

City of Poulsbo *2016* *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 2016 budget document for more detail regarding the goals

2016 COUNCIL WORKING GOALS

- 1. Develop and Implement a "Neighborhood Streets Maintenance Program"**
- 2. Develop Long Term Economic Development Plan**
- 3. Increase Public Awareness of City Information and Simplify Access**
- 4. Create Joint Regional Transportation Vision for State Route 305**
- 5. Construct New Public Works Facility**
- 6. Implement Dog Fish Creek Study**
- 7. 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	9950
Elevation	0-400 feet
Land Area	2954 acres
Average Temperature (min/max)	44°/61°F
Average Annual Precipitation (inches).....	36
Miles of City Streets	45
Acres of Parks	67.5
Assessed Value	\$1,346,103,503
City Retail Sales Tax	8.7%
Fire District Rating Class	4
Full Time Equivalent (FTE) Employees.....	92.06

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-
Mar** *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.*

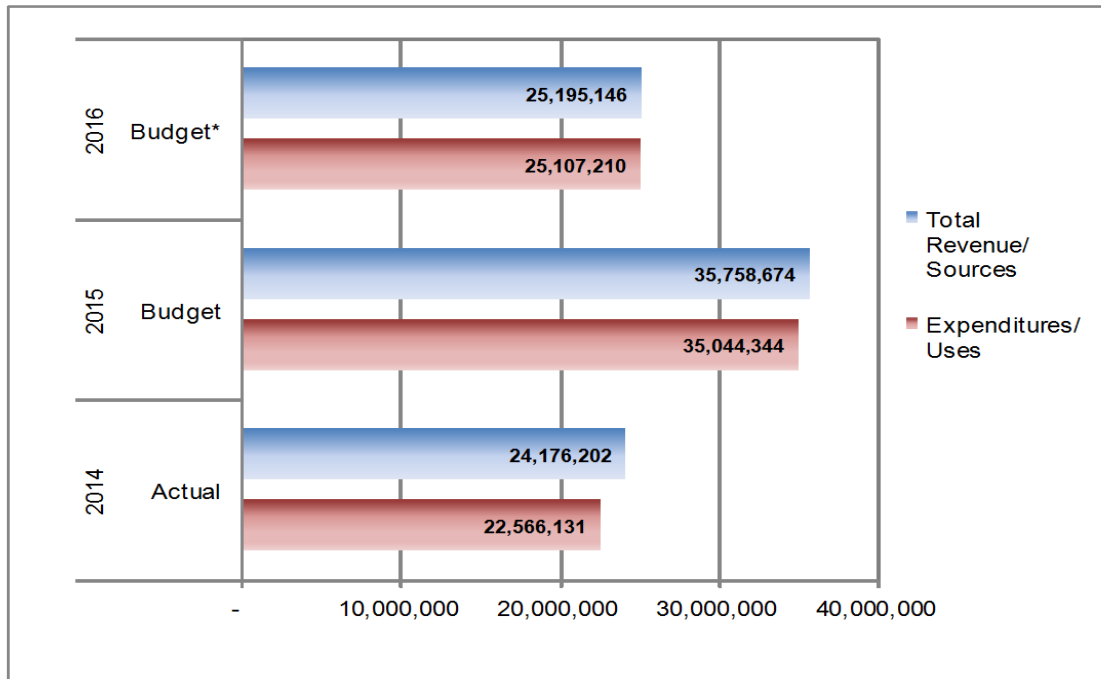
**Jan-
Dec** *The adopted budget is monitored and amended, if necessary, throughout the budget year.*

ABOUT POULSBO'S BUDGET

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

TOTAL ALL FUNDS

	2014 Actual	2015 Budget	2016 Budget*
Governmental Revenues	\$ 16,623,123	\$ 26,386,202	\$ 16,898,860
Proprietary Revenues	7,553,079	9,372,472	8,296,286
Total Revenue/ Sources	24,176,202	35,758,674	25,195,146
Governmental Expenditures	16,454,872	27,183,774	17,773,221
Proprietary Expenses	6,111,259	7,860,570	7,333,989
Expenditures/ Uses	22,566,131	35,044,344	25,107,210
Net Increase (Decrease)	1,610,071	714,330	87,936
Fund Balance/Equity - Beginning	61,320,348	63,572,881	64,575,114
Increase in Contributed Capital	658,624	645,000	770,000
Prior Period Adjustments	(3,750)	-	-
Fund Balance/Equity - Ending	\$ 63,585,293	\$ 64,932,211	\$ 65,433,050



