

City of Poulsbo *2015* *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 & COUNCIL GOALS

- 1. Land Use**
- 2. Community Character**
- 3. Natural Environment**
- 4. Capital Facilities**
- 5. Housing**
- 6. Parks & Recreation and Open Space**
- 7. Economic Development**

*Goals 1 through 7 –as adopted in the City's Comprehensive Plan

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 2015 budget document for more detail regarding the goals.

2015 COUNCIL WORKING GOALS

- 1. Develop and Implement a "Neighborhood Streets Maintenance Program"**
- 2. Complete Sale of Old City Hall Property and Market Police Station**
- 3. Develop Long Term Economic Development Plan**
- 4. Increase Public Awareness of City Information and Simplify Access**
- 5. Create Joint Regional Transportation Vision for State Route 305**
- 6. Construct New Public Works Facility**
- 7. Implement Dog Fish Creek Study**
- 8. Lindvig Bridge Beautification**
- 9. Explore Sources of Funding for Parks.**

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	9775
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	\$1,282,347,366
City Retail Sales Tax	8.7%
Fire District Rating Class	4
Full Time Equivalent (FTE) Employees.....	89.86

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,*

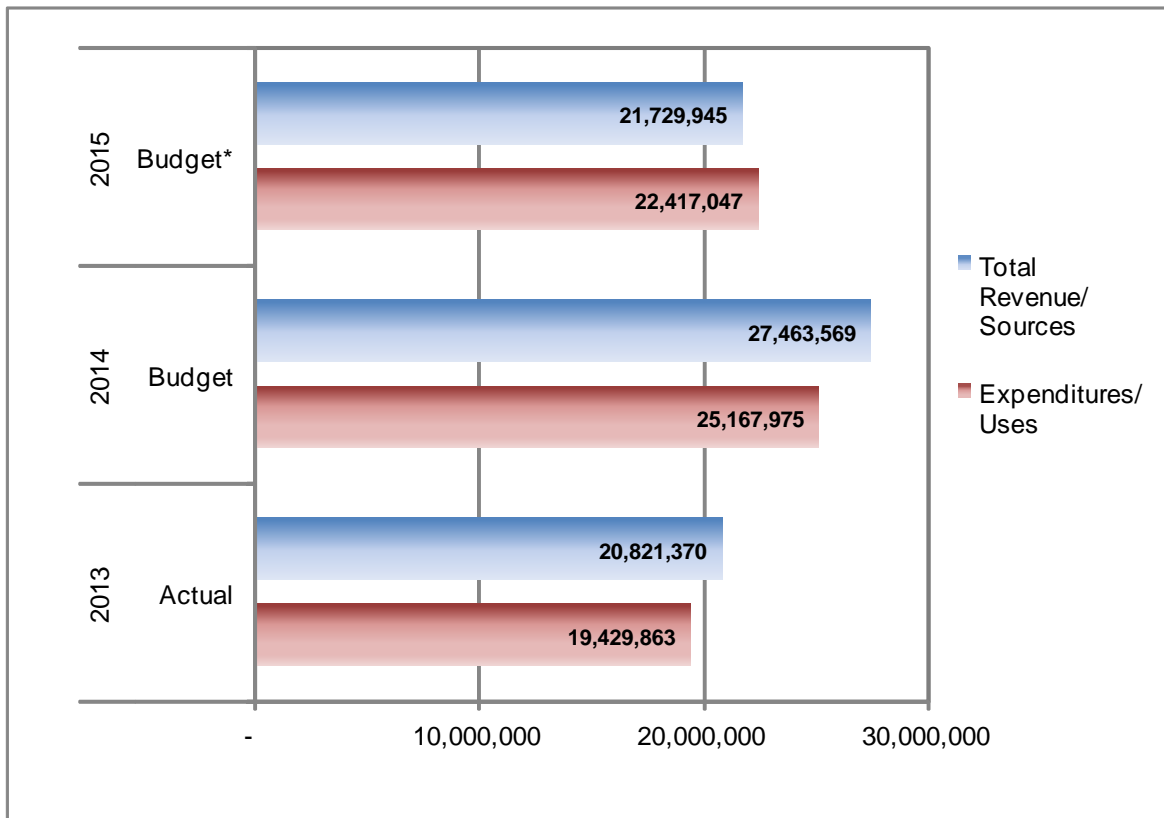
Dec *throughout the budget year.*

ABOUT POULSBO'S BUDGET

The City of Poulsbo's budget is made up of 21 funds. Each fund is balanced so revenues equal expenditures.

