

City of Poulsbo ***2014*** ***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	9585
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.....	83.87

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•*Each City department prepares a "basic budget" for all existing services.*

Aug •*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- *The City publishes the final budget document during the first quarter of*

Mar *the budget year.*

Jan- *The adopted budget is monitored and amended, if necessary,*

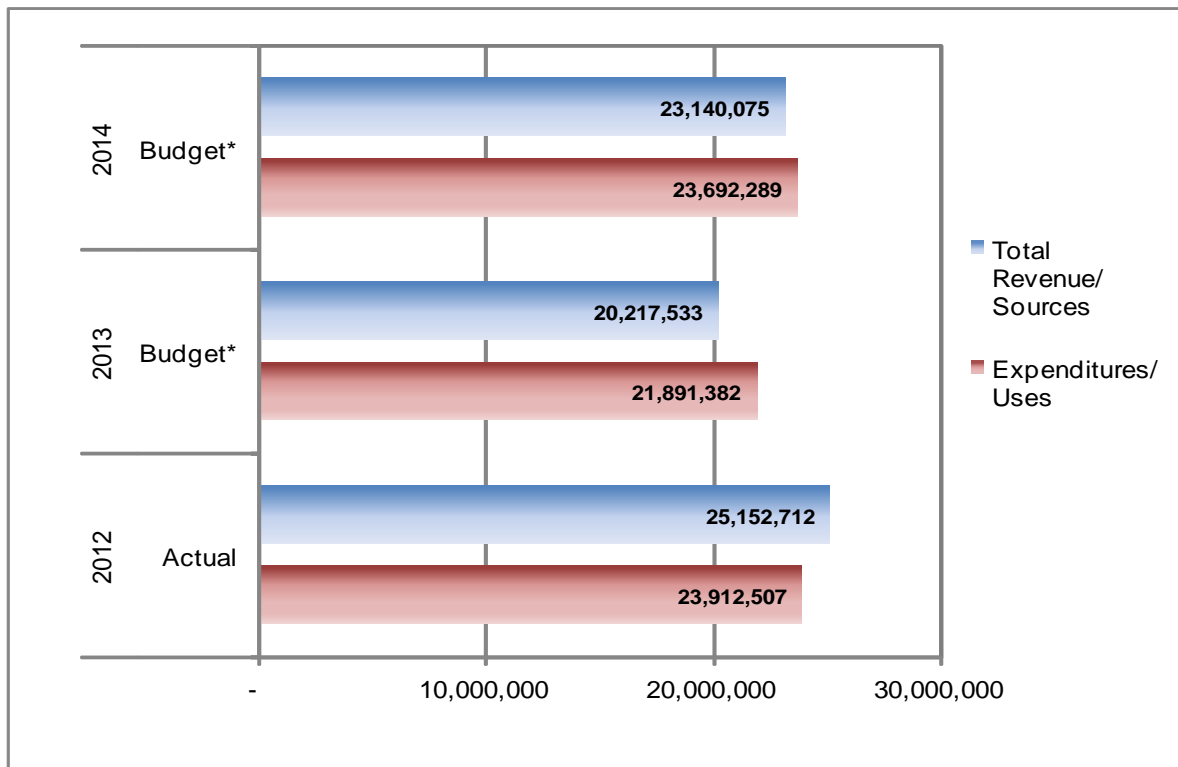
Dec *throughout the budget year.*

ABOUT POULSBO'S BUDGET

The City of Poulsbo's budget is made up of 22 funds. Each fund is balanced so revenues equal expenditures.

TOTAL ALL FUNDS

	2012 Actual	2013 Budget*	2014 Budget*
Governmental Revenues	\$ 18,586,195	\$ 14,051,210	\$ 16,509,425
Proprietary Revenues	6,566,517	6,166,323	6,630,650
Total Revenue/ Sources	<u>25,152,712</u>	<u>20,217,533</u>	<u>23,140,075</u>
Governmental Expenditures	18,318,335	15,673,356	17,839,784
Proprietary Expenses	5,594,172	6,218,026	5,852,505
Expenditures/ Uses	<u>23,912,507</u>	<u>21,891,382</u>	<u>23,692,289</u>
Net Increase (Decrease)	<u>1,240,206</u>	<u>(1,673,849)</u>	<u>(552,214)</u>
Fund Balance/Equity - Beginning	54,955,966	57,572,172	56,663,230
Increase in Contributed Capital	1,488,998	215,000	145,000
Prior Period Adjustments	(100,761)	-	-
Fund Balance/Equity - Ending	<u>\$ 57,584,408</u>	<u>\$ 56,113,323</u>	<u>\$ 56,275,887</u>



