

# City of Poulsbo 2019–2020 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 AND COUNCIL GOALS**

- 1. Land Use**
- 2. Community Character**
- 3. Transportation**
- 4. Natural Environment**
- 5. Capital Facilities**
- 6. Housing**
- 7. Parks and 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 2019-2020 budget document for more detail regarding the goals

**2019-2020 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**
- **Develop a transition plan for the Executive branch of government**

## **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 commutes 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) .....	10,850
Elevation .....	0-400 feet
Land Area .....	2,954 acres
Average Temperature (min/max) .....	39°/65°F
Average Annual Precipitation (inches) .....	36
Miles of City Streets .....	55
Acres of Parks .....	134.85
Assessed Value (2017) .....	\$1,874,513,276
City Retail Sales Tax .....	9.0%
Fire District Rating Class .....	4
Full Time Equivalent (FTE) Employees .....	104.19

# **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)**

February - April - A City Council retreat is held to discuss goals for the upcoming budget season.

May - June - The Capital Improvement Team meets to begin updating the CIP.

July - August - Each department prepares a "Base Budget" for all existing services. Additional Funding and NPRs are submitted separately. Departments review budgets with their City Council Committee.

September - The budget staff prepare the Proposed Preliminary Budget for review by the Mayor.

October - The Proposed Preliminary Budget is presented to City Council. The budget staff reviews current revenue sources with City Council. A public hearing is held to discuss revenue sources. The property tax rate is set.

November - The Preliminary Budget is presented to City Council and made available to the public. The City Council holds a series of budget workshops to review the Preliminary Budget. Each department presents their proposed budget along with budgeted CIP. A public hearing is held to gather citizen input on the Preliminary Budget

December - The City Council completes review of the budget and approves an ordinance adopting the budget.

## **Year Two (Mid-Biennium Cycle)**

February - April - The City prepares and publishes the Final Budget Document.

May - The Capital Improvement Team meets to begin CIP process.

August - The departments review budget status (Year 1 and Year 2) and submit any modification requests to budget staff. During this time the departments will also review their goals and measures.

September - The Mid-biennium review (Adjustments to Year 1 and Year 2) is prepared by the budget staff and the Mayor to discuss with Council Committees.

October - The Proposed Mid-Biennium Modification is presented to the City Council. The budget staff reviews current revenue sources with the City Council. A public hearing is held to discuss revenue sources held. The property Tax rate is set

November - The Preliminary Budget is presented to City Council and made available to the public. The City Council holds a series of budget workshops to review the Preliminary Budget. Each department presents their proposed budget along with budgeted CIP. A public hearing is held to gather citizen input on the Preliminary Budget

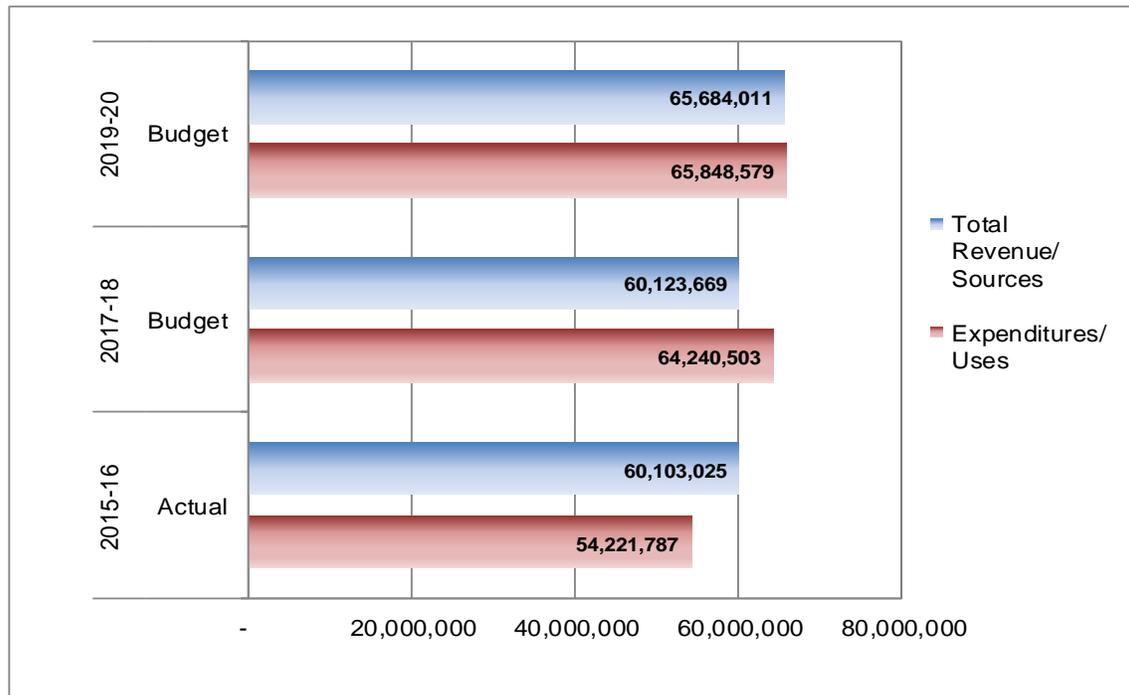
December - The City Council completes review of the Mid-Biennium Modification and approves an ordinance adopting the Mid-Biennium Modification

