regional and local parks; to improve, rehabilitate, maintain or expand accredited zoo, aquarium and wildlife preserves pursuant to RCW 82.14.400(6); for community-based housing; and to implement the creation of a zoo and aquarium advisory authority.

The tax was proposed as a funding mechanism for Tacoma Metro Park District (the zoo). The money collected is split 50-50 between the Parks District and the cities not contained in the District and the county.

The City receives the parks sales tax from the Pierce County on a monthly basis and funds are deposited into the General Fund for parks and recreation purposes.

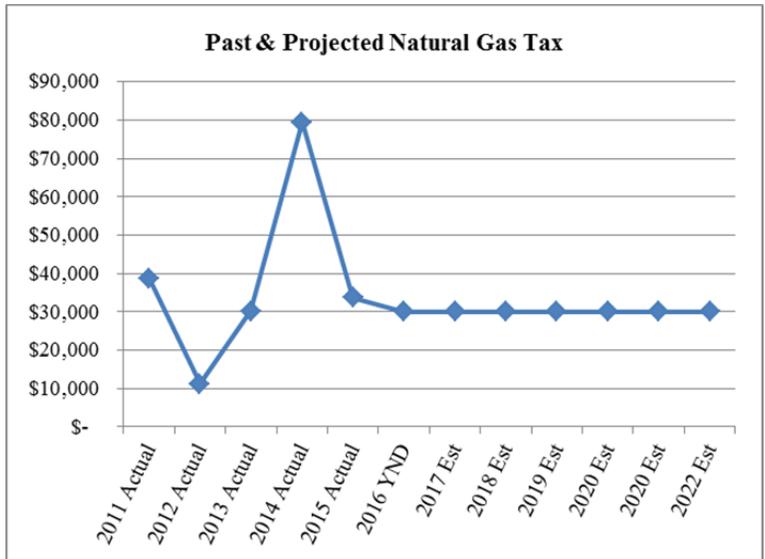
Year	Parks Sales & Use Tax	% of G/S Oper Rev	Chg Over Prior Year	
			\$	%
2011 Actual	\$ 403,822	1.2%	\$ (33,324)	-7.6%
2012 Actual	\$ 412,204	1.2%	\$ 8,382	2.1%
2013 Actual	\$ 458,373	1.3%	\$ 46,169	11.2%
2014 Actual	\$ 481,690	1.3%	\$ 23,317	5.1%
2015 Actual	\$ 515,202	1.4%	\$ 33,513	7.0%
2016 YND	\$ 515,000	1.4%	\$ (202)	0.0%
2017 Est	\$ 525,300	1.4%	\$ 10,300	2.0%
2018 Est	\$ 541,100	1.4%	\$ 15,800	3.0%
2019 Est	\$ 557,300	1.4%	\$ 16,200	3.0%
2020 Est	\$ 574,000	1.5%	\$ 16,700	3.0%
2020 Est	\$ 591,200	1.5%	\$ 17,200	3.0%
2022 Est	\$ 608,900	1.5%	\$ 17,700	3.0%
Average 6 Year Change (2011 - 2016)			3.6%	
Average 6 Year Change (2012 - 2017)			3.6%	
Average 6 Year Change (2013 - 2018)			2.5%	



Natural Gas Use Tax (RCW 82.14.230)

The governing body of any city, while not required by legislative mandate to do so, may by resolution or ordinance, fix and impose on every person a use tax for the privilege of using natural gas or manufactured gas in the City as a consumer. The Department of Revenue administers and collects the natural gas use tax. The State Treasurer's Office, upon certification from the Department of Revenue, remits amounts due to local governments on a monthly basis. Funds are receipted into the General Fund and used for general purposes.

Year	Natural Gas Use Tax	% of G/S Oper Rev	Chg Over Prior Year	
			\$	%
2011 Actual	\$ 38,585	0.1%	\$ 38,585	n/a
2012 Actual	\$ 11,296	0.0%	\$ (27,289)	-70.7%
2013 Actual	\$ 30,120	0.1%	\$ 18,824	166.6%
2014 Actual	\$ 79,394	0.2%	\$ 49,274	163.6%
2015 Actual	\$ 33,661	0.1%	\$ (45,733)	-57.6%
2016 YND	\$ 30,000	0.1%	\$ (3,661)	-10.9%
2017 Est	\$ 30,000	0.1%	\$ -	0.0%
2018 Est	\$ 30,000	0.1%	\$ -	0.0%
2019 Est	\$ 30,000	0.1%	\$ -	0.0%
2020 Est	\$ 30,000	0.1%	\$ -	0.0%
2020 Est	\$ 30,000	0.1%	\$ -	0.0%
2022 Est	\$ 30,000	0.1%	\$ -	0.0%
Average 6 Year Change (2011 - 2016)				-4.8%
Average 6 Year Change (2012 - 2017)				10.4%
Average 6 Year Change (2013 - 2018)				-0.1%



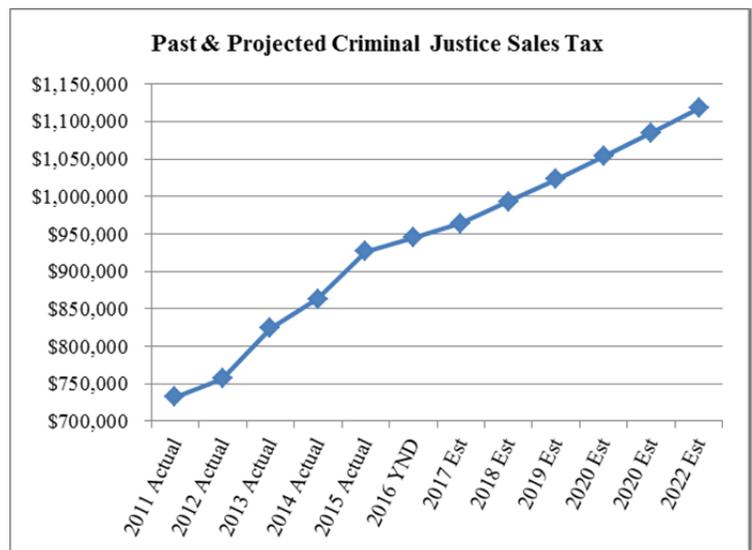
Note - The increase in 2014 is due to payments received and reported in 4th quarter 2014 for taxes related to years 2012, 2013 and 2014.

Criminal Justice Sales Tax (RCW 82.14.340)

Criminal Justice Sales Tax is a local option sales tax of 0.10 percent that is collected in addition to retail sales tax and use taxes by the Department of Revenue. Ten percent of the funds are distributed to the county in which the tax was collected. The remainder of the funds (90%) is then distributed to the county (for unincorporated areas) and cities within the county based on population as last determined by the Office of Financial Management.

Moneys received from this tax must be expended for criminal justice purposes. Criminal justice purposes are defined as activities that substantially assist the criminal justice system, which may include circumstances where ancillary benefit to the civil justice system occurs, and which includes domestic violence services such as those provided by domestic violence programs, community advocates, and legal advocates, as defined by RCW 0.123.020.

Year	Criminal Justice Sales Tax	% of G/S Oper Rev	Chg Over Prior Year	
			\$	%
2011 Actual	\$ 732,065	2.2%	\$ (11,770)	-1.6%
2012 Actual	\$ 756,800	2.2%	\$ 24,735	3.4%
2013 Actual	\$ 824,003	2.3%	\$ 67,203	8.9%
2014 Actual	\$ 863,463	2.4%	\$ 39,460	4.8%
2015 Actual	\$ 926,884	2.5%	\$ 63,421	7.3%
2016 YND	\$ 945,000	2.6%	\$ 18,116	2.0%
2017 Est	\$ 963,900	2.6%	\$ 18,900	2.0%
2018 Est	\$ 992,800	2.6%	\$ 28,900	3.0%
2019 Est	\$ 1,022,600	2.6%	\$ 29,800	3.0%
2020 Est	\$ 1,053,300	2.7%	\$ 30,700	3.0%
2020 Est	\$ 1,084,900	2.7%	\$ 31,600	3.0%
2022 Est	\$ 1,117,400	2.8%	\$ 32,500	3.0%
Average 6 Year Change (2011 - 2016)				3.8%
Average 6 Year Change (2012 - 2017)				3.6%
Average 6 Year Change (2013 - 2018)				2.8%



In the expenditure of funds for criminal justice purposes, cities and counties, or any combination thereof, are authorized to participate in agreements to jointly expend funds for criminal justice purposes of mutual benefit. Such criminal justice purposes of mutual benefit include, but are not limited to, the construction, improvement, and

expansion of jails, court facilities, juvenile justice facilities, and services with ancillary benefits to the civil justice system.

Property Tax (RCW 84.52)

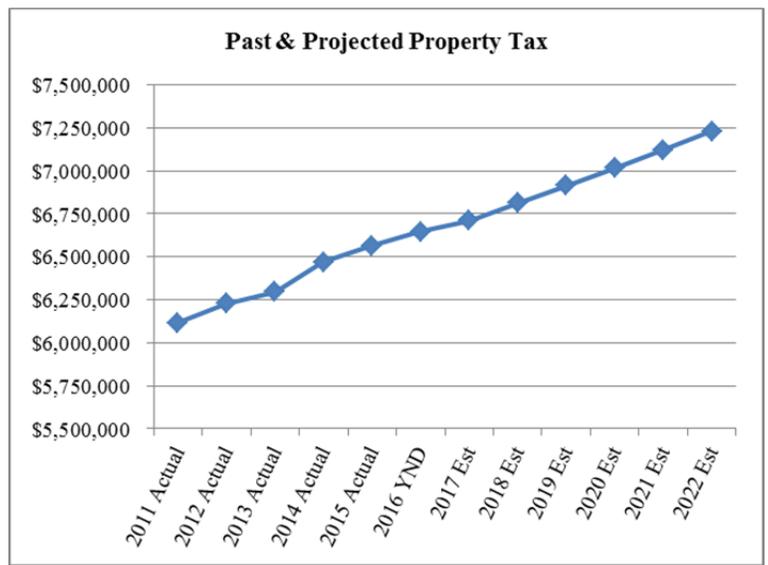
A property tax is a rate placed on each piece of property within the city and is used for general governmental purposes. The rate is expressed in “Dollars per \$1,000 of Assessed Value (AV), and is a function of the property tax levy permitted by law and adopted by the Lakewood City Council. In the City of Lakewood, as in other Washington cities, the maximum regular levy cannot exceed \$3.60 which includes the maximum regular levy of \$3.375 plus an additional \$0.225 per \$1,000 AV to provide for the Firemen’s Pension Fund.

Property tax is assessed on all land, buildings, and residential homes, and on inventory and improvements to commercial property within the Lakewood city limits.

Each year the City Council adopts a property tax rate by ordinance, which although established by ordinance is not codified. The ordinance must be provided to the Pierce County Council by November 30th as they have the duty to establish the actual property tax rate based upon the amount of property tax collections requested by a city, unless the City Council establishes a rate. The Lakewood City Council does not set the rate; however, does limit the amount of taxes to be collected.

The following tables show the City’s past and projected property tax. New construction and other add-ons such as administrative refunds and increase from state-assessed public utilities are also added to the 1% levy limit. Another factor affecting the actual property tax collection is delinquent taxes.

Year	Property Tax	% of G/S Oper Rev	Chg Over Prior Year	
			\$	%
2011 Actual	\$ 6,116,332	18.4%	\$ 69,007	1.1%
2012 Actual	\$ 6,227,924	18.1%	\$ 111,592	1.8%
2013 Actual	\$ 6,295,819	17.8%	\$ 67,895	1.1%
2014 Actual	\$ 6,468,617	18.0%	\$ 172,798	2.7%
2015 Actual	\$ 6,563,936	17.9%	\$ 95,319	1.5%
2016 YND	\$ 6,644,634	18.1%	\$ 80,698	1.2%
2017 Est	\$ 6,711,734	18.0%	\$ 67,100	1.0%
2018 Est	\$ 6,812,400	17.9%	\$ 100,666	1.5%
2019 Est	\$ 6,914,600	17.9%	\$ 102,200	1.5%
2020 Est	\$ 7,018,300	17.9%	\$ 103,700	1.5%
2021 Est	\$ 7,123,600	17.8%	\$ 105,300	1.5%
2022 Est	\$ 7,230,500	17.8%	\$ 106,900	1.5%
Average 6 Year Change (2011 - 2016)				1.3%
Average 6 Year Change (2012 - 2017)				1.2%
Average 6 Year Change (2013 - 2018)				1.3%



Property tax is the second largest revenue source for Lakewood and is deposited into the General Fund for general governmental operations. The City's property tax levy amount is subject to a number of limitations in the state statute:

1. The \$1.60 Levy Cap:

The state constitution establishes the maximum regular property tax levy for all taxing districts combined at 1%, or \$10 per \$1000 market value of the property. This cap is further divided by the RCW to the various taxing districts, with the maximum regular property tax levy for most cities at \$3.375 per thousand dollars assessed valuation (AV). Cities with the Firemen's Pension Fund can levy an additional \$0.225 per thousand dollars AV, resulting in a maximum levy of \$3.60 per thousand dollars AV.

For cities belonging to a fire district and/or library district, such as Lakewood, the combined total levies for the City and special districts cannot exceed \$3.60 per thousand dollars AV. The amount the City could

levy is reduced by what the library district and the fire district are levying. The library and fire districts each have a maximum allowed rate of \$0.50 and \$1.50 respectively. If both levy the maximum amount, the City can only levy up to \$1.60. If one or both of the special districts are not levying the maximum amount, the City's portion could exceed \$1.60, but must reduce its levy by the same amount if the library or fire district raises its levy in the future; so that the combined total is never above \$3.60. Currently, the Fire District and the Library District are both levying at their maximum amount; therefore the City's maximum levy rate is \$1.60.

This levy cap can be exceeded (excess levy) with voter approval. Depending on its purpose, if the levy were to be used for operational and maintenance purposes (O & M levy), the voters' approval is only good for a year. If the additional levy is for capital purposes, the approval does not have to have a time limit; however, one is normally given based on the expected life of the bonds.

2. The 106 percent lid and other limits in property tax growth rates:

Before 1997, a taxing district could increase the property tax levy amount annually by 6% (for a total of 106% of the amount levied in the previous year), up to the applicable levy cap. This growth rate limit was established in 1973 as the legislature responded to people's concerns that property taxes were rising too fast with the real estate boom.

Initiative 747 (approved by voters in 2001) further lowered the limit to the lesser of 1% or inflation. Property tax growth resulted from new construction; changes in value of state-assessed utility property, and newly annexed property (collectively referred to as new construction") are exempted from the lid/limit factor and may be added to the tax levy. The growth limit can be "lifted" by voters. A "lid lift" vote requires a simple majority voter approval, and the amount is added to the levy base for future years.

The General Levy property tax is the property tax levied by the City for general governmental purposes. It is determined by the following equation:

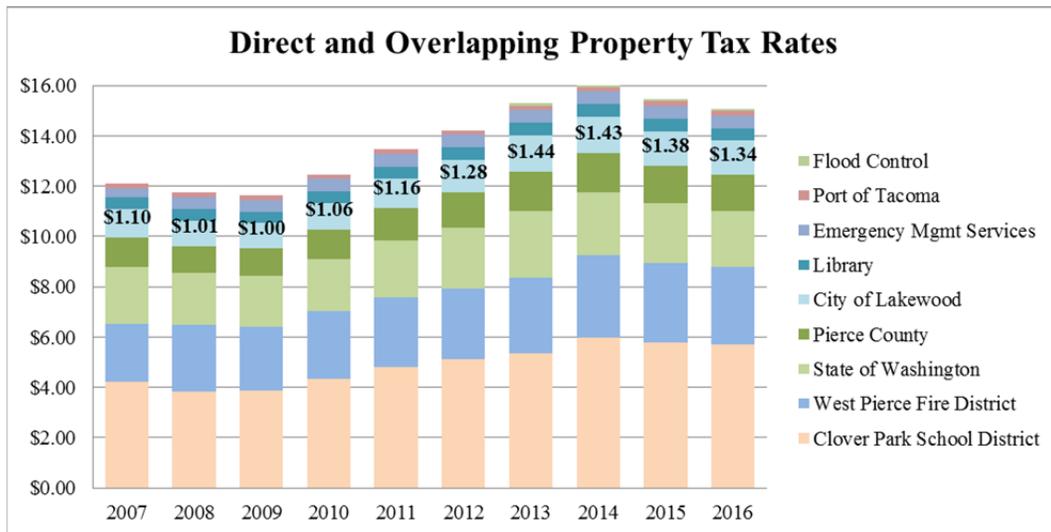
$$\text{Rate per } \$1,000 \text{ AV} = \text{Amount of Property Tax to be Collected} / \text{Assessed Value divided by } \$1,000$$

The rate per \$1,000 is a function of the total amount of taxes generated divided by the City's total AV.

In addition to the City's general levy, property owners in Lakewood must also pay taxes to other taxing districts.

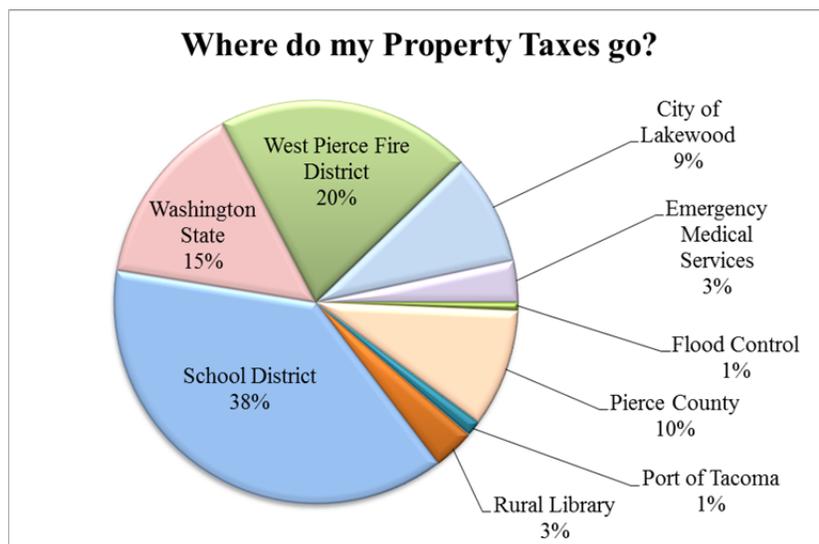
The following table provides historical and current rates by taxing districts.