TOTAL ALL FUNDS

	2013 Actual	2014 Budget	2015 Budget*
Governmental Revenues	\$ 13,513,333	\$ 19,617,344	\$ 14,940,945
Proprietary Revenues	7,308,037	7,846,225	6,789,000
Total Revenue/ Sources	<u>20,821,370</u>	<u>27,463,569</u>	<u>21,729,945</u>
Governmental Expenditures	13,606,763	19,003,013	15,713,775
Proprietary Expenses	5,823,100	6,164,963	6,703,272
Expenditures/ Uses	<u>19,429,863</u>	<u>25,167,975</u>	<u>22,417,047</u>
Net Increase (Decrease)	<u>1,391,506</u>	<u>2,295,594</u>	<u>(687,102)</u>
Fund Balance/Equity - Beginning	57,778,671	61,295,145	62,038,592
Increase in Contributed Capital	1,992,716	145,000	145,000
Prior Period Adjustments	144,141	-	-
Fund Balance/Equity - Ending	<u>\$ 61,307,034</u>	<u>\$ 63,735,739</u>	<u>\$ 61,496,490</u>



POULSBO'S 2015 GENERAL FUND RESOURCES

At A Glance

Total Resources - \$11,741,752

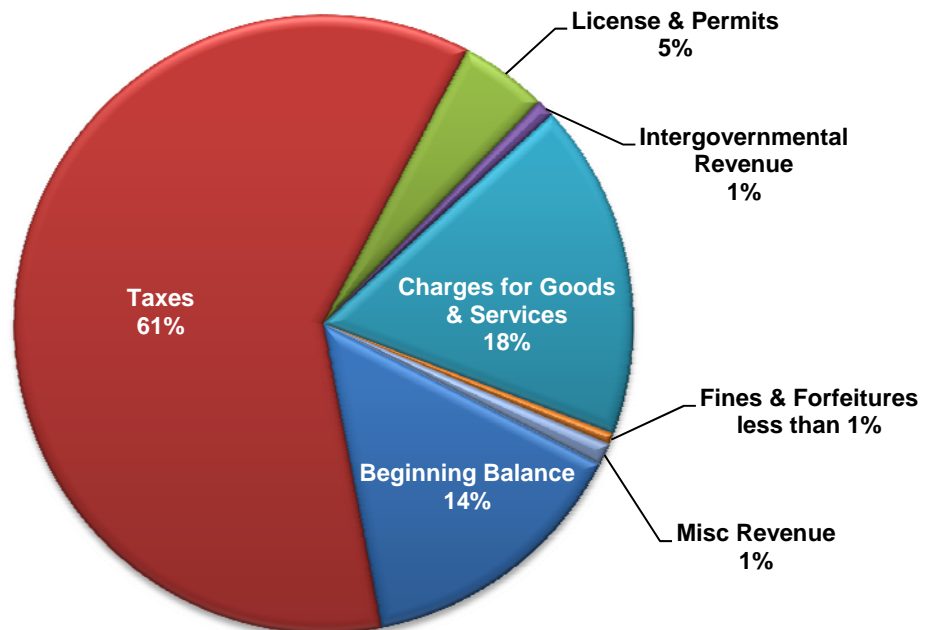
One of the largest operating funds is the General Fund, which includes police, financial, public works administration, planning, engineering services and parks and recreation. Most of the tax revenue collected by the City goes into the General Fund. This makes the General Fund the primary focus for the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

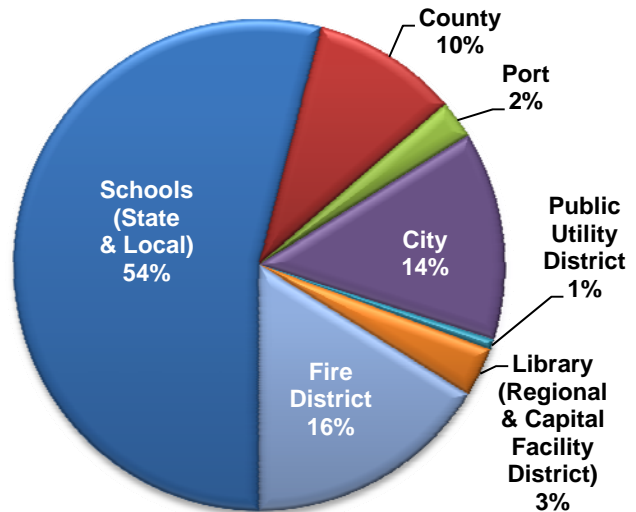
**2015 General Fund Resources
\$11,741,752**



