



# LONG RANGE PLANS FOR CAPITAL FINANCING

## REVENUE OPPORTUNITIES

September 13, 2023

The background is a complex composition of geometric shapes and patterns. It features a grid of squares and triangles in shades of blue, pink, and grey. Overlaid on these are various patterns: concentric circles, parallel lines, and a grid of dots. A white horizontal line with a circular endcap extends from the left side of the image towards the center. The text 'EXISTING RESOURCES' is written in a large, bold, white sans-serif font on the right side of the image.

# EXISTING RESOURCES

# POULSBO FUNDING SOURCES: UNRESTRICTED USE TAXES

- Property Tax
- Sales Tax
- Utility Taxes
  - City Utility Tax Rate 12% - Other utilities 6%
- Admissions Tax

These taxes can be used for any governmental purpose.

<i>General Fund Taxes</i>						
2018	2019	2020	2021	2022	2023	2024
Actual	Actual	Actual	Actual	Actual	Budget	Budget
8,784,504	8,945,158	9,107,555	10,511,030	11,257,259	10,750,438	10,899,344

# POULSBO FUNDING SOURCES: GRANTS

- Specific to projects
- Restricted use
- Several require matching funds

# POULSBO FUNDING SOURCES: REAL ESTATE EXCISE TAX (REET)

Collected in two ¼ percent with restricted use for each ¼%

- 1<sup>st</sup> ¼% - Can be used for capital projects that are listed in the capital facilities plan element of the comprehensive plan.
- 2<sup>nd</sup> ¼% - Can be used for certain transportation, water/storm/sewer, and park capital purposes. Capital projects are restricted to infrastructure. Cannot be used for park land acquisition.
- Each ¼% annual revenue ranges from \$350k - \$500k, for an approximate total revenue of \$700k-\$1M per year

Additional items to note:

Real Estate Excise Tax cannot be used to fund operational expenses.

This revenue stream is dependent on transactions and will vary from year to year.

# POULSBO FUNDING SOURCES: IMPACT FEES

- Fees charged to developers/new homes to mitigate the impact of infrastructure and capital facilities due to increased demand
  - Collected at the time of building permits
- Restricted use for streets and parks
- Must be used within 10 years of receipt

The background is a complex geometric composition. It features a grid of squares and triangles in shades of blue, pink, and purple. Overlaid on these are various patterns: concentric circles, parallel lines, and a grid of dots. A white line with a circular dot at its end extends from the left side towards the text.

# REVENUE OPPORTUNITIES



# BUSINESS & OCCUPATION (B&O) TAX

- Is a tax to businesses operating within Poulsbo
- Usually based on a percentage of gross income
- Has a minimum gross income threshold for exemption
- Estimated gross income based on neighboring cities
  - \$600,000
- Has associated expenses to administer (\$175,000)



# LEVY LID LIFT

- Two limiting factors - lesser of the two
  - Maximum rate \$1.60
  - 1% above allowable levy
- Current rate \$1.03
- Must be approved by voters for specific purpose
- Potential revenue approximately \$1.5 million

Highest Allowable Levy	1,000,000
1% Increase	10,000
Total Levy	1,010,000
Assessed Value/1000	1,000,000
Calculated Rate	1.01
Maximum Statutory Rate	1.60
Total Levy at Maximum Rate	1,600,000



# PARKING FEES

- Governmental revenue without restrictions
- Councilmatic approval
- Projected revenue streams \$200,000 - \$500,000
- Associated expenses



# CANNABIS ALLOWANCE

- Councilmatic approval
- Two revenue streams
  - State shared revenues (Excise Tax)
    - Estimate \$15,000
  - Local retail sales tax
    - Dependent on establishment located in City (number of stores and their business)



