

City of Poulsbo

2017 - 2018

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. Transportation**
- 4. Natural Environment**
- 5. Capital Facilities**
- 6. Housing**
- 7. Parks & Recreation and Open Space**
- 8. Economic Development**
- 9. Public Safety**
- 10. Revenues and Financial Stability**
- 11. Customer Service**
- 12. Enhanced Communication and Participation**

*Please visit the 2017-2018 budget document for more detail regarding the goals

2017-2018 COUNCIL WORKING GOALS

- **Restore and refurbish the Poulsbo Community Cemetery**
- **Develop and implement a "Neighborhood Streets Maintenance" Program**
- **Implement Dogfish Creek Study**
- **Construct New Public Works Facility**
- **Develop a Long-Term Economic Development Plan**
- **Develop new approaches to promote, engage and communicate with our youth.**

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 (2017)	10,210
Elevation	0-400 feet
Land Area	2,954 acres
Average Temperature (min/max)	44°/61°F
Average Annual Precipitation (inches)	36
Miles of City Streets	55
Acres of Parks	67.5
Assessed Value (2017)	\$1,487,955,331
City Retail Sales Tax (1/1/2017-3/31/2017).....	8.7%
City Retail Sales Tax (eff. 4/1/2017)	9.0%
Fire District Rating Class	4
Full Time Equivalent (FTE) Employees	95.06

THE BUDGET PROCESS

Biennial budget development is a multi-phase process. The City is constantly looking for ways to streamline operations and make adjustments to improve service delivery. Many of Council's actions throughout the year have budgetary implications for the coming year. 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 biennial budget preparation are:

Year One (Prior to beginning of Biennium Cycle)

Jan - Mar	City Council holds retreat to discuss goals and priorities for upcoming year
May	Capital Improvement Team meets to begin CIP process
Jul	Budget Kickoff. Council provides budget directives to staff. Electronic budget information made available to Department Heads.
Jul-Aug	Each department prepares a "Base Budget" for all existing services. Additional Funding and New Program Requests are submitted separately. Departments review budgets with their Council Committee.
Sep	Budget staff prepares Proposed Preliminary Budget for review by the Mayor
Oct	Proposed Preliminary Budget presented to Council. Budget staff reviews current revenue sources with Council. Public hearing on revenue sources is held. Property Tax rate is set.
Nov	Preliminary Budget is presented to Council and made available to the public. City Council holds a series of budget workshops to review Preliminary Budget. Each department presents their proposed budget along with budgeted Capital Improvement Plan. Public hearing is held to gather citizen input on the Preliminary Budget.
Dec	City Council completes review of the budget and approves an ordinance adopting the budget.

Year Two (Mid-Biennium Cycle)