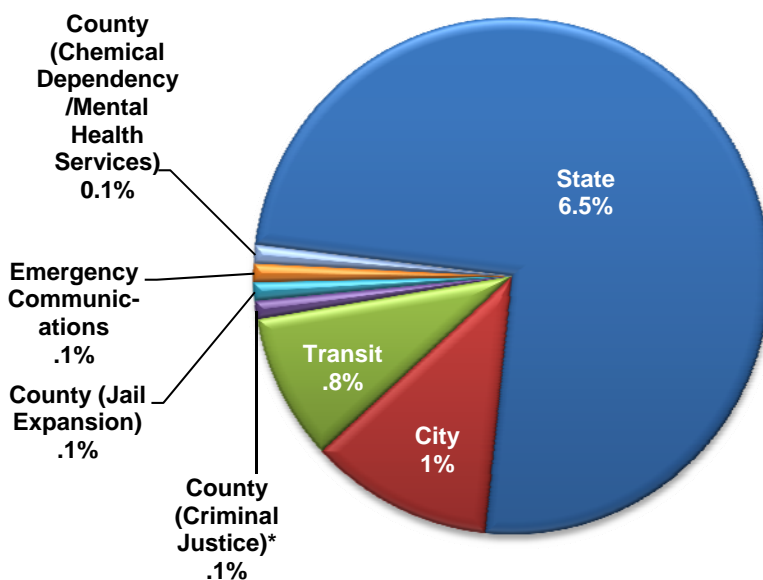
PROPERTY TAX

For 2015, the estimated assessed value of properties located within the City is \$1.28 billion. This includes approximately \$29.9 million in new construction. This assessed value is expected to generate approximately \$2,192,653 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 2015, the total property tax rate for Poulsbo properties is \$12.40 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 2015 will be distributed amongst taxing jurisdictions.