# POULSBO FUNDING SOURCES DEBT RESOURCES

- Debt Capacity is not an issue
- Payments affect operating budget



# CITY'S CURRENT DEBT

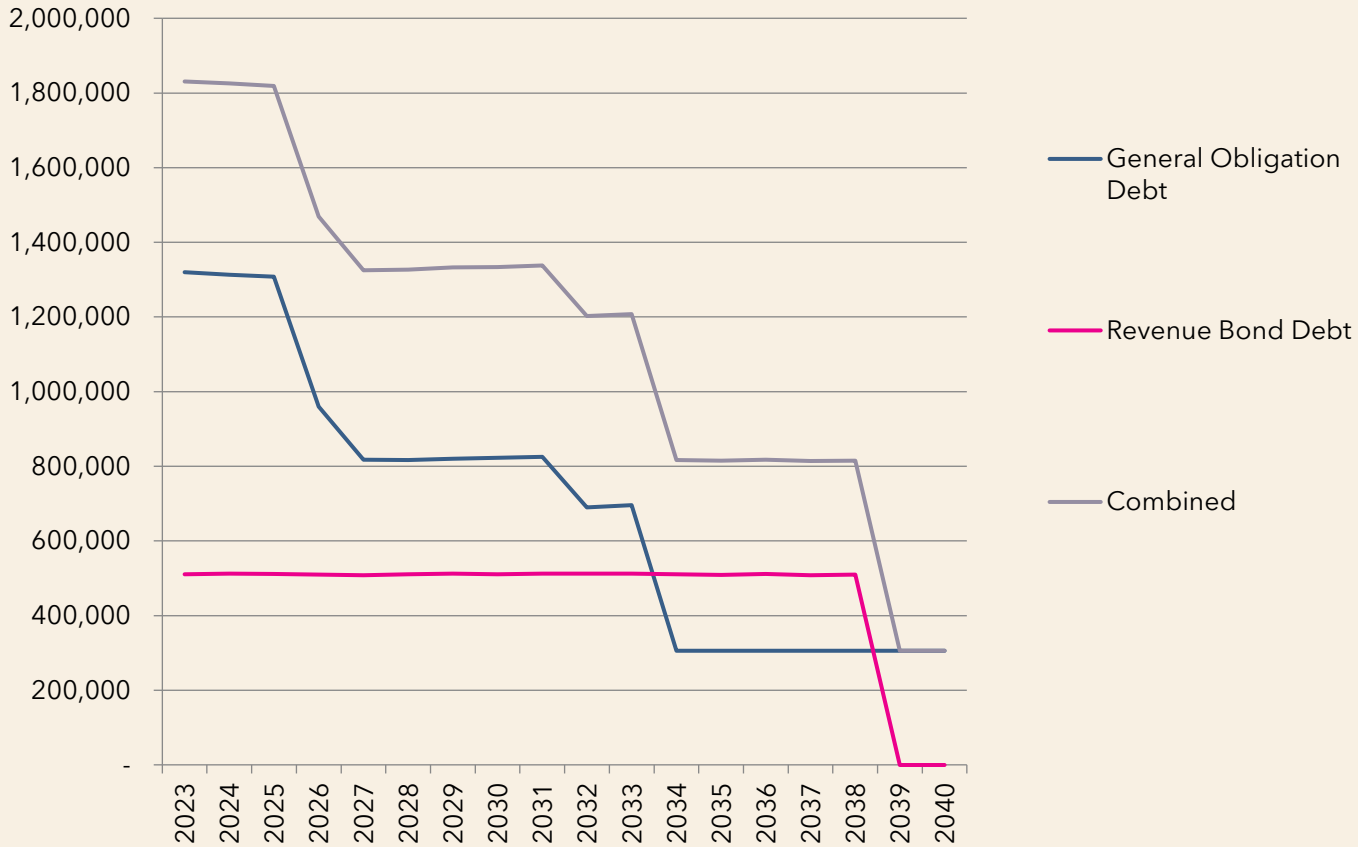
# CURRENT DEBT ISSUES

## BALANCE AS OF 12/31/2022

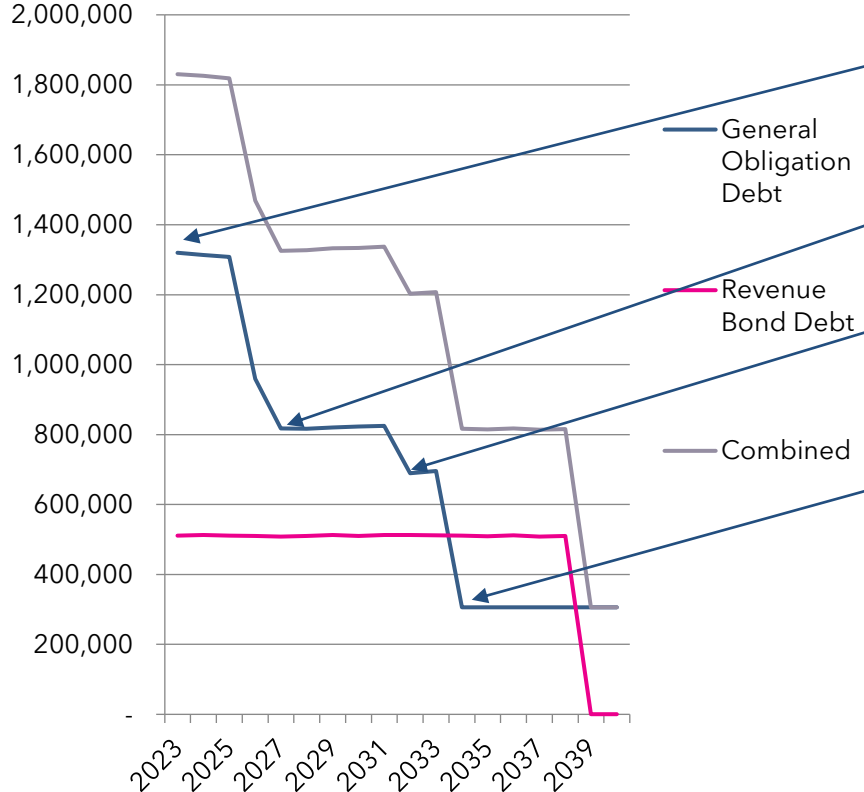
	Balance as of 12/31/2022	Approximate Annual Payment	Year Final Payment
<b>Governmental Funds</b>			
2012 Issue - City Hall	1,047,485	130,000	2031
2015 Issue - City Hall - Refund 2005 & 2009 (Portion related to 2005 issue)	4,370,000	350,000	2025
2015 Issue - City Hall - Refund 2005 & 2009 (Portion related to 2009 issue)		390,000	2033
2021 Issue - PW Building - Noll Road (Portion Allocated to Governmental)	2,006,844	306,000	2040
2020 - Network Switches	27,900	14,000	2024
2022 - LOCAL Program - Vehicles	492,139	138,000	2026
<b>Governmental Debt Payments</b>	<b>7,944,368</b>	<b>1,328,000</b>	
<b>Proprietary Funds</b>			
2021 Issue - PW Building - Noll Road (Portion Allocated to Utilities)	2,617,221	306,000	2040
Revenue Debt - Sewer	5,910,000	512,000	2038

# CURRENT DEBT PAYMENTS

## SCHEDULE OF FUTURE PAYMENTS



# WHAT THIS MEANS IN DOLLARS FOR GOVERNMENTAL FUNDS



- Annual Payments 2023                    \$1.2 million
- Annual Payments reduced in 2026 by \$348,000
- Annual Payments reduced in 2032 by \$137,000
- Annual payments reduced in 2034 by \$390,000
- All debt retired with final payment in 2040



# CURRENT DEBT CAPACITY BALANCE AS OF 12/31/2022

This Debt is controlled by assessed Valuation Debt Limits

		2023 Assessed Valuation	\$	2,822,114,209			
X 0.025	=	\$ 70,552,855	Limited for Combined Debt		Balance Available	\$ 59,991,376	
X 0.015	=	\$ 42,331,713	Limited for Non-Voted Debt		Balance Available	\$ 31,770,234	
					Balance Available for Voted Debt	\$ 28,221,142	

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# COMMITTED /OBLIGATED PROJECTS

# COMMITTED PROJECTS

## **Nordic Cottages - 2023-2024**

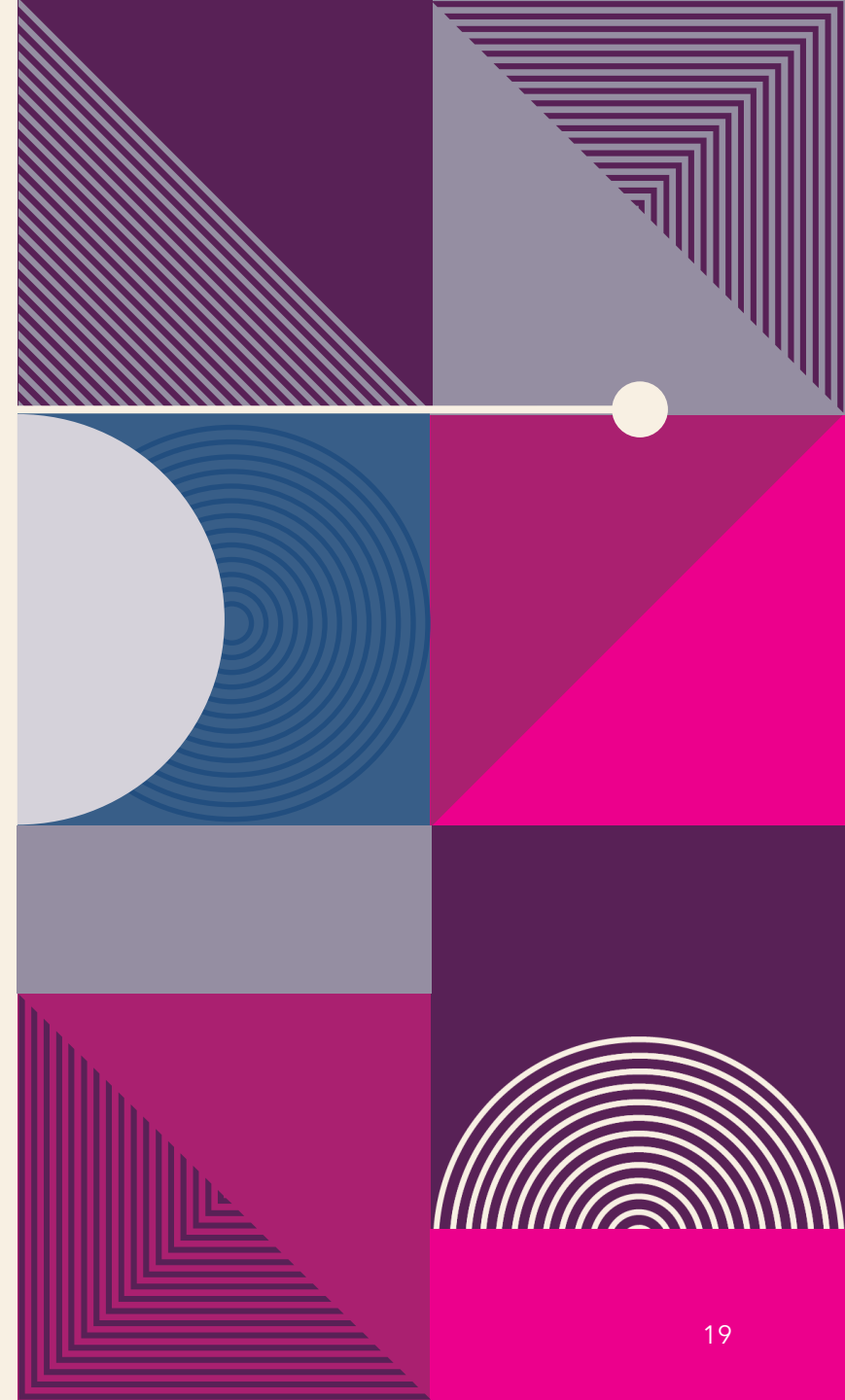
Total Project Cost - \$3.1 million

## **Nordic Cottages - Funding**

- Grants \$640,000
- Debt Issue \$2.5 million

## **Nordic Cottages Debt Structure/Funding**

- 20-year term (Based on 4.5% interest rate)
- Annual payment \$195,000
- Funding from Affordable Housing Sales Tax (Projected revenue approx. \$500,000/year)



