

City of Poulsbo 2013 Budget-In-Brief



City of Poulsbo
Mission Statement

Our City is committed to managing the public resources to promote community health, safety and welfare and plan for the future to accommodate growth, without burden, while preserving our natural resources and enhancing those qualities that make our community unique and desirable.

POULSBO'S COMMUNITY KEY GOALS

#1 – Land Use

#2 – Community Character

#3 – Natural Environment

#4 – Capital Facilities

#5 – Housing

#6 – Parks & Recreation and Open Space

#7 – Economic Development

*As adopted in the City's Comprehensive Plan

COUNCIL GOALS

The following are Council Goals previously established which are not addressed in Poulsbo's Community Key Goals.

#8 – Public Safety

#9 – Revenues and Financial Stability

#10 – Customer Service

*Please visit the 2013 budget document for more detail regarding the goals.

ABOUT POULSBO

The City of Poulsbo is located in Kitsap County, west of Seattle. Originally settled by Norwegian immigrants in the late 1800's on Liberty Bay, a fjord of Puget Sound, Poulsbo continues to maintain its Scandinavian atmosphere through its architecture, celebrations, and hospitality. Holding to its Scandinavian heritage has earned the city the nickname "Little Norway" and visits from two Norwegian Kings.

Three military bases are located in Kitsap County. Many of Poulsbo's residents are employed at one of the federal bases or commute to metropolitan Seattle by ferry. In addition, Poulsbo has a large and active senior citizen population.

Poulsbo operates under a Mayor-Council form of government. The Mayor, elected by the people to a four-year term, is the executive officer of the city, coordinating the day-to-day activities. The council is the policy-making branch and consists of seven members elected at large to staggered four-year terms.

The city government provides a full range of municipal services through its 11 operating departments. The city boasts 19 parks, including four waterfront parks, as well as a community recreation department that provides educational, recreational, and physical fitness services. The broad range of recreational facilities provides year-round services for citizens of all ages.

Poulsbo at a Glance

| | |
|---|-----------------|
| Post Office Chartered | 1886 |
| Incorporated | 1908 |
| Population | 9360 |
| Elevation | 0-400 feet |
| Land Area | 2954 acres |
| Average Temperature (min/max) | 44°/61°F |
| Average Annual Precipitation | 36" |
| Miles of City Streets | 45 |
| Acres of Parks | 67.5 |
| Assessed Value | \$1,214,898,784 |
| City Retail Sales Tax | 8.6% |
| Fire District Rating Class | 4 |
| Full Time Equivalent (FTE) Employees..... | 80.91 |

THE BUDGET PROCESS

Budget development is a yearlong process. The City is constantly looking for ways to streamline operations, to be more efficient, and make adjustments to improve service delivery. Many of Council's actions throughout the year have budgetary implications for the coming year. In addition, citizen input and ideas received during the year are reflected in the budget proposals prepared by the City staff. Some of the significant events that contribute to the annual budget preparation are:

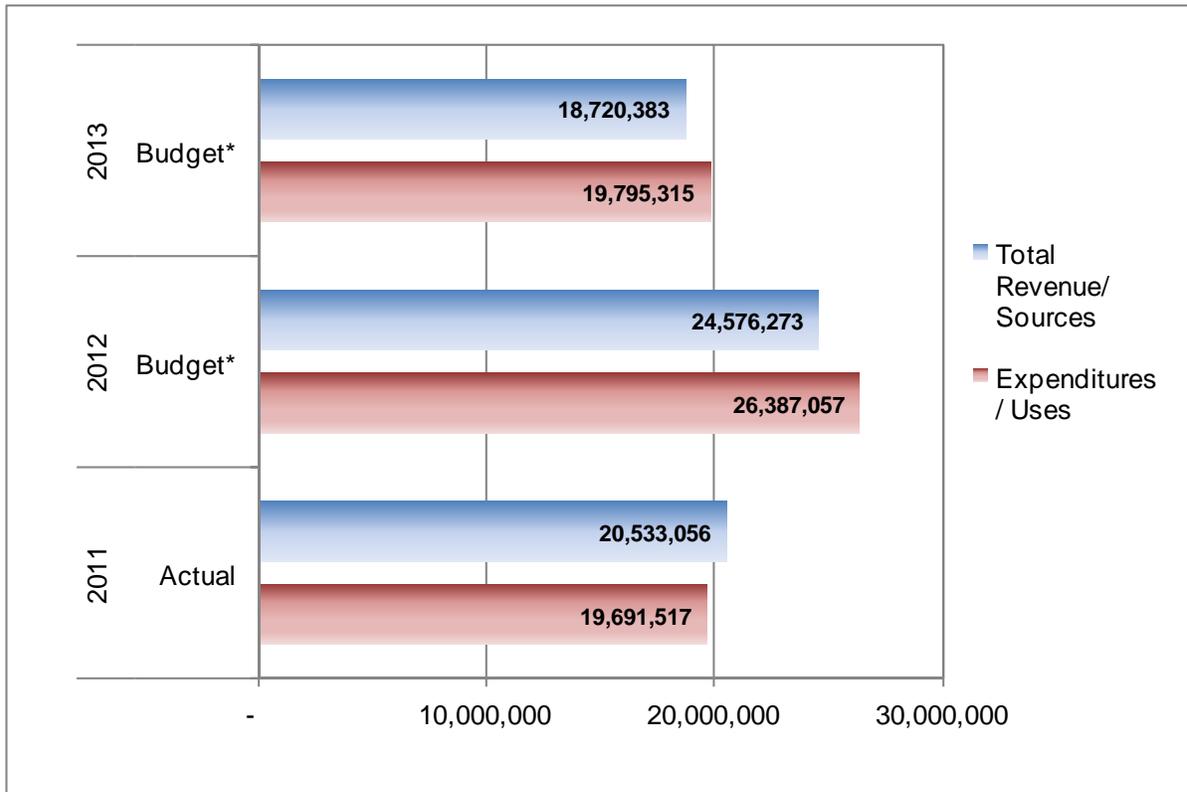
- Jan** *City Council holds retreat to discuss goals and priorities for the upcoming year.*
- May** *Capital Improvement Team meets to begin CIP process.*
- July**
- *Budget kickoff.*
 - *Council provides direction to staff for preparation of next year's budget.*
 - *Electronic budget information is available to Department Heads, Mayor, and Council.*
- July-Aug**
- *Each City department prepares a "basic budget" for all existing services.*
 - *Additional Funding and New Programs requests are submitted separately.*
 - *Departments review budgets with their Council Committees.*
- Sept** *Budget staff prepares the Preliminary Budget for review by the Mayor.*
- Oct**
- *Proposed Preliminary Budget presented to Council.*
 - *Budget staff reviews current revenue sources with Council.*
 - *A public hearing on revenue sources is held. The property tax rate is set.*
- Nov**
- *The Preliminary Budget is presented to Council and made available to the public.*
 - *The City Council holds a series of budget work sessions to review the preliminary budget.*
 - *Each department presents their proposed budget.*
 - *The capital improvement plan is also presented.*
 - *A public hearing is held to gather citizen input on the Preliminary Budget and any modifications that were made by the Council during their review.*
- Dec** *The City Council completes their review of the budget and approves an ordinance adopting the budget for the coming year.*
- Jan-Mar** *The City publishes the final budget document during the first quarter of the budget year.*
- Jan-Dec** *The adopted budget is monitored and amended, if necessary, throughout the budget year.*

ABOUT POULSBO'S BUDGET

The City of Poulsbo's budget is made up of 23 funds. Each fund is balanced so revenues equal expenditures.

TOTAL ALL FUNDS

| | 2011 Actual | 2012 Budget* | 2013 Budget* |
|-------------------------------------|------------------------|-------------------------|-------------------------|
| Governmental Revenues | \$ 14,216,127 | \$ 18,465,324 | \$ 12,664,391 |
| Proprietary Revenues | 6,316,929 | 6,110,949 | 6,055,992 |
| Total Revenue/ Sources | 20,533,056 | 24,576,273 | 18,720,383 |
| Governmental Expenditures | 14,202,668 | 20,681,428 | 13,732,031 |
| Proprietary Expenses | 5,488,849 | 5,705,629 | 6,063,284 |
| Expenditures/ Uses | 19,691,517 | 26,387,057 | 19,795,315 |
| Net Increase (Decrease) | 841,539 | (1,810,784) | (1,074,932) |
| Fund Balance/Equity - Beginning | 55,065,236 | 54,986,717 | 54,249,633 |
| Increase in Contributed Capital | 290,076 | 110,000 | 215,000 |
| Prior Period Adjustments | (1,199,618) | - | - |
| Fund Balance/Equity - Ending | \$ 54,997,233 | \$ 53,285,933 | \$ 53,389,701 |