POULSBO'S 2016 GENERAL FUND RESOURCES

At A Glance

Total Resources - \$12,388,285

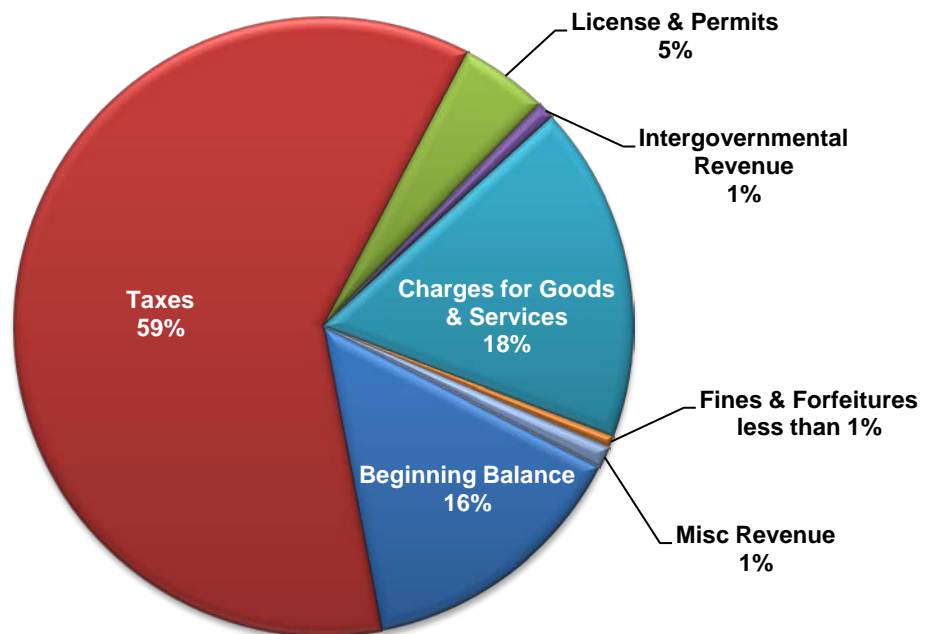
One of the largest operating funds is the General Fund, which includes police, financial, public works administration, planning, engineering services and parks and recreation. Most of the tax revenue collected by the City goes into the General Fund. This makes the General Fund the primary focus for the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

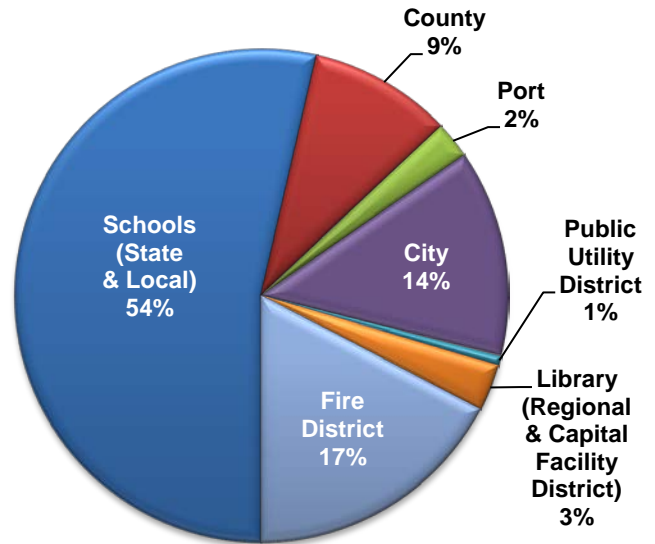
**2016 General Fund Resources
\$12,388,285**