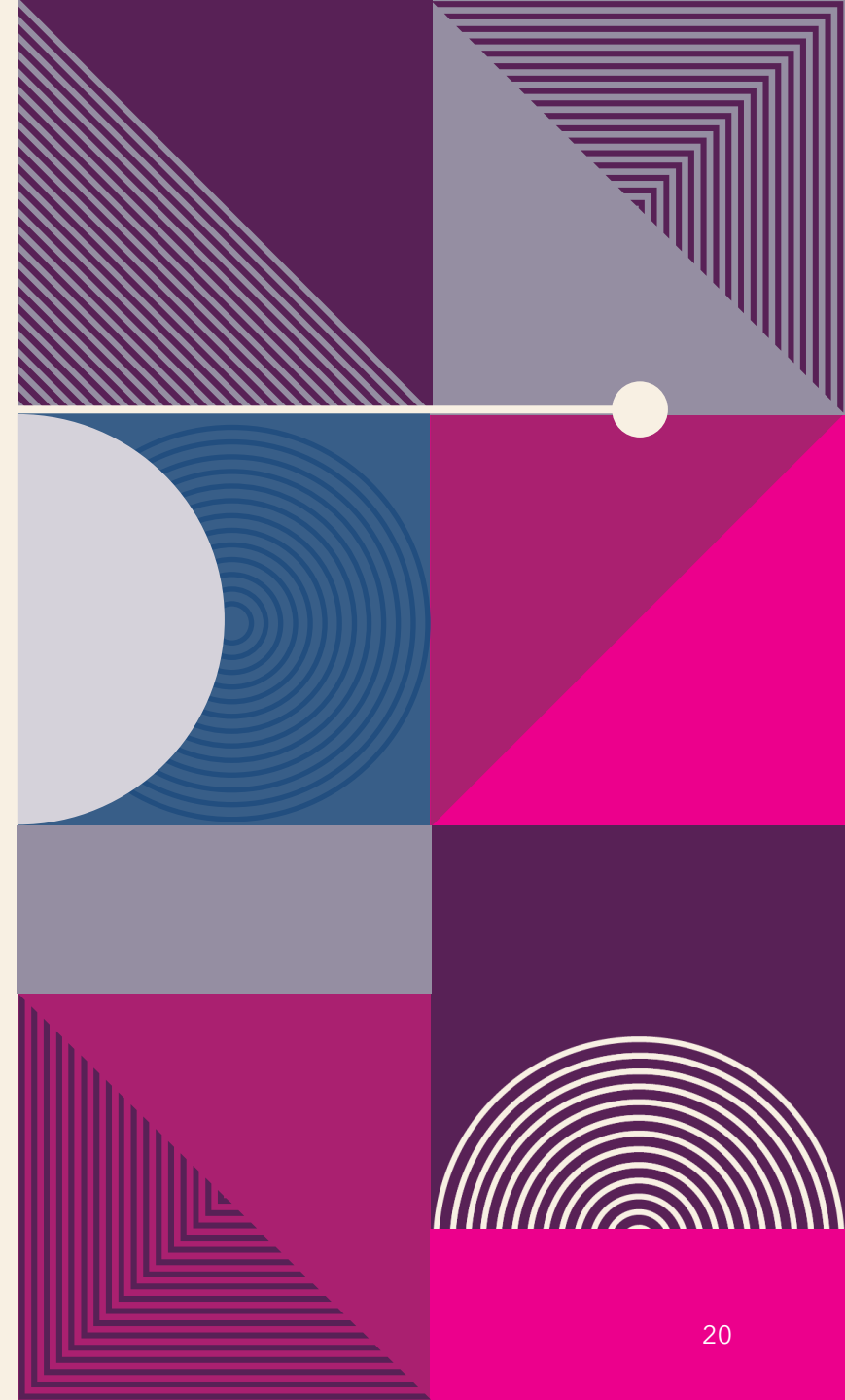
# COMMITTED PROJECTS

## ***RAAB Park Play for All-***

Total Project Cost - \$1.1 million

## ***RAAB Park Play for All- Funding***

- Grants \$879,000
- Donations \$110,000
- City Park Reserves \$100,000



# COMMITTED PROJECTS

## ***Noll Road (Next Phase)***

***2023-2026***

Total Project Cost - \$20.3 million

## ***Noll Road- Funding***

- Grants \$12.2 million
- Impact Fees \$3 million
  - Projected fund balance 12/2024 -\$485 thousand which will cover a portion of 2025 funding
- REET \$1.95 million
  - Project revisions will need to be made for future funding
- Debt Issue (2024) \$2.5 - \$3.5 million

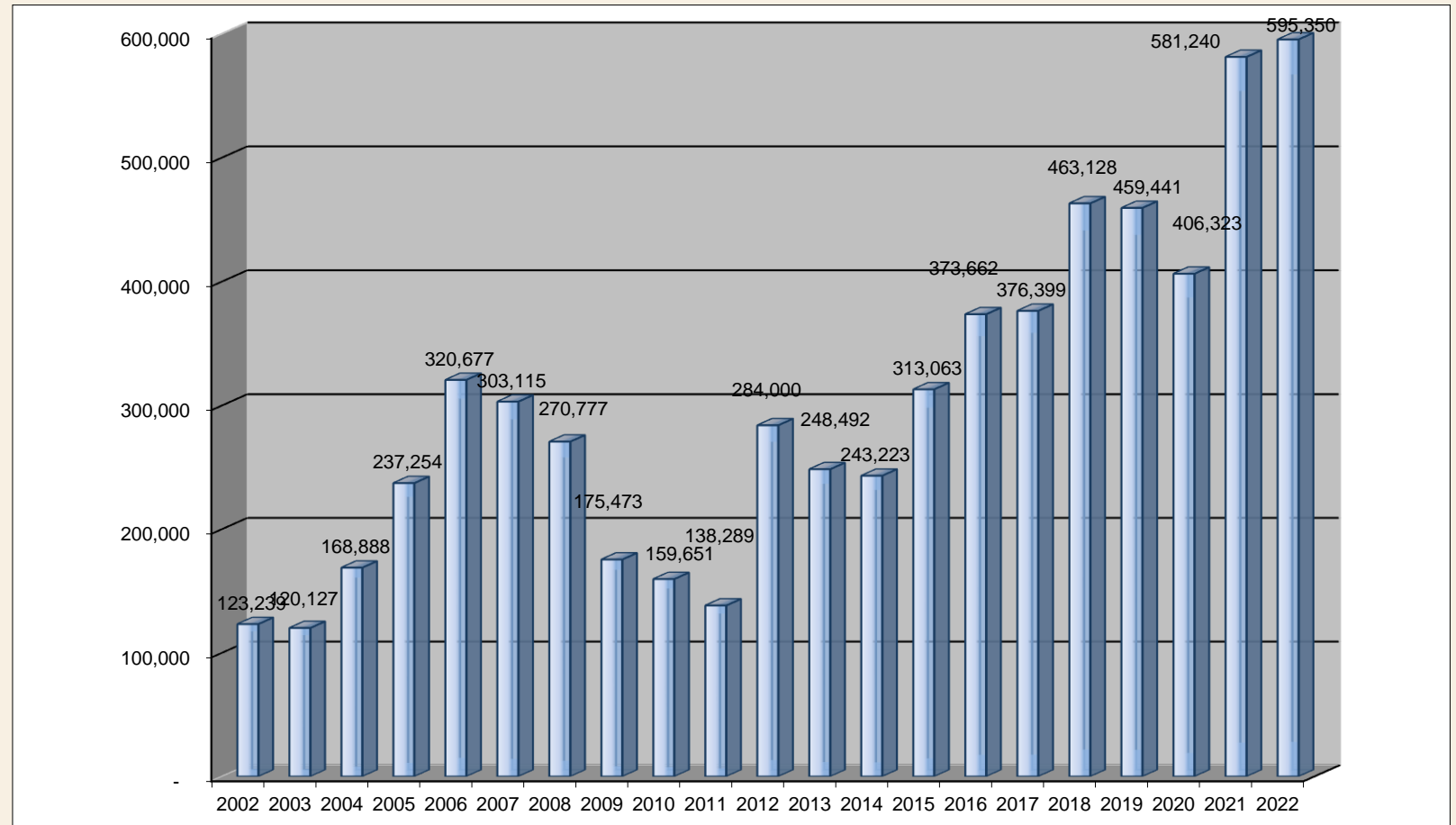
## ***Noll Road Debt Structure/Funding***