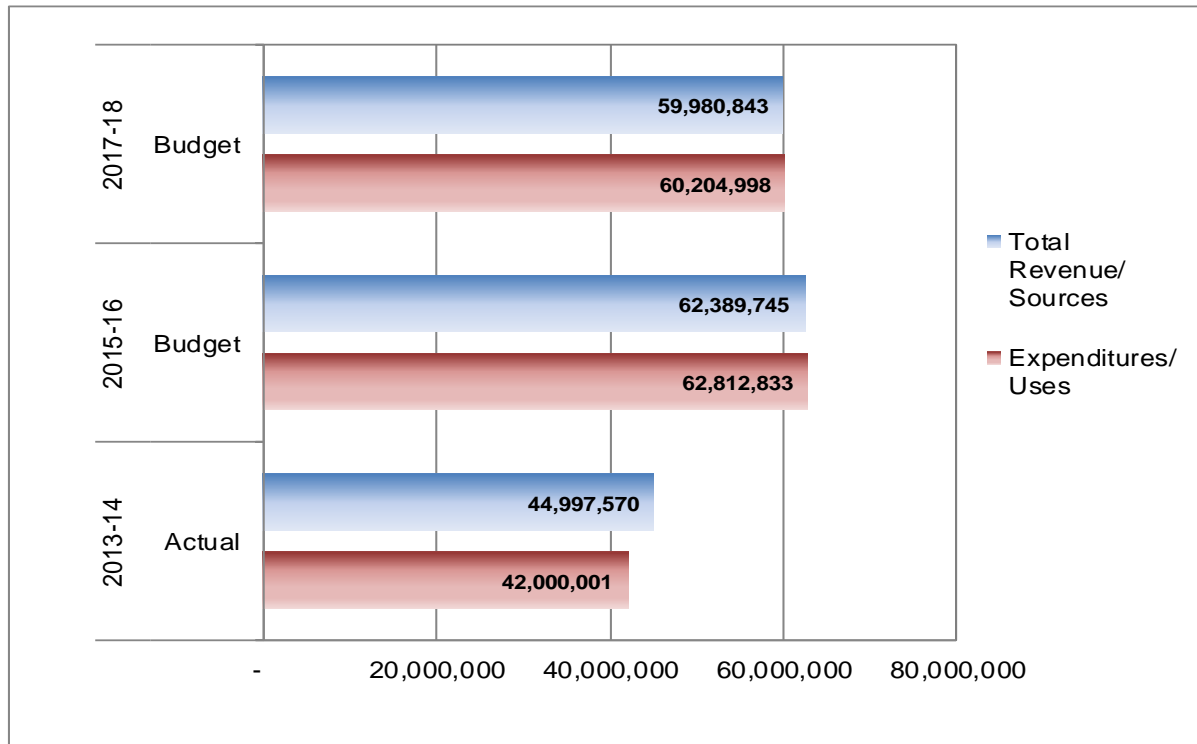
Jan - Mar	City prepares and publishes the Final Budget Document
May	Capital Improvement Team meets to begin CIP process
Aug	Departments review budget status (Year 1 and Year 2) and submit any modification requests to Budget Staff
Sep	Mid-Biennium Review (Adjustments to Year 1 and Year 2) is prepared by Budget Staff with Mayor and discussed with Council Committees
Oct	Proposed Mid-Biennium Modification is presented to Council. Budget staff reviews current revenue sources with Council. Public hearing on revenues sources is held. Property Tax rate is set.
Nov	Mid-Biennium Modification is presented to Council and made available to the public. Public hearing is held to gather citizen input on the Mid-Biennium Review.
Dec	City Council completes review of the Mid-Biennium Modification and approves an ordinance adopting the Mid-Biennium Modification.

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

	2013-14 Actual	2015-16 Budget	2017-18 Budget
Governmental Revenues	\$ 30,136,455	\$ 44,238,886	\$ 41,055,270
Proprietary Revenues	14,861,115	18,150,859	18,925,573
Total Revenue/ Sources	<u>44,997,570</u>	<u>62,389,745</u>	<u>59,980,843</u>
Governmental Expenditures	30,065,637	46,949,453	43,066,734
Proprietary Expenses	11,934,364	15,863,380	17,138,264
Expenditures/ Uses	<u>42,000,001</u>	<u>62,812,833</u>	<u>60,204,998</u>
Net Increase (Decrease)	<u>2,997,569</u>	<u>(423,088)</u>	<u>(224,155)</u>
Fund Balance/Equity - Beginning	57,795,594	63,584,895	67,756,597
Increase in Contributed Capital	2,651,340	1,415,000	1,835,750
Prior Year Adjustment/Beg Balance Adj	140,391	3,179,790	1,119,762
Fund Balance/Equity - Ending	<u>\$ 63,584,895</u>	<u>\$ 67,756,597</u>	<u>\$ 70,487,954</u>