POULSBO'S 2012 GENERAL FUND RESOURCES

At A Glance

Total Resources - \$11,542,902

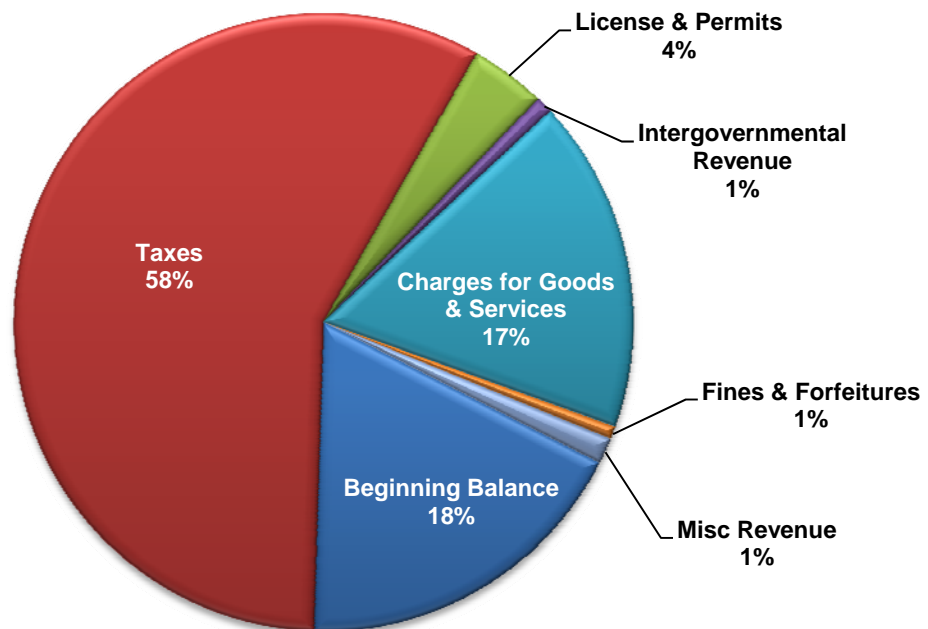
One of the largest operating funds is the General Fund, which includes police, financial, public works administration, planning, engineering services and parks and recreation. Most of the tax revenue collected by the City goes into the General Fund. This makes the General Fund the primary focus for the 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

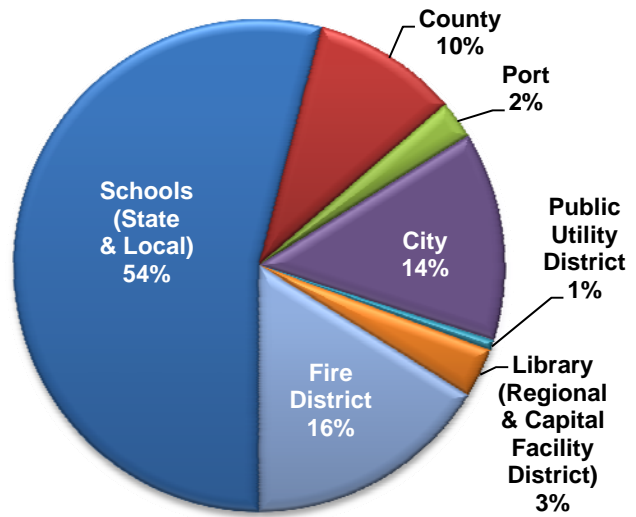
**2014 General Fund Resources
\$11,542,902**



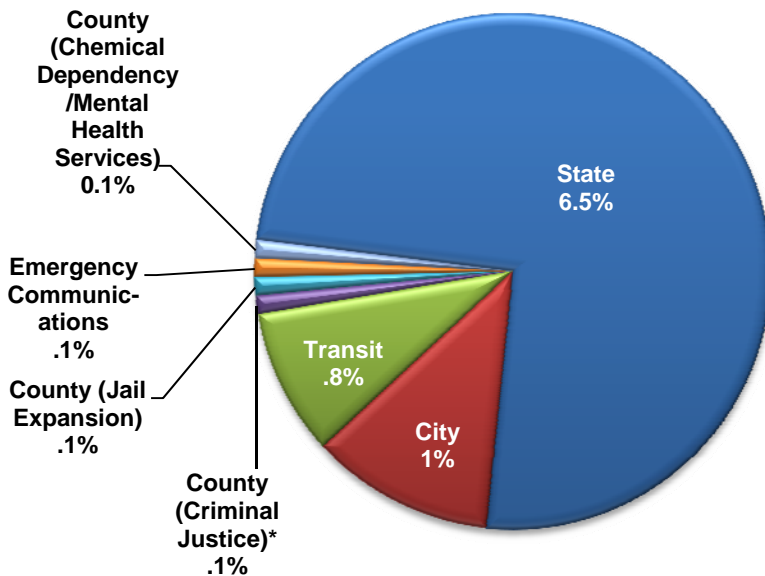
PROPERTY TAX

For 2014, the estimated assessed value of properties located within the City is \$1.23 billion. This includes approximately \$21.2 million in new construction. This assessed value is expected to generate approximately \$2,084,762 in property tax revenue for the City. The City was not able to levy 1% over its highest allowable levy, due to the rate capping to amount. 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 2014, the total property tax rate for Poulsbo properties is \$12.38 per \$1,000 of assessed valuation. Of that total, 14%, or 1.70 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 2014 will be distributed amongst taxing jurisdictions.