- 20-year term (Based on 4.5% interest rate)
- Annual payment (based on \$2.5 - \$3.5 million) \$195,000 - \$270,000
- Recommended Funding REET for debt payment
  - Will tie up future funds for 20 years
  - Require adjustments to projects on draft CIP

# REET REVENUE HISTORY

## % ALLOCATED TO TRANSPORTATION

YEAR	AMOUNT
2002	123,239
2003	120,127
2004	168,888
2005	237,254
2006	320,677
2007	303,115
2008	270,777
2009	175,473
2010	159,651
2011	138,289
2012	284,000
2013	248,492
2014	243,223
2015	313,063
2016	373,662
2017	376,399
2018	463,128
2019	459,441
2020	406,323
2021	581,240
2022	595,350
10 year average	406,032

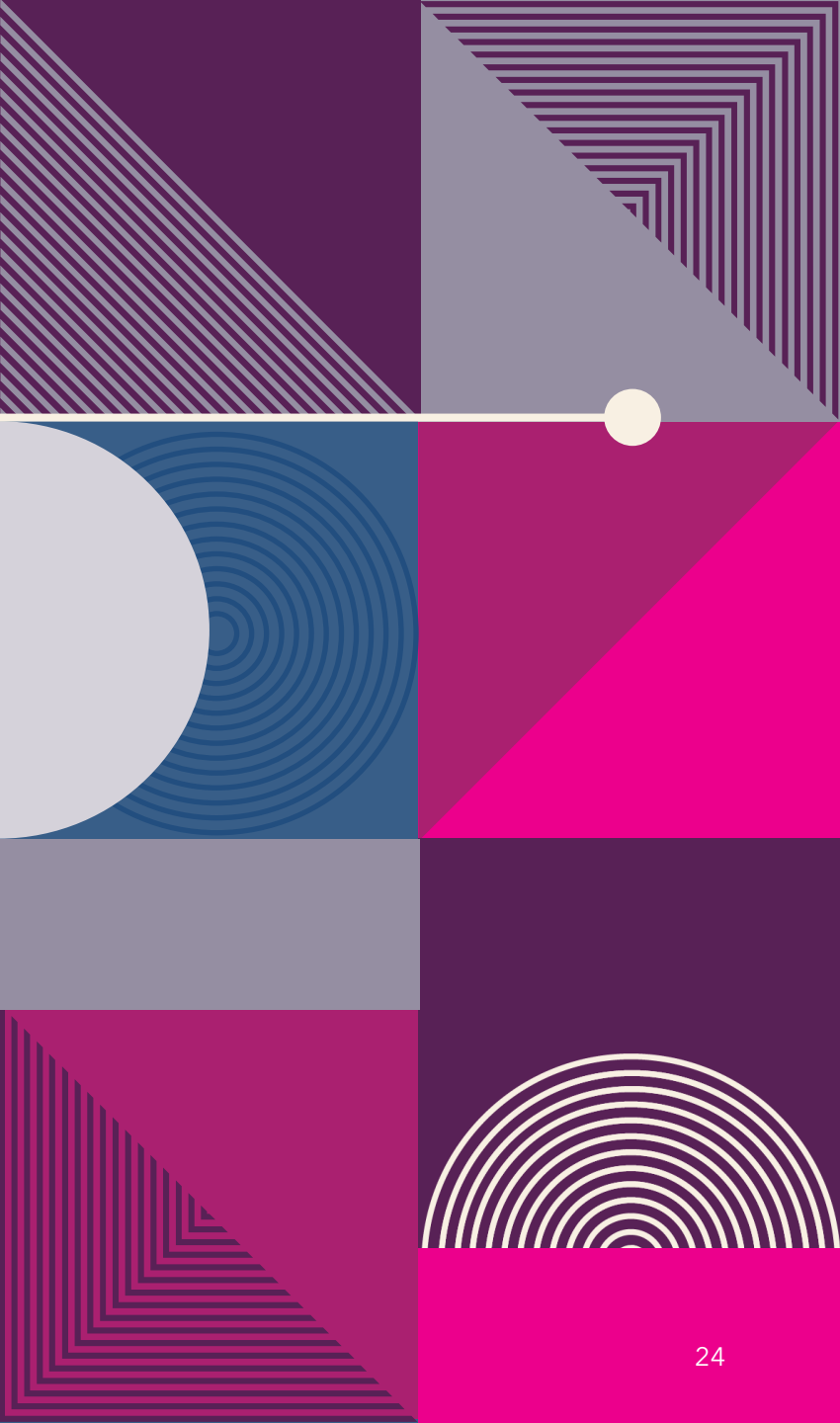


\*10-year averages were calculated for the ¼% of REET that pertains specifically to transportation. Total REET revenue for the City (inclusive of the other ¼%) is approximately double the numbers shown at left.

# FUND 123 - TRAFFIC IMPACT FEES

Fund 123 - Traffic Impact Fees	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Budget	2024 Budget Amended	2025 Budget	2026 Budget	2027 Budget	2028 Budget
Beg Balance	1,973,688	1,679,169	1,138,012	1,439,299	1,990,939	1,225,439	735,939	386,439	286,939	207,439
Interest	35,319	24,098	(163)	(14,271)	500	500	500	500	500	500
Fees	164,162	229,745	451,450	765,912	800,000	100,000	200,000	200,000	200,000	350,000
<b>Total Resources</b>	<b>2,173,169</b>	<b>1,933,012</b>	<b>1,589,299</b>	<b>2,190,939</b>	<b>2,791,439</b>	<b>1,325,939</b>	<b>936,439</b>	<b>586,939</b>	<b>487,439</b>	<b>557,939</b>
Transfers										
Finn Hill		795,000			-	-	-	-	-	-
Noll Road	450,000	-	150,000	200,000	1,406,000	500,000	550,000	500,000	-	-
Tunnel	44,000	-			-	-	-	-	-	-
Hostmark Overlay		-			-	-	-	-	-	195,000
8th Ave Improvements		-			-	-	-	-	100,000	-
10th Ave Overlay		-			-	-	-	-	130,000	-
4th Ave Sidewalks		-			-	-	-	50,000	50,000	150,000
3rd Ave		-			160,000	340,000	-	-	-	-
<b>Total Uses</b>	<b>494,000</b>	<b>795,000</b>	<b>150,000</b>	<b>200,000</b>	<b>1,566,000</b>	<b>840,000</b>	<b>550,000</b>	<b>550,000</b>	<b>280,000</b>	<b>345,000</b>
Fund Balance	1,679,169	1,138,012	1,439,299	1,990,939	1,225,439	485,939	386,439	36,939	207,439	212,939
Expected Fees										