POULSBO'S 2017-2018 GENERAL FUND RESOURCES

At A Glance

Total Resources - \$28,495,520

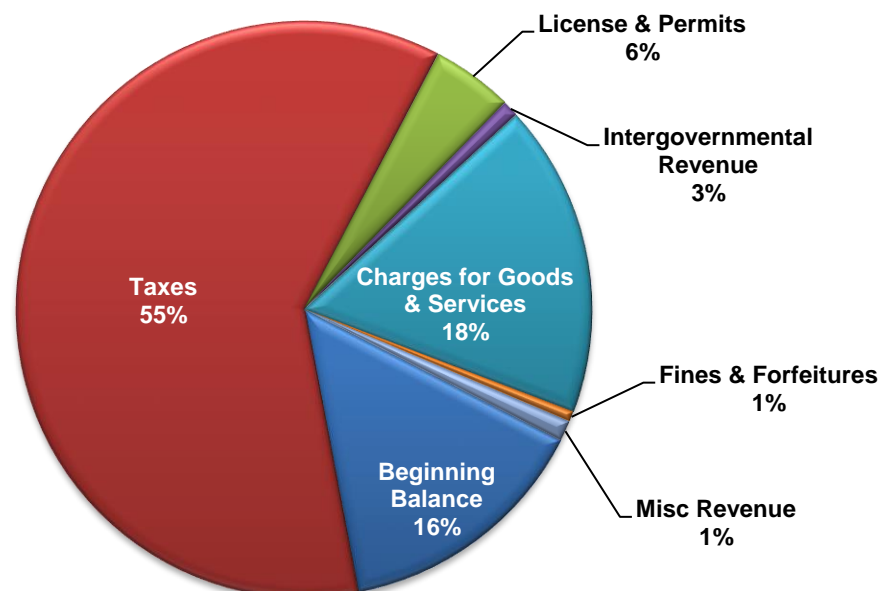
One of the largest operating funds is the General Fund, which includes police, financial, public works administration, planning, engineering services and parks and recreation. Most of the tax revenue collected by the City goes into the General Fund. This makes the General Fund the primary focus for the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

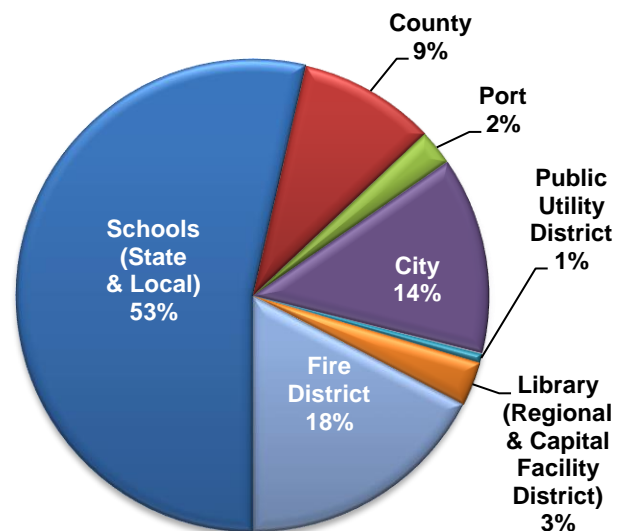
2017-2018 General Fund Resources
\$28,495,520