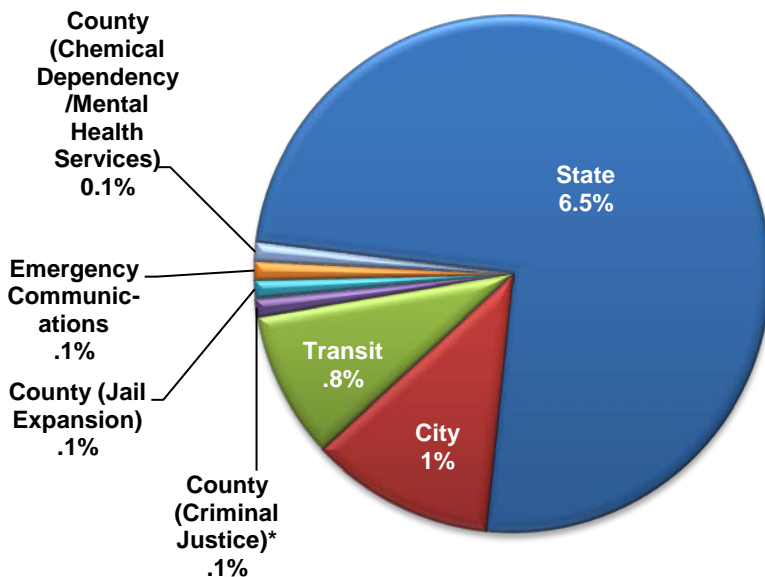
PROPERTY TAX

For 2016, the estimated assessed value of properties located within the City is \$1.34 billion. This includes approximately \$29.7 million in new construction. This assessed value is expected to generate approximately \$2,266,889 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 2016, the total property tax rate for Poulsbo properties is \$12.46 per \$1,000 of assessed valuation. Of that total, 14%, or \$1.74 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 2016 will be distributed amongst taxing jurisdictions.

**Poulsbo Property Tax Owners
2016 Property Tax Distribution**



2016 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

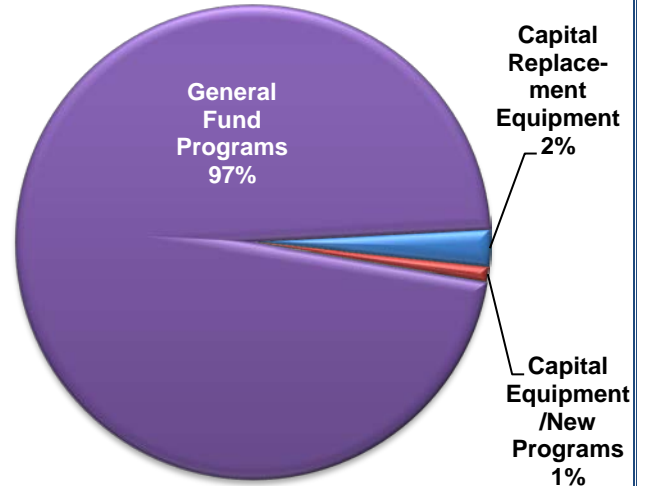
At a Glance

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

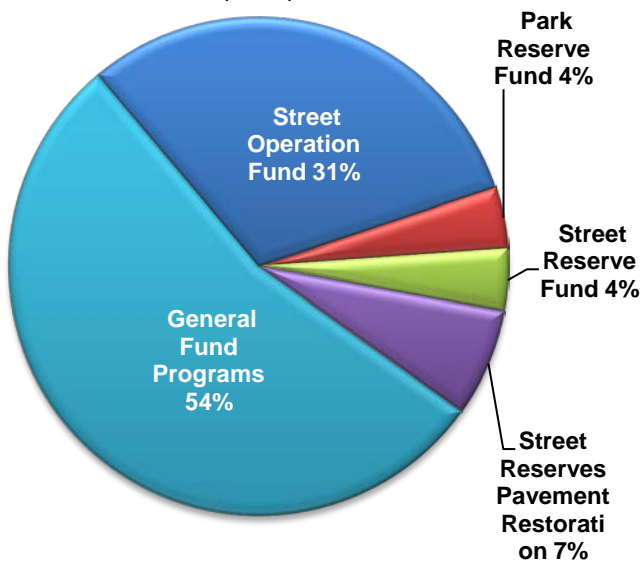
SALES TAX

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 2016 is less than the amended 2015 projection but conservative and consistent with the actual amount collected in 2015. For 2016, estimated sales tax revenue is \$3,100,000. The City’s sales tax revenue is collected and used in the City’s General Fund with the exception of 7% transferred to Capital Equipment Acquisition Fund (301) for capital equipment.

**How is Poulsbo's Sales Tax Spent?
\$3.1 Million**



**How is Poulsbo's Property Tax Spent?
\$2,266,889**



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.
- 4% to Park Reserves (302) for capital park projects.
- 4% to Street Reserves (311) for capital projects.
- 7% to Street Reserves to fund capital restoration street projects.