# PROJECTS UNDER CONSIDERATION FOR PRIORITIZED FUNDING





# ANTICIPATED PROJECTS FOR PRIORITIZED FUNDING

## ***Poulsbo Event Recreation Center (PERC)***

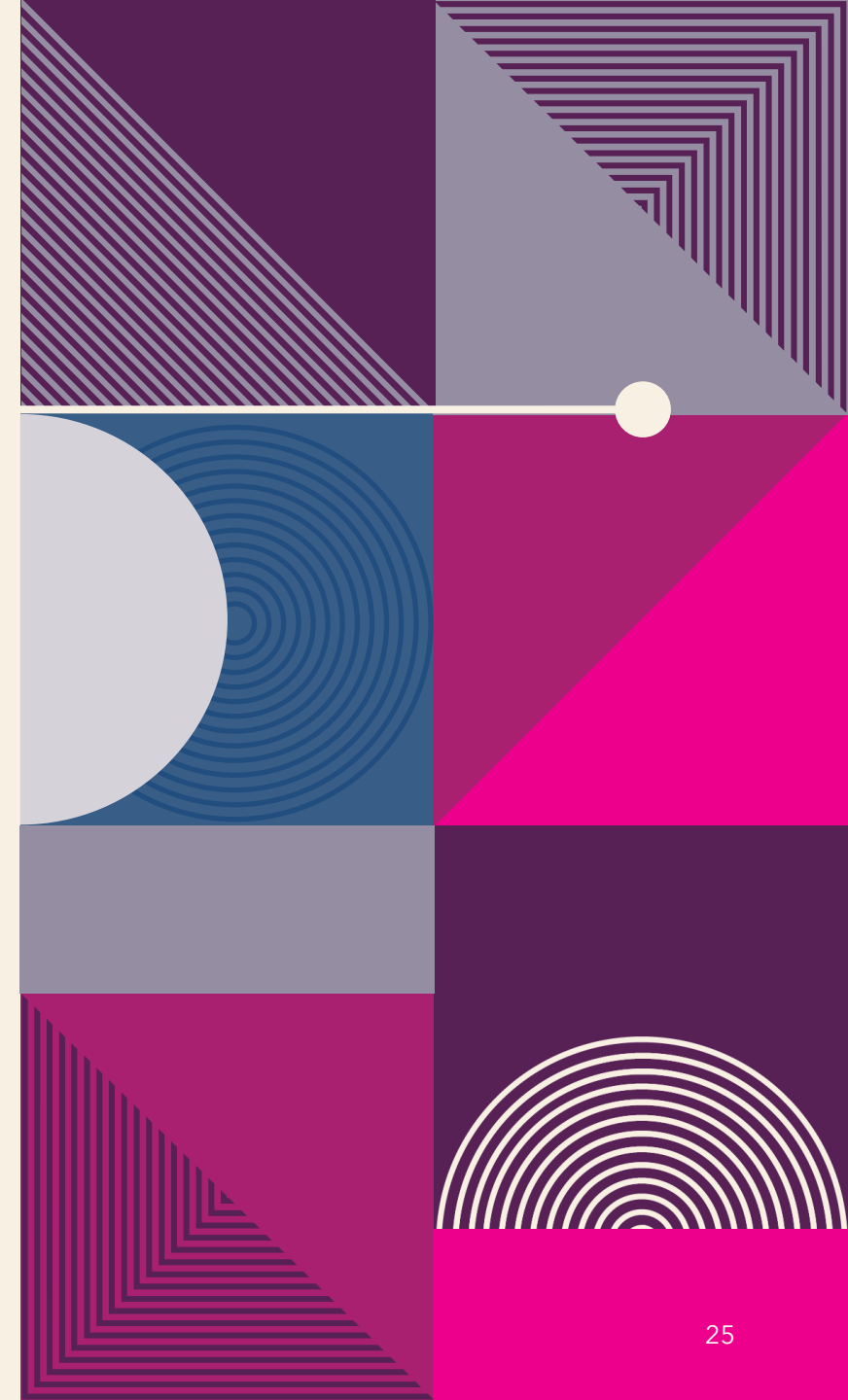
- Total Project Cost - \$13.9 million
- City's Share - \$4.5 million

## ***Poulsbo Event Recreation Center - Funding***

- PFD Grant \$9.3 million
- City Ballfields (Match) \$2 million
- City Debt \$2.6 million