Taxing District	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Clover Park School District	\$ 4.22	\$ 3.82	\$ 3.86	\$ 4.33	\$ 4.79	\$ 5.11	\$ 5.34	\$ 5.98	\$ 5.77	\$ 5.71
West Pierce Fire District	2.28	2.65	2.56	2.69	2.77	2.82	3.03	3.26	3.17	3.08
State of Washington	2.29	2.07	2.02	2.07	2.27	2.41	2.63	2.53	2.38	2.23
Pierce County	1.18	1.08	1.08	1.16	1.29	1.42	1.58	1.56	1.48	1.43
<i>City of Lakewood</i>	<i>1.10</i>	<i>1.01</i>	<i>1.00</i>	<i>1.06</i>	<i>1.16</i>	<i>1.28</i>	<i>1.44</i>	<i>1.43</i>	<i>1.38</i>	<i>1.34</i>
Library	0.48	0.44	0.44	0.47	0.50	0.50	0.50	0.50	0.50	0.50
Emergency Mgmt Services	0.36	0.50	0.49	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Port of Tacoma	0.19	0.19	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18
Flood Control	-	-	-	-	-	-	0.10	0.10	0.10	0.10
Total Levy Rate	\$12.10	\$11.76	\$11.63	\$12.46	\$13.46	\$14.22	\$15.30	\$16.04	\$15.47	\$15.08
AV (in billions)	\$5.147	\$5.748	\$5.948	\$5.693	\$5.316	\$4.884	\$4.420	\$4.495	\$4.495	\$4.943



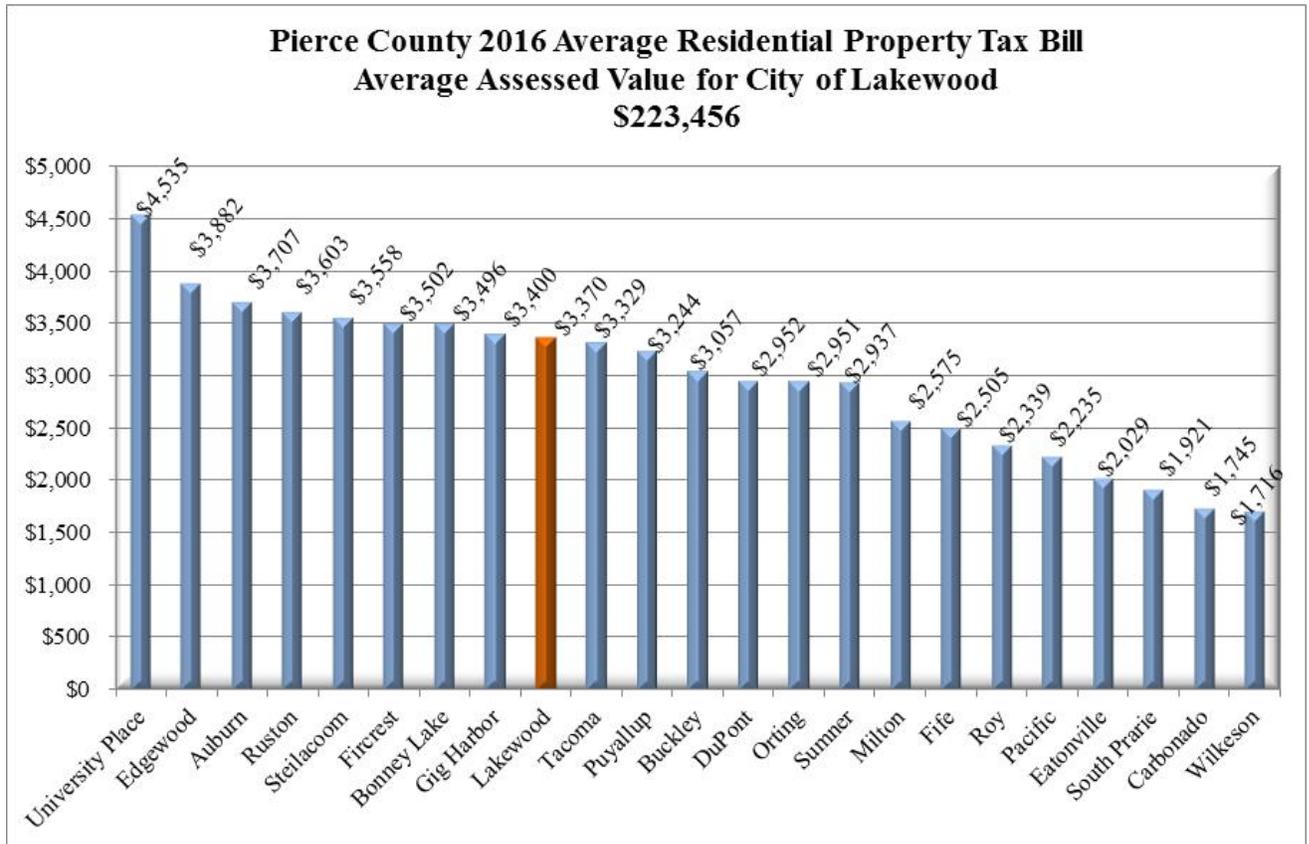
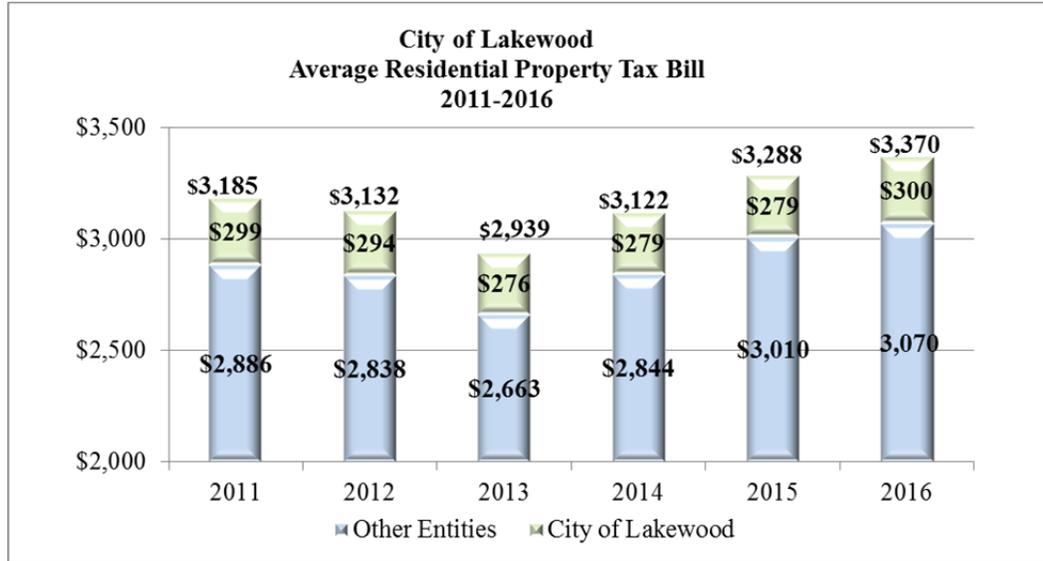
Most properties in Lakewood are taxed at \$15.08 per \$1000 AV in 2016, of which the City receives approximately 9% or \$1.34 per \$1000 AV to provide local services.

Therefore, for each \$1 property tax paid, less than 9¢ is available for City services and the remaining 91¢ goes to other taxing jurisdictions.



The Pierce County Assessor's Office reports the average 2016 residential property tax bill (including schools, state, fire, library, port, city, etc.) in Lakewood totals \$3,370.

The following charts and tables provide a trend for the average residential property tax bill for the last six years and a comparison of the average residential property tax bill in Lakewood compared to other Pierce County cities.



Gambling Excise Tax (RCW 9.46)

Cities are authorized to assess gambling excise tax on gambling operations. A comparison of the City’s rate versus the maximum rate authorized under Washington State law is provided below.

Activity	Rate Imposed	Maximum Amount Authorized Per State Law
Punch Boards	3% of gross receipts	3% of gross receipts
Pull Tabs	5% of gross receipts	5% of gross receipts
Bingo	5% of gross receipts	5% of gross receipts
Raffles	5% of gross receipts	5% of gross receipts
Amusement Games	2% of gross receipts less amount paid as prizes	2% of gross receipts less amount paid as prizes
Card Room	11% of gross receipts	11% of gross receipts

Bona fide charitable or nonprofit organizations, as defined by RCW 9.46.02.09, conducting bingo, raffles, amusement games, or gambling within the City are exempt from payment of gambling excise taxes to the City.

RCW 9.46.113 states that cities that levy gambling taxes “shall use the revenue from such tax primarily for the purpose of enforcement of the provisions of this chapter.” In 1991, the Washington State Supreme Court handed down a decision (American Legion Post No. 32 v. City of Walla Walla) that clarified the definition of “primarily.” In that decision, the court said that gambling tax must “first be used” for gambling law enforcement purposes to the extent necessary for that city. The remaining funds may be used for any general government purpose. The court also recognized that enforcement does not necessarily encompass only police activity related to gambling activities. A general police presence can help prevent illegal gambling activities.

The majority of the City’s gambling tax comes from card rooms (94%) and the remainder comes primarily from punchboards and pull-tabs.

Gambling taxes are due by the 15th day of the month following the month in which the tax is accrued and are accounted for in the General Fund.

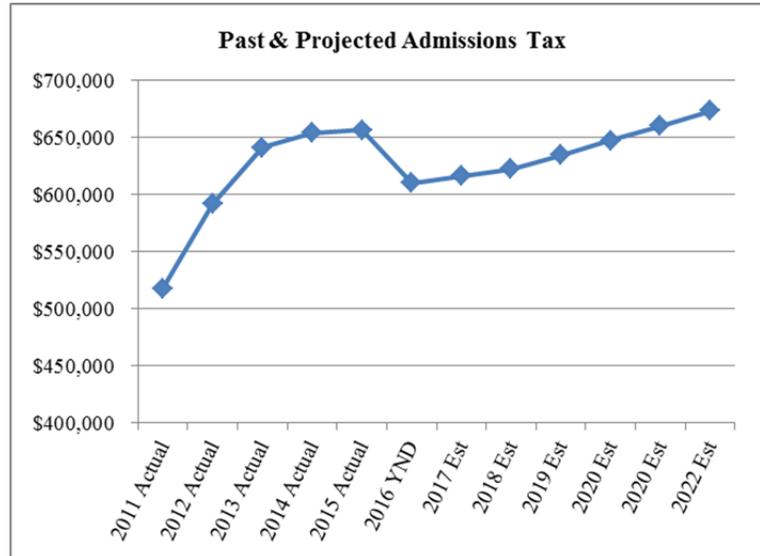
Year	Gambling Tax	% of G/S Oper Rev	Chg Over Prior Year	
			\$	%
2011 Actual	\$ 2,432,400	7.3%	\$ (183,060)	-7.0%
2012 Actual	\$ 2,425,133	7.0%	\$ (7,267)	-0.3%
2013 Actual	\$ 2,434,051	6.9%	\$ 8,918	0.4%
2014 Actual	\$ 2,482,403	6.9%	\$ 48,352	2.0%
2015 Actual	\$ 2,771,934	7.6%	\$ 289,531	11.7%
2016 YND	\$ 2,599,000	7.1%	\$ (172,934)	-6.2%
2017 Est	\$ 2,625,000	7.0%	\$ 26,000	1.0%
2018 Est	\$ 2,651,200	7.0%	\$ 26,200	1.0%
2019 Est	\$ 2,677,700	6.9%	\$ 26,500	1.0%
2020 Est	\$ 2,704,400	6.9%	\$ 26,700	1.0%
2020 Est	\$ 2,731,500	6.8%	\$ 27,100	1.0%
2022 Est	\$ 2,758,800	6.8%	\$ 27,300	1.0%
Average 6 Year Change (2011 - 2016)				1.1%
Average 6 Year Change (2012 - 2017)				1.3%
Average 6 Year Change (2013 - 2018)				1.4%



Admissions Tax (RCW 36.38)

An admissions tax of 5% is levied and imposed upon every person (including children without regard to age) who pays and admission charge to any place or event including play tickets, entrance fees and cover charges to clubs. The tax is due to the City of Lakewood from the person or organization collecting the admission fee by the 15th day of the month following the “reporting period” in which the activity occurred. The reporting periods are two-month blocks of time (i.e. Jan/Feb reporting period due March 15th).

Year	Admissions Tax	% of G/S Oper Rev	Chg Over Prior Year	
			\$	%
2011 Actual	\$ 517,350	1.6%	\$ 32,743	6.8%
2012 Actual	\$ 591,704	1.7%	\$ 74,354	14.4%
2013 Actual	\$ 641,151	1.8%	\$ 49,447	8.4%
2014 Actual	\$ 654,011	1.8%	\$ 12,860	2.0%
2015 Actual	\$ 656,410	1.8%	\$ 2,399	0.4%
2016 YND	\$ 610,000	1.7%	\$ (46,410)	-7.1%
2017 Est	\$ 616,100	1.6%	\$ 6,100	1.0%
2018 Est	\$ 622,300	1.6%	\$ 6,200	1.0%
2019 Est	\$ 634,700	1.6%	\$ 12,400	2.0%
2020 Est	\$ 647,400	1.6%	\$ 12,700	2.0%
2020 Est	\$ 660,300	1.7%	\$ 12,900	2.0%
2022 Est	\$ 673,500	1.7%	\$ 13,200	2.0%
Average 6 Year Change (2011 - 2016)			2.5%	
Average 6 Year Change (2012 - 2017)			0.7%	
Average 6 Year Change (2013 - 2018)			-0.5%	

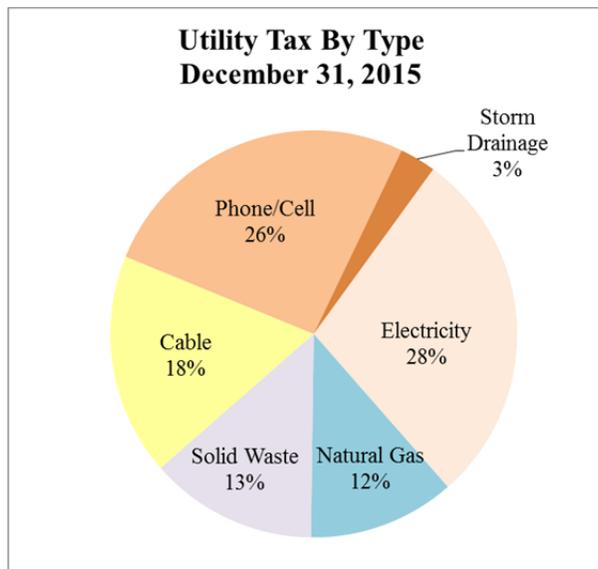


Utility Tax (RCW 35.21.870)

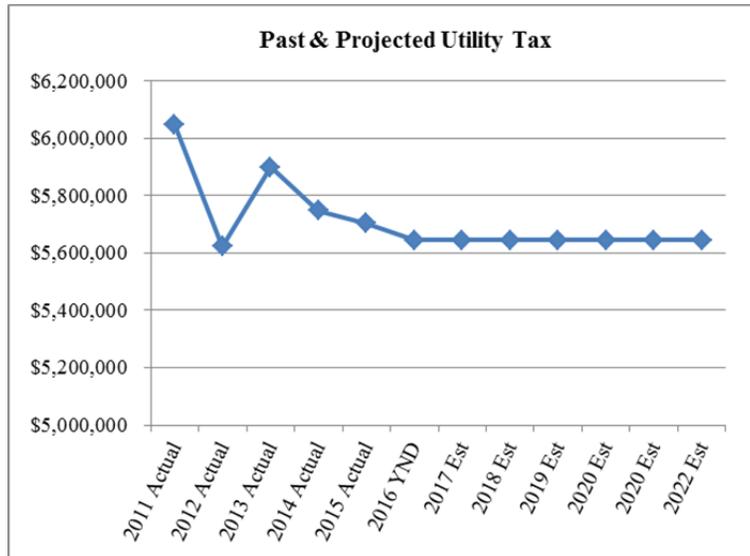
Cities and towns in Washington State are authorized to levy a business and occupation tax (RCW 35.22.280(32)) on public utility businesses based on revenues they generate within the city or town, known as a utility tax. The rate of taxes for electric, phone, and natural gas utilities are limited to 6% (RCW 35.21.870) without voter approval. No limitation on tax rates on other public utilities. Utility taxes are levied on the gross income earned by private utilities from operations within the City of Lakewood boundaries. Taxable utilities include electric, natural gas, cable, cellular, telephone, and solid waste.

The utility tax is a general purpose revenue source received into the General Fund.

Utility	Rate
Electric	5%
Natural Gas	5%
Cable	6%
Cellular	6%
Telephone	6%
Solid Waste	6%
Stormwater	6%



Year	Utility Tax	% of G/S Oper Rev	Chg Over Prior Year	
			\$	%
2011 Actual	\$ 6,047,025	18.2%	\$ 918,673	17.9%
2012 Actual	\$ 5,622,338	16.3%	\$ (424,687)	-7.0%
2013 Actual	\$ 5,899,854	16.7%	\$ 277,516	4.9%
2014 Actual	\$ 5,747,855	16.0%	\$ (151,999)	-2.6%
2015 Actual	\$ 5,703,609	15.6%	\$ (44,246)	-0.8%
2016 YND	\$ 5,644,000	15.3%	\$ (59,609)	-1.0%
2017 Est	\$ 5,644,000	15.1%	\$ -	0.0%
2018 Est	\$ 5,644,000	14.9%	\$ -	0.0%
2019 Est	\$ 5,644,000	14.6%	\$ -	0.0%
2020 Est	\$ 5,644,000	14.4%	\$ -	0.0%
2020 Est	\$ 5,644,000	14.1%	\$ -	0.0%
2022 Est	\$ 5,644,000	13.9%	\$ -	0.0%
Average 6 Year Change (2011 - 2016)			-1.2%	
Average 6 Year Change (2012 - 2017)			0.1%	
Average 6 Year Change (2013 - 2018)			-0.8%	



Utility Tax by Type									
Change Over Prior Year									
Type	2014	2015	2016 YND	2017 Est	2018 Est	2019 Est	2020 Est	2021 Est	2022 Est
Electricity	\$ 1,595,942	\$ 1,627,657	\$ 1,622,000						
\$ Change	(\$6,346)	\$31,715	(\$5,657)	\$0	\$0	\$0	\$0	\$0	\$0
% Change	0%	2%	0%	0%	0%	0%	0%	0%	0%
Natural Gas	720,699	666,412	665,000						
\$ Change	(\$41,337)	(\$54,287)	(\$1,412)	\$0	\$0	\$0	\$0	\$0	\$0
% Change	-5%	-8%	0%	0%	0%	0%	0%	0%	0%
Solid Waste	720,197	760,782	760,000						
\$ Change	(\$20,335)	\$40,585	(\$782)	\$0	\$0	\$0	\$0	\$0	\$0
% Change	-3%	6%	0%	0%	0%	0%	0%	0%	0%
Cable	944,860	1,006,459	1,005,000						
\$ Change	\$2,582	\$61,599	(\$1,459)	\$0	\$0	\$0	\$0	\$0	\$0
% Change	0%	7%	0%	0%	0%	0%	0%	0%	0%
Phone/Cell	1,602,189	1,477,998	1,425,000						
\$ Change	(\$87,327)	(\$124,191)	(\$52,998)	\$0	\$0	\$0	\$0	\$0	\$0
% Change	-5%	-8%	-4%	0%	0%	0%	0%	0%	0%
Storm Drainage	163,968	164,300	167,000						
\$ Change	\$764	\$332	\$2,700	\$0	\$0	\$0	\$0	\$0	\$0
% Change	0%	0%	2%	0%	0%	0%	0%	0%	0%
Total	\$ 5,747,855	\$ 5,703,608	\$ 5,644,000						
\$ Change	(\$151,999)	(\$44,247)	(\$59,608)	\$0	\$0	\$0	\$0	\$0	\$0
% Change	-3%	-1%	-1%	0%	0%	0%	0%	0%	0%

The City of Lakewood offers a **utility tax relief program** to reimburse qualifying low income seniors and disabled persons for their utility tax payments. To qualify a person must be either 62 years of age or older or be permanently disabled, and the person must have an income less than 50% of the median income. Applicants must be a resident of Lakewood and the amount of relief will be prorated on a monthly basis for each month that the customer was a resident. Applicants must apply each year for the program. The maximum relief available is \$30 per year (\$10 per utility for electric, natural gas and telephone).

