

# City of Poulsbo 2021-2022 Budget-In-Brief



**City of Poulsbo**  
**Mission Statement**

*Our City is committed to managing 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 2021-2022 budget document for more detail regarding the goals

**2021-2022 COUNCIL WORKING GOALS**

- Support Community Recovery from the COVID-19 pandemic
- Develop Long-Term Economic Development Plan
- Research Options for a New Public Works Facility
- Reinforce and establish our relationships with the community related to diversity and inclusivity
- Develop new approaches to promote, engage and communicate with our youth
- Support the Construction of the Poulsbo Event and Recreation Center
- Implement Dogfish Creek Study

## **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 12 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 (2020) .....	11,550
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 (2021) .....	\$2,176,734,837
City Retail Sales Tax .....	9.0%
Fire District Rating Class .....	4
Full Time Equivalent (FTE) Employees .....	104.52

# **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

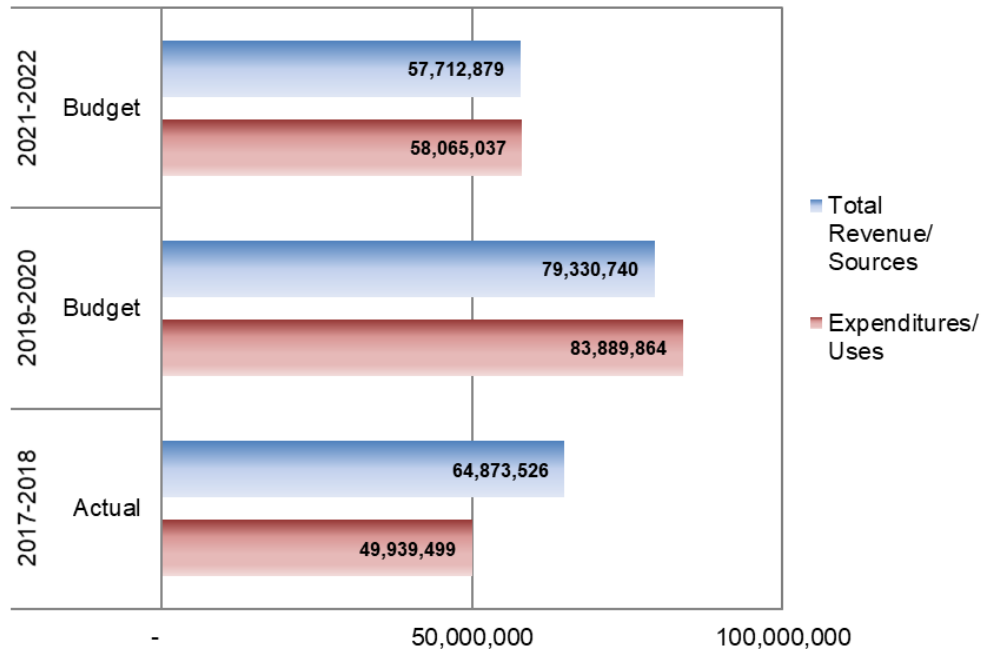
December - The City Council completes review of the Mid-Biennium Modification and approves an ordinance adopting the Mid-Biennium Modification

## **ABOUT POULSBO'S BUDGET**

The City of Poulsbo's budget is made up of 21 budgeted funds. Each fund is balanced so resources equal uses.

### **TOTAL ALL FUNDS**

	2017-2018 Actual	2019-2020 Budget	2021-2022 Budget
Governmental Revenues	\$ 37,289,840	\$ 55,867,273	\$ 34,693,753
Proprietary Revenues	27,583,686	23,463,467	23,019,126
<b>Total Revenue/ Sources</b>	<b>64,873,526</b>	<b>79,330,740</b>	<b>57,712,879</b>
Governmental Expenditures	33,897,667	63,605,747	35,414,786
Proprietary Expenses	16,041,832	20,284,117	22,650,251
<b>Expenditures/ Uses</b>	<b>49,939,499</b>	<b>83,889,864</b>	<b>58,065,037</b>
<b>Net Increase (Decrease)</b>	<b>14,934,027</b>	<b>(4,559,124)</b>	<b>(352,158)</b>
Fund Balance/Equity - Beginning	75,581,262	97,480,058	97,487,327
Increase in Contributed Capital	5,842,598	1,973,771	1,980,000
Prior Year Adjustment/Beg Balance Adj	1,122,171	2,592,622	-
<b>Fund Balance/Equity - Ending</b>	<b>\$ 97,480,058</b>	<b>\$ 97,487,327</b>	<b>\$ 99,115,169</b>