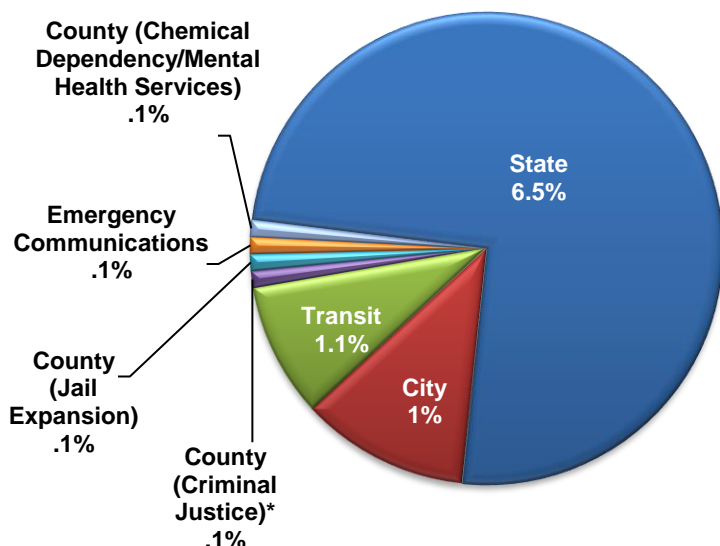
PROPERTY TAX

For 2017, the estimated assessed value of properties located within the City is \$1.48 billion. This includes approximately \$45 million in new construction. This assessed value is expected to generate approximately \$2,349,182 in property tax revenue for the City. The City was authorized to levy 1% over its highest allowable levy in 2017 but has chosen to instead bank that capacity for levying in 2018; therefore, not increasing the tax burden to citizens for 2017. 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 2017, the total property tax rate for Poulsbo properties is \$11.48 per \$1,000 of assessed valuation. Of that total, 13%, or \$1.57 per \$1,000 of assessed valuation, will go to the City. The graph to the right outlines how the total property tax paid by a City property owner in 2017 will be distributed amongst taxing jurisdictions.

Poulsbo Property Tax Owners 2017 Property Tax Distribution



2017-2018 Sales Tax Distribution



SALES TAX

The sales tax rate paid on transactions within the City limits of Poulsbo is 8.7% until March 31, 2017; on April 1, 2017, it becomes 9.0% due to a county wide voter-approved increase supporting passenger-only ferry services. Similar to property taxes, the majority of this tax does not go to the City. The chart to the left indicates how the total sales tax is distributed.

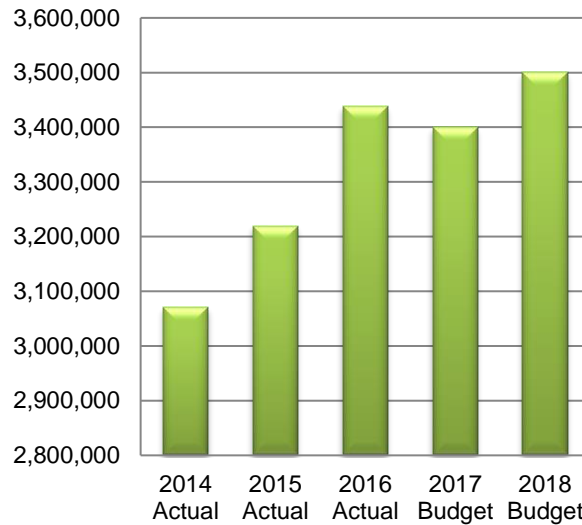
GENERAL FUND SALES & PROPERTY TAX REVENUE

At a Glance

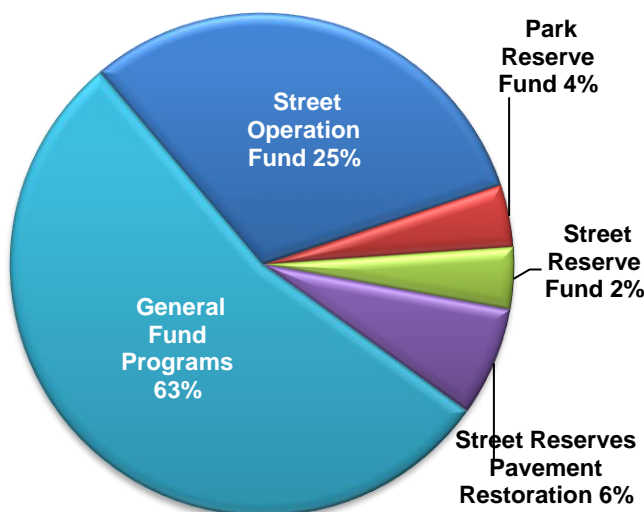
SALES TAX

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 rate will increase to 9.0% effective April 1, 2017 due to a voter-approved increase to support passenger-only ferry services. Sales tax is the City's largest revenue source and although it is a healthy source of income for the City, the revenue estimated for 2017-2018 is very conservatively estimated with a small amount of growth. For 2017, estimated sales tax revenue is \$3,400,000 and 2018, \$3,500,000. The City's sales tax revenue is collected and used in the City's General Fund with the exception of 5% transferred to Capital Equipment Acquisition Fund (301) for capital equipment.