## ***Poulsbo Event Recreation Center - Debt Structure/Funding***

- Annual payments \$200,000
- Funding Source - General Fund, REET



# ANTICIPATED PROJECTS FOR PRIORITIZED FUNDING

## ***Poulsbo Park Land Purchase***

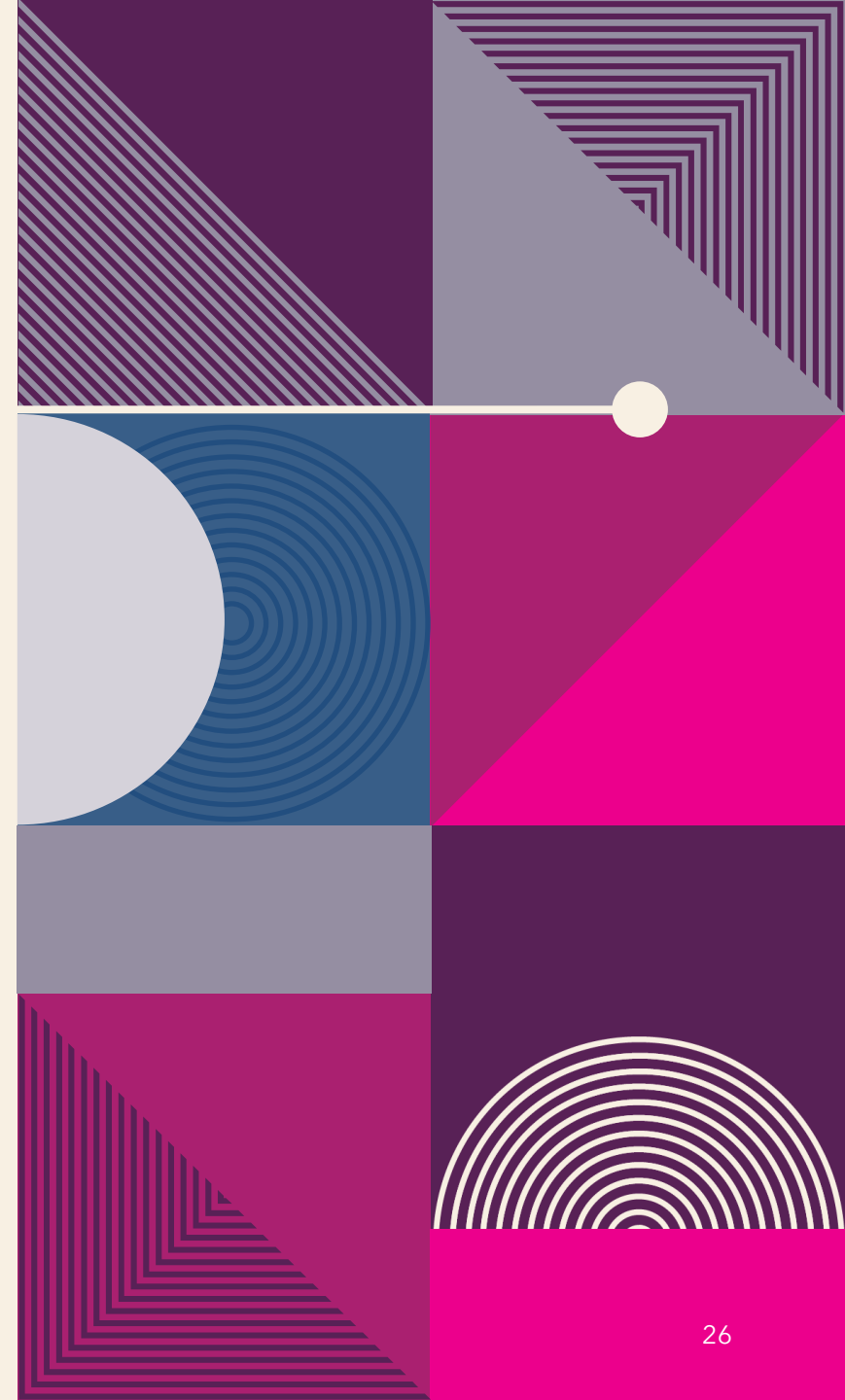
- Total Project Cost - \$2.5 million

## ***Poulsbo Park Land Purchase- Funding***

- Debt Issues \$2.5 million

## ***Poulsbo Park Land Purchase- Debt Structure/Funding***

- Annual payments \$195,000
- Funding Source - General Fund



# ANTICIPATED PROJECTS FOR PRIORITIZED FUNDING

## ***Poulsbo Public Works - Phase 3:***

***Inclusive of moving remaining operations from Iverson location to Viking Avenue***

***Exclusive of land mitigation/demolition cost***

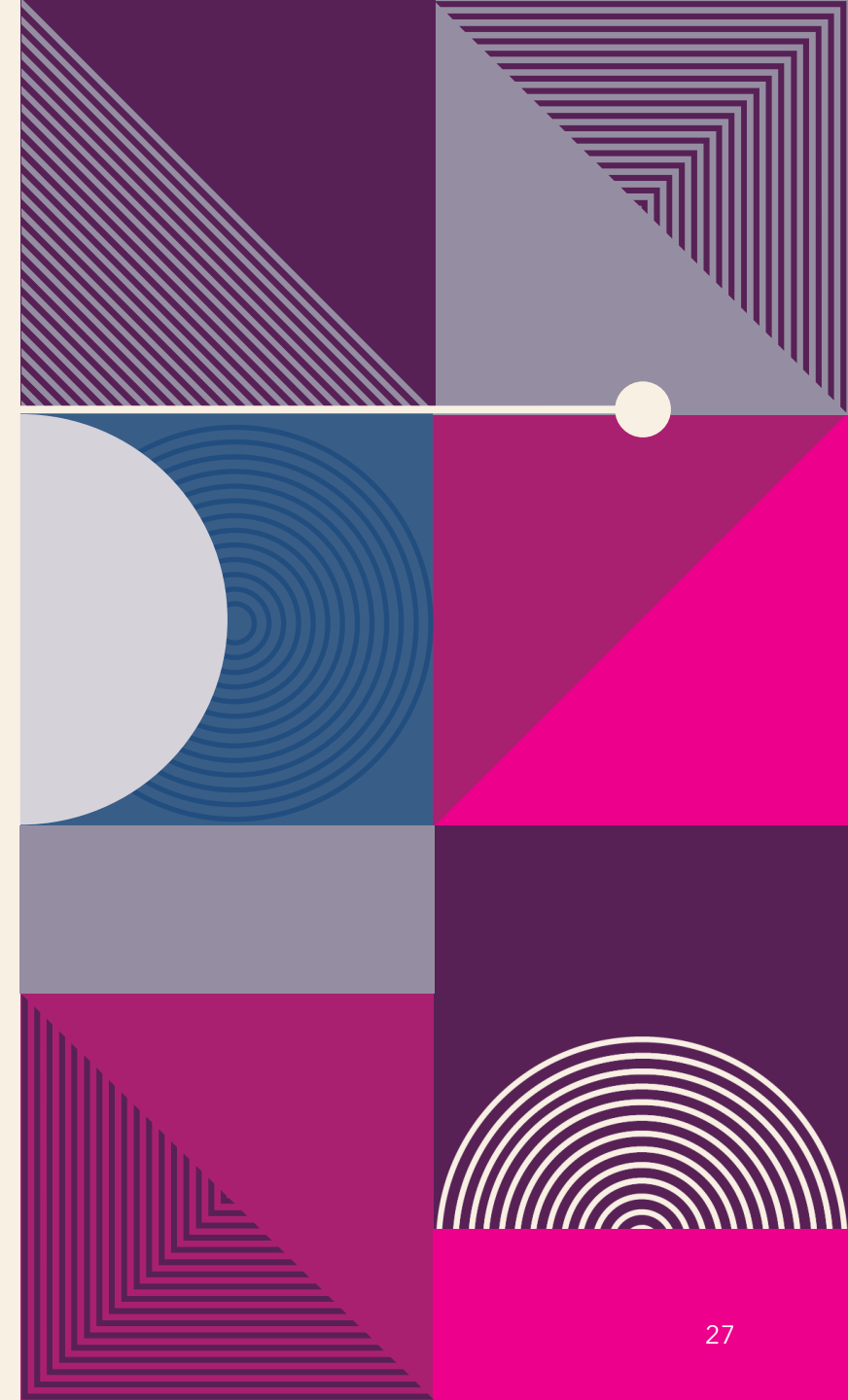
- Total Project Cost - \$8.5 million

## ***Poulsbo Public Works - Phase 3- Funding***

- Sale of current site \$400,000
- City Reserves \$500,000
- Debt Issue \$7.6 million

## ***Poulsbo Public Works - Phase 3-- Debt Structure/Funding***

- Annual payments \$590,000
- Funding Source -
  - General Fund 29% \$171,000
  - Utilities (71%) \$419,000