POULSBO'S 2012 GENERAL FUND RESOURCES
At A Glance
Total Resources - \$11,301,682

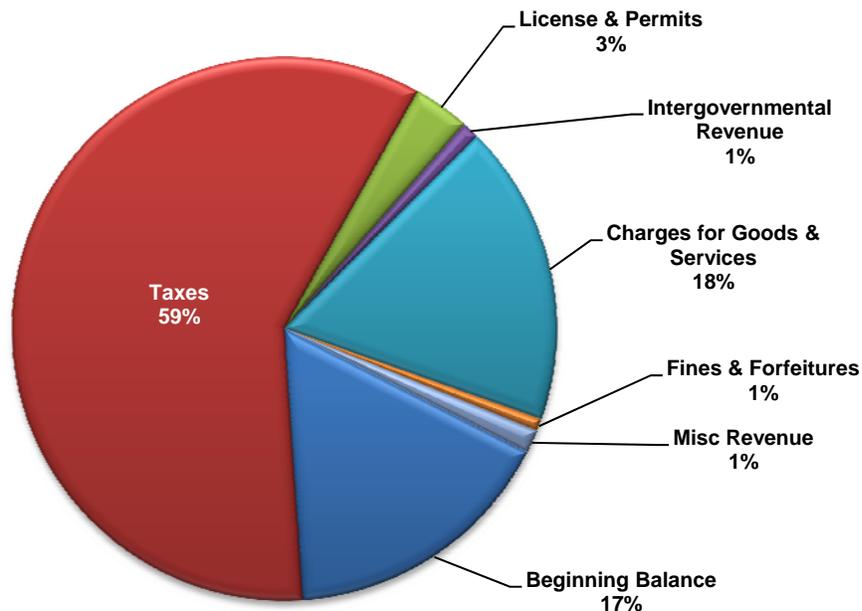
One of the largest operating funds is the General Fund, which includes police, financial, public works administration, planning, engineering services and parks and recreation. Most of the tax revenue collected by the City goes into the General Fund. This makes the General Fund the primary focus for the City Council during the budget review process. The charts on the following pages provide an overview of the revenue and expenditures included in the City's General Fund.

“Where does the City’s money come from?”

Revenues in the General Fund are typically general purpose and, with a few exceptions, available for any public purpose. Taxes represent the largest source of revenue, with sales tax being the City's largest revenue source. Resources in the General Fund come from eight areas:

- ***Beginning Balance - Undesignated***
- ***Taxes*** - property, sales, and utility
- ***Licenses & Permits*** - building and business
- ***Intergovernmental*** - liquor profits tax, grants, and reimbursement for school officer
- ***Charges for Goods & Services*** - charges for services provided
- ***Fines & Forfeitures*** - fines from law enforcement related activities
- ***Miscellaneous Revenue*** - interest income, copy charges, etc
- ***Operating Transfers*** - transfers from other funds for General Fund expenditures

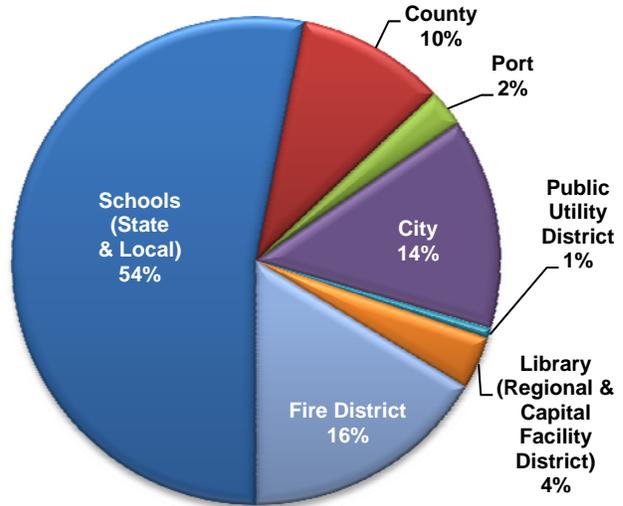
2013 General Fund Resources
\$11,301,682