**Sales Tax Revenue
2014-2018**



**How is
Poulsbo's Property Tax Spent?
2017-2018
\$4.8 Million**



PROPERTY TAX

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

- 25% to the Street Fund (101) for street maintenance.
- 4% to Park Reserves (302) for capital park projects.
- 2% to Street Reserves (311) for capital projects.
- 6% to Street Reserves (311) to fund capital restoration street projects.

GENERAL FUND USES

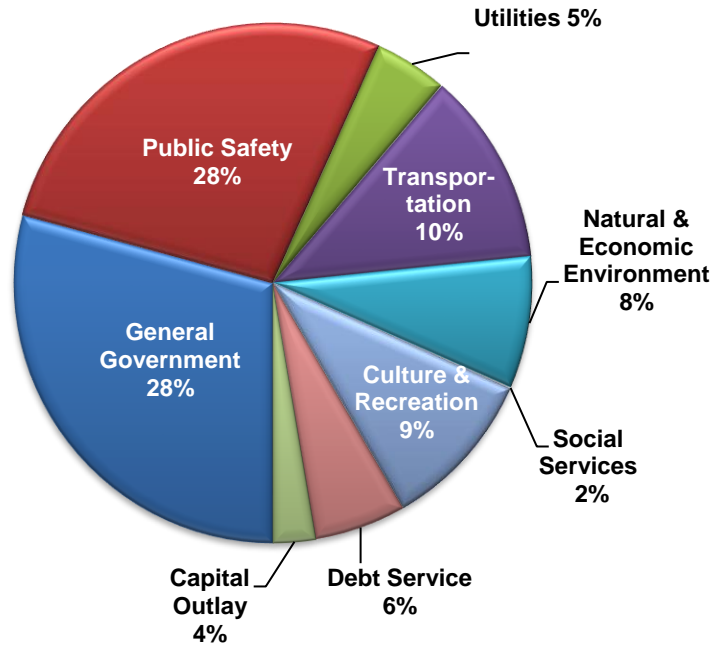
At a Glance

"Where does the City's money go?"

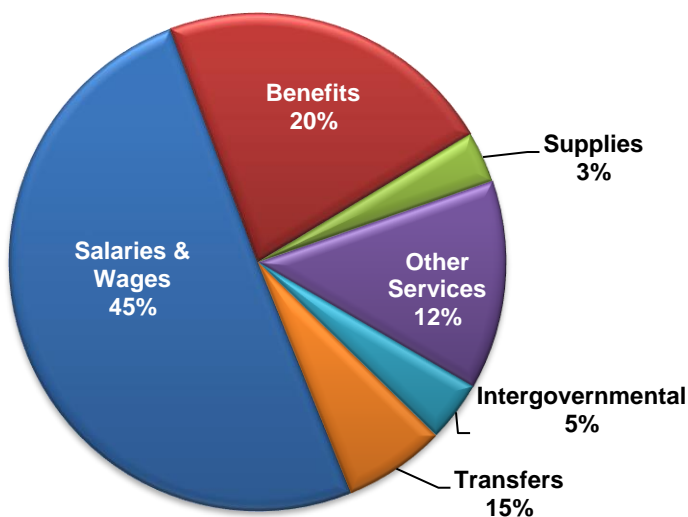
EXPENDITURES BY PROGRAM

The General Fund accounts for most of the City's general operating expenditures (about 32% 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, Prosecutor, Police, Engineering, Public Works Administration, Parks, Cemetery, and Planning.