Franchise Fees

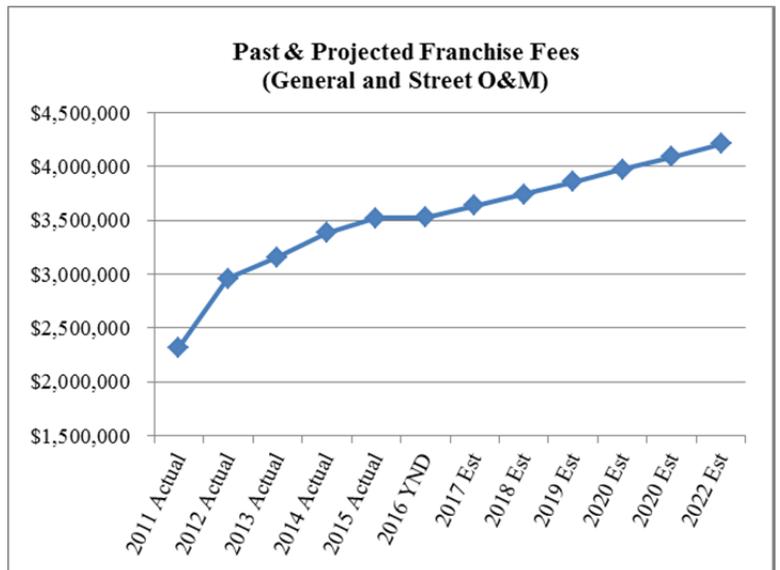
Franchise fees are charges levied on private utilities for their use of City streets and other public properties to place utility infrastructure and to recoup City costs of administering franchise agreements. The franchise fees on light, natural gas, and telephone utilities are limited by statute to the actual administrative expenses incurred by the City directly related to receiving and approving permits, licenses, or franchisees. Cable TV franchise fees are governed by the Federal Cable Communications Policy Act of 1996 and are negotiated with cable companies for an amount not to exceed 5% of gross revenues.

Franchise fees are a general purpose revenue source received into the General Fund.

A list of utilities and the applicable assessed on rates on utility tax and franchise fee and franchise agreement expiration is provided in the following table.

Utility	Utility Tax	Franchise Fee	Franchise Agreement Expiration
Clover Park School District Cable	n/a	n/a	January 21, 2026
Comcast Phone	6.00%	n/a	n/a
Comcast Cable	6.00%	5.00%	November 3, 2020
Integra Telecommunications	6.00%	n/a	July 27, 2019
Lakeview Light & Power	5.00%	n/a	December 23, 2022
Lakewood Water District	n/a	6.00%	December 22, 2026
Pierce County Sanitary Sewer	n/a	6.00%	March 13, 2031
Puget Sound Energy	5.00%	n/a	January 21, 2026
TPU Cable Flett Creek	n/a	n/a	September 1, 2017
TPU Click!	6.00%	5.00%	May 7, 2019
TPU Light	n/a	6.00%	September 1, 2017
TPU Water	n/a	8.00%	November 23, 2021
Waste Connections	6.00%	4.00%	December 31, 2025

Year	Franchise Fees	% of G/S Oper Rev	Chg Over Prior Year	
			\$	%
2011 Actual	\$ 2,319,292	7.0%	\$ 287,182	14.1%
2012 Actual	\$ 2,957,590	8.6%	\$ 638,298	27.5%
2013 Actual	\$ 3,157,630	8.9%	\$ 200,040	6.8%
2014 Actual	\$ 3,382,845	9.4%	\$ 225,215	7.1%
2015 Actual	\$ 3,520,594	9.6%	\$ 137,749	4.1%
2016 YND	\$ 3,529,000	9.6%	\$ 8,406	0.2%
2017 Est	\$ 3,634,900	9.7%	\$ 105,900	3.0%
2018 Est	\$ 3,743,900	9.9%	\$ 109,000	3.0%
2019 Est	\$ 3,856,100	10.0%	\$ 112,200	3.0%
2020 Est	\$ 3,971,800	10.1%	\$ 115,700	3.0%
2020 Est	\$ 4,091,000	10.2%	\$ 119,200	3.0%
2022 Est	\$ 4,213,700	10.4%	\$ 122,700	3.0%
Average 6 Year Change (2011 - 2016)				5.7%
Average 6 Year Change (2012 - 2017)				3.1%
Average 6 Year Change (2013 - 2018)				2.6%

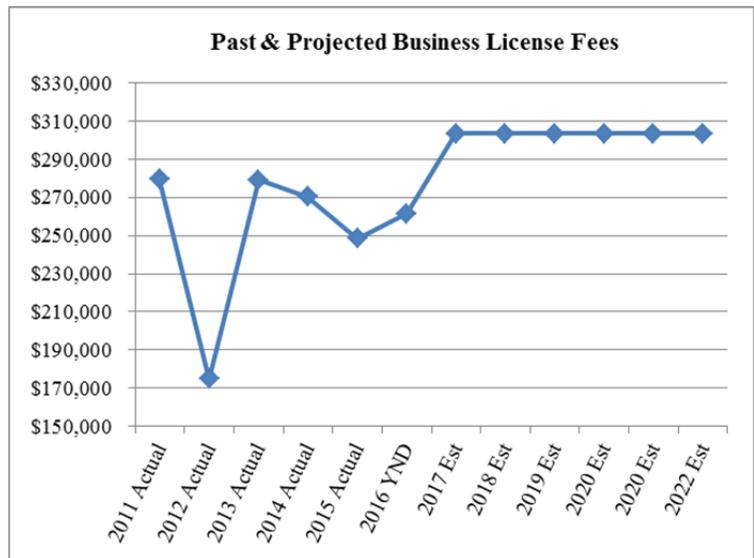


Franchise by Type									
Change Over Prior Year									
Type	2014	2015	2016 YND	2017 Est	2018 Est	2019 Est	2020 Est	2021 Est	2022 Est
Cable	\$ 806,377	\$ 840,297	\$ 865,000	\$ 891,000	\$ 917,700	\$ 945,200	\$ 973,600	\$ 1,002,800	\$ 1,032,900
\$ Change	\$65,783	\$33,920	\$24,703	\$26,000	\$26,700	\$27,500	\$28,400	\$29,200	\$30,100
% Change	9%	4%	3%	3%	3%	3%	3%	3%	3%
Water	382,531	434,430	434,000	447,000	460,400	474,200	488,400	503,100	518,200
\$ Change	\$70,382	\$51,899	(\$430)	\$13,000	\$13,400	\$13,800	\$14,200	\$14,700	\$15,100
% Change	23%	14%	0%	3%	3%	3%	3%	3%	3%
Sewer	807,153	834,574	840,000	865,200	891,200	917,900	945,400	973,800	1,003,000
\$ Change	\$29,351	\$27,421	\$5,426	\$25,200	\$26,000	\$26,700	\$27,500	\$28,400	\$29,200
% Change	4%	3%	1%	3%	3%	3%	3%	3%	3%
Solid Waste	528,359	557,085	570,000	587,100	604,700	622,800	641,500	660,700	680,500
\$ Change	\$16,648	\$28,726	\$12,915	\$17,100	\$17,600	\$18,100	\$18,700	\$19,200	\$19,800
% Change	3%	5%	2%	3%	3%	3%	3%	3%	3%
Tacoma Power	858,425	854,207	820,000	844,600	869,900	896,000	922,900	950,600	979,100
\$ Change	\$43,051	(\$4,218)	(\$34,207)	\$24,600	\$25,300	\$26,100	\$26,900	\$27,700	\$28,500
% Change	5%	0%	-4%	3%	3%	3%	3%	3%	3%
Total	\$ 3,382,845	\$ 3,520,593	\$ 3,529,000	\$ 3,634,900	\$ 3,743,900	\$ 3,856,100	\$ 3,971,800	\$ 4,091,000	\$ 4,213,700
\$ Change	\$225,215	\$137,748	\$8,407	\$105,900	\$109,000	\$112,200	\$115,700	\$119,200	\$122,700
% Change	7%	4%	0%	3%	3%	3%	3%	3%	3%

Business License

Businesses located or doing business in the City must obtain a local business license prior to commencing operations. Business license fees are set by the City Council and may be changed from time to time. Currently, the cost of a general business license is \$60 for a 12 month period. Additional fees may apply to specialty businesses. Organizations exempt from taxation under 26 USC 501(C)(3) and (4) must apply and obtain a business license, but are exempt from the business license fee. The number of business licenses in a given year range between 3,800 – 4,200 with roughly 3,800 renewals annually. The higher figure includes temporary and construction contractor licenses.

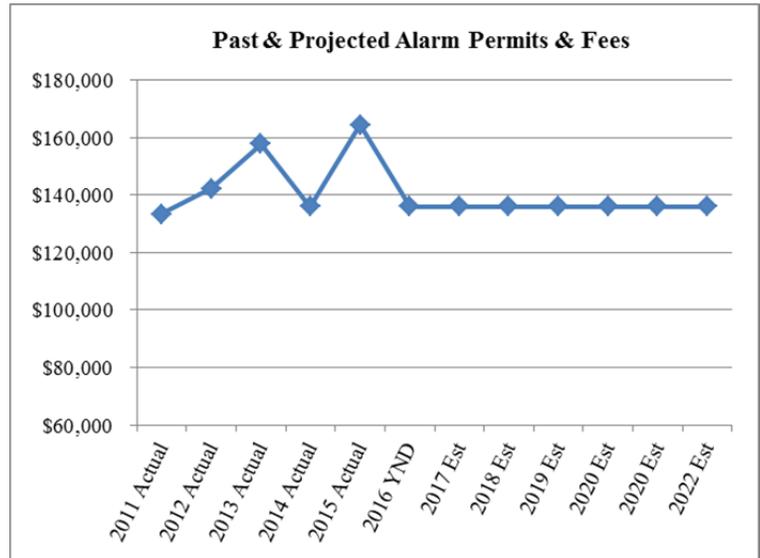
Year	Business License Fees	% of G/S Oper Rev	Chg Over Prior Year	
			\$	%
2011 Actual	\$ 279,507	0.8%	\$ 25,704	10.1%
2012 Actual	\$ 174,708	0.5%	\$ (104,799)	-37.5%
2013 Actual	\$ 279,070	0.8%	\$ 104,362	59.7%
2014 Actual	\$ 270,375	0.8%	\$ (8,695)	-3.1%
2015 Actual	\$ 248,339	0.7%	\$ (22,036)	-8.2%
2016 YND	\$ 261,500	0.7%	\$ 13,161	5.3%
2017 Est	\$ 303,500	0.8%	\$ 42,000	16.1%
2018 Est	\$ 303,500	0.8%	\$ -	0.0%
2019 Est	\$ 303,500	0.8%	\$ -	0.0%
2020 Est	\$ 303,500	0.8%	\$ -	0.0%
2020 Est	\$ 303,500	0.8%	\$ -	0.0%
2022 Est	\$ 303,500	0.7%	\$ -	0.0%
Average 6 Year Change (2011 - 2016)			-1.1%	
Average 6 Year Change (2012 - 2017)			7.1%	
Average 6 Year Change (2013 - 2018)			1.3%	



Alarm Permits and Fees

In December 2008, the City approved a new revised alarm ordinance and program that became effective on January 1, 2009. False alarms cost the City and citizens thousands of dollars per year and take officers away from actual emergencies. The ordinance also creates a registration process, provides for annual alarm permit fees for residential and business alarms, and provides for fees for false alarms to encourage all alarm users to maintain the reliability of and to properly use their alarm equipment. Alarm permit fees are currently \$24 for commercial and residential with reduced residential rates of \$12 for senior and permanently disabled. False alarms fees are \$100 for each false burglar alarm activation and \$200 for each false robbery or panic alarm activation.

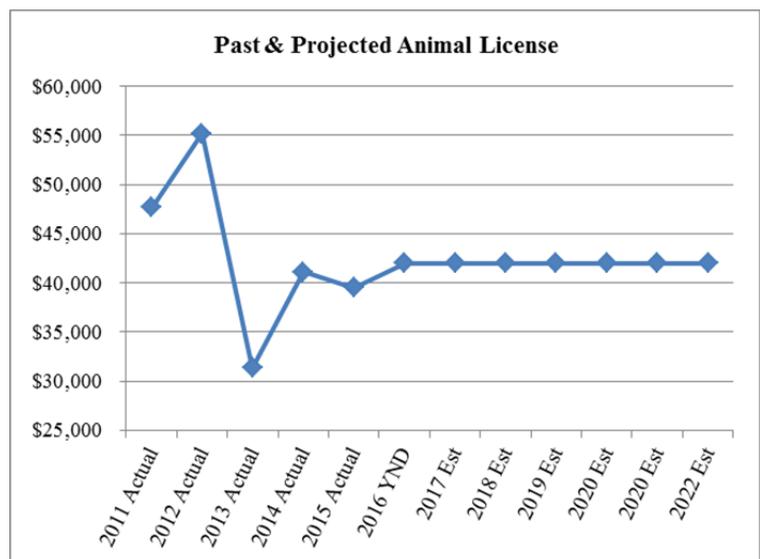
Year	Alarm Permits & Fees	% of G/S Oper Rev	Chg Over Prior Year	
			\$	%
2011 Actual	\$ 133,322	0.4%	\$ 29,460	28.4%
2012 Actual	\$ 142,276	0.4%	\$ 8,954	6.7%
2013 Actual	\$ 157,742	0.4%	\$ 15,466	10.9%
2014 Actual	\$ 135,883	0.4%	\$ (21,859)	-13.9%
2015 Actual	\$ 164,363	0.4%	\$ 28,480	21.0%
2016 YND	\$ 136,000	0.4%	\$ (28,363)	-17.3%
2017 Est	\$ 136,000	0.4%	\$ -	0.0%
2018 Est	\$ 136,000	0.4%	\$ -	0.0%
2019 Est	\$ 136,000	0.4%	\$ -	0.0%
2020 Est	\$ 136,000	0.3%	\$ -	0.0%
2020 Est	\$ 136,000	0.3%	\$ -	0.0%
2022 Est	\$ 136,000	0.3%	\$ -	0.0%
Average 6 Year Change (2011 - 2016)				0.3%
Average 6 Year Change (2012 - 2017)				-0.8%
Average 6 Year Change (2013 - 2018)				-2.7%



Animal License

The City requires all dogs and cats residing in the city over the age of 8 weeks to be licensed. All licenses (no matter what time of year initially purchased) expire on December 31st and must be renewed by February 28th each year. Renewal notices are sent out during January each year. The fees are \$55 for unaltered dog/cat, \$24 for altered dog, \$12 for altered cat and \$4 for cats and dogs under 6 months of age. Discounted rates are provided to senior citizens (\$30 for unaltered dog/cat, \$10 for altered dog, and \$4 for altered cat)

Year	Animal License	% of G/S Oper Rev	Chg Over Prior Year	
			\$	%
2011 Actual	\$ 47,704	0.1%	\$ 2,488	5.5%
2012 Actual	\$ 55,203	0.2%	\$ 7,499	15.7%
2013 Actual	\$ 31,346	0.1%	\$ (23,857)	-43.2%
2014 Actual	\$ 41,118	0.1%	\$ 9,772	31.2%
2015 Actual	\$ 39,540	0.1%	\$ (1,577)	-3.8%
2016 YND	\$ 42,000	0.1%	\$ 2,460	6.2%
2017 Est	\$ 42,000	0.1%	\$ -	0.0%
2018 Est	\$ 42,000	0.1%	\$ -	0.0%
2019 Est	\$ 42,000	0.1%	\$ -	0.0%
2020 Est	\$ 42,000	0.1%	\$ -	0.0%
2020 Est	\$ 42,000	0.1%	\$ -	0.0%
2022 Est	\$ 42,000	0.1%	\$ -	0.0%
Average 6 Year Change (2011 - 2016)				-2.3%
Average 6 Year Change (2012 - 2017)				-5.2%
Average 6 Year Change (2013 - 2018)				4.2%

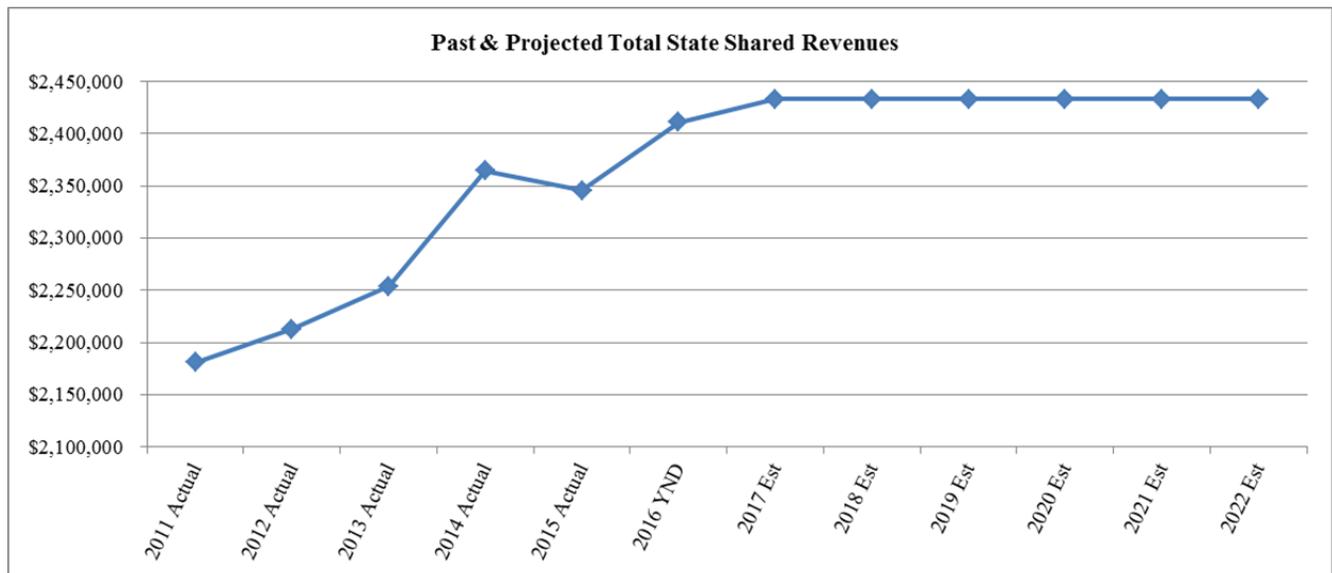


State Shared Revenues

State-shared revenues are from taxes and fees collected by the State and disbursed to municipalities based on population or other criteria. The source of these shared revenues include: sales tax mitigation, criminal justice, leasehold excise tax, state lodging tax sharing, liquor excise tax and liquor profits, and motor vehicle excise tax.

The following table provides a comparison to state shared revenues, including the portion of motor vehicle fuel tax received directly in the transportation capital fund.

Year	Sales Tax Mitigation	Criminal Justice & DUI Cities	Criminal Justice High Crime	Liquor Excise Tax	Liquor Profits	Motor Veh Fuel Tax	Subtotal Gen/St O&M	Motor Veh Fuel Tax-CIP	Total All Funds
2011 Actual	\$ 39,782	\$ 121,470	\$ 119,789	\$ 283,260	\$ 405,405	\$ 860,093	\$ 1,829,799	\$ 351,306	\$ 2,181,105
2012 Actual	\$ 49,158	\$ 123,883	\$ 125,164	\$ 145,808	\$ 580,449	\$ 843,743	\$ 1,868,205	\$ 344,627	\$ 2,212,832
2013 Actual	\$ 48,029	\$ 131,854	\$ 263,208	\$ 77,675	\$ 523,698	\$ 858,750	\$ 1,903,214	\$ 350,757	\$ 2,253,971
2014 Actual	\$ 48,556	\$ 147,169	\$ 332,925	\$ 99,953	\$ 518,105	\$ 869,319	\$ 2,016,027	\$ 348,310	\$ 2,364,337
2015 Actual	\$ 46,846	\$ 134,679	\$ 224,154	\$ 191,738	\$ 511,368	\$ 861,723	\$ 1,970,508	\$ 375,289	\$ 2,345,797
2016 YND	\$ 50,000	\$ 153,100	\$ 236,700	\$ 267,500	\$ 494,300	\$ 869,319	\$ 2,070,919	\$ 340,000	\$ 2,410,919
2017 Est	\$ 50,000	\$ 154,752	\$ 236,700	\$ 274,596	\$ 496,860	\$ 870,028	\$ 2,082,936	\$ 350,000	\$ 2,432,936
2018 Est	\$ 50,000	\$ 154,800	\$ 236,700	\$ 274,600	\$ 496,900	\$ 870,000	\$ 2,083,000	\$ 350,000	\$ 2,433,000
2019 Est	\$ 50,000	\$ 154,800	\$ 236,700	\$ 274,600	\$ 496,900	\$ 870,000	\$ 2,083,000	\$ 350,000	\$ 2,433,000
2020 Est	\$ 50,000	\$ 154,800	\$ 236,700	\$ 274,600	\$ 496,900	\$ 870,000	\$ 2,083,000	\$ 350,000	\$ 2,433,000
2021 Est	\$ 50,000	\$ 154,800	\$ 236,700	\$ 274,600	\$ 496,900	\$ 870,000	\$ 2,083,000	\$ 350,000	\$ 2,433,000
2022 Est	\$ 50,000	\$ 154,800	\$ 236,700	\$ 274,600	\$ 496,900	\$ 870,000	\$ 2,083,000	\$ 350,000	\$ 2,433,000
Average 6 Year Change (2011 - 2016)									1.6%
Average 6 Year Change (2012 - 2017)									1.5%
Average 6 Year Change (2013 - 2018)									1.2%



[Sales Tax Mitigation \(RCW 82.14.500\)](#)

The state provides funds to local jurisdictions that demonstrated an actual net loss of local sales tax revenue from the state's adoption of the Streamlined Sales and Use Tax Agreement's local sales tax sourcing provisions. The purpose of this distribution is to mitigate the unintended revenue redistribution effect of the sourcing law change among local jurisdictions. Additionally, mitigation was intended to offset the negative implications the sourcing law change may have on industry sectors such as warehousing and manufacturing.