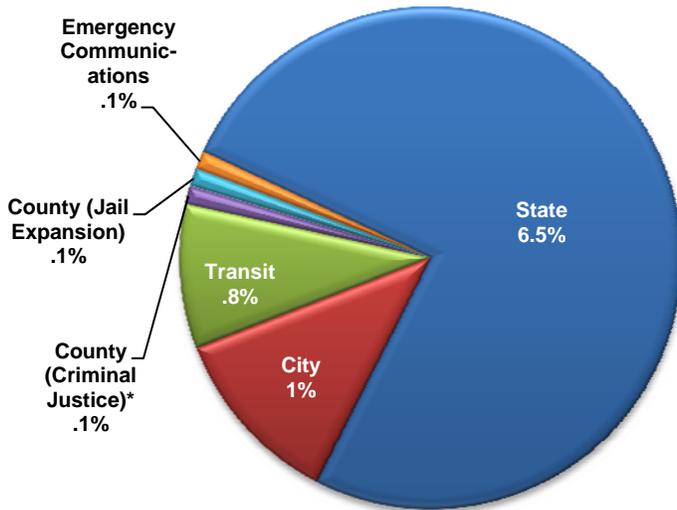
PROPERTY TAX

For 2013, the estimated assessed value of properties located within the City is \$1.21 billion. This includes approximately \$18.6 million in new construction. This assessed value is expected to generate approximately \$2,076,262 in property tax revenue for the City. The City was able to levy 1% over its highest allowable levy. Although property taxes represent a large portion of funding for City services, the portion of each property owner's total bill that goes to the City is relatively small. In 2013, the total property tax rate for Poulsbo properties is \$12.23 per \$1,000 of assessed valuation. Of that total, 14%, or 1.71 per \$1,000, of assessed valuation, will go to the City. The graph to the left outlines how the total property tax paid by a City property owner in 2013 will be distributed amongst taxing jurisdictions.

**Poulsbo Property Tax Owners
2013 Property Tax Distribution**



2013 Sales Tax Distribution



SALES TAX

The sales tax rate paid on transactions within the City limits of Poulsbo is 8.6%. Similar to property taxes, however, the majority of this tax does not go to the City. The chart to the right indicates how the total 8.6% sales tax is distributed.

GENERAL FUND SALES & PROPERTY TAX REVENUE

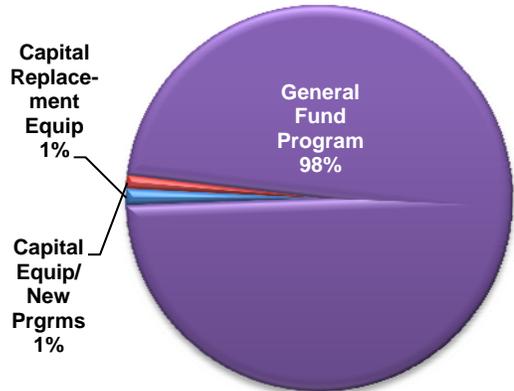
At a Glance

“How does the City spend the Sales Tax and Property Tax it receives?”

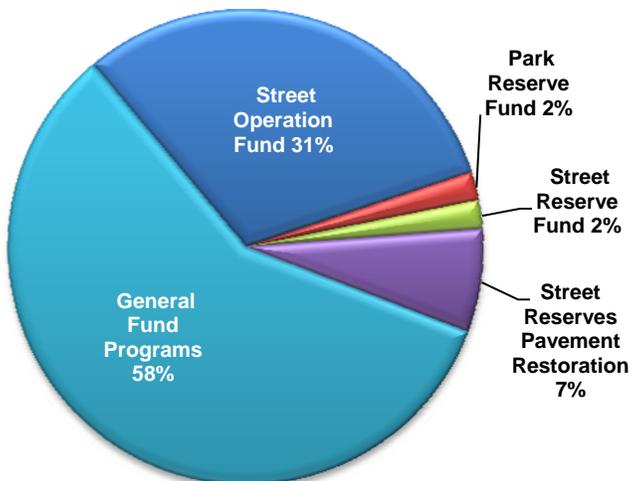
SALES TAX

The State of Washington collects the 8.6% sales tax paid to vendors doing business within Poulsbo city limits and distributes the City’s portion (1%) back to the City on a monthly basis. The sales tax is recorded in the City’s General Fund. Sales tax is the City’s largest revenue source and although it is a healthy source of income for the City, the City has historically been very conservative in its estimation - never estimating more sales tax revenue than it received the previous year. An increase in sales tax revenue for 2013 is projected, which is not consistent with prior practice, but it is with much certainty that Safeway will be constructing a new retail store including underground parking and a gas station. The council felt comfortable including in the estimate the amount anticipated for construction sales tax revenue. For 2013, we are estimating sales tax revenue at \$2,850,000. The City’s sales tax revenue distribution changed from past directives by reducing the amount transferred for new and capital replacement to the Capital Acquisition Fund (301). The remainder will remain in the General Fund.