General Fund Expenditures
(by type of government being supported)
\$24,666,126



General Fund Expenditures
(by type)
\$24,666,126



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 HIGHLIGHTS

- The 2017-2018 Budget is the first biennial budget for the City of Poulsbo. Departments were directed to submit budgets maintaining the same base budget as 2016, with the exception of wages and benefits. Requests for additional funds were submitted with either a Baseline Adjustment Request or New Program Request.
- Several staffing changes and additions were approved for 2017-2018. The Clerks Department reclassified their Office Clerk II to a Deputy Clerk position and the Planning Department promoted their Senior Planner into the Planning Director position; both to better realign the positions with the support functions necessary to fit the department needs. The Prosecutor's Department received approval to hire a new Legal Assistant position (1 FTE) and the Police Department received approval to hire an additional Patrol Officer (1 FTE); both in 2017.
- The City did not levy the 1% increase allowed by law for Property Tax assessment in 2017; however, banked the funds with the ability to levy in 2018.
- Utility Tax for City services was decreased from 9% to 6% for water and sewer thus matching the 6% for storm drain for 2017-2018. Also, continuing in 2017-2018 the City will assess a 6% utility tax on cable services, supplementing the decline in some of our other restricted tax revenues.

CAPITAL PROJECT HIGHLIGHTS

- **Muriel Iverson Williams Waterfront Park:** Improvements to the public restrooms will occur in 2017.
- **Morrow Manor Park:** A new park on the east side of town with donated land is planned for construction in 2018.
- **Noll Road Improvements Phase III:** Continuation of design for phase 3 and purchase of Right of Ways to occur in 2017. Construction will occur in multiple phases over the following six years for improvements to support traffic flow at intersections joining SR305.
- **Finn Hill Reconstruction:** Improvements to include pedestrian and bicycle access along north side.
- **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.
- **West Poulsbo Stormwater Park:** In 2018, purchase of land is anticipated for the future development of a storm water park on south Viking Avenue to mitigate storm water discharge.
- **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 which the City must financially share with the County for sewer processing, will occur over the next couple of years. The City will be working on establishing a debt schedule to fund Poulsbo's share, based on capacity, over these next two 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.
- **Raab Tank & Booster:** Construction of a new booster station and installation of a larger capacity tank located near Raab Park will provide enhanced storage and provide redundancy for other city wells.
- **Water Line Replacements:** Caldart and Fjord Street water mains will all be seeing improvements.
- **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. An additional parcel is anticipated to be purchased in 2017 with construction expected to commence in 2018.

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

Jim Henry.....	360-981-3252	Gary Nystul.....	360-697-2453
Connie Lord.....	360-779-6142	Ed Stern.....	360-779-6678
Jeff McGinty.....	360-779-9538	Kenneth Thomas.....	360-979-6427
David Musgrove.....	360-908-6888		

City Departments

Mayor's Office.....	779-3901
City Clerk's Department.....	394-9880
Rhiannon Fernandez, City Clerk	
Engineering Department.....	779-4078
Andrzej Kasiniak, Engineering Director	
Finance Department.....	394-9881
Deborah Booher, Finance Director	
Parks & Recreation.....	779-9898
Mary McCluskey, P&R Director	
Planning & Economic Development Department.....	394-9748
Karla Boughton, Planning Director	
Police Department.....	779-3113
Dan Schoonmaker, Chief of Police	
Public Works Department.....	779-4078
Mike Lund, Public Works Superintendent	

Telephone Directory (360 Area Code)

Administration/Finance	Library.....	779-2915
Citizen Information.....	Municipal Court.....	779-9846
Business License.....	Parks & Recreation.....	779-9898
Accounts Receivable (billing).....	Programs & Class Information	
Accounts Payable.....	Park Reservations	
Budget Information.....	Planning Department.....	394-9748
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	Storm Drain
Building Permits	Garbage	Streets
Kitsap County Fire District #18	Park Maintenance	Water
Fire Emergency Only.....	Sewer	
Medical Emergency.....		
Business Call.....		

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