Funds may be used for any lawful purpose of the local jurisdictions.

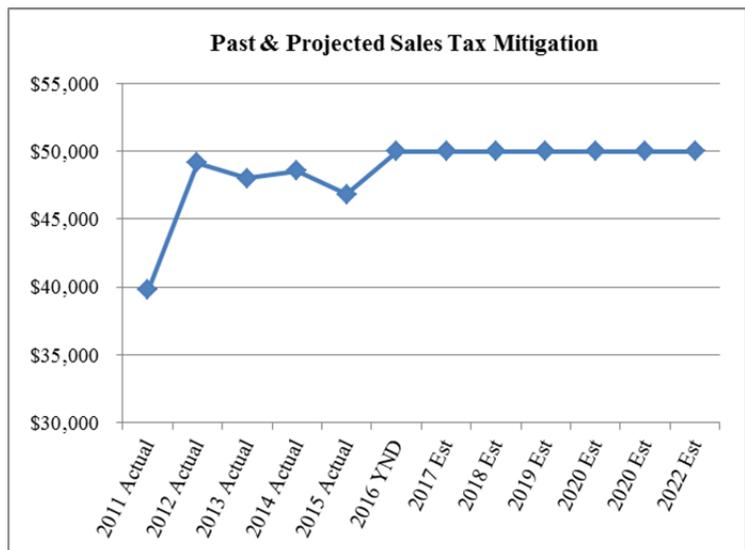
Local jurisdictions that had imposed a sales tax on July 1, 2008 and could demonstrate an actual net loss of local sales tax revenue from the state’s adoption of the Streamlined Sales and Use Tax Agreement’s local sales tax sourcing provisions. Local jurisdictions include counties, cities, towns, public transportation benefit authorities, regional taxing district, regional centers, public facilities districts, and football stadium authority are eligible to receive this funding.

Beginning July 1, 2008, the Department of Revenue with the assistance of an oversight committee composed of local jurisdictions, determined the amount of net loss of sales tax quarterly to each local jurisdiction from the sourcing change by analyzing and comparing data from tax return information and tax collections. Mitigation payments were distributed quarterly using this information. Beginning December 31, 2009, mitigation distributions were fixed to an annual amount to be paid in quarterly increments. The Department of Revenue may make adjustments to mitigation amounts based on annual review of distributions.

The program is administered by the Department of Revenue and distributions are made by the Office of State Treasurer quarterly each March, June, September, and December.

Distributions are deposited in the City’s General Fund.

Year	Sales Tax Mitigation	% of G/S Oper Rev	Chg Over Prior Year	
			\$	%
2011 Actual	\$ 39,782	0.1%	\$ (23,026)	-36.7%
2012 Actual	\$ 49,158	0.1%	\$ 9,376	23.6%
2013 Actual	\$ 48,029	0.1%	\$ (1,129)	-2.3%
2014 Actual	\$ 48,556	0.1%	\$ 527	1.1%
2015 Actual	\$ 46,846	0.1%	\$ (1,710)	-3.5%
2016 YND	\$ 50,000	0.1%	\$ 3,154	6.7%
2017 Est	\$ 50,000	0.1%	\$ -	0.0%
2018 Est	\$ 50,000	0.1%	\$ -	0.0%
2019 Est	\$ 50,000	0.1%	\$ -	0.0%
2020 Est	\$ 50,000	0.1%	\$ -	0.0%
2020 Est	\$ 50,000	0.1%	\$ -	0.0%
2022 Est	\$ 50,000	0.1%	\$ -	0.0%
Average 6 Year Change (2011 - 2016)				3.4%
Average 6 Year Change (2012 - 2017)				0.3%
Average 6 Year Change (2013 - 2018)				0.7%



[Criminal Justice \(RCW 82.14.320 / RCW 82.14.330\)](#)

Cities currently receive three types of criminal justice revenue (four including criminal justice sales tax): high crime, innovative programs, population, and violent crimes. The money comes from the State’s general fund and is distributed to cities on the last days of January, April, July and October. Distributions are deposited in the City’s General Fund.

[Population, Violent Crime, Innovative Programs and Contracted Programs \(RCW 82.14.330\)](#)

The state provides formula funding for criminal justices purposes to cities and towns each fiscal year. The purpose of these funds is to provide fiscal assistance to local governments for criminal justice systems in order to ensure public safety.

“Contracted Programs”, “Violent Crime,” and “Population” distributions must be used for criminal justice purposes as activities that substantially assist the criminal justice system, including domestic violence programs and advocates as defined in RCW 70.12.020. The uses are the same as for high crime except it cannot be used for publications and public educational efforts dealing with runaway or at-risk youth. Additionally, these distributions

may not be used to replace or supplant existing funding, which is defined as calendar year 1989 actual operating expenditures for criminal justice purposes, excluding expenditures for extraordinary events not likely to reoccur; changes in contracted for criminal justice services, beyond the control of the jurisdiction receiving the services; and major nonrecurring capital expenditures.

“Innovative Programs” distributions must be used for 1) innovative law enforcement strategies; 2) programs to help at-risk children or child abuse victim response programs; and 3) programs designed to reduce the level of domestic violence or to provide counseling for domestic violence victims.

All cities and towns are eligible for “Population” and “Innovative Programs” distribution.

Cities that contract with another governmental agency for the majority of the city’s law enforcement services may notify the Department of Commerce by November 30th of their eligibility to receive “Contracted Services” distribution the following calendar year. The City of Lakewood does not receive the “Contracted Programs” distribution since it has its own police force.

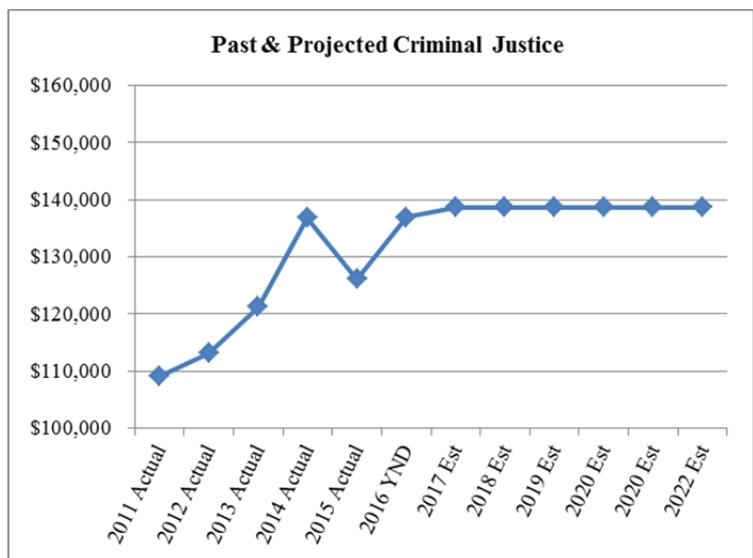
Cities and towns eligible for a “Violent Crime” distribution must have a three-year average violent crime in excess of 150% of the statewide three-year average violent crime as reported annually by the Washington Association of Sheriffs and Police Chiefs.

RCW 82.14.320 directs a state general fund transfer each fiscal year into the Municipal Criminal Justice Assistant Account. The transfer is to increase each fiscal year by the state’s fiscal grown factor under RCW 43.135.025.

- Sixteen percent (16%) of these funds are distributed ratably to cities based on population, with each city receiving a minimum of \$1,000 per year.
- Twenty percent (20%) is distributed based on population to those cities that have had an average violent crime rate in the last three years that is 150% of the statewide average for those three years, but no more than \$1 per capita.
- Ten percent (10%) of funds are distributed on a per capita basis to “Contracted Services” cities and towns.
- Fifty-four percent (54%) of funds are distributed on a per capita basis for “Innovative Programs.”

No city or town may receive more than 30% of total funds Population and High Crime Distributions. Cities receive two Municipal Criminal Justice Assistance distributions based solely on population, but are combined into a single distribution by the Office of the State Treasurer. Distributions are made by the Office of the State Treasurer quarterly each January, April, July and October.

Year	Criminal Justice	% of G/S Oper Rev	Chg Over Prior Year	
			\$	%
2011 Actual	\$ 109,056	0.3%	\$ (2,051)	-1.8%
2012 Actual	\$ 113,161	0.3%	\$ 4,105	3.8%
2013 Actual	\$ 121,197	0.3%	\$ 8,035	7.1%
2014 Actual	\$ 136,811	0.4%	\$ 15,614	12.9%
2015 Actual	\$ 126,106	0.3%	\$ (10,705)	-7.8%
2016 YND	\$ 137,000	0.4%	\$ 10,894	8.6%
2017 Est	\$ 138,652	0.4%	\$ 1,652	1.2%
2018 Est	\$ 138,700	0.4%	\$ 48	0.0%
2019 Est	\$ 138,700	0.4%	\$ -	0.0%
2020 Est	\$ 138,700	0.4%	\$ -	0.0%
2020 Est	\$ 138,700	0.3%	\$ -	0.0%
2022 Est	\$ 138,700	0.3%	\$ -	0.0%
Average 6 Year Change (2011 - 2016)			3.4%	
Average 6 Year Change (2012 - 2017)			3.1%	
Average 6 Year Change (2013 - 2018)			2.1%	



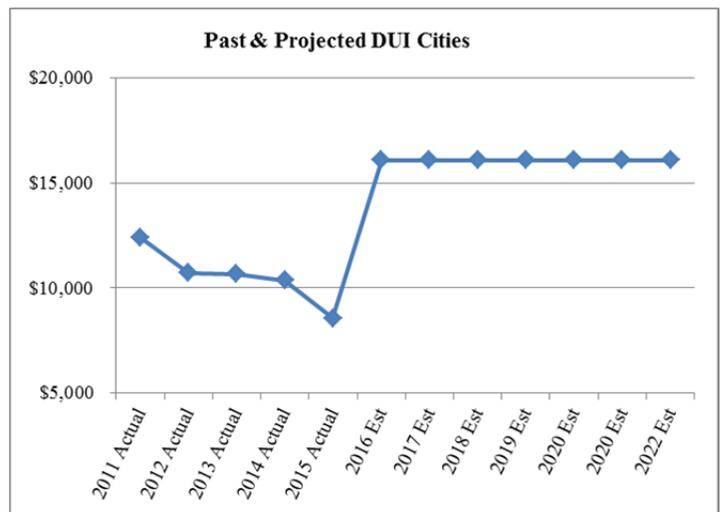
[DUI Assistance \(RCW 46.68.260\)](#)

The state provides Impaired Driving Safety Account Funds to counties, cities and towns to help offset costs for implementing criminal justice laws related to driving under the influence. The purpose is to offset county, city and town criminal justice costs from ten separate driving under the influence laws enacted in 1998. Funds must be used for enforcing laws relating to driving and boating while under the influence of either an intoxicating liquor or any drug.

The Impaired Driving Safety Account receives a portion (63%) of a \$150 fee charged to reissue a driver’s license after suspension or revocation due to a violation of RCW 46.20.308 (implied consent), RCW 46.61.502 (driving under the influence) and/or RCW 46.61.504 (physical control of a vehicle under the influence. Impaired Driving Safety Account funds are distributed to counties, cities and towns through an omnibus operating budget appropriation to the County Criminal Justice Assistance Account and the Municipal Criminal Justice Assistance Account. Total funds deposited in the account are split between counties (60%) and cities and towns (40%); this fund split was established with the first appropriation in 1998.

Individual cities receive their share ratably based on population as provided in RCW 82.14.330. Distributions are made by the Office of State Treasurer quarterly each January, April, July and October.

Year	DUI Cities	% of G/S Oper Rev	Chg Over Prior Year	
			\$	%
2011 Actual	\$ 12,413	0.0%	\$ 1,580	14.6%
2012 Actual	\$ 10,722	0.0%	\$ (1,692)	-13.6%
2013 Actual	\$ 10,658	0.0%	\$ (64)	-0.6%
2014 Actual	\$ 10,358	0.0%	\$ (300)	-2.8%
2015 Actual	\$ 8,573	0.0%	\$ (1,785)	-17.2%
2016 Est	\$ 16,100	0.0%	\$ 7,527	87.8%
2017 Est	\$ 16,100	0.0%	\$ -	0.0%
2018 Est	\$ 16,100	0.0%	\$ -	0.0%
2019 Est	\$ 16,100	0.0%	\$ -	0.0%
2020 Est	\$ 16,100	0.0%	\$ -	0.0%
2020 Est	\$ 16,100	0.0%	\$ -	0.0%
2022 Est	\$ 16,100	0.0%	\$ -	0.0%
Average 6 Year Change (2011 - 2016)				3.8%
Average 6 Year Change (2012 - 2017)				5.6%
Average 6 Year Change (2013 - 2018)				5.6%



[High Crime \(RCW 82.14.320\)](#)

The state provides formula funding for criminal justice purposes to cities and towns each fiscal year. The purpose of these funds is to provide fiscal assistance to local governments for criminal justice systems in order to ensure public safety.

Funds must be used for criminal justice purposes defined as activities that substantially assist the criminal justice system, including domestic violence programs and advocates as defined in RCW 70.123.020, and publications and educational efforts to assist parents dealing with runaway or at-risk youth.

Funds may not be used to replace or supplant existing funding, which is defined as calendar year 1989 actual operating expenditures for extraordinary events not likely to reoccur; changes in contracted for criminal justice services, beyond the control of the local jurisdiction receiving the services; and major nonrecurring capital expenditures.

All cities and towns are eligible for a “Population” distribution. To qualify for the “high crime” distribution cities and towns must:

- Have a crime rate in excess of 125% of the state-wide average as calculated in the most recent annual report on crime in Washington State is published by the Washington Association of Sheriffs and Police Chiefs;
- Be levying, at the maximum rate, the second ½ cent of the sales tax or half cent real estate excise tax; and
- Have a per capita yield from the first ½ cent of the sales tax of less than 150% of the state-wide average per capita yield for all cities.

Cities have to re-qualify for the distribution each year based on the above criteria. The determination is made in July of each year for distribution in the four quarters of the state fiscal year (July 1st – June 30th).

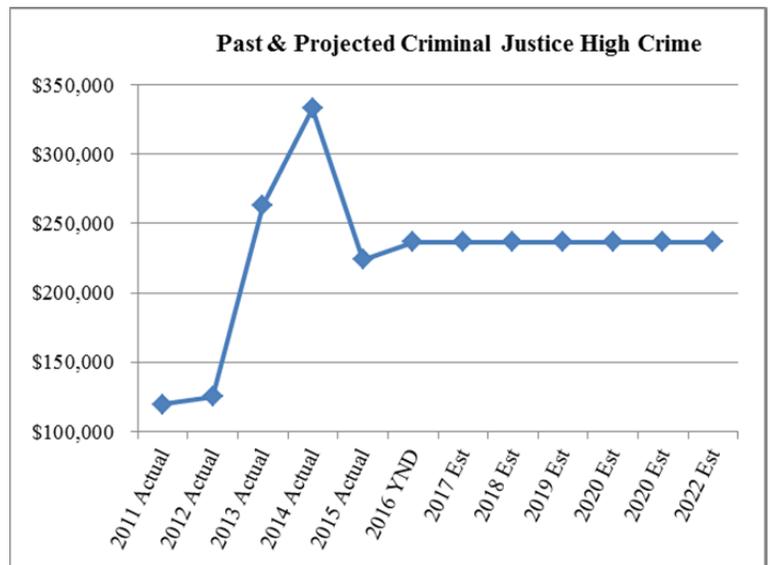
RCW 82.14.320 directs a state general fund transfer each fiscal year into the Municipal Criminal Justice Assistance Account. The transfer is to increase each year by the state’s fiscal growth factor under RCW 43.135.025.

- Seventy percent (70%) of the funds are distributed to individual cities and towns ratably by population.
- Thirty percent (30%) of the funds are distributed ratably by population to cities and towns eligible for a “High Crime” distribution and have a crime rate greater than 175% of the statewide average crime rate. No city may receive more than 50% of these funds; if a city or town distribution is reduced because of this limit, the excess is added to the pool of funds to be distributed by population-only.

No city or town may receive more than 30% of funds through both “Population” and “High Crime” distributions.

The City has received criminal justice high crime funding since 1997 and continues to qualify for the distribution through June 30, 2015.

Year	Criminal Justice High Crime	% of G/S Oper Rev	Chg Over Prior Year	
			\$	%
2011 Actual	\$ 119,789	0.4%	\$ (12,718)	-9.6%
2012 Actual	\$ 125,164	0.4%	\$ 5,375	4.5%
2013 Actual	\$ 263,208	0.7%	\$ 138,044	110.3%
2014 Actual	\$ 332,925	0.9%	\$ 69,717	26.5%
2015 Actual	\$ 224,154	0.6%	\$ (108,772)	-32.7%
2016 YND	\$ 236,700	0.6%	\$ 12,546	5.6%
2017 Est	\$ 236,700	0.6%	\$ -	0.0%
2018 Est	\$ 236,700	0.6%	\$ -	0.0%
2019 Est	\$ 236,700	0.6%	\$ -	0.0%
2020 Est	\$ 236,700	0.6%	\$ -	0.0%
2020 Est	\$ 236,700	0.6%	\$ -	0.0%
2022 Est	\$ 236,700	0.6%	\$ -	0.0%
Average 6 Year Change (2011 - 2016)				8.2%
Average 6 Year Change (2012 - 2017)				7.9%
Average 6 Year Change (2013 - 2018)				-1.9%



[Leasehold Excise Tax \(RCW 82.29A\)](#)

A county or city may impose a local leasehold excise tax that is credited against the state leasehold tax on the privilege of using or occupying publicly owned real or personal property through a leasehold. Through the credit, the local government receives a portion of the state leasehold excise tax rather than leaseholders paying an additional local leasehold excise tax.

The purpose of the leasehold excise tax is “in lieu” of property tax. The distribution to taxing districts provides revenue that would otherwise be generated by the property tax.

Funds may be used for any lawful purpose of the local taxing district. Local taxing districts in counties and cities that have imposed a local leasehold excise tax are eligible to receive the funds.