**How is Poulsbo's Sales Tax Spent?
\$2.85 Million**



**How is Poulsbo's Property Tax Spent?
\$2,070,262**



PROPERTY TAX

The Kitsap County Treasurer collects the property tax levied by the City of Poulsbo and remits it to the City on a monthly basis. The property tax is recorded in the City’s General Fund. City Council’s practice is to allocate amounts of property tax as below:

- 31% to the Street Fund to support operations and maintenance of the City’s streets
- 4.3% to Park Reserves for capital projects was reduced 50% for 2013 to 2.15%.
- 4.3% to Street Reserves for capital projects was reduced 50% for 2013 to 2.15%.
- 14% to Street Reserves to fund capital pavement restoration projects was reduced for 2013 to 7%.

The reduction to transfers will leave more dollars available in the General Fund for operations

GENERAL FUND USES

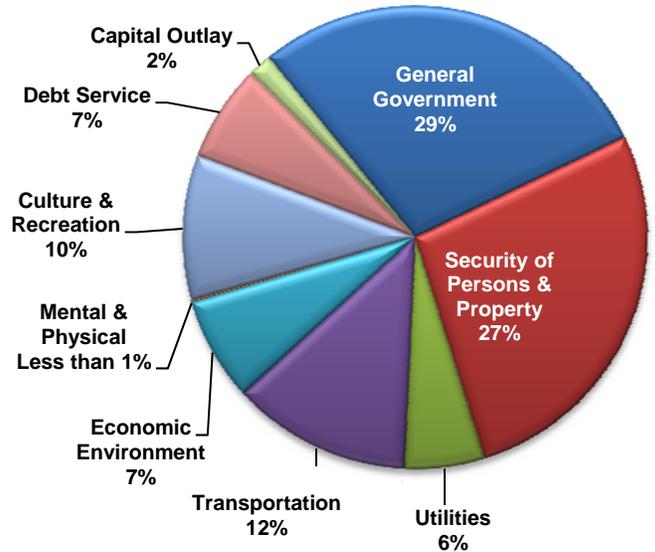
At a Glance

“Where does the City’s money go?”

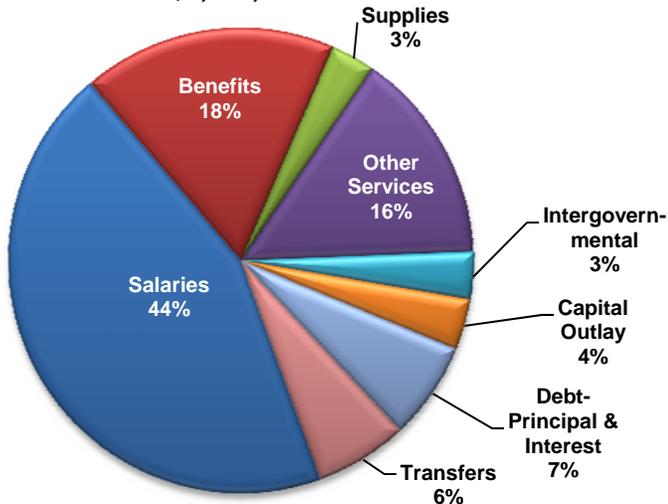
EXPENDITURES BY PROGRAM

The General Fund accounts for most of the City’s general operating expenditures (about 40% of the total operating budget). The services are broken down in nine categories, which include services provided by the following Departments: Council, Finance, Human Resources, Information Services, Municipal Court, Planning, City Clerk, Police, Fire Inspection, Engineering, Parks, Cemetery, and Planning.

**General Fund Expenditures
(by type of government being supported)
\$9,983,788**



**General Fund Expenditures
(by type)
\$9,983,788**



EXPENDITURES BY TYPE

“Salaries” and “Benefits” categories combined make up the largest expense. This is to be expected from a government agency, since their primary function is public service. Of these expenditures, 20% can be directly related to Police Service. “Operating Transfers” are transfers made to other funds for Capital Outlay, Debt Service, and other amounts to reserve for future use. “Other Services” is composed of contracted services, travel, rentals, insurance, utilities, and repair and maintenance.