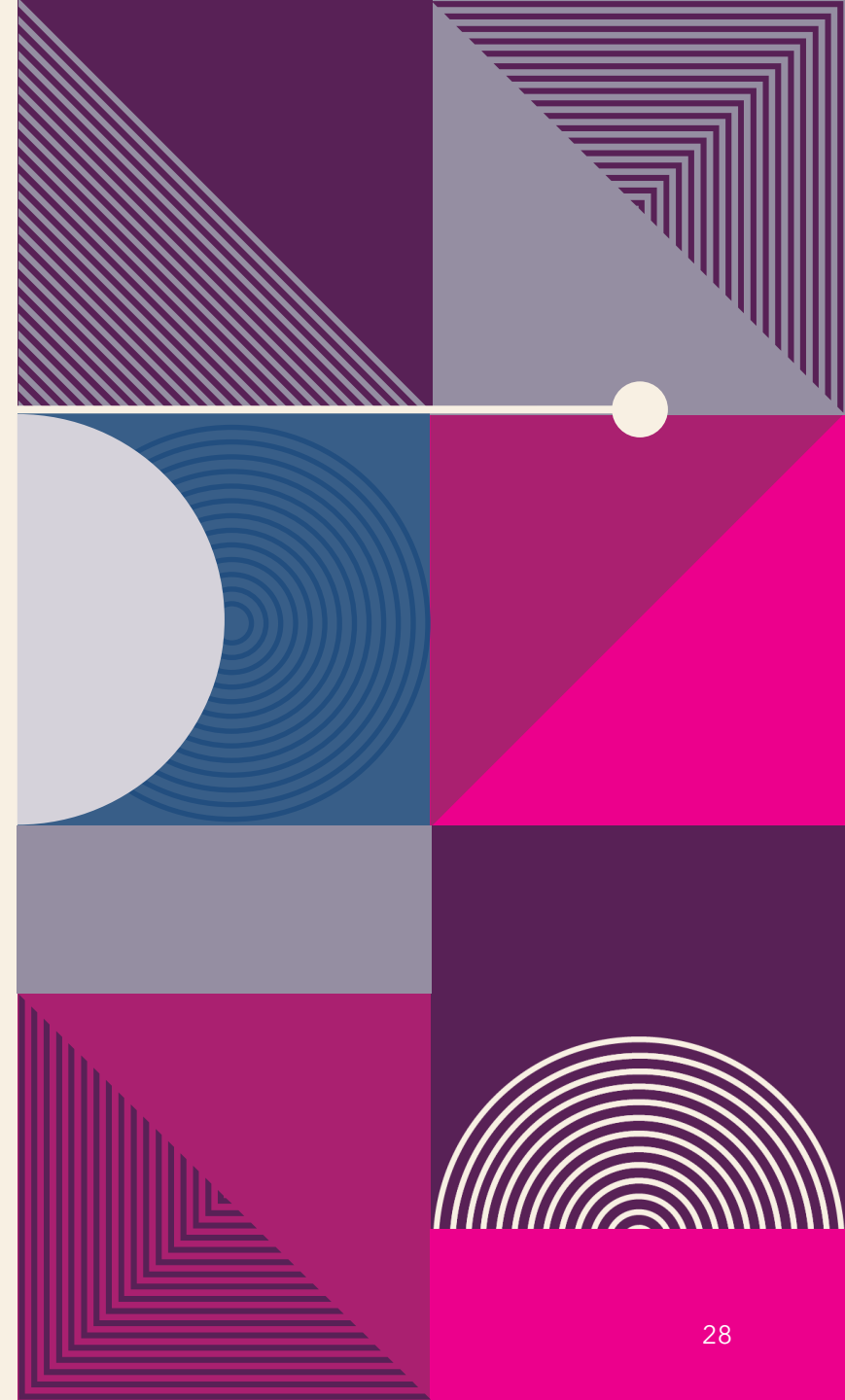
# ANTICIPATED PROJECTS FOR PRIORITIZED FUNDING

## ***3<sup>rd</sup> Avenue - Transportation Portion***

- Total Project Cost - \$2.3 million

## ***3<sup>rd</sup> Avenue - Transportation Portion***

- Grants \$1.5 million
- Impact Fees, REET, Reserves \$800,000



# ANTICIPATED PROJECTS FOR PRIORITIZED FUNDING

## **Waterfront Boardwalk**

- Total Project Cost - \$1 million

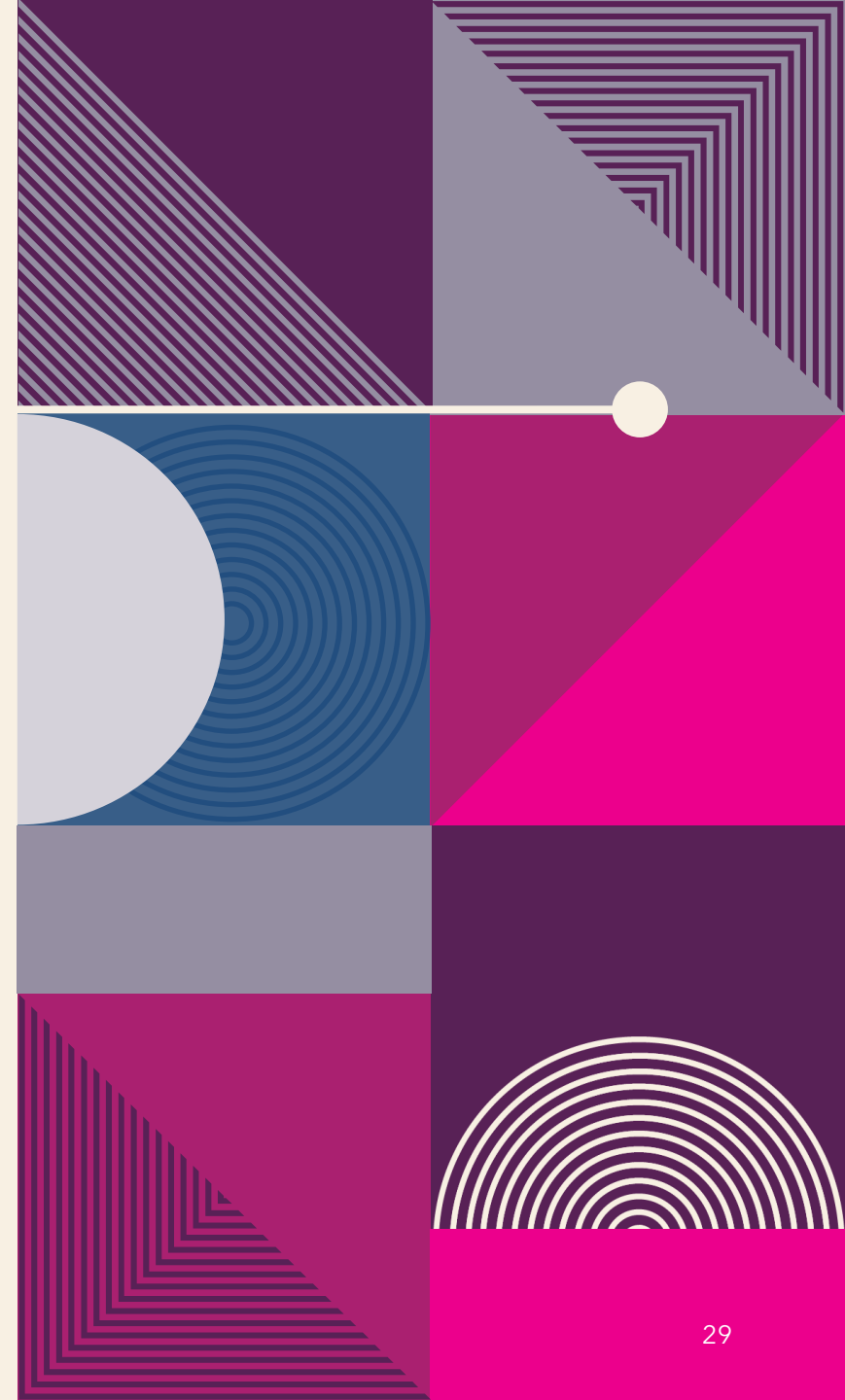
## **Waterfront Boardwalk- Funding**

- Debt Issues \$1 million

*Note: An issue in this amount would likely need to be combined with other projects.*