## **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**

	<b>2015-16 Actual</b>	<b>2017-18 Budget</b>	<b>2019-20 Budget</b>
Governmental Revenues	\$ 41,893,613	\$ 41,972,810	\$ 42,961,399
Proprietary Revenues	18,209,412	18,150,859	22,722,612
<b>Total Revenue/ Sources</b>	<b>60,103,025</b>	<b>60,123,669</b>	<b>65,684,011</b>
Governmental Expenditures	39,304,918	45,880,481	46,581,988
Proprietary Expenses	14,916,869	18,360,022	19,266,591
<b>Expenditures/ Uses</b>	<b>54,221,787</b>	<b>64,240,503</b>	<b>65,848,579</b>
<b>Net Increase (Decrease)</b>	<b>5,881,237</b>	<b>(4,116,834)</b>	<b>(164,568)</b>
Fund Balance/Equity - Beginning	62,538,678	75,583,969	78,062,339
Increase in Contributed Capital	7,060,591	1,415,000	1,973,771
Prior Year Adjustment/Beg Balance Adj	103,462	5,180,204	-
<b>Fund Balance/Equity - Ending</b>	<b>\$ 75,583,969</b>	<b>\$ 78,062,339</b>	<b>\$ 79,871,542</b>



# **POULSBO'S 2019-2020 GENERAL FUND RESOURCES**

## **At A Glance**

**Total Resources - \$27,289,945**

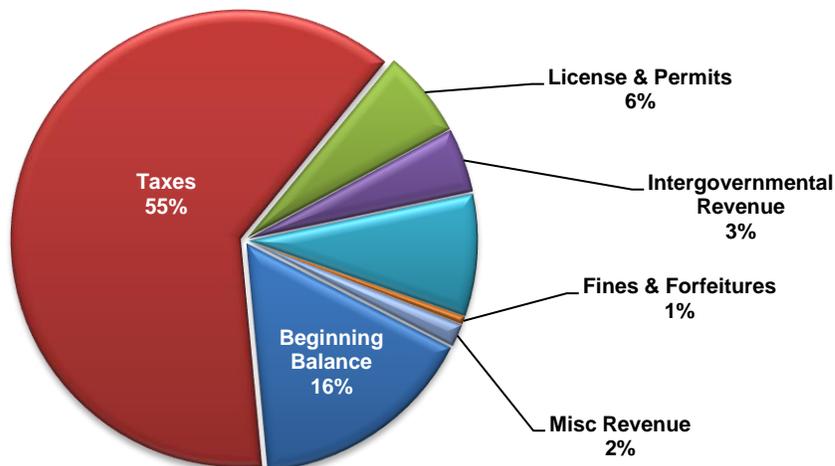
One of the largest operating funds is the General Fund, which includes police, financial, public works administration, planning, engineering services, and parks and recreation. Most of the tax revenue collected by the City goes into the General Fund. This makes the General Fund the primary focus for 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 and Permits** - building and business
- **Intergovernmental** - liquor profits tax, grants, and reimbursement for school officer
- **Charges for Goods and Services** - charges for services provided
- **Fines and Forfeitures** - fines from law enforcement related activities
- **Miscellaneous Revenue** - interest income, copy charges, etc
- **Operating Transfers** - transfers from other funds for General Fund expenditures