# POULSBO'S 2021-2022 GENERAL FUND RESOURCES

## At A Glance

**Total Resources - \$25,891,072**

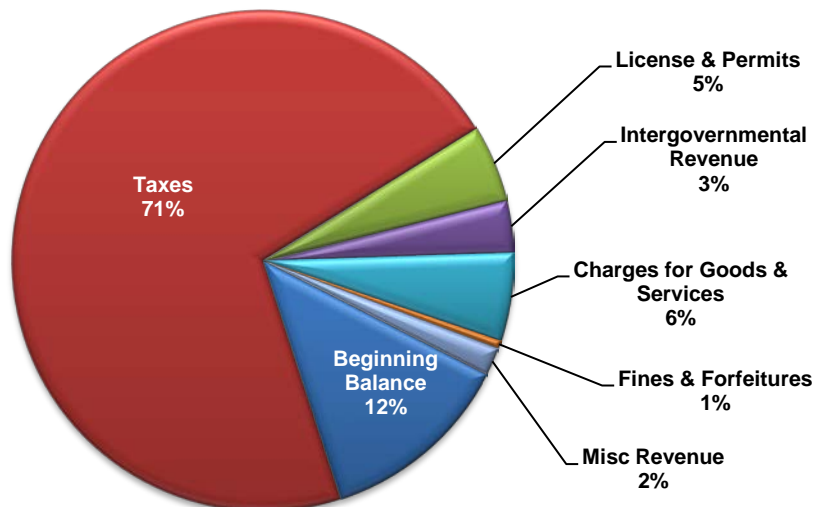
One of the largest operating funds is the General Fund, which includes police, financial, public works administration, planning, engineering services, and parks and recreation. Most of the tax revenue collected by the City goes into the General Fund. This makes the General Fund the primary focus for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

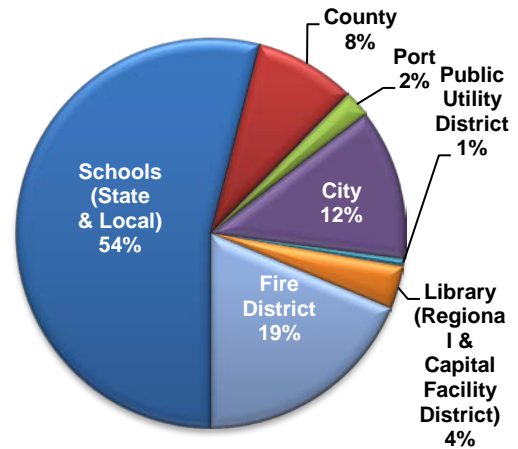
**2021-2022 General Fund Resources  
\$25,891,072**