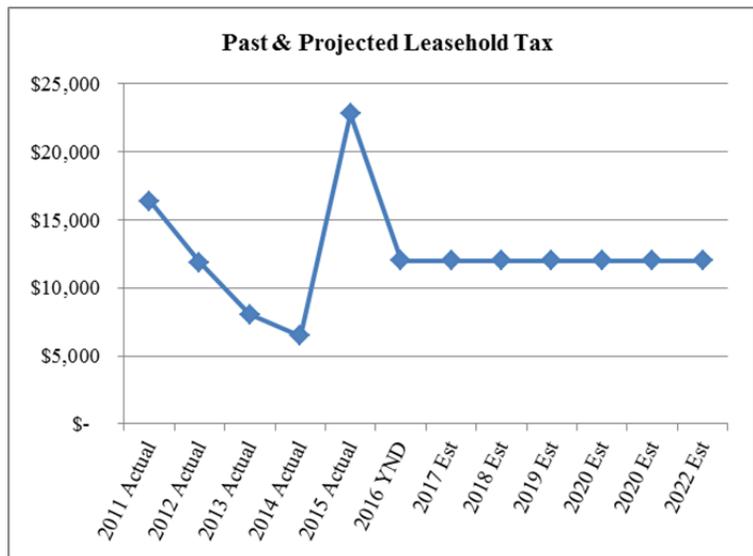
Counties and cities are authorized to impose a local leasehold tax on taxable rent at the rate of 6% and 4%, respectively, to be credited against the state’s leasehold excise tax rate of 12.84%. Counties must provide a credit for the full amount of any city tax imposed upon the same taxable event. As a result, the effective rate of the state leasehold excise tax is 6.84%.

County treasurers are required to district any county imposed leasehold tax to other taxing districts, excluding cities, according to each district’s pro rata share of the property tax in the county.

The program is administered by the Department and Revenue and distributions are made by the Office of State Treasurer on the last business day of even numbered months.

Distributions are deposited in the City’s General Fund.

Year	Leasehold Tax	% of G/S Oper Rev	Chg Over Prior Year	
			\$	%
2011 Actual	\$ 16,357	0.0%	\$ (4,993)	-23.4%
2012 Actual	\$ 11,858	0.0%	\$ (4,499)	-27.5%
2013 Actual	\$ 8,027	0.0%	\$ (3,831)	-32.3%
2014 Actual	\$ 6,457	0.0%	\$ (1,570)	-19.6%
2015 Actual	\$ 22,800	0.1%	\$ 16,343	253.1%
2016 YND	\$ 12,000	0.0%	\$ (10,800)	-47.4%
2017 Est	\$ 12,000	0.0%	\$ -	0.0%
2018 Est	\$ 12,000	0.0%	\$ -	0.0%
2019 Est	\$ 12,000	0.0%	\$ -	0.0%
2020 Est	\$ 12,000	0.0%	\$ -	0.0%
2020 Est	\$ 12,000	0.0%	\$ -	0.0%
2022 Est	\$ 12,000	0.0%	\$ -	0.0%
Average 6 Year Change (2011 - 2016)			-6.1%	
Average 6 Year Change (2012 - 2017)			0.2%	
Average 6 Year Change (2013 - 2018)			5.5%	



Liquor Revenues

Prior to June 1, 2012, the State’s liquor monopoly prevented the City from taxing liquor establishments. However, the City of Lakewood was responsible for the policing of all liquor establishments located within the city limits so the state was required to share their state-collected profits and taxes to help cities with the cost of policing their liquor establishments. The Liquor Board obtained their profits from state liquor stores, taxes on wine and beer, license fees, permit fees, penalties, and forfeitures. Of these profits, cities receive a 40% share based on population. Cities also received 28% of the local excise tax receipts.

In November 2011, voters approved Initiative 1183 which privatized the distribution and retail sale of liquor, effective June 1, 2012. The markups on liquor have been replaced as a state revenue source by license fees that are paid to the state by retailers and distributors. The direct impact of this initiative is on liquor profits.

In 2012, legislation passed which diverted all city and county liquor excise tax revenue to the state general fund for FY 2013. It also provided for a permanent diversion of \$10M per year of city and county money from the liquor excise tax fund to the state general fund, effective FY 2014. Since 80% of the liquor excise tax is distributed to cities and 20% to counties, \$8M of the transfer comes out of City money and \$2M comes from county money annually.

The 2013-2015 state budget, passed by the 2013 legislature, contained a provision that increased the share of liquor taxes collected and remitted to the state general fund, from 65% to 77.5T. This meant that the share going to the liquor excise tax fund for distribution to cities and counties fell from 35% to 22.5% - a reduction of 35%. The 2013-2015 budget also appropriated \$24.74M for the liquor excise tax fund which created a conflict for the methodology to be used by the state for distributions throughout the 2013-2015 biennium. It was hoped that the 2014 session would bring some resolution to the issue, but the legislature did not produce an amendment so the lower revenue methodology became the reality for the remainder of the biennium.

The 2015-2017 state budget, passed by the 2015 legislature has returned the percentage distribution to pre-2013 state budget provisions which means that 35% of revenues collected are to be deposited in the liquor excise tax fund to be distributed to counties, cities and towns.

To be eligible for liquor revenues funds, a city must devote at least 2% of its distribution to support an approved alcoholism or drug addiction program.

Liquor Excise Tax

(RCW 82.08.150 through RCW 82.08.170, RCW 66.08.195, RCW 66.08.200, RCW 66.08.210, RCW 66.24.290, RCW 70.96A.085, RCW 70.96A.8)

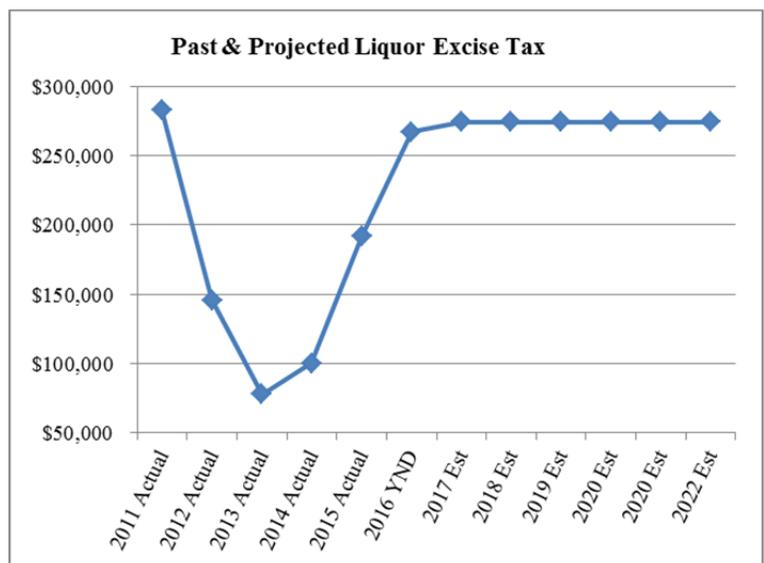
The liquor excise tax is the state distributed tax on liquor sold by spirit retail license. With the exception of border areas, distribution is based on population, except that local governments that prohibit the sale of liquor within their jurisdictions do not share in the distribution. For border areas, the distribution includes the tax imposed on all beer.

For 2015, the first three distributions from the State Treasurer reflects the 2013-2015 state budget provision and the final distribution in September will be made under the 2015-2017 state budget, split 80% to cities and 20% to counties.

For 2016, all of the distributions will be calculated using the original distribution, wherein the state general fund receives 65% of liquor tax collections and 35% will go into the liquor excise tax fund for distribution to counties, cities and towns less the \$10M (\$2.5M a quarter) permanent transfer to the state general fund.

The State Treasurer distributes liquor excise tax revenues to the City in January, April, July and September which are deposited in the City’s General Fund.

Year	Liquor Excise Tax	% of G/S Oper Rev	Chg Over Prior Year	
			\$	%
2011 Actual	\$ 283,260	0.9%	\$ (7,800)	-2.7%
2012 Actual	\$ 145,808	0.4%	\$ (137,452)	-48.5%
2013 Actual	\$ 77,675	0.2%	\$ (68,133)	-46.7%
2014 Actual	\$ 99,953	0.3%	\$ 22,278	28.7%
2015 Actual	\$ 191,738	0.5%	\$ 91,785	91.8%
2016 YND	\$ 267,500	0.7%	\$ 75,762	39.5%
2017 Est	\$ 274,596	0.7%	\$ 7,096	2.7%
2018 Est	\$ 274,600	0.7%	\$ 4	0.0%
2019 Est	\$ 274,600	0.7%	\$ -	0.0%
2020 Est	\$ 274,600	0.7%	\$ -	0.0%
2020 Est	\$ 274,600	0.7%	\$ -	0.0%
2022 Est	\$ 274,600	0.7%	\$ -	0.0%
Average 6 Year Change (2011 - 2016)			-1.0%	
Average 6 Year Change (2012 - 2017)			7.8%	
Average 6 Year Change (2013 - 2018)			12.0%	



Liquor Profits

(RCW 66.08.190 through RCW 66.08.210, RCW 70.96A.085, RCW 70.96A.087, RCW 66.24.065)

Under Initiative 1183 passed in November 2011, the state collects revenue in the form of license fees from distributors and retailers. A portion of these “liquor profits” (the Liquor Control Board continues to call these funds “liquor profits”) goes to cities, counties, and border cities and counties.

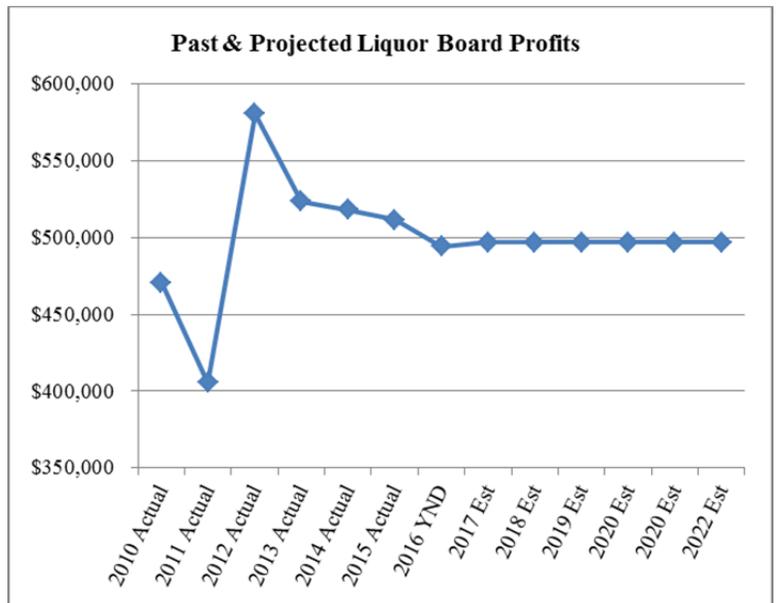
The distribution of spirit license fees through the liquor revolving fund to border areas, counties, cities, towns and the municipal research center must be made in a manner that provides that each category of recipients receive, in the aggregate, no less that it received from the liquor revolving fund during comparable periods prior to December 8, 2011.

The “comparable periods prior to December 8, 2011” were determined by the Office of Financial Management to be December 2010, March 2011, July 2011, and September 2011. An additional distribution of ten million dollars per year from the spirits license fees was added to enhance public safety programs. Three-tenths of one percent (0.3%) is distributed to border areas, counties, and towns. Of the remaining amount, the distribution is 80% to cities and 20% to counties.

Each city and county must split its distributions so that it can account separately for the portion that can be spent for any general purpose and the portion that must be spent to enhance public safety programs. To make this split, 20.23% of liquor profits for enhancing public safety.

The liquor control board profits are the state distribution of a portion of beer tax and spirit fees. Distribution is based on population, except that local governments that prohibit the sale of liquor within their jurisdictions do not share in the distribution. The State Treasurer distributes liquor excise tax revenues to the City in January, April, July and September which are deposited in the City’s General Fund.

Year	Liquor Board Profits	% of G/S Oper Rev	Chg Over Prior Year	
			\$	%
2010 Actual	\$ 470,667	1.5%	\$ 66,201	16.4%
2011 Actual	\$ 405,405	1.2%	\$ (65,262)	-13.9%
2012 Actual	\$ 580,449	1.7%	\$ 175,044	43.2%
2013 Actual	\$ 523,698	1.5%	\$ (56,751)	-9.8%
2014 Actual	\$ 518,105	1.4%	\$ (5,593)	-1.1%
2015 Actual	\$ 511,368	1.4%	\$ (6,737)	-1.3%
2016 YND	\$ 494,300	1.3%	\$ (17,068)	-3.3%
2017 Est	\$ 496,860	1.3%	\$ 2,560	0.5%
2018 Est	\$ 496,900	1.3%	\$ 40	0.0%
2019 Est	\$ 496,900	1.3%	\$ -	0.0%
2020 Est	\$ 496,900	1.3%	\$ -	0.0%
2020 Est	\$ 496,900	1.2%	\$ -	0.0%
2022 Est	\$ 496,900	1.2%	\$ -	0.0%
Average 6 Year Change (2011 - 2016)				3.0%
Average 6 Year Change (2012 - 2017)				-2.8%
Average 6 Year Change (2013 - 2018)				-0.9%



Motor Vehicle Fuel Tax (RCW 46.68)

This tax is placed on the sale of motor vehicle gas in the State of Washington. Taxes on motor vehicle fuels from prior month's collections of the preceding month's station sales are to be used for construction, improvements, and repair of highways, streets and roads.

The motor vehicle fuel tax (MVET) is levied on consumption rather than price. The state currently levies a tax of 37.5 cents per gallon on motor vehicle fuel under RCW 82.36.025(1) through (6) and on special fuel (diesel) under RCW 82.38.030(1) through (6). Cities receive 10.6961% of the 23 cents per gallon tax levied under RCW 82.36.025(1) and RCW 82.38.030(1), from which some small deductions are made. Cities also are given 8.3333% share of the 3 cent taxes levied under RCW 82.36.025(3) and (4) and RCW 82.38.030(3) and (4).

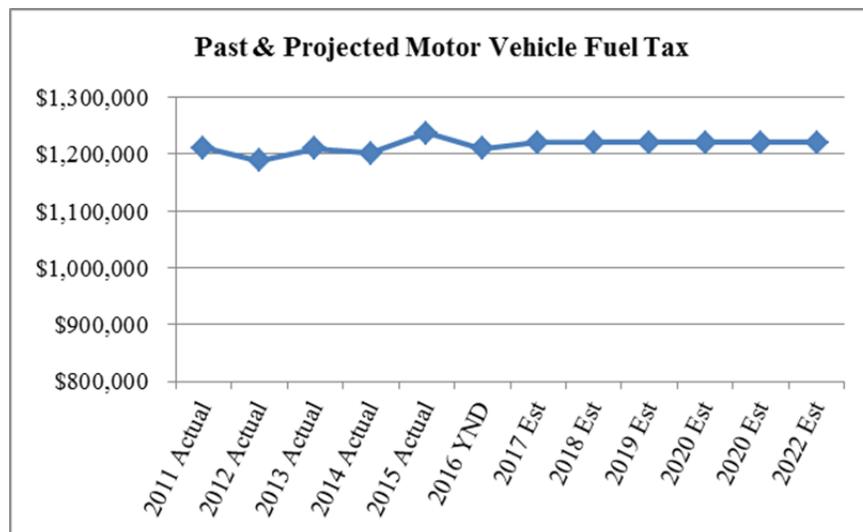
These funds are distributed on a per capita basis and are to be placed in the city’s Street Operations & Maintenance Fund and Transportation Capital Fund to be spent for: salaries and wages, material, supplies, equipment, purchase or condemnation of right-of-way, engineering or any other proper highway or street purpose in connection with the construction, alteration, repair, improvement or maintenance of city street or bridge, or viaduct of under passage along, upon or across such streets.

Cities are required to spend 0.42% of their gas tax receipts on paths and trails, unless that amount is \$500 or less. Cities in lieu of expending the funds each year may credit the funds to a financial reserve or special fund, to be held for not more than ten years, and to be expended for paths and trails.

The allocation of MVET is as follows: 71% to Street Operations & Maintenance; 29% to Transportation Capital which includes 0.42% earmarked specifically for paths and trails.

The program is administered by the Department of Licensing and distributions are made by the Office of State Treasurer monthly.

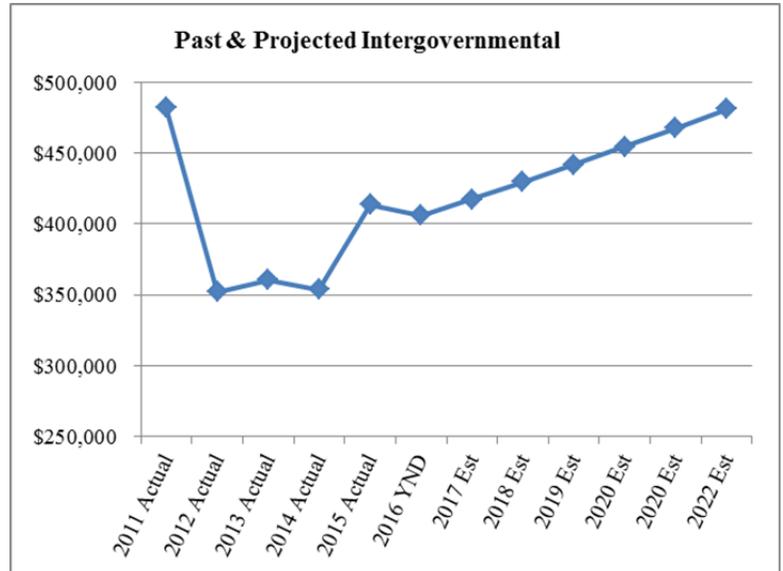
Year	Vehicle Fuel Tax - G/S	% of G/S Oper Rev	Chg Over Prior Year		Motor Vehicle Fuel Tax - CIP	Total MVET
			\$	%		
2011 Actual	\$ 860,093	2.6%	\$ (34,774)	-3.9%	\$ 351,306	\$ 1,211,399
2012 Actual	\$ 843,743	2.4%	\$ (16,350)	-1.9%	\$ 344,627	\$ 1,188,370
2013 Actual	\$ 858,750	2.4%	\$ 15,007	1.8%	\$ 350,757	\$ 1,209,507
2014 Actual	\$ 852,760	2.4%	\$ (5,990)	-0.7%	\$ 348,310	\$ 1,201,070
2015 Actual	\$ 861,723	2.4%	\$ 8,963	1.1%	\$ 375,289	\$ 1,237,013
2016 YND	\$ 869,319	2.4%	\$ 7,596	0.9%	\$ 340,000	\$ 1,209,319
2017 Est	\$ 870,028	2.3%	\$ 709	0.1%	\$ 350,000	\$ 1,220,028
2018 Est	\$ 870,000	2.3%	\$ (28)	0.0%	\$ 350,000	\$ 1,220,000
2019 Est	\$ 870,000	2.3%	\$ -	0.0%	\$ 350,000	\$ 1,220,000
2020 Est	\$ 870,000	2.2%	\$ -	0.0%	\$ 350,000	\$ 1,220,000
2020 Est	\$ 870,000	2.2%	\$ -	0.0%	\$ 350,000	\$ 1,220,000
2022 Est	\$ 870,000	2.1%	\$ -	0.0%	\$ 350,000	\$ 1,220,000
Average 6 Year Change (2011 - 2016)						-0.6%
Average 6 Year Change (2012 - 2017)						0.3%
Average 6 Year Change (2013 - 2018)						0.0%



Intergovernmental

Intergovernmental revenues include Police reimbursement, animal services contract revenues from the Town of Steilacoom and City of Dupont, Municipal Court contracted services to the City of University Place, Town of Steilacoom and City of Dupont (beginning in 2015) and parks revenue from Pierce County. These revenues are deposited in the General Fund.