**Poulsbo Property Tax Owners
2014 Property Tax Distribution**



2014 Sales Tax Distribution



SALES TAX

The sales tax rate paid on transactions within the City limits of Poulsbo is 8.7%. The total sales tax rate was increased effective January 1, 2014. The increase is to be used for chemical dependency or mental health treatment services. 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 8.7% sales tax is distributed.

GENERAL FUND SALES & PROPERTY TAX REVENUE

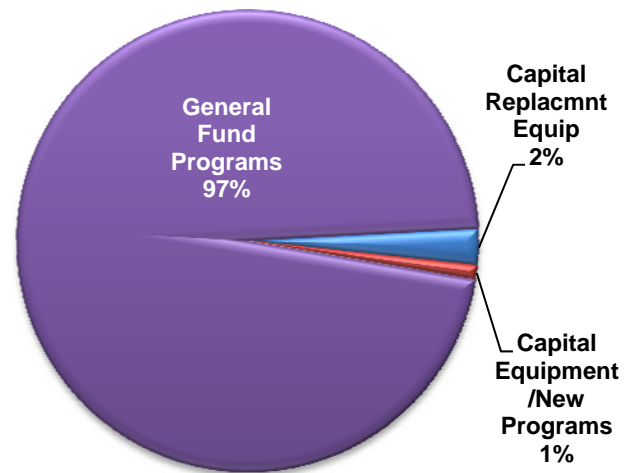
At a Glance

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

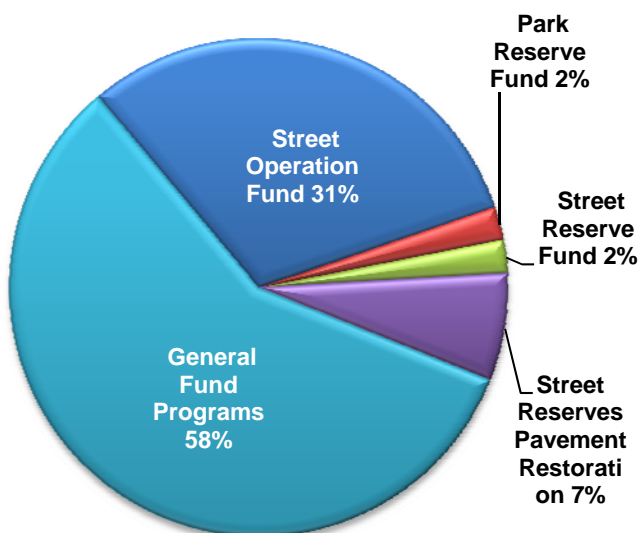
SALES TAX

The State of Washington collects the 8.7% 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 was projected due to Safeway constructing a new retail store including underground parking and a gas station. For 2014, we are estimated sales tax revenue \$2,850,000, consistent with the 2013 projections. 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? \$2,084,762



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 2014 to 2.15%.
- 4.3% to Street Reserves for capital projects was reduced 50% for 2014 to 2.15%.
- 14% to Street Reserves to fund capital pavement restoration projects was reduced for 2014 to 7%.

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

GENERAL FUND USES

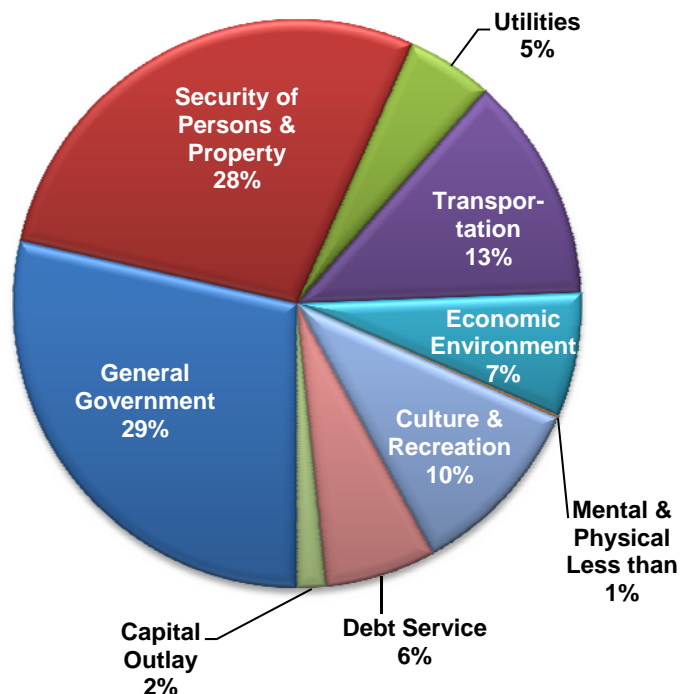
At a Glance

“Where does the City’s money go?”