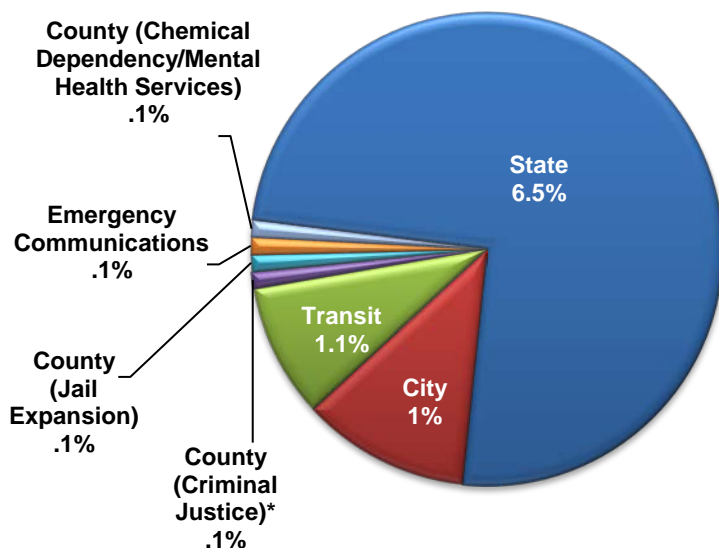
## PROPERTY TAX

For 2021, the estimated assessed value of properties located within the City is \$2.2 billion. This includes approximately \$54 million in new construction. This assessed value is expected to generate approximately \$2,730,500 in property tax revenue for the City. For 2022, it is estimated to generate \$2,783,000. A substantial need resolution was passed by the City Council, allowing the City to apply the 1% levy limit. 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 2021, the total property tax rate for Poulsbo properties is \$10.05 per \$1,000 of assessed valuation. Of that total, 12%, or \$1.21 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 2021 will be distributed amongst taxing jurisdictions.

**Poulsbo Property Tax Owners  
2021 Property Tax  
Distribution**



**2021-2022 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.



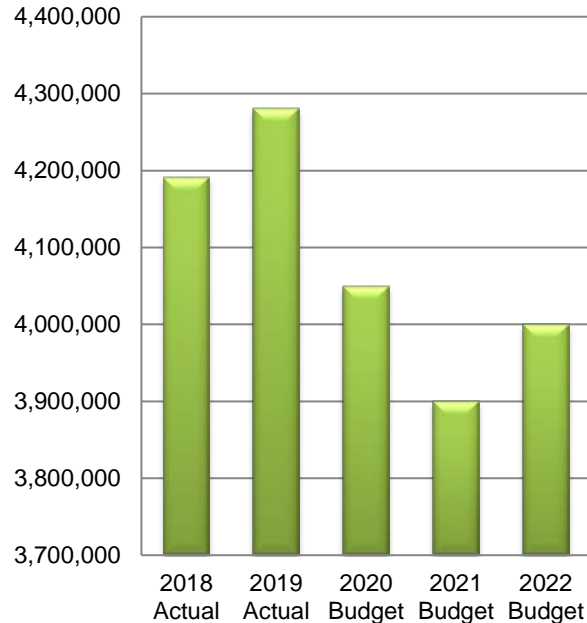
# GENERAL FUND SALES & PROPERTY TAX REVENUE

## 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 2021-2022 is very conservatively estimated with a small amount of growth. The projections are less than the actual amount collected in 2020 in anticipation of an economic downturn. Sales tax has been estimated conservatively but will be re-evaluated during the mid-biennium since the COVID-19 pandemic has increased the amount of e-commerce transactions which benefits the city since sales tax is paid on the destination of the goods/service.

**Sales Tax Revenue  
2018-2022**



### **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:

- 26% to the Street Fund (101) for street maintenance.
- 2% to Park Reserves (302) for capital park projects.
- 2% to Street Reserves (311) for capital projects.