Year	Intergovt'l	% of G/S Oper Rev	Chg Over Prior Year	
			\$	%
2011 Actual	\$ 482,732	1.4%	\$ 176,340	57.6%
2012 Actual	\$ 351,908	1.0%	\$ (130,824)	-27.1%
2013 Actual	\$ 360,563	1.0%	\$ 8,655	2.5%
2014 Actual	\$ 353,747	1.0%	\$ (6,816)	-1.9%
2015 Actual	\$ 413,554	1.1%	\$ 59,807	16.9%
2016 YND	\$ 406,025	1.1%	\$ (7,529)	-1.8%
2017 Est	\$ 417,700	1.1%	\$ 11,675	2.9%
2018 Est	\$ 429,800	1.1%	\$ 12,100	2.9%
2019 Est	\$ 442,200	1.1%	\$ 12,400	2.9%
2020 Est	\$ 454,900	1.2%	\$ 12,700	2.9%
2020 Est	\$ 467,900	1.2%	\$ 13,000	2.9%
2022 Est	\$ 481,400	1.2%	\$ 13,500	2.9%
Average 6 Year Change (2011 - 2016)			-3.1%	
Average 6 Year Change (2012 - 2017)			2.6%	
Average 6 Year Change (2013 - 2018)			2.7%	

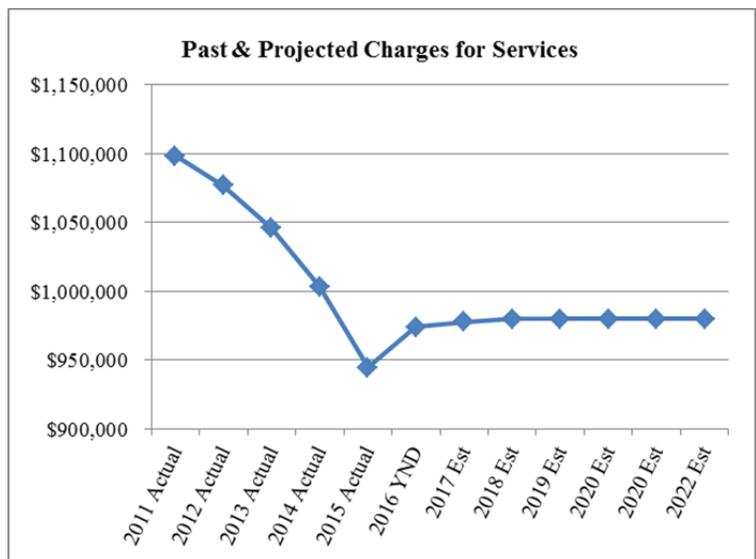


Charges for Services

The charge for services is revenues generated from services provided to the general public.

Revenues from charges for services include parks & recreation fees, court transport fees from the City of University Place and Town of Steilacoom, towing impound fees, extra duty fees, and Western State Hospital dispatch services.

Year	Charges for Services	% of G/S Oper Rev	Chg Over Prior Year	
			\$	%
2011 Actual	\$ 1,098,341	3.3%	\$ 75,071	7.3%
2012 Actual	\$ 1,076,914	3.1%	\$ (21,427)	-2.0%
2013 Actual	\$ 1,045,767	3.0%	\$ (31,147)	-2.9%
2014 Actual	\$ 1,003,355	2.8%	\$ (42,412)	-4.1%
2015 Actual	\$ 944,539	2.6%	\$ (58,816)	-5.9%
2016 YND	\$ 974,000	2.6%	\$ 29,461	3.1%
2017 Est	\$ 977,500	2.6%	\$ 3,500	0.4%
2018 Est	\$ 979,500	2.6%	\$ 2,000	0.2%
2019 Est	\$ 979,500	2.5%	\$ -	0.0%
2020 Est	\$ 979,500	2.5%	\$ -	0.0%
2020 Est	\$ 979,500	2.5%	\$ -	0.0%
2022 Est	\$ 979,500	2.4%	\$ -	0.0%
Average 6 Year Change (2011 - 2016)			-2.1%	
Average 6 Year Change (2012 - 2017)			-1.7%	
Average 6 Year Change (2013 - 2018)			-1.1%	



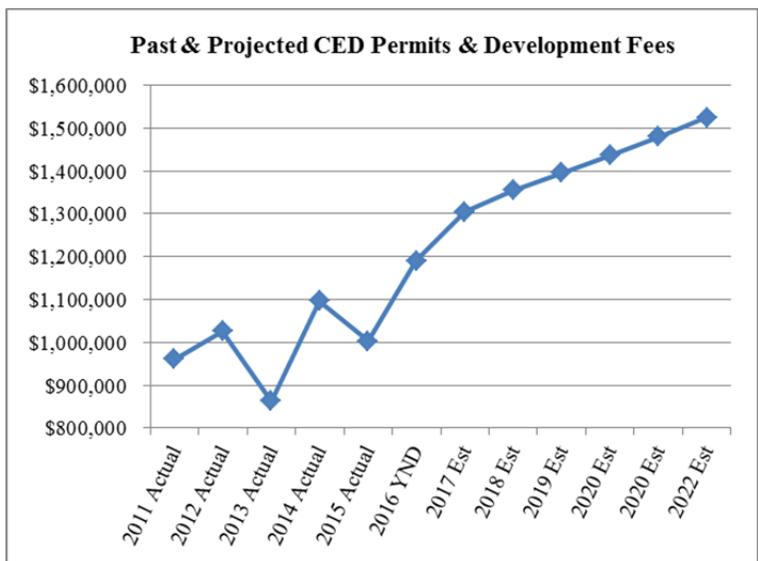
In May 2016, the City Council adopted a set of revised financial policies to include cost recovery. The following is an excerpt of the cost recovery policy as it relates specifically to target cost recovery for development review services:

Target Cost Recovery Level for Parks Programs/Services. The cost recovery policy applies to the following parks and recreation programs/services: recreation services; special events and community gathering; senior services; and all parks. The following should be considered when determining pricing levels: The higher the community benefit, the higher the General Fund subsidy level and the higher the individual benefit, the lower the General Fund subsidy level. The overall cost recovery goal for all parks programs and services should be 45%.

Permit & Development Fees

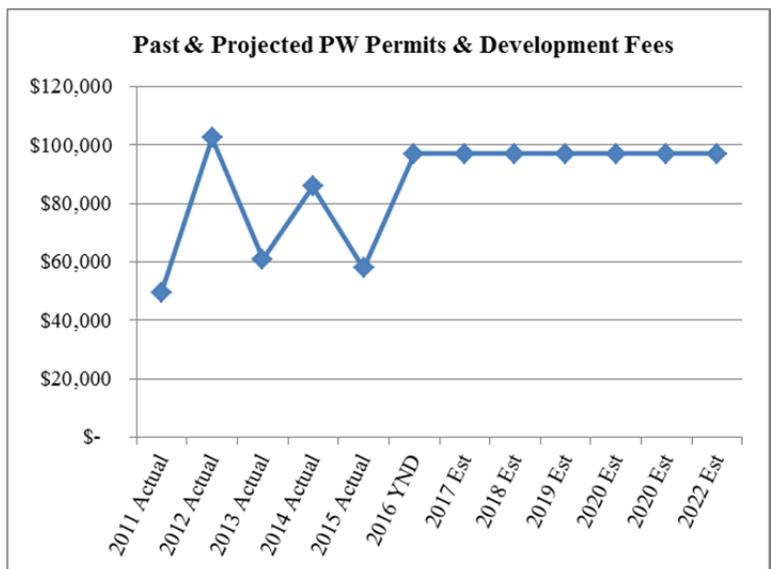
Community & Economic Development permits & fees include plan review, building, plumbing, mechanical, and land use fees. All fees are payable at the time of application. Application fees are deposited into the General Fund and are used to offset building and planning related service costs. The International Code Council (ICC) sets the per square foot building valuation. The ICC updates the valuation number annually. Building permit fees are, therefore, based on the building valuation table which is found in the City’s Master Fee Schedule, as is all other related Community & Economic Development permits and fees.

Year	CED Permits & Dev Fees	% of G/S Oper Rev	Chg Over Prior Year	
			\$	%
2011 Actual	\$ 961,142	2.9%	\$ 146,814	18.0%
2012 Actual	\$ 1,026,342	3.0%	\$ 65,200	6.8%
2013 Actual	\$ 863,469	2.4%	\$ (162,873)	-15.9%
2014 Actual	\$ 1,096,893	3.1%	\$ 233,424	27.0%
2015 Actual	\$ 1,002,837	2.7%	\$ (94,056)	-8.6%
2016 YND	\$ 1,190,370	3.2%	\$ 187,533	18.7%
2017 Est	\$ 1,304,214	3.5%	\$ 113,844	9.6%
2018 Est	\$ 1,354,391	3.6%	\$ 50,177	3.8%
2019 Est	\$ 1,395,300	3.6%	\$ 40,909	3.0%
2020 Est	\$ 1,437,200	3.7%	\$ 41,900	3.0%
2020 Est	\$ 1,480,200	3.7%	\$ 43,000	3.0%
2022 Est	\$ 1,524,300	3.8%	\$ 44,100	3.0%
Average 6 Year Change (2011 - 2016)				3.2%
Average 6 Year Change (2012 - 2017)				3.6%
Average 6 Year Change (2013 - 2018)				6.0%



Public Works permits and development fees include right-of-way permits, plan review fees, inspection fees. The revenues are deposited in the Street Fund to offset service costs.

Year	PW Permits & Dev Fees	% of G/S Oper Rev	Chg Over Prior Year	
			\$	%
2011 Actual	\$ 49,336	0.1%	\$ (23,884)	-32.6%
2012 Actual	\$ 102,492	0.3%	\$ 53,156	107.7%
2013 Actual	\$ 61,033	0.2%	\$ (41,459)	-40.5%
2014 Actual	\$ 85,956	0.2%	\$ 24,923	40.8%
2015 Actual	\$ 57,992	0.2%	\$ (27,964)	-32.5%
2016 YND	\$ 97,000	0.3%	\$ 39,008	67.3%
2017 Est	\$ 97,000	0.3%	\$ -	0.0%
2018 Est	\$ 97,000	0.3%	\$ -	0.0%
2019 Est	\$ 97,000	0.3%	\$ -	0.0%
2020 Est	\$ 97,000	0.2%	\$ -	0.0%
2020 Est	\$ 97,000	0.2%	\$ -	0.0%
2022 Est	\$ 97,000	0.2%	\$ -	0.0%
Average 6 Year Change (2011 - 2016)				8.2%
Average 6 Year Change (2012 - 2017)				-0.9%
Average 6 Year Change (2013 - 2018)				6.2%



In May 2016, the City Council adopted a set of revised financial policies to include cost recovery. The following is an excerpt of the cost recovery policy as it relates specifically to target cost recovery for development review services:

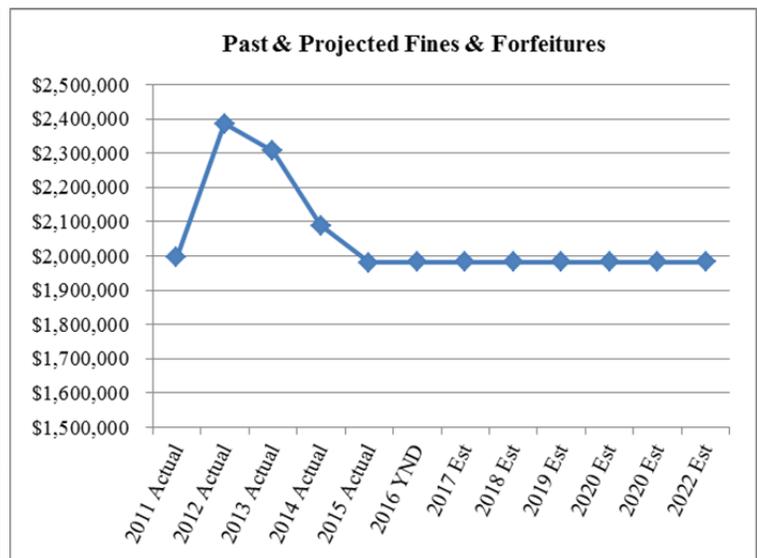
Target Cost Recovery Level for Development Review Services. The cost recovery policy applies to the following development programs/services: planning (long and short plats, privately initiated re-zonings and comprehensive plan amendments, variances, use permits); building and safety (building permits, structural plan checks, inspections); engineering (public improvement plan checks, inspections, subdivision requirements, encroachments, right-of-way permits); and fire plan check. Cost recovery for these services should generally be very high. In most instances, the City's cost recovery ratio goal should be 85%. The timeline to achieve the cost recovery is no later than year 2021. In setting cost recovery levels, the City shall clearly establish and articulate performance measurements to ensure that there is “value for cost.”

Fines & Forfeitures

The Municipal Court of the City of Lakewood is an inferior court (a court subject to the jurisdiction of another court known as the superior court, or a higher court) with exclusive original criminal jurisdiction of all violations of City laws. It also has the original jurisdiction of all other actions brought to enforce or recover license penalties or forfeitures declared or given by such city laws or by any state statutes. The Court also exercises all powers granted by Chapter 6 of said Justice Court and other Inferior Court Reorganization Law (Chapter 299, laws of 1964).

The City began operating its municipal court when it incorporated in 1996. Fines and forfeitures are accounted for in the General Fund and include fines from municipal court, red light and school zone infractions. Prior to 2015, it also includes fines and forfeiture revenues the City of University Place and Town of Steilacoom as part of the contract terms of providing municipal court contracted services. In addition to the City retaining the fines and forfeitures as City revenue, the City received a fixed contract amount from the both cities, which is accounted for as intergovernmental revenue.

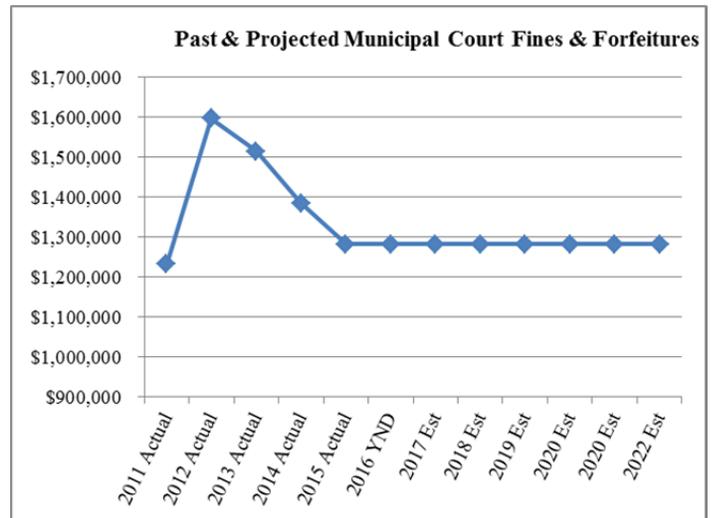
Year	Total Fines Forfeitures	% of G/S Oper Rev	Chg Over Prior Year	
			\$	%
2011 Actual	\$ 1,996,629	6.0%	\$ 301,463	17.8%
2012 Actual	\$ 2,385,838	6.9%	\$ 389,210	19.5%
2013 Actual	\$ 2,307,733	6.5%	\$ (78,105)	-3.3%
2014 Actual	\$ 2,089,104	5.8%	\$ (218,628)	-9.5%
2015 Actual	\$ 1,981,247	5.4%	\$ (107,858)	-5.2%
2016 YND	\$ 1,982,219	5.4%	\$ 972	0.0%
2017 Est	\$ 1,982,219	5.3%	\$ -	0.0%
2018 Est	\$ 1,982,219	5.2%	\$ -	0.0%
2019 Est	\$ 1,982,200	5.1%	\$ (19)	0.0%
2020 Est	\$ 1,982,200	5.0%	\$ -	0.0%
2020 Est	\$ 1,982,200	5.0%	\$ -	0.0%
2022 Est	\$ 1,982,200	4.9%	\$ -	0.0%
Average 6 Year Change (2011 - 2016)				-0.1%
Average 6 Year Change (2012 - 2017)				-3.4%
Average 6 Year Change (2013 - 2018)				-2.7%



Court Fines and Forfeitures

Effective January 2015, as part of the new contracts, fines and forfeiture revenues from the Town of Steilacoom and City of University Place are no longer retained by the City, other than for past cases. Revenues from 2015 cases are collected by the City and remitted on a monthly basis to the contract jurisdictions (City of DuPont, City of University Place and Town of Steilacoom).

Year	Court Fines & Forfeitures	% of G/S Oper Rev	Chg Over Prior Year	
			\$	%
2011 Actual	\$ 1,231,477	3.7%	\$ 305,220	33.0%
2012 Actual	\$ 1,596,299	4.6%	\$ 364,822	29.6%
2013 Actual	\$ 1,514,628	4.3%	\$ (81,672)	-5.1%
2014 Actual	\$ 1,384,894	3.9%	\$ (129,734)	-8.6%
2015 Actual	\$ 1,282,219	3.5%	\$ (102,675)	-7.4%
2016 YND	\$ 1,282,219	3.5%	\$ 0	0.0%
2017 Est	\$ 1,282,219	3.4%	\$ -	0.0%
2018 Est	\$ 1,282,219	3.4%	\$ -	0.0%
2019 Est	\$ 1,282,200	3.3%	\$ (19)	0.0%
2020 Est	\$ 1,282,200	3.3%	\$ -	0.0%
2020 Est	\$ 1,282,200	3.2%	\$ -	0.0%
2022 Est	\$ 1,282,200	3.2%	\$ -	0.0%
Average 6 Year Change (2011 - 2016)				0.7%
Average 6 Year Change (2012 - 2017)				-4.1%
Average 6 Year Change (2013 - 2018)				-3.0%



Municipal Court Fines & Forfeitures (does not include camera enforcement)												
Category	2011	2012	2013	2014	2015	2016 YND	2017 Est	2018 Est	2019 Est	2020 Est	2021 Est	2022 Est
Admin, Filing, Copy, Forms, Legal	\$ 38,561	\$ 57,658	\$ 57,388	\$ 55,293	\$ 70,535	\$ 70,535	\$ 70,535	\$ 70,535	\$ 70,535	\$ 70,535	\$ 70,535	\$ 70,535
Detention & Correction Services	381,860	426,925	431,381	363,517	293,752	293,752	293,752	293,752	293,752	293,752	293,752	293,752
Civil Penalties	11,438	16,865	12,206	10,316	7,781	7,781	7,781	7,781	7,781	7,781	7,781	7,781
Civil Infraction Penalties	661,161	932,084	839,061	792,345	740,380	740,380	740,380	740,380	740,361	740,361	740,361	740,361
Civil Parking Infractions	13,364	12,148	12,307	8,157	6,870	6,870	6,870	6,870	6,870	6,870	6,870	6,870
Criminal Traffic Misdemeanor Fines	34,985	49,393	40,853	30,738	36,295	36,295	36,295	36,295	36,295	36,295	36,295	36,295
Criminal Non-Traffic Fines	13,102	13,285	13,874	9,535	9,050	9,050	9,050	9,050	9,050	9,050	9,050	9,050
Court Cost Recoupment	28,690	32,920	30,969	24,660	36,009	36,009	36,009	36,009	36,009	36,009	36,009	36,009
Interest/Other/Misc	48,316	55,021	76,589	90,332	81,547	81,547	81,547	81,547	81,547	81,547	81,547	81,547
Total	\$1,231,477	\$1,596,299	\$1,514,628	\$1,384,893	\$1,282,219	\$1,282,219	\$1,282,219	\$1,282,219	\$1,282,200	\$1,282,200	\$1,282,200	\$1,282,200

Camera Enforcement

The City currently has eight cameras operating at five locations:

- Two (2) school zone cameras located at 5405 Steilacoom Blvd – WB and 9904 Gravelly Lake Drive – SB
- Six (6) red light cameras located at:
 - Bridgeport Blvd SW & San Francisco Ave SW – SB & NB
 - Steilacoom Blvd SW & Phillips Rd SW – WB & EB
 - South Tacoma Way & SR 512 – NB & SB

The monthly vendor payments to Redflex Traffic Systems, Inc. for camera enforcement services is fixed at \$3,750 per system for existing designated intersection approaches and \$4,870 per system for existing designated school zone approaches. The new contract pricing structure reduced costs by approximately \$60K per year, from roughly \$450K to \$390K.