**Poulsbo Property Tax Owners
2015 Property Tax Distribution**



2015 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

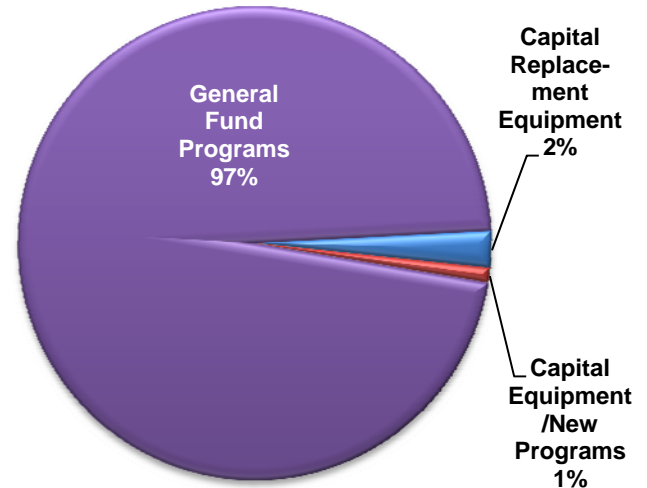
At a Glance

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

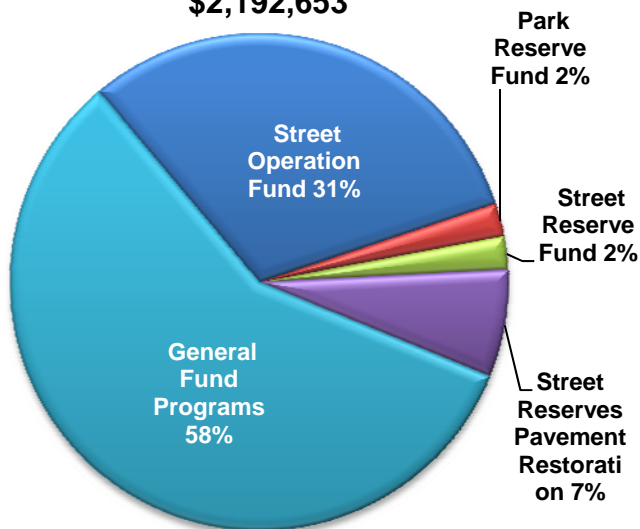
SALES TAX

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. Sales tax is the City's largest revenue source and although it is a healthy source of income for the City, the estimation has historically been very conservative - never estimating more sales tax revenue than received the previous year. The revenue projected for 2015 is higher than the 2014 projection but is consistent with the actual amount collected in 2014. For 2015, estimated sales tax revenue is \$2,950,000. The City's sales tax revenue is collected and used in the City's General Fund with the exception of 2.5% transferred to Capital Equipment Acquisition Fund (301) for capital equipment.

How is Poulsbo's Sales Tax Spent? \$2.95 Million



How is Poulsbo's Property Tax Spent? \$2,192,653



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 (101) for street maintenance, will be reduced \$100,000 for Storm Drain to support street operations.
- 2.15% to Park Reserves (302) for capital park projects.
- 2.15% to Street Reserves (311) for capital projects.
- 7% to Street Reserves to fund capital restoration street projects.

GENERAL FUND USES

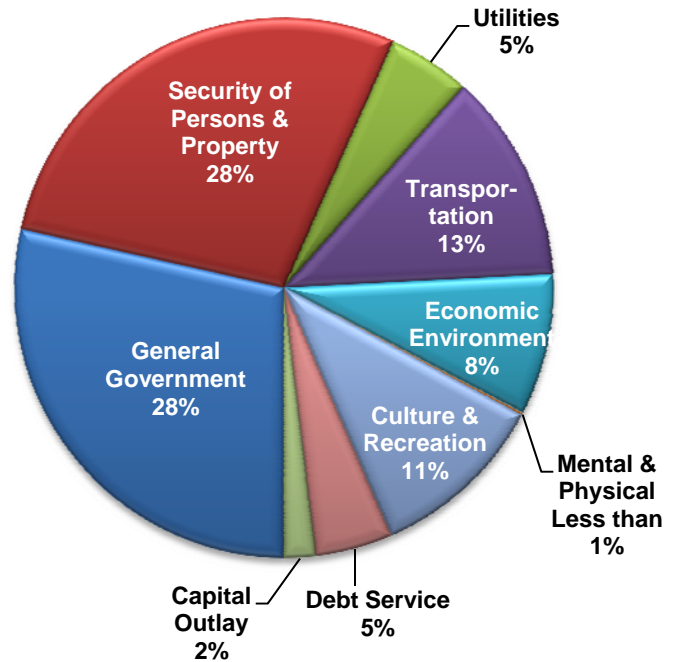
At a Glance

“Where does the City’s money go?”

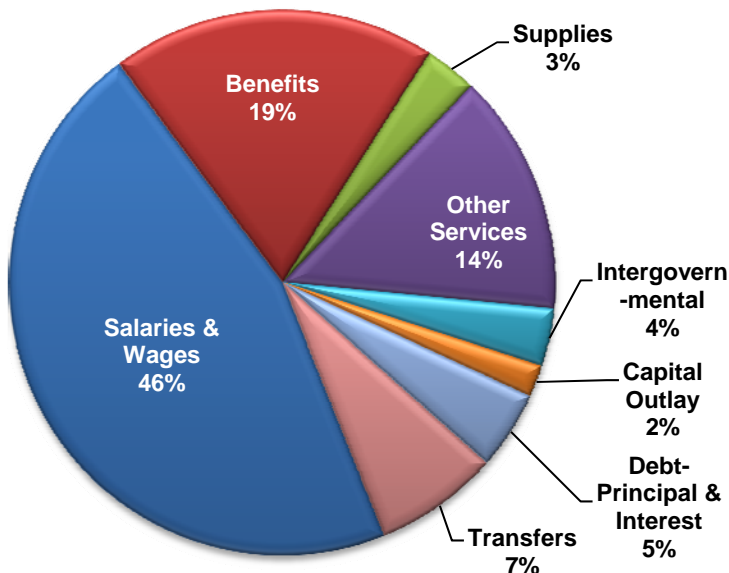
EXPENDITURES BY PROGRAM

The General Fund accounts for most of the City’s general operating expenditures (about 39% 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, City Clerk, Risk Management, Police, Engineering, Public Works Administration, Parks, Cemetery, and Planning.