BUDGET CHANGE HIGHLIGHTS

- Departments were directed to submit budgets maintaining the same base budget as 2012, with the exception of wages and benefits. Requests for additional funds were submitted with either a Baseline Adjustment Request or New Program Request.
- Transfers to support capital equipment, street and park projects will be reduced for 2013. The projects and equipment were either delayed or used reserves for funding. This allowed funds to remain in the General Fund to support ongoing operations.
- An increase in sales tax revenue 2013 is projected, which is not consistent with prior practice, but it is with much certainty that Safeway will be constructing a new retail store. The estimate includes the amount anticipated for construction sales tax revenue.
- Utility Tax for City services was increased to 10% for 2013.

CAPITAL PROJECT HIGHLIGHTS

The following general, transportation, park and enterprise projects are included in the 2013 budget.

- Muriel Iverson Williams Waterfront Park Pavilion Repair: The gazebo is in need of a new roof and updated seating.
- Net Shed Park: The project will research opening up a public access to have the shoreline. Some neighborhood residents have expressed interest in fundraising for the project.
- Poulsbo Fish Park Restoration: Additional land was donated a parcel purchased with grant funds has increased the size and accessibility of Fish Park. Continued improvements to these parcels will begin in 2013. The improvements are within the master plan providing walking trails and wildlife viewing areas in a natural setting.
- Trail Easement to Nelson Park: Planning for a trail easement from under the Lindvig Bridge to a stairclimb at Nelson Park.
- Lincoln Road Reconstruction: This Project will continue to widen sidewalks, drainage, and bike lanes.
- Road Reclassification: This project will identify the roads within the City limits which should be recognized by WSDOT as Federal Classified Roads. This will allow more roads within the City limits to be eligible for State and Federal Grants.
- Anderson Parkway Improvements: This project will include stormwater improvements, pavement restoration, installation of lighting and electrical conduits.
- Liberty Bay Waterfront Trail: This project will construct a pedestrian/bicycle trail from American Legion Park to Liberty Bay Auto dealership.
- SR 307, Bernt, Little Valley Improvements: A traffic circulation study will be conducted.
- Big Valley – Little Valley Transmission Main: Replacement of the existing transmission main between Bid Valley and Bond Road wells.
- Old Town Distribution Main: Replacement of an undersized and aging water main in the downtown/old town area.

Poulsbo City Government
 200 NE Moe Street, Poulsbo, WA 98370-7347
 City Hall Office: 360-779-3901
 www.cityofpoulsbo.com

Mayor Rebecca Erickson

Council Members

| | |
|--------------------------------|-----------------------------|
| Linda Berry-Maraist...697-3963 | Gary Nystul.....697-2453 |
| Jim Henry.....981-3252 | David Musgrove.....908-6888 |
| Connie Lord.....779-6142 | Ed Stern.....779-6678 |
| Jeff McGinty.....779-9538 | |

City Departments

| | |
|---|-----------------|
| Mayor's Office..... | 779-3901 |
| City Clerk's Department..... | 394-9880 |
| Jill Boltz, City Clerk | |
| Engineering Department..... | 779-4078 |
| Andrzej Kasiniak, Assistant Public Works Director | |
| Finance Department..... | 394-9881 |
| Deborah Booher, Finance Director | |
| Parks & Recreation..... | 779-9898 |
| Mary McCluskey, P&R Director | |
| Planning/Building Department..... | 394-9882 |
| Barry Berezowsky, Planning Director | |
| Police Department..... | 779-3113 |
| Vacant, Chief of Police | |
| Public Works Department..... | 779-4078 |
| Barry Loveless, Public Works Director | |

Telephone Directory (360 Area Code)

Administration/Finance

| | |
|-----------------------------------|----------|
| Citizen Information | 779-3901 |
| Business License | 394-9880 |
| Accounts Receivable (billing) ... | 394-9724 |
| Accounts Payable | 394-9725 |
| Budget Information | 394-9722 |
| Payroll | 394-9725 |
| Information Services | 394-9707 |
| Utility Billing/New Accts..... | 394-9724 |

Engineering/Building..... 779-4078

- Building Inspections
- Building Permits

Kitsap County Fire District #18

| | |
|----------------------------------|--------------|
| Fire Emergency Only | 9-1-1 |
| Medical Emergency..... | 9-1-1 |
| Business Call | 779-3997 |

Library..... 779-2915

Municipal Court..... 779-9846

Parks & Recreation..... 779-9898

- Programs & Class Information
- Park Reservations

Planning Department..... 394-9882

Police Department

- Emergency Only
- Business Call.....

Public Works Department

- Curbside Recycling
- Garbage
- Park Maintenance
- Sewer
- Storm Drain
- Streets
- Water

City/County Recycle Center..... 779-1044