GENERAL FUND USES

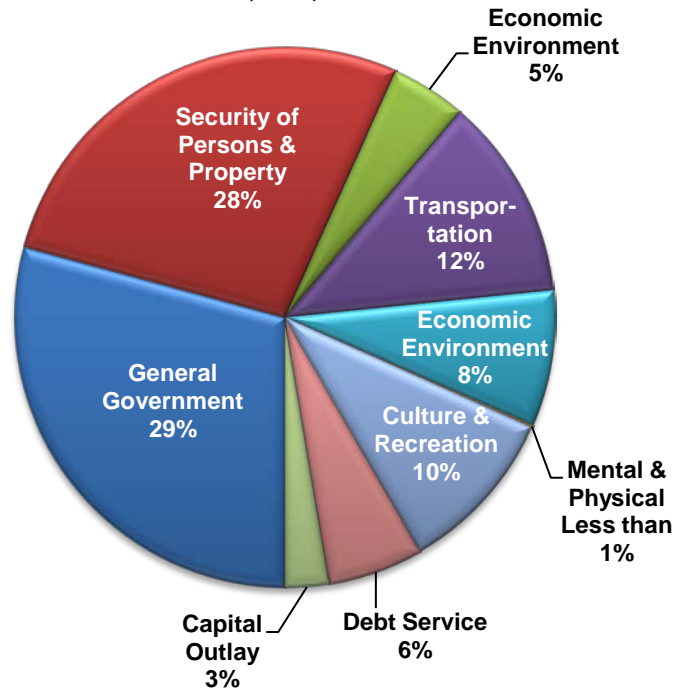
At a Glance

“Where does the City’s money go?”

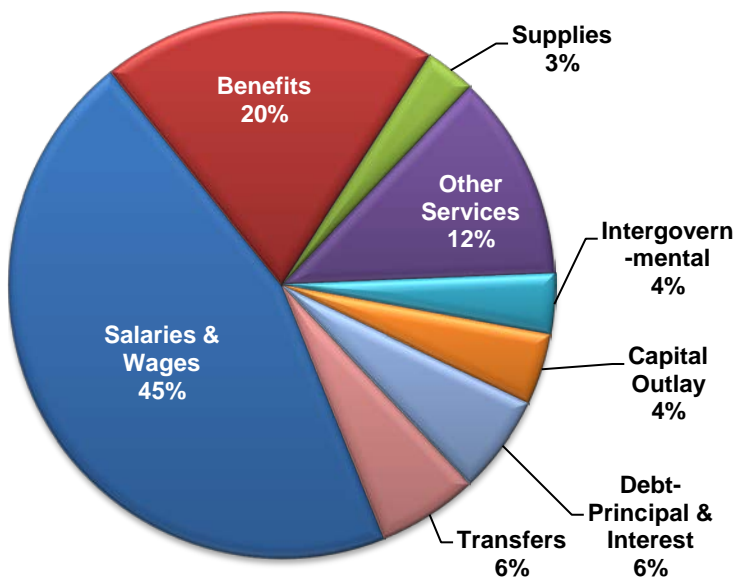
EXPENDITURES BY PROGRAM

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

**General Fund Expenditures
(by type of government being supported)**
\$11,322,135



**General Fund Expenditures
(by type)**
\$11,322,135



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 2015, 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 continued its reorganization, changing the Risk Management Department structure by adding the function of City Prosecutor. The Building function was moved from the Planning Department to the Engineering Department. An additional FTE was added to the Finance Department allowing for a new position to perform senior level budget and accounting work while re-allocating existing department duties.
- Transfers to support capital equipment, street and park projects will continue to be reduced for 2016. 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 will remain 6% for storm drain in 2016. Also, continuing in 2016 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

The following general, transportation, park and enterprise projects are included in the 2016 budget.

- **Muriel Iverson Williams Waterfront Park:** Improvements to the public restrooms will occur in 2016.
- **Morrow Manor Park:** A new park on the east side of town with donated land is being planned for construction in 2016.
- **Noll Road Improvements Phase III:** Continuation of design for phase 3 and purchase of Right of Ways to occur in 2016. 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.
- **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.
- **Hostmark Transmission Mains:** A new transmission main will be installed to transfer supply from the East High Zone to the Middle Zone and the distribution main will be replaced between Caldart and SR 305.
- **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 2016.
- **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 will be completed in 2016 with construction commencing late 2016.

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	394-9882
Barry Berezowsky, Planning Director	
Police Department	779-3113
Alan Townsend, 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	779-3901	
Business License	394-9880	
Accounts Receivable (billing) ...	394-9724	
Accounts Payable	394-9726	
Budget Information	394-9725	
Payroll	394-9722	
Information Services	394-9701	
Utility Billing/New Accts.....	394-9724	
Engineering/Building	394-9882	
Building Inspections		
Building Permits		
Kitsap County Fire District #18		
Fire Emergency Only	9-1-1	
Medical Emergency.....	9-1-1	
Business Call	779-3997	
	Municipal Court	779-9846
	Parks & Recreation	779-9898
	Programs & Class Information	
	Park Reservations	
	Planning Department	394-9748
	Police Department	
	Emergency Only	9-1-1
	Business Call.....	779-3113
	Public Works Department	779-4078
	Curbside Recycling	Storm Drain
	Garbage	Streets
	Park Maintenance	Water
	Sewer	
	City/County Recycle Center	779-1044