General Fund Expenditures
(by type of government being supported)
\$10,475,426



General Fund Expenditures
(by type)
\$10,475,426



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, 25% 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 2014, with the exception of wages and benefits. Requests for additional funds were submitted with either a Baseline Adjustment Request or New Program Request.
- The administrative services department was reorganized, creating a Risk Management department and reducing the clerks department to 2 FTEs.
- Transfers to support capital equipment, street and park projects will continue to be reduced for 2015. 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 increased to 12% for water and sewer and will remain 6% for storm drain in 2015. Also, beginning in 2015 the City will begin to assess a 6% utility tax on cable services, supplementing the decline in some of our other restricted tax revenues.

CAPITAL PROJECT HIGHLIGHTS

The following general, transportation, park and enterprise projects are included in the 2015 budget.

- **Poulsbo's Fish Park Expansion & Development:** Improvements to this park will continue in 2015.
- **Recreation Center HVAC:** A new HVAC system in the Parks & Recreation building will be installed.
- **Eastside/Morrow Manor Park:** A new park on the east side of town with donated land is being planned for construction in 2016. Design costs have been allocated in 2015.
- **Vista Park:** An area along the ridge at the College Market Place development with spectacular views of Liberty Bay will be improved with pedestrian access and benches to sit and enjoy the view.
- **Noll Road Improvements Phase III:** Design for phase 3 and purchase of Right of Ways to begin construction in 2017 for improvements to support traffic flow at intersections joining SR305.
- **Neighborhood Street Pavement Restoration:** Funds will be allocated on an annual basis to be used for pavement and restoration of neighborhood streets.
- **Pump Station Upgrades:** Upgrades to the Poulsbo Village Pump Station and Liberty Bay Pump Station.
- **Capital Facilities Charge for Central Kitsap Plant:** An agreement with the county for a plan to improve the treatment plant has been completed. The agreement calls for an annual distribution supporting the City's share of the plant. Per the agreement three large projects of plant upgrades, the City must financially share with the County for sewer processing will occur over the next several years. The City will be working on establishing a debt schedule to fund Poulsbo's share, based on capacity, over the next several years.
- **Harrison Force Main Replacement:** Construction of a 12 inch force main from the Marine Science Center pump station along Fjord Drive to tie into the existing main at Harrison Street.
- **Pugh Well/Lincoln Well:** Treatment for Manganese construction for a treatment facility at the well to eliminate the higher than normal manganese content in the raw water.
- **Water Line Replacements:** Nordness, Matson, and Fjord Streets water mains will all be seeing improvements in 2015
- **3rd Avenue Central Business District LID Retrofit:** Construction will be completed on 3rd Avenue and the downtown business district installing landscaping and pervious pavement to improve safety and water run-off.
- **Public Works Complex Relocation:** A parcel of land was purchased for the intent of relocating the Public Works facility and moving the large equipment out of the center of town. Design and construction will be phased over several years and construction set for 2016. In 2014 the City was the recipient of a grant to begin construction of a decant facility for the disposal of storm water waste on the site. The Decant facility is being combined to house a solid waste transfer station. This project will be completed in 2015.

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

Kenneth Thomas	623-238-8746	Gary Nystul.....	360-697-2453
Jim Henry	360-981-3252	David Musgrove.....	360-908-6888
Connie Lord	360-779-6142	Ed Stern.....	360-779-6678
Jeff McGinty	360-779-9538		

City Departments

Mayor's Office	779-3901
City Clerk's Department	394-9880
Nicole Stephens, 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	Parks & Recreation	779-9898
Citizen Information	Programs & Class Information	
Business License	Park Reservations	
Accounts Receivable (billing) ...		
Accounts Payable	Planning Department	394-9882
Budget Information		
Payroll	Police Department	
Information Services	Emergency Only	9-1-1
Utility Billing/New Accts.....	Business Call.....	779-3113
Engineering/Building	Public Works Department	779-4078
Building Inspections	Curbside Recycling	
Building Permits	Garbage	
	Park Maintenance	
Kitsap County Fire District #18	Sewer	
Fire Emergency Only	Storm Drain	
Medical Emergency.....	Streets	
Business Call	Water	
Library	City/County Recycle Center	779-1044
Municipal Court		