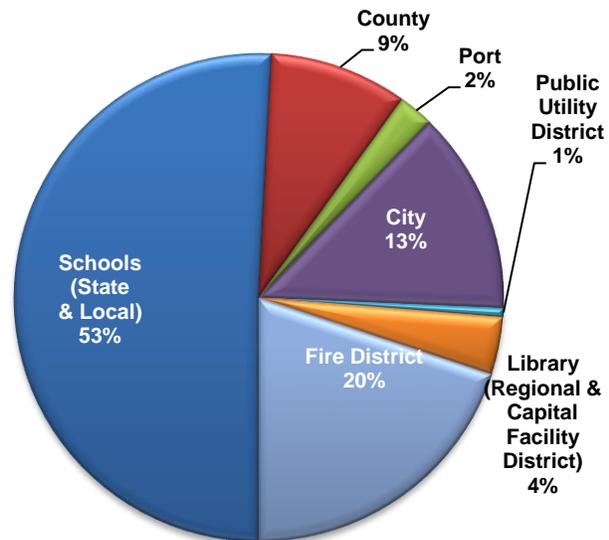
**2019-2020 General Fund Resources**  
**\$27,289,945**



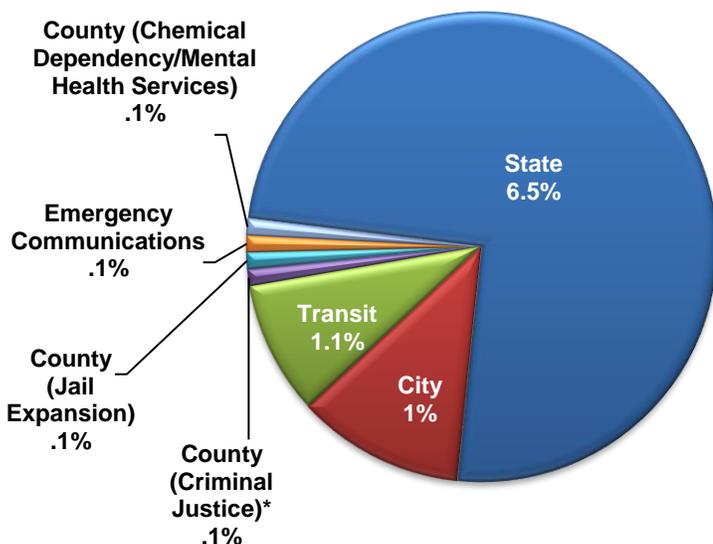
## PROPERTY TAX

For 2019, the estimated assessed value of properties located within the City is \$1.87 billion. This includes approximately \$51 million in new construction. This assessed value is expected to generate approximately \$2,573,109 in property tax revenue for the City. For 2020, it is estimated to generate \$2,650,000. The City levied 1% over its highest allowable levy in 2019. 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 2019, the total property tax rate for Poulsbo properties is \$10.24 per \$1,000 of assessed valuation. Of that total, 13%, or \$1.37 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 2019 will be distributed amongst taxing jurisdictions.

**Poulsbo Property Tax Owners  
2019 Property Tax Distribution**



**2019-2020 Sales Tax Distribution**



## SALES TAX

The sales tax rate, paid on transactions within the City limits of Poulsbo, is 9.0%. 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.

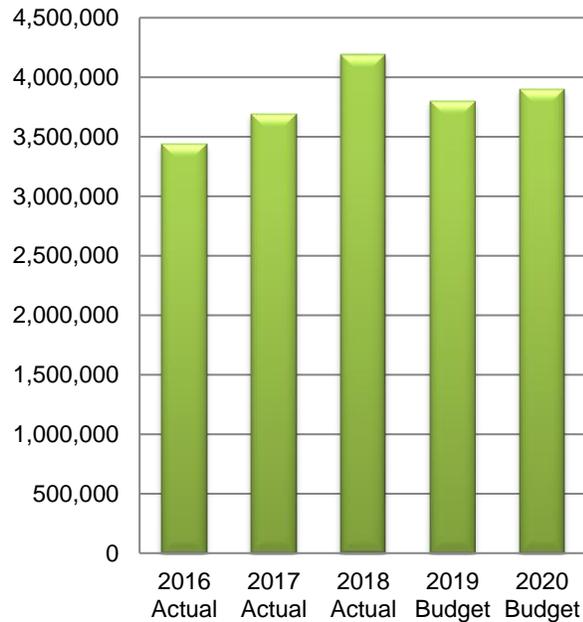
# GENERAL FUND SALES & PROPERTY TAX REVENUE