Photo Infraction - Red light/School Zone Enforcement

Month	2012			2013			2014			2015		
	Gross Revenue	Vendor Payment	Net Revenue	Gross Revenue	Vendor Payment	Net Revenue	Gross Revenue	Vendor Payment	Net Revenue	Gross Revenue	Vendor Payment	Net Revenue
Jan	\$ 65,056	\$ 37,593	\$ 27,463	\$ 58,410	\$ 37,593	\$ 20,817	\$ 57,905	\$ 36,593	\$ 21,312	\$ 66,476	\$ 31,612	\$ 34,864
Feb	54,258	36,593	17,665	66,685	37,593	29,093	63,261	36,593	26,668	57,821	32,240	25,581
Mar	65,637	37,593	28,045	70,575	37,593	32,982	56,692	36,593	20,099	62,596	32,240	30,356
Apr	68,501	34,593	33,908	67,061	37,593	29,468	60,035	37,593	22,442	65,333	32,240	33,093
May	58,866	36,593	22,274	63,441	37,593	25,848	59,634	37,593	22,041	55,473	32,240	23,233
Jun	68,881	36,593	32,288	76,071	37,593	38,479	57,842	33,593	24,249	57,857	32,240	25,617
Jul	57,221	35,593	21,629	69,939	36,593	33,346	56,453	34,593	21,860	66,829	32,240	34,589
Aug	62,663	33,593	29,071	49,938	34,593	15,345	51,457	34,593	16,864	67,627	32,240	35,387
Sep	62,602	37,593	25,009	72,071	37,593	34,479	50,732	36,593	14,139	62,092	32,240	29,852
Oct	52,911	37,593	15,318	53,443	37,593	15,850	49,678	32,240	17,438	48,977	22,500	26,477
Nov	95,230	37,593	57,637	79,956	37,593	42,363	79,223	32,240	46,983	48,944	30,454	18,490
Dec	77,712	37,593	40,119	65,515	36,593	28,922	61,298	27,585	33,713	39,002	32,240	6,762
Annual	\$789,539	\$439,113	\$350,426	\$793,105	\$446,114	\$346,991	\$704,210	\$416,401	\$287,809	\$699,027	\$374,726	\$324,301

Real Estate Excise Tax Fund

Real Estate Excise Tax (REET)

The State of Washington is authorized to levy a real estate excise tax on all sales of real estate (measured by the full selling price, including the amount of any liens, mortgages and other debts given to secure the purchase) at a rate of 1.28 percent. A locally-imposed tax is also authorized. All cities and counties may levy a quarter percent tax (described as "the first quarter percent of the real estate excise tax" or "REET 1"). Cities and counties planning under the Growth Management Act (GMA) have the authority to levy a second quarter percent tax (REET 2). The statute further specifies that if a county is required to plan under GMA or if a city is located in such a county, the tax may be levied by a vote of the legislative body. If, however, the county chooses to plan under GMA, the tax must be approved by a majority of the voters. The City of Lakewood enacted both the first ¼% and second ¼% tax, for a total of 0.50%.

All sales of real estate are taxed at 1.78%, of which 1.28% goes towards state funding of K-12 education and public works assistance and the City receives 0.5% for capital purposes. The Pierce County Treasurer collects the real estate excise tax and remits to the City on a monthly basis. The tax is the obligation of the seller and due and payable immediately at the time of the sale.

REET 1 [RCW 82.46.010](#):

Initially authorized in 1982, cities and counties can use the receipts of REET 1 for all capital purposes. An amendment in 1992 states that cities and counties with a population of 5,000 or more planning under the GMA must spend REET 1 receipts solely on capital projects that are listed in the capital facilities plan element of their comprehensive plan.

Capital projects are: *public works projects of a local government for planning, acquisition, construction, reconstruction, repair, replacement, rehabilitation, or improvement of streets; roads; highways; sidewalks; street and road lighting systems; traffic signals; bridges; domestic water systems; storm and sanitary sewer systems; parks; recreational facilities; law enforcement facilities; fire protection facilities; trails; libraries; administrative and judicial facilities; and technology infrastructure that is integral to the capital projects.*

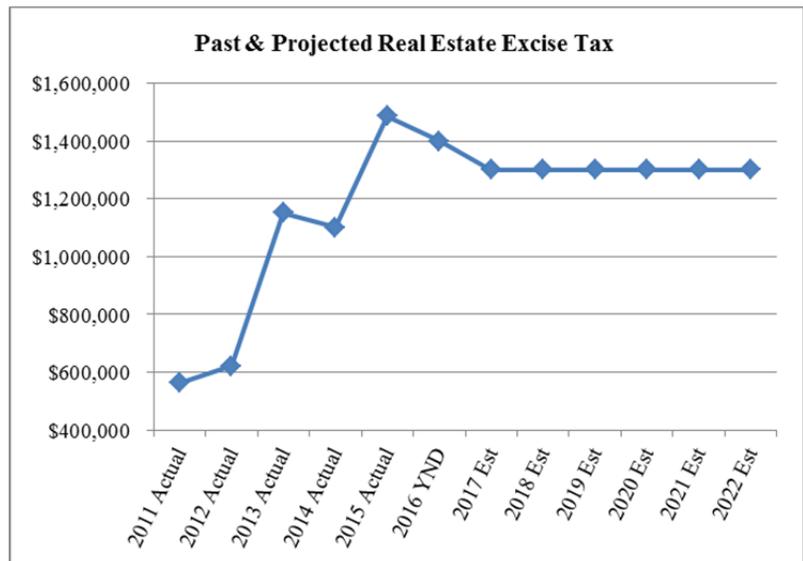
Receipts pledged to debt retirement prior to April 1992 and/or spent prior to June 1992 are grandfathered from this restriction.

REET 2 [RCW 82.46.035](#):

The second quarter percent of the real estate excise tax (authorized in 1990) provides funding for cities and counties to finance capital improvements required to occur concurrently with growth under the Growth Management Act. An amendment in 1992 defines the "capital project" as:

Public works projects of a local government for planning, acquisition, construction, reconstruction, repair, replacement, rehabilitation, or improvement of streets, roads, highways, sidewalks, street and road lighting systems, traffic signals, bridges, domestic water systems, storm and sanitary sewer systems, and planning, construction, reconstruction, repair, rehabilitation, or improvement of parks.

Year	REET	Chg Over Prior Year	
		\$	%
2011 Actual	\$ 561,659	\$ (69,960)	-11.1%
2012 Actual	\$ 621,821	\$ 60,162	10.7%
2013 Actual	\$ 1,151,297	\$ 529,476	85.1%
2014 Actual	\$ 1,100,298	\$ (50,999)	-4.4%
2015 Actual	\$ 1,486,450	\$ 386,152	35.1%
2016 YND	\$ 1,400,000	\$ (86,450)	-5.8%
2017 Est	\$ 1,300,000	\$ (100,000)	-7.1%
2018 Est	\$ 1,300,000	\$ -	0.0%
2019 Est	\$ 1,300,000	\$ -	0.0%
2020 Est	\$ 1,300,000	\$ -	0.0%
2021 Est	\$ 1,300,000	\$ -	0.0%
2022 Est	\$ 1,300,000	\$ -	0.0%
Average 6 Year Change (2011 - 2016)			10.0%
Average 6 Year Change (2012 - 2017)			8.7%
Average 6 Year Change (2013 - 2018)			1.9%



Transportation Benefit District Fund

Transportation Benefit District Vehicle Fees (RCW 36.73.020, RCW 82.80.140)

The City is authorized by state law to establish a transportation benefit district (TBD) for the purpose of acquiring, constructing, improving, providing, and funding a transportation improvement within the district that is consistent with any existing state, regional, or local transportation plans and necessitated by existing or reasonably foreseeable congesting levels. State law authorizes a TBD to fix and impose an annual vehicle license fee (VLF), not to exceed one hundred dollars per vehicle registered in the district.

On August 6, 2012, the Lakewood City Council adopted Ordinance #550, creating a TBD in the City of Lakewood, referred to as the Lakewood TBD. The TBD is governed by the members of the Lakewood City Council as the District’s Board of Directors and the Mayor serves as the Chair of the Board.

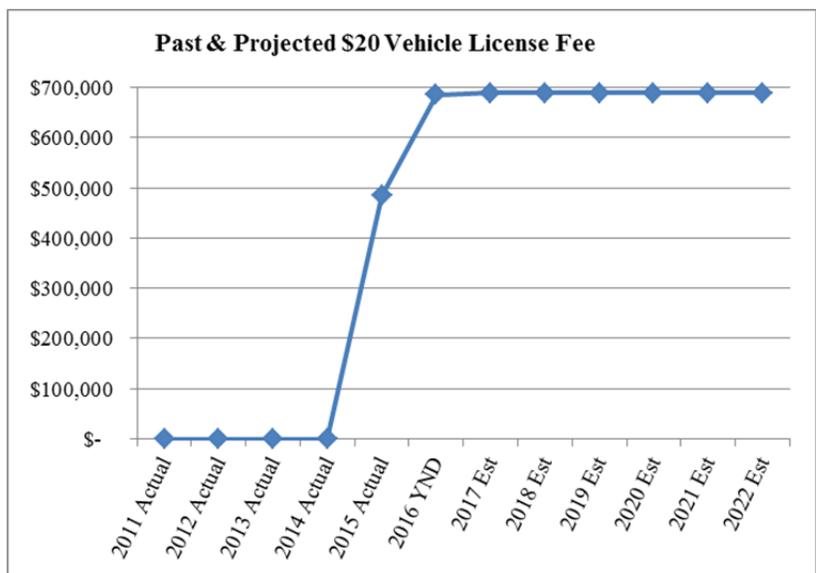
On September 15, 2014, the Lakewood TBD adopted Ordinance # TBD-01, authorizing an annual \$20 vehicle licensing fee for the TBD. The TBD Board found this fee is the best way to preserve, maintain, operate, construct, or reconstruct the transportation infrastructure of the City of Lakewood and fund transportation improvements within the district that are consistent with existing state, regional or local transportation plans necessitated by existing or reasonably foreseeable congestion levels.

The fees are effective for tabs due beginning April 1, 2015. The Washington State Department of Licensing (DOL) collects the fees and distributes the net proceeds to the City on a monthly basis. DOL automatically deducts one percent (1%) of the \$20 fee at the time of collection for administration and collections expenses incurred. The 1% administration fee is the maximum amount permitted by RCW 82.80.140.

\$20 Vehicle License Fee	
Applies To	Exempt
• Auto stage, six seats or less	• Campers, as defined in RCW 46.04.085
• Commercial trailer	• Farm tractors or farm vehicles, as defined in RCW 46.04.180 and 46.04.181
• For hire vehicle, six seats or less	• Mopeds, as defined in RCW 46.04.304
• Mobile home (if registered)	• Off-road and non-highway vehicles, as defined in RCW 46.04.365
• Motor home	• Private use single-axel trailer, as defined in RCW 46.04.422
• Motorcycle	• Snowmobiles, as defined in RCW 46.04.546
• Passenger car	• Vehicles registered under chapter 46.87 RCW and the international registration plan.
• Sport utility vehicle	
• Tow truck	
• Trailer, over 2000 pounds (but if private use single axel, it's exempt)	
• Travel trailer	
• Each vehicle subject to grow weight license fees with a scale weight of six thousand pounds or less	

The vehicle license fee is estimated to generate \$4.13M between 2017 and 2022. This revenue source along with General Fund contributions, real estate excise tax, motor vehicle fuel tax and grants will provide funding for needed improvements to city streets and roads over the next six years (2017-2022).

Year	\$20 Vehicle License Fee	Chg Over Prior Year	
		\$	%
2011 Actual	\$ -	\$ -	n/a
2012 Actual	\$ -	\$ -	n/a
2013 Actual	\$ -	\$ -	n/a
2014 Actual	\$ -	\$ -	n/a
2015 Actual	\$ 484,016	\$ 484,016	n/a
2016 YND	\$ 685,000	\$ 200,984	41.5%
2017 Est	\$ 689,000	\$ 4,000	0.6%
2018 Est	\$ 689,000	\$ -	0.0%
2019 Est	\$ 689,000	\$ -	0.0%
2020 Est	\$ 689,000	\$ -	0.0%
2021 Est	\$ 689,000	\$ -	0.0%
2022 Est	\$ 689,000	\$ -	0.0%
Average 6 Year Change (2011 - 2016)			n/a
Average 6 Year Change (2012 - 2017)			n/a
Average 6 Year Change (2013 - 2018)			n/a



Hotel Motel Lodging Tax Fund

Hotel/Motel Lodging Tax

The hotel/motel lodging tax is comprised of the transient rental income tax and the special hotel/motel tax and applies to charges for lodging at hotels, motels, rooming houses, private campgrounds, RV parks, and similar facilities for periods of less than one month. The revenues are to be used solely for the purpose of paying all or any part of the cost of tourism promotion, acquisition of tourism-related facilities, or operation of tourism-related facilities. Municipalities may, under chapter 39.34 RCW, agree to the utilization of revenue from taxes imposed under this chapter for the purposes of funding a multi-jurisdictional tourism-related facility.

The program is administered by the Department of Revenue and distributions are made by the Office of State Treasurer monthly. Distributions are received into the City’s Hotel/Motel Lodging Tax Fund.

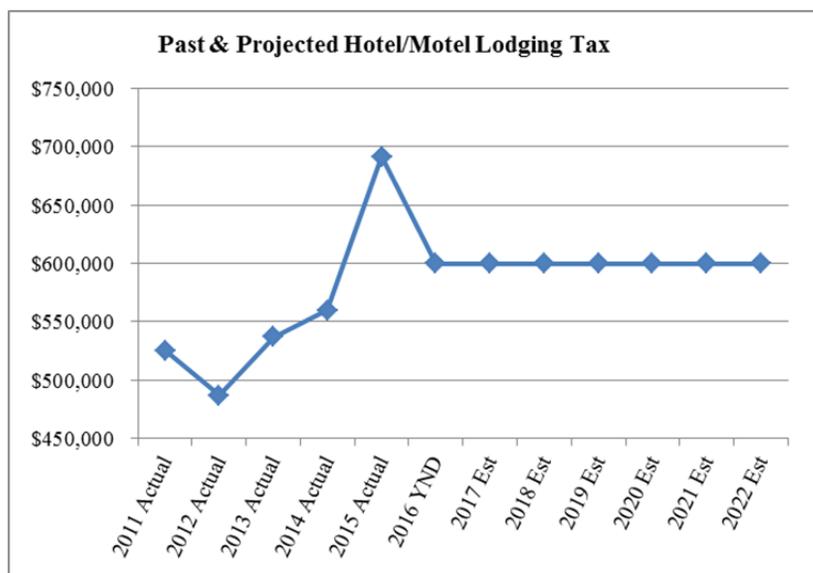
Transient Rental Income Tax (RCW 67.28.180)

The City imposed a 2.0% transient rental income tax effective March 1996. The tax is credited against the state retail sales tax so that the hotel/motel tax is not an additional tax for the customer but represents sharing of the state retail sales tax receipts on lodging with the city (State Shared Revenues).

Special Hotel/Motel Tax (RCW 67.28.181)

The City imposed a 2% special hotel/motel tax in June 1996 and an additional 3% in June 1997 for a total rate of 5%. The combined rate of state and local retail sales tax (except RTA tax), the state convention center tax, and any special hotel/motel taxes may not exceed 12%. However, a higher aggregate rate cap applies for jurisdictions that previously levied higher hotel/motel tax rates (such as Lakewood which was grandfathered.)

Year	Hotel/Motel Lodging Tax	Chg Over Prior Year	
		\$	%
2011 Actual	\$ 525,239	\$ (35,102)	-6.3%
2012 Actual	\$ 486,709	\$ (38,530)	-7.3%
2013 Actual	\$ 537,009	\$ 50,300	10.3%
2014 Actual	\$ 559,866	\$ 22,857	4.3%
2015 Actual	\$ 691,797	\$ 131,931	23.6%
2016 YND	\$ 600,000	\$ (91,797)	-13.3%
2017 Est	\$ 600,000	\$ -	0.0%
2018 Est	\$ 600,000	\$ -	0.0%
2019 Est	\$ 600,000	\$ -	0.0%
2020 Est	\$ 600,000	\$ -	0.0%
2021 Est	\$ 600,000	\$ -	0.0%
2022 Est	\$ 600,000	\$ -	0.0%
Average 6 Year Change (2011 - 2016)			2.1%
Average 6 Year Change (2012 - 2017)			3.1%
Average 6 Year Change (2013 - 2018)			1.7%



Use of the hotel/motel lodging tax per the City of Lakewood’s Lodging Tax Funding Guidelines and commensurate with state statutes:

- 4% - Can be used for tourism promotion, or the acquisition of tourism-related facilities, or operation of tourism-related facilities.
- 3%- Can only be used for the acquisition, construction, expansion, marketing, management, and financing of convention facilities, and facilities necessary to support major tourism destination attractions that serve a minimum of one million visitors per year.

The City’s Lodging Tax Advisory Committee makes recommendations to the City Council in regards to how the taxes are to be used.

Surface Water Management Fund

Surface Water Management Fees

The Surface Water Management (SWM) fund manages surface water run-off accounts for the City’s only utility operation. The City applies a rate structure as a utility service charge to all parcels within the City and those incorporated areas defined by an interlocal drainage agreement as authorized by the City’s municipal code. The purpose of this charge is to provide resources to plan, manage, design, construct, maintain, revise, and upgrade the

storm drainage and surface water runoff systems within the corporate limits of the City of Lakewood. This authority is invoked to minimize the property damage, promote and protect public health, safety, and welfare, minimize water quality degradation by preventing siltation, contamination and erosion of the City's waterways, protect aquifers, insure the safety of City streets, and rights-of-way, assure compliance with federal and state storm drainage, surface water management, and water quality regulations and legislation, increase educational and recreational opportunities, encourage the preservation of natural drainage systems, and foster other beneficial public uses.

All parcels are subject to a service charge with some exceptions. The following parcels are exempt from paying the utility service charge: all parcels consisting of mineral rights only; all parcels consisting of entirely tidelands, rivers, lakes, creeks and/or streams; all vacant/undeveloped parcels less than two-tenths (2/10ths) of an acre (8,712 square feet) in total area; all parcels within national parks due to minuscule amount of impervious area compared to the pristine nature of total acreage protected for future generations; all parcels that are used for church, community center, community hall, grange or community service-oriented purposes as well as those owned by an organization with nonprofit benefit as defined by state statute.

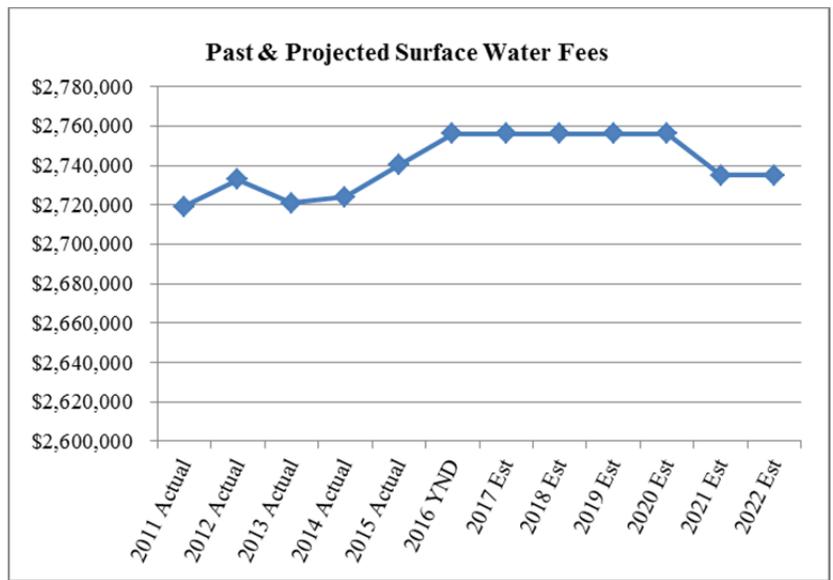
Low income senior citizens and disabled persons receiving relief under RCW 84.36.381 receive partial exemption from surface water service charges and surcharge as defined in the City's municipal code.