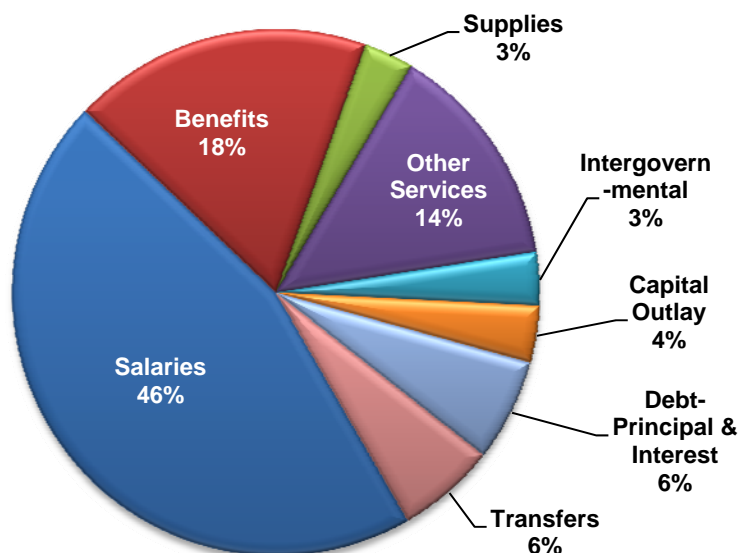
EXPENDITURES BY PROGRAM

The General Fund accounts for most of the City’s general operating expenditures (about 36% 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)
\$10,283,020



General Fund Expenditures
(by type)
\$10,283,020



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, 28% 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 2013, with the exception of wages and benefits. Requests for additional funds were submitted with either a Baseline Adjustment Request or New Program Request.
- New funds were allocated to the Police Department. Funding for a new officer, additional hours for a community service officer and increase to administrative support from half to full time.
- Transfers to support capital equipment, street and park projects will continue to be reduced for 2014. 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.
- Utility Tax for City services was decreased to 9% for water and sewer and 6% for storm drain in 2014. This helps to keep down the rates for users.
- Projections related to development were increased in 2014 based on anticipated projects coming forward.

CAPITAL PROJECT HIGHLIGHTS

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

- **Poulsbo's Fish Park Expansion & Development:** Improvements to this park will continue in 2014.
- **East Side Park:** Create a 1.25 acre passive park built around the natural landscape.
- **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. It will also include related utility improvements utilize the advantage of construction timing and costs.
- **City Wide Pavement Restoration Program:** This project is to overlay existing streets and will include the following elements: pavement repairs, pavement overlay, striping and upgrades to existing handicap ramps.
- **Liberty Bay Waterfront Trail:** Construct a pedestrian/bicycle trail from American Legion Park to Liberty Bay Auto dealership.
- **3rd Avenue Central Business District:** This project will retrofit the Central Business District and include plantings that will help storm drain requirements.
- **Replace Lindvig/Bond Road Water Line:** Replace the existing 8" AC pipe with 8" DI Pipe
- **Annual Inflow Reduction Program:** A program to identify and repair inflow sources.
- **6th & 9th Ave Pump Station Upgrade:** Rehabilitate and upgrade the wastewater pump stations and replace the transmissions mains.
- **Harrison Force Main Replacement:** Replace the force main from the Marine Science Center pump station that runs south along the beach and install new main along Fjord Drive and tie it to the existing main at Harrison Street.
- **I&I Effectiveness & Downstream Capacity Study:** Evaluate the effectiveness of Inflow & Infiltration reduction program.
- **Dogfish Creek Restoration:** Reduce flooding, improve Creek appearance and enhance salmon mitigation.
- **Noll Road Culvert Replacement:** Replace the existing culvert with an 8/10 foot wide culvert.
- **Replace Storm Drains in Ridgewood/Kevo's Pond:** Will bring the current storm drains up to standards.

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
Kylie Purves, 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
Alan Townsend, Chief of Police	
Public Works Department	779-4078
Dan Wilson, Public Works Superintendent	

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	9-1-1
Business Call.....	779-3113

Public Works Department 779-4078

Curbside Recycling
Garbage
Park Maintenance
Sewer
Storm Drain
Streets
Water

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