## At a Glance

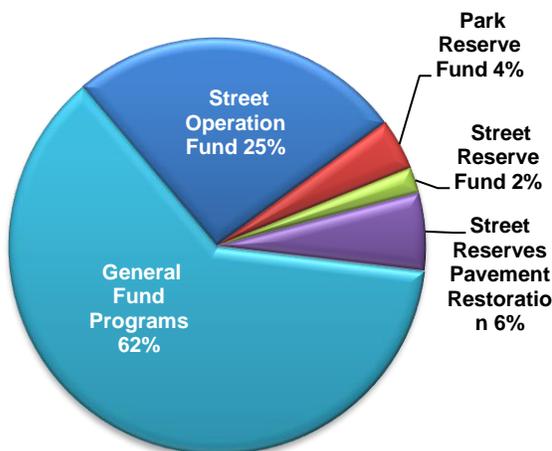
### **SALES TAX**

The State of Washington collects the 9% 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 revenue estimated for 2019-2020 is very conservatively estimated with a small amount of growth. The projections are less than the actual amount collected in 2018, which was a banner year due to litigation referred to as the "Wayfair Act", requiring on-line businesses to pay sales tax on behalf of subcontracted companies. It is anticipated after reviewing actual 2018 collections the revenue will exceed projections which may be adjusted mid-year.

**Sales Tax Revenue  
2016-2020**



**How is  
Poulsbo's Property Tax Spent?  
2019-2020  
\$5.2 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:

- 265% 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

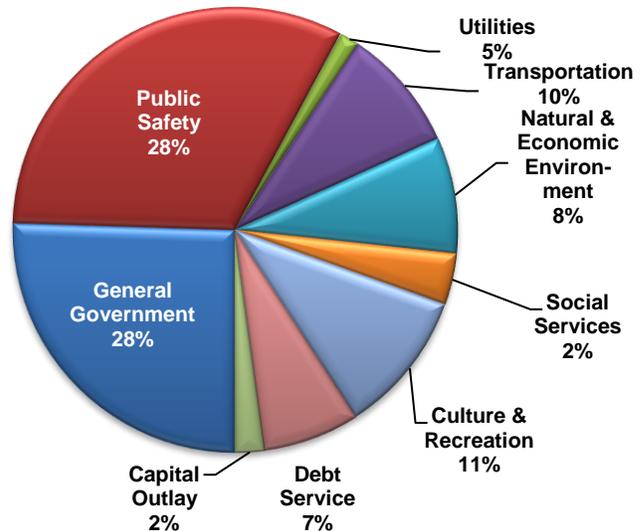
*"Where does the City's money go?"*

### EXPENDITURES BY PROGRAM

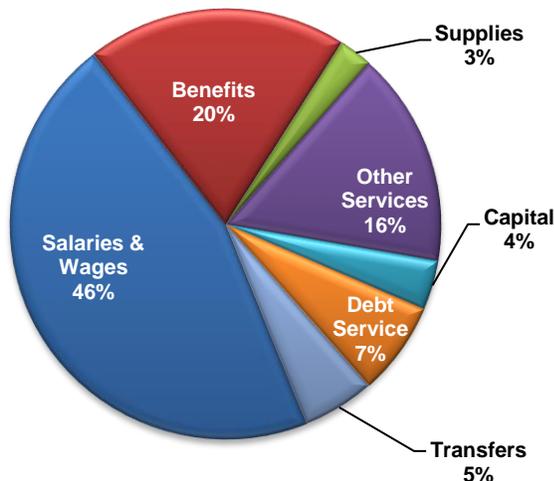
The General Fund accounts for most of the City's general operating expenditures (about 30% of the total operating budget). The services are broken down in nine categories, which include services provided by the following Departments:

- Council
- Finance
- Human Resources
- Information Services
- Municipal Court
- City Clerk,
- Risk Management
- Prosecutor
- Police
- Engineering
- Public Works Administration
- Parks
- Cemetery
- Planning

**General Fund Expenditures**  
(by type of government being supported)  
**\$24,964,328**



**General Fund Expenditures**  
(by type)  
**\$24,964,328**



### 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 General Fund expenditures, 33% can be directly related to Police Service, which includes a portion of debt service for the purchase of new Police vehicles. **Operating Transfers** are transfers made to other funds for Street Operations, 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**

- In the 2019-2020 Biennial Budget departments were directed to submit budgets maintaining the same base budget as 2017-2018, except for wages, benefits, and contractual obligations. Requests for additional funds were submitted with either a Baseline Adjustment Request or New Program Request.
- 2019 will be the initial year for three-year agreements for both bargaining unit labor contracts. The Police Association agreement is still under negotiations. Projections with anticipated salaries and wages adjustments are included.
- A few staffing changes for 2019 were approved. One grounds maintenance person to support parks maintenance was approved as well as two project specific engineering positions for the Noll Road project.
- The City levied the 1% increase allowed by law for Property Tax assessment in 2019.
- Utility Tax for City services will remain at 6% for water and sewer.
- The City continues to have growing sales tax revenue and projections for 2019-2020 are slightly increased based on the historical growing trend.
- Debt budgets include projections for an anticipated debt issue in 2020 to fund the Noll Road project.

## **CAPITAL PROJECT HIGHLIGHTS**

- **Poulsbo Fish Park:** Continue improvements to the growing park expanding to the new donated land parcels. Increased public access and additional walking trails and wildlife viewing areas are the intended focus. Most improvements are grant funded matched by City funds.
- **Morrow Manor Park:** A new park on the east side of town with donated land is planned for construction in 2021 with design occurring in 2019. The intent is to have a shovel ready project to support grant requests for construction funding.
- **Noll Road Improvements Phase III:** Continuation of design for phase 3 and purchase of Right of Ways to occur in 2019. Construction including a roundabout and road improvements will occur in multiple phases over the next six years to support traffic flow and pedestrian safety at intersections joining SR305.
- **Finn Hill Reconstruction:** Improvements to include pedestrian and bicycle access along north side. The City is partnering with the County to time construction for both the County and City sections at the same time for minimal traffic impacts.
- **Neighborhood Street Pavement Restoration:** Funds will be allocated on an annual basis to be used for pavement and restoration of neighborhood streets focusing on substantial improvements to Forest Rock Lane.
- **Meter Replacement:** Replacement of water meters will continue and be complete in 2019. The meters provide for more accurate water consumption readings and enhance the ability for electronic transmitted data.
- **Raab Tank and 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.
- **Caldart Water Main Replacement:** Caldart water main is projected for 2019 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. Additional parcels and pre-design of phased development are the intent in 2019.

**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**

Abby Garland.....	360-519-4212	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**

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

**Telephone Directory (360 Area Code)**

<b>Administration/Finance</b>	<b>Library</b> .....	779-2915
Citizen Information .....	779-3901	
Business License.....	394-9880	
Accounts Receivable (billing) .....	394-9722	
Accounts Payable .....	394-9728	
Budget Information .....	394-9725	
Payroll .....	394-9722	
Information Services.....	394-9701	
Utility Billing/New Accts.....	394-9724	
<b>Engineering/Building</b> .....	394-9882	
Building Inspections		
Building Permits		
<b>Kitsap County Fire District #18</b>		
Fire Emergency.....	9-1-1	
Medical Emergency .....	9-1-1	
Business Call.....	779-3997	
	<b>Municipal Court</b> .....	779-9846
	<b>Parks &amp; Recreation</b> .....	779-9898
	Programs & Class Information	
	Park Reservations	
	<b>Planning Department</b> .....	394-9748
	<b>Police Department</b>	
	Police Emergency .....	9-1-1
	Business Call .....	779-3113
	<b>Public Works Department</b> .....	779-4078
	<i>Curbside Recycling, Storm Drain, Garbage Streets, Park Maintenance, Water, and Sewer</i>	
	<b>City/County Recycle Center</b> .....	779-1044