The annual service charge rates are as follows:

Type	Fee
Residential	\$77.40
Duplex	\$101.15
Multi-Family	\$0.03102 per square foot of impervious area, less an additional \$5.00
All Mobile Homes other than Residential	\$40.70 per vacant or occupied mobile home site (mobile home equivalent) plus \$0.03102 per square foot of impervious areas in addition to mobile home site.
Vacant/Undeveloped	\$0.410 per acre, less an additional \$5.00, but in no case shall the minimum service charge be less than \$15.98
Forest and Timber Land	\$15.98 per parcel, plus \$0.410/acre on lands classified as forest lands under RCW 84.33 or RCW 84.34
City Streets, Roads and Public Highways	\$0.00930 per square feet of impervious area, less an additional \$5.00
All Other Parcels	\$0.03102 per square foot of impervious area, less an additional \$5.00, but in no case shall the minimum service charge be less than the higher of the residential equivalent rate for each year of the charge for a vacant/undeveloped parcel of equal acreage.

The annual service charge is calculated based on impervious area and parcel status as of January 1 each year. The annual service charge is due the City on or before April 30 of each year and shall be paid together with payment of real property tax upon the parcel, if any, and is delinquent thereafter. Provided, that if real property tax upon the parcel payable in that year exceeds thirty dollars, and one-half of the tax, together with one-half of the annual service charge provided by this section are paid on or before April 30 of such year, the remaining one-half of the annual service charge is due and payable on October 30, next following, or at the time of payment of the remaining tax on the parcel, whichever is earlier and is delinquent after that date. The service charge is incorporated on the Pierce County Real Property Tax Statement.

Year	Surface Water Fees	Chg Over Prior Year	
		\$	%
2011 Actual	\$ 2,718,958	\$ 68,737	2.6%
2012 Actual	\$ 2,732,964	\$ 14,006	0.5%
2013 Actual	\$ 2,720,766	\$ (12,198)	-0.4%
2014 Actual	\$ 2,723,885	\$ 3,119	0.1%
2015 Actual	\$ 2,740,257	\$ 16,372	0.6%
2016 YND	\$ 2,756,000	\$ 15,743	0.6%
2017 Est	\$ 2,756,000	\$ -	0.0%
2018 Est	\$ 2,756,000	\$ -	0.0%
2019 Est	\$ 2,756,000	\$ -	0.0%
2020 Est	\$ 2,756,000	\$ -	0.0%
2021 Est	\$ 2,735,000	\$ (21,000)	-0.8%
2022 Est	\$ 2,735,000	\$ -	0.0%
Average 6 Year Change (2011 - 2016)			0.2%
Average 6 Year Change (2012 - 2017)			0.1%
Average 6 Year Change (2013 - 2018)			0.2%



Next Steps

- October 3 – Presentation of the 2017-2018 Proposed Biennial Budget & 6-Year Financial Forecast (2016-2022)
- October 5 – Review of the 2017-2018 Proposed Biennial Budget - Department Budget Presentation
 - City Council, City Manager, Administrative Services, Community & Economic Development, Police
- October 12 – Review of the 2017-2018 Proposed Biennial Budget - Department Budget Presentation
 - Parks, Recreation & Community Services, Public Works, Municipal Court, Legal
- October 24 – Review of 2017-2018 Proposed Biennial Budget & Review of Proposed 2017 Fee Schedule
- November 7 – Public Hearing on 2017-2018 Proposed Biennial Budget and 2017 Property Tax Levy
- November 14 – Review of 2017-2018 Proposed Biennial Budget
- November 21 – Adopt 2017-2018 Biennial Budget, 2017 Property Tax Levy & 2017 Fee Schedule



To: Mayor and City Councilmembers

From: Tho Kraus, Assistant City Manager/Administrative Services

Through: John J. Caulfield, City Manager *John J. Caulfield*

Date: September 26, 2016

Subject: 2017 Property Tax Levy Ordinance

INTRODUCTION

Washington state law requires cities to hold a public hearing on possible increases in the property tax revenues to be held prior to the time the city levies the taxes. The hearing must be held in November in order to provide the County with the information by November 30. A public hearing has been scheduled for November 7 for this purpose. Adoption of the property tax levy ordinance is also scheduled for November 21.

Per state statute, the City is authorized to increase its property tax annually up to the lesser of Implicit Price Deflator (IPD) or one percent (1%). Notification of the IPD will not be available until closer to the end of the month. This memo is prepared with the anticipation that the IPD will be greater than 1% and the recommendation that the City Council adopt the 1% increase as authorized by state statute.

ANALYSIS

The following tables below provides a summary comparison of assessed value, city levy rate and city property tax levy and detailed calculation used for the City’s 2017 property tax levy amounts being considered for collection in 2017.

	2016	2017 Estimate (1% Increase)	Change	
			\$	%
Assessed Value	\$4,943,143,201	\$5,419,721,591	\$476,578,390	9.6%
City Levy Rate	\$1.3442	\$1.2409	-\$0.1033	-7.7%
City Property Tax Levy *	\$6,644,635	\$6,725,488	\$80,853	1.2%

** The City Property Tax Levy increase of 1.2% includes the 1% increase plus new construction, administrative refunds and increase in state-assessed property.*

According to the Pierce County Assessor-Treasurer's office, the City's total assessed value for 2017 property tax collection is estimated to be \$5,419,721,591, which represents a 9.6% or \$476,578,390 increase from the City's total assessed value for 2016 property tax collection of \$4,943,143,614.

Tax Calculation Factor	Tax Levy
Highest Regular Tax levy	\$6,582,983
1% Increase	\$65,830
New Construction Estimate	\$48,067
Administrative Refunds	\$14,854
Subtotal	\$6,711,734
Increase from State-Assessed Property (2017 Estimate Based on 2016 Actual)	\$13,754
Total Preliminary 2017 Levy	\$6,725,488
2016 Preliminary Assessed Value for 2017 Levy	\$5,419,721,591
2016 Preliminary Levy Rate (Assumes 1% Increase)	\$1.2409
Levy Rate Calculation:	
2016 Preliminary Assessed Value	\$5,419,721,591
Divide by \$1,000	\$1,000
2016 AV Per \$1,000	\$5,419,722
2017 Preliminary Levy	\$6,725,488
Divide by 2016 AV Per \$1,000	\$5,419,722
2017 Preliminary Levy Rate per \$1,000 (Assumes 1% Increase)	\$1.2409

The table below illustrates the impact of no increase and 1% increase to the average homeowner assuming a 9.6% increase in assessed valuation as provided for by the County. The 2015 assessed valuation of the average home for 2016 property tax collection of \$223,456 increases by 9.6% to \$245,000.

- Under the no increase scenario, the property tax levy rate of \$1.2288 results in an additional \$0.68 property tax paid to the City, which is an increase of .02%.
- Applying the 1% increase property tax levy rate of \$1.2409 results in an additional \$3.65 property tax paid to the City, which is an increase of 1.2%.

	2016	2017 Est	Change from 2016		2017 Est	Change from 2016	
		No Increase	\$	%	1% Increase	\$	%
AV Average Home	\$223,456	\$245,000	\$21,544	9.6%	\$245,000	\$21,544	9.6%
City Levy Rate	\$1.3442	\$1.2288	-\$0.1154	-8.6%	\$1.2409	-\$0.1033	-7.7%
City Property Tax Paid	\$300.37	\$301.05	\$0.68	0.2%	\$304.03	\$3.65	1.2%
Additional property tax paid by average homeowner with 1% increase compared to 0% increase =						\$2.98	

Note – The assessed valuation for individual properties may not necessarily increase by 9.6%, rather the assessed valuation for all properties in totality is increased by 9.6%.

CITY COUNCIL OPTIONS & CONSIDERATIONS

The options the City Council may take regarding the 2017 property tax levy are:

Option 1: Levy the property taxes without any increase.

Option 2: Increase the property tax levy by 1% commensurate with the 2017/2018 biennial budget estimates. - RECOMMENDED

The City's 2017 proposed budget includes an annual property tax increase of 1% as authorized by state statute. A 1% increase in property tax levy generates approximately \$65,830 in additional revenue for city services, or an additional \$3.65 per average homeowner in 2017.

The preliminary 2017 property tax revenue estimate is \$6,711,734 and is based on the preliminary figures provided by Pierce County excluding administrative refunds since these values are based on the 2016 amounts (2017 values currently not available).

Since 2006, the City has enacted the 1% increase as authorized by state statute. The cumulative impact of not taking the 1% increase in 2016 over the 6-year period (2017 - 2022) is roughly \$405,000.

The details of options 1 and 2 are provided below.

Factors	2016	2017 - Option 1 (no increase)	2017 - Option 2 (1% increase)
Base Levy Amount	\$6,466,347	\$6,582,983	\$6,582,983
1% Increase	\$64,663	\$0	\$65,830
New Construction Estimate	\$38,220	\$48,067	\$48,067
Administrative Refunds	\$61,651	\$14,854	\$14,854
Increase from State-Assessed Property (2017 Estimate Based on 2016 Actual)	\$13,754	\$13,754	\$13,754
Total Property Tax Levy	\$6,644,635	\$6,659,658	\$6,725,488
Total Property Tax Levy % Increase from Base Levy Amount	2.76%	1.16%	2.16%
Assessed Value	\$4,943,143,201	\$5,419,721,591	\$5,419,721,591
Levy Rate Per \$1,000 AV	\$1.3442	\$1.2288	\$1.2409
City Tax Paid by Average Home Owner 2015 Home Value for 2016 Property Tax = \$223,456 Assumed 2016 Home Value for 2017 Property Tax = \$245,000	\$300.37	\$301.05	\$304.03
City Tax Paid by Average Home Owner, \$ Change from 2016	n/a	\$0.68	\$3.65
City Tax Paid by Average Home Owner, % Change from 2016	n/a	0.2%	1.2%

NEXT STEPS

- Public Hearing on November 7, 2016
- Adoption on November 21, 2016

The City will have the opportunity to modify its levy certification in December once it receives the dollar amount of the administrative refunds from the County.

ATTACHMENTS

- Additional Information – Administrative Refunds
- Additional Information – State Assessed Property
- Pierce County Assessor-Treasurer Information on Preliminary 2016 Assessed Values
- Pierce County Assessor-Treasurer Information on Preliminary Tax Levy Limit 2016 for 2017
- Draft 2017 Property Tax Ordinance

ADDITIONAL INFORMATION – ADMINISTRATIVE REFUNDS

Administrative refunds are taxes that had been levied in previous years on properties that have had their taxes abated or cancelled. The following is an outline defining administrative refunds and what they consist of – there are 16 of them:

1. Paid more than once.
2. Paid as a result of manifest error in description.
3. Paid as a result of a clerical error in extending the tax rolls.
4. Paid as a result of other clerical errors in listing property.
5. Paid with respect to improvements which did not exist on assessment date.
6. Paid under levies or statutes adjudicated to be illegal or unconstitutional.
7. Paid as a result of mistake, inadvertence, or lack of knowledge by any person exempted or partially exempted from paying real property taxes.
8. Paid or overpaid as a result of mistake, inadvertence, or lack of knowledge by either a public official or employee or by any person paying the same with respect to real property in which the person paying the same has no legal interest.
9. Paid on the basis of an assessed valuation which was appealed to the county board of equalization and ordered reduced by the board.
10. Paid on the basis of an assessed valuation which was appealed to the state board of tax appeals and ordered reduced by the board. PROVIDED, That the amount refunded under subsections (9) and (10) shall only be for the difference between the tax paid on the basis of the appealed valuation and the tax payable on the valuation adjusted in accordance with the board's order.
11. Paid as a state property tax levied upon property, the assessed value of which has been established by the state board of tax appeals for the year of such levy: PROVIDED, HOWEVER, That the amount refunded shall only be for the difference between the state property tax paid and the amount of state property tax that would, when added to all other property taxes within the 1 percent limitation of the state constitution equal 1 percent of the assessed value established by the board.
12. Paid on the basis of an assessed valuation which was adjudicated to be unlawful or excessive: PROVIDED, That the amount refunded shall be for the difference between the amount of tax payable on the basis of the assessed valuation determined as a result of the preceding.
13. Paid on property acquired under a tax lien. (RCW 84.69.020)
14. Paid on the basis of an assessed valuation that was reduced under RCW 84.48.065.
15. Paid on the basis of an assessed valuation that was reduced under RCW 84.40.039.
16. Abated under RCW 84.70.010

ADDITIONAL INFORMATION – STATE ASSESSED PROPERTY

Utility and transportation companies that are defined in RCW 84.12 whose operations are in more than one county or state are assessed by the Department of Revenues' (DOR) Property Tax Division. These companies include airlines, railroads, electric companies who produce or distribute electricity on the retail or wholesale market, gas pipeline companies who distribute or sell gas on the retail or wholesale market, and telecommunications companies including landline local and long distance phone and wireless companies. Telecommunications also includes cable companies who have assets in Washington that are used for providing telephone service in more than one county or state. In addition to these companies, DOR also assessed private railcars. These private railcars are most often owned by companies who are not a railroad that pay the railroad companies to transport their cars from place to place, including chemical companies, grain import and export companies, and several companies who are in the business to lease railcars to railroads and others.

The appraised value of state assessed property is, by law, valued at 100% of market value. State, and in part, federal law require state assessed utilities be valued at the same level of assessment as other property in the same taxing jurisdiction. As a result, it is an equalized value of state assessed utilities that is allocated (apportioned) to all the taxing districts in the state; this includes real and personal property. The real and personal property ratio of each county is applied to the respective real and personal property appraised value of each company that is state assessed, and those values are apportioned to each county by tax code area (TCA).

Utility property appraisal is based on the unit method, property is valued as one thing. As a result, there is no specific value determined for any specific asset that makes up the operating unit. Hence, apportioned value does not directly relate to the value of assets in the TCA to which the assets value has been set. Apportionment is a process of assigning value based on certain metrics which generally consist of historical or original cost, length and size of pipes, miles of rail, etc., tied to the actual location of company assets. If one percent of a company's historical cost, length of pipe, or miles of main railroad track, then 1% is apportioned to all the TCAs in which the company has assets.



Pierce County

Mike Lonergan, Assessor-Treasurer

2401 South 35th Street
Tacoma, WA 98409-7498
(253) 798-6111 FAX (253) 798-3142
ATLAS (253) 798-3333
www.piercecountywa.org/atr

RECEIVED

SEP 14 2016

CITY OF LAKEWOOD
City Clerk's Office

September 9, 2016

OFFICIAL NOTIFICATION TO: LAKWOOD

RE: 2016 PRELIMINARY ASSESSED VALUES

FOR REGULAR LEVY

Total Taxable Regular Value	5,419,721,591
Highest lawful regular levy amount since 1985	6,582,983.44
Last year's actual levy amount	6,644,634.44
Additional revenue from current year's NC&I	48,066.60
Additional revenue from annexations (RCW 84.55)	0.00
Additional revenue from administrative refunds (RCW 84.69)	14,854.37
<i>No additional revenue from administrative refunds will be allowed if you are limited by your statutory rate limit.</i>	
Additional revenue from increase in state-assessed property	0.00

FOR EXCESS LEVY

Taxable Value	5,291,437,965
Timber Assessed Value	
Total Taxable Excess Value	5,291,437,965

2016 New Construction and Improvement Value 35,758,189

*If you need assistance or have any questions regarding this information, please contact Kim Fleshman
253.798.7114 kfleshm@co.pierce.wa.us.*



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TAX LEVY LIMIT 2016 FOR 2017

LAKEWOOD
> 10,000

REGULAR TAX LEVY LIMIT:

	2015
A. <u>Highest regular tax which could have been lawfully levied beginning with the 1985 levy</u> [refund levy not included] times limit factor (as defined in RCW 84.55.005).	6,582,983.44 1.01000 6,648,813.27
B. Current year's assessed value of new construction, improvements and wind turbines in original districts before annexation occurred time last year's levy rate (if an error occurred or an error correction was made in the previous year, use the rate that would have been levied had no error occurred).	35,758,189 1.344212410973 48,066.60
C. Current year's state assessed property value in original district if annexed less last year's state assessed property value. The remainder to be multiplied by last year's regular levy rate (or the rate that should have been levied).	71,760,315 71,760,315 0.00 1.344212410973 0.00
D. REGULAR PROPERTY TAX LIMIT (A + B + C)	6,696,879.88

ADDITIONAL LEVY LIMIT DUE TO ANNEXATIONS:

E. To find rate to be used in F, take the levy limit as shown in Line D above and divide it by the current assessed value of the district, excluding the annexed area.	6,696,879.88 5,419,721,591 1.235650164571
F. Annexed area's current assessed value including new construction and improvements times rate found in E above.	0.00 1.235650164571 0.00
G. NEW LEVY LIMIT FOR ANNEXATION (D + F)	6,696,879.88

LEVY FOR REFUNDS:

H. RCW 84.55.070 provides that the levy limit will not apply to the levy for taxes refunded or to be refunded pursuant to Chapters 84.68 or 84.69 RCW. (D or G + refund if any)	6,696,879.88 14,854.37 6,711,734.25
I. TOTAL ALLOWABLE LEVY AS CONTROLLED BY THE LEVY LIMIT (D,G,or H)	6,711,734.25
J. Amount of levy under statutory rate limitation.	5,419,721,591 1.600000000000 8,671,554.55
K. LESSER OF I OR J	6,711,734.25

ORDINANCE NO. ____

AN ORDINANCE of the City Council of the City of Lakewood, Washington, relating to ad valorem property taxes; establishing the amount to be raised in 2017 by taxation on the assessed valuation of the property of the City; and setting the property tax levy rate for 2017.

WHEREAS, the City Council of the City of Lakewood has met and considered its budget for the budget years 2017 - 2018; and

WHEREAS, the City Council conducted the public hearing on the 2017 property tax levy on November 7, 2016;

WHEREAS, the City Council, after hearing and duly considering all relevant evidence and testimony, determined that it is necessary to meet the expenses and obligations of the City, to increase the regular property tax levy by the 1.0% limit factor as prescribed in RCW 84.55.0101;

WHEREAS, the district's actual levy amount from the previous year was \$6,644,634; and

WHEREAS, the population of this district is more than 10,000; and

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

SECTION 1. Increase in the Highest Lawful Levy. The highest lawful levy for collection in 2016 is \$6,582,983, plus additional revenue resulting from new construction, improvements to property, newly constructed wind turbines, any increase in the value of state assessed property, any annexations that have occurred and administrative refunds. The preliminary levy limit calculation includes: additional revenue from new construction in the amount of \$48,067; administrative refunds in the amount of \$14,854; and an increase from state-assessed property in the amount of \$13,754 for a total preliminary 2017 property tax levy of \$6,725,488.

SECTION 2. Dollar and Percentage Increase from the 2016 Actual Property Tax Levy. The dollar amount of the increase over the actual 2016 levy of \$6,644,634 (which is the regular levy of \$6,582,983 plus administrative refunds of \$61,651) is \$4,178.83 and 0.0629 percent. This increase is exclusive of additional revenue resulting from new construction, improvements to property, newly constructed wind turbines, any increase in the value of state-assessed property, any annexations that have occurred and administrative refunds.

SECTION 3. Estimated Tax Levy. The estimated 2017 regular property tax levy is established at the maximum 101 percent limit. The annual amount of property taxes and rates necessary to raise the estimated budget revenue in 2017 is hereby levied upon real and personal

property subject to taxation in the City as follows:

Estimated 2017 Tax Levy

True and Fair Value of Tax Base: \$5,419,721,591
Estimated Levy Rate: \$1.2409

SECTION 4. Maximum Allowable Levy and Certification. The estimated property tax revenues and rates will be subsequently adjusted by the Pierce County Assessor-Treasurer to the maximum allowable amount as specified by state law, including administrative refund, when the property values are finally certified. The levy certifications will then be completed using the final certified figures and forwarded to the Assessor-Treasurer.

SECTION 5. Effective Date. That this Ordinance shall be in full force and effect five (5) days after publication of the Ordinance as required by law.

ADOPTED by the City Council this 21st day of November, 2016.

CITY OF LAKEWOOD

Don Anderson, Mayor

Attest:

Alice M. Bush, MMC, City Clerk

Approved as to Form:

Heidi Ann Wachter, City Attorney