# GENERAL FUND USES

## At a Glance

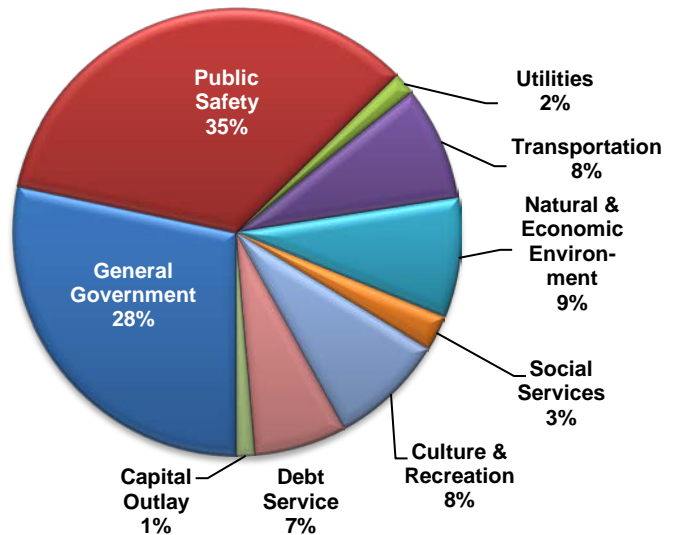
*"Where does the City's money go?"*

### EXPENDITURES BY PROGRAM

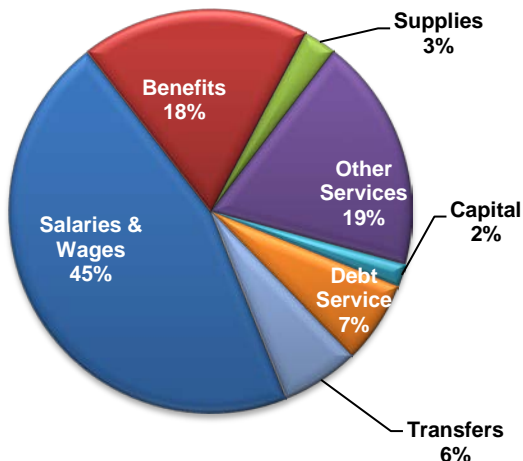
The General Fund accounts for most of the City's general operating expenditures (about 37% of the total operating budget). The services are broken down in nine categories, which include services provided by the following Departments:

- 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)  
**\$23,294,189**



**General Fund Expenditures**  
(by type)  
**\$23,294,189**



### 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, 35% 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 2021-2022 Biennial Budget departments were directed to submit budgets maintaining the same base budget as 2019-2020, except for wages, benefits, and contractual obligations. Requests for additional funds were submitted with either a Baseline Adjustment Request or New Program Request.
- 2021 will be the final year for three-year agreements for both bargaining unit labor contracts. Projections with anticipated salaries and wages adjustments are included.
- A variety of staffing changes occurred as the City downsized staff and service levels in response to the COVID-19 pandemic. Departments restructured to utilize available resources, and Council approved new staffing where it was determined to be a need.
- A substantial need resolution was passed by the city council, allowing the City to apply the 1% levy limit for property taxes.
- Utility Tax for City services water, sewer, and storm drain increased from 6% to 12% with scheduled decreases in future budget cycles. Solid Waste remains at 6%. These taxes are included in the rate structure and are not a separate billed item to citizens.
- The City sales tax revenue and projections were reduced for 2021-2022 based on 2020 actuals and anticipated shifts in the economy.
- Debt budgets include projections for an anticipated debt issue in 2021 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.
- **Waterfront Boardwalk:** An official inspection to learn what improvements are necessary is needed for the waterfront boardwalk.
- **Noll Road Improvements Phase III:** Construction including a roundabout, tunnel, and road improvements will occur in multiple phases over the next six years to support traffic flow and pedestrian safety 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 focusing on substantial improvements.
- **Westside Well Treatment for Manganese:** Install a treatment facility at the existing Westside Well site.
- **Caldart Water Main Replacements:** Caldart water main is projected for 2022 improvements.
- **8<sup>th</sup> Avenue Culvert Replacement:** Project to improve fish habitat and reduce flooding.
- **Dogfish Creek Restoration:** Project to improve fish habitat and reduce flooding.
- **Glenn Haven Storm Drain Replacement:** Replacing corrugated metal storm pipe along with required work and asphalt repair work.
- **Poulsbo Creek Outfall:** This project will replace the corroded metal splash pad and outfall pipe with concrete splash pad and energy dissipater.

**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**

Andrew Phillips .....	208-297-4094	Britt Livdahl .....	360-509-9660
Connie Lord .....	360-779-6142	Ed Stern .....	360-779-6678
Jeff McGinty.....	360-779-9538	Gary McVey.....	360-394-9880
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>
Diane Lenius, Engineering Director	
<b>Finance Department</b> .....	<b>394-9881</b>
Deborah Booher, Finance Director	
<b>Parks &amp; Recreation</b> .....	<b>779-9898</b>
Dan Schoonmaker, P&R Director	
<b>Planning &amp; Economic Development Department</b> .....	<b>394-9882</b>
Karla Boughton, Planning Director	
<b>Police Department</b> .....	<b>779-3113</b>
Ron Harding, 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) .....	394-9724	
Accounts Payable .....	394-9728	
Budget Information .....	394-9722	
Payroll .....	394-9725	
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