## **Waterfront Boardwalk- Debt Structure/Funding**

- Annual payments \$75,000
- Funding Source - General Fund/Park Reserves



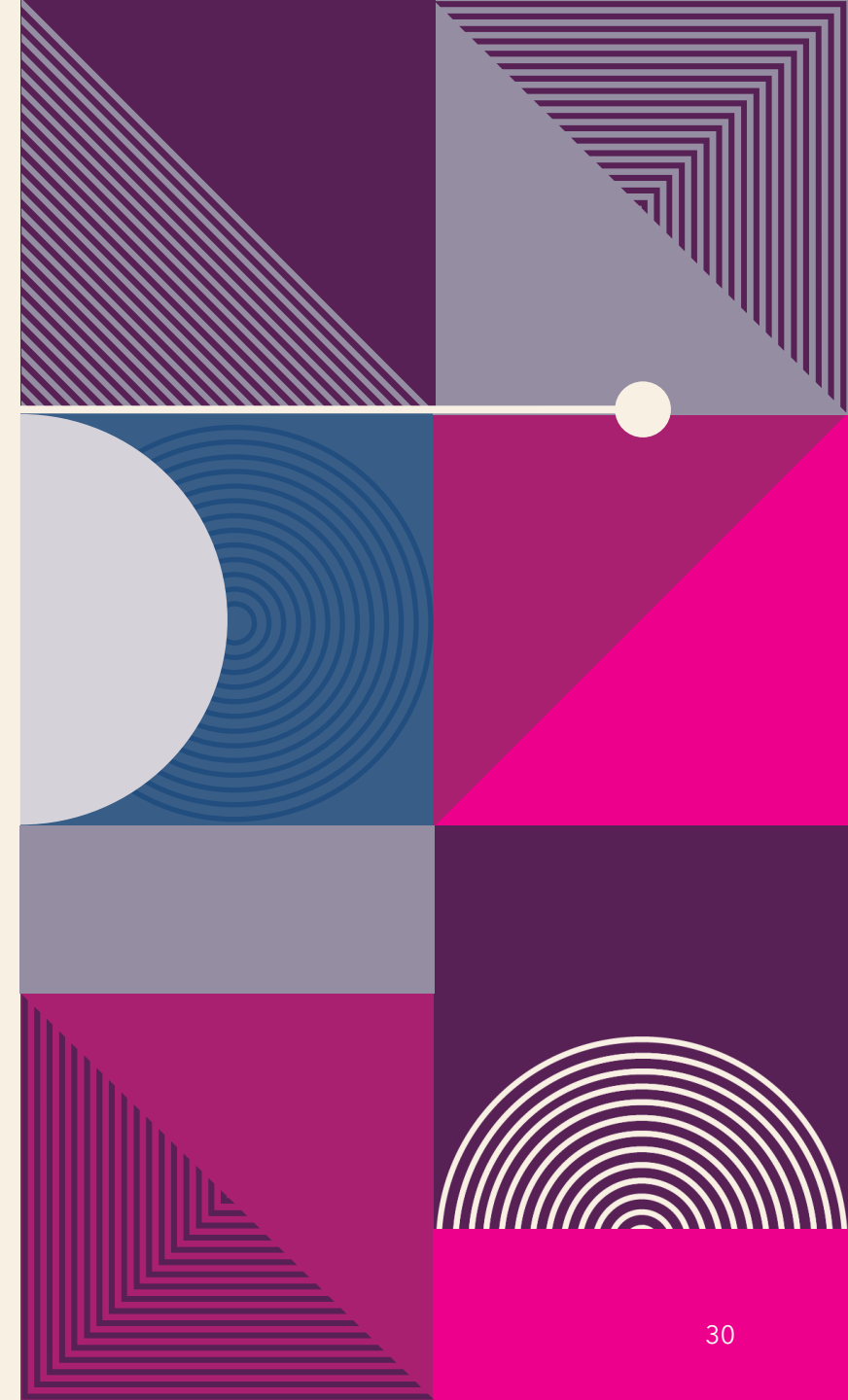
# ANTICIPATED PROJECTS FOR PRIORITIZED FUNDING

## ***8th Avenue - Transportation Portion***

- Total Project Cost - \$3.9 million

## ***8th Avenue- Phase 3- Funding***

- Grants \$3.3 million
- Impact Fees, REET, Reserves \$640,000



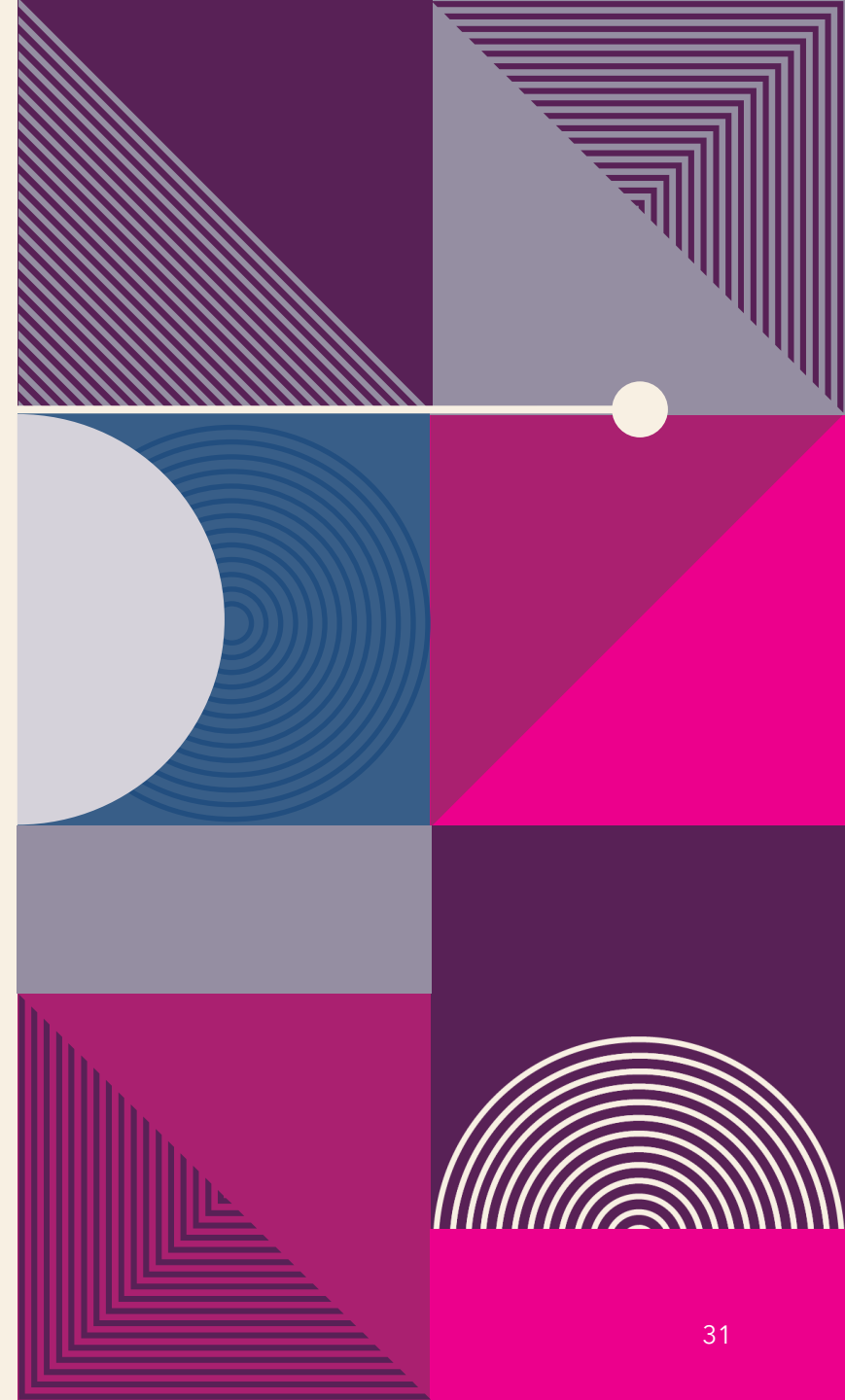
# ANTICIPATED PROJECTS FOR PRIORITIZED FUNDING

## ***Rotary Morrow Community Park***

- Total Project Cost - \$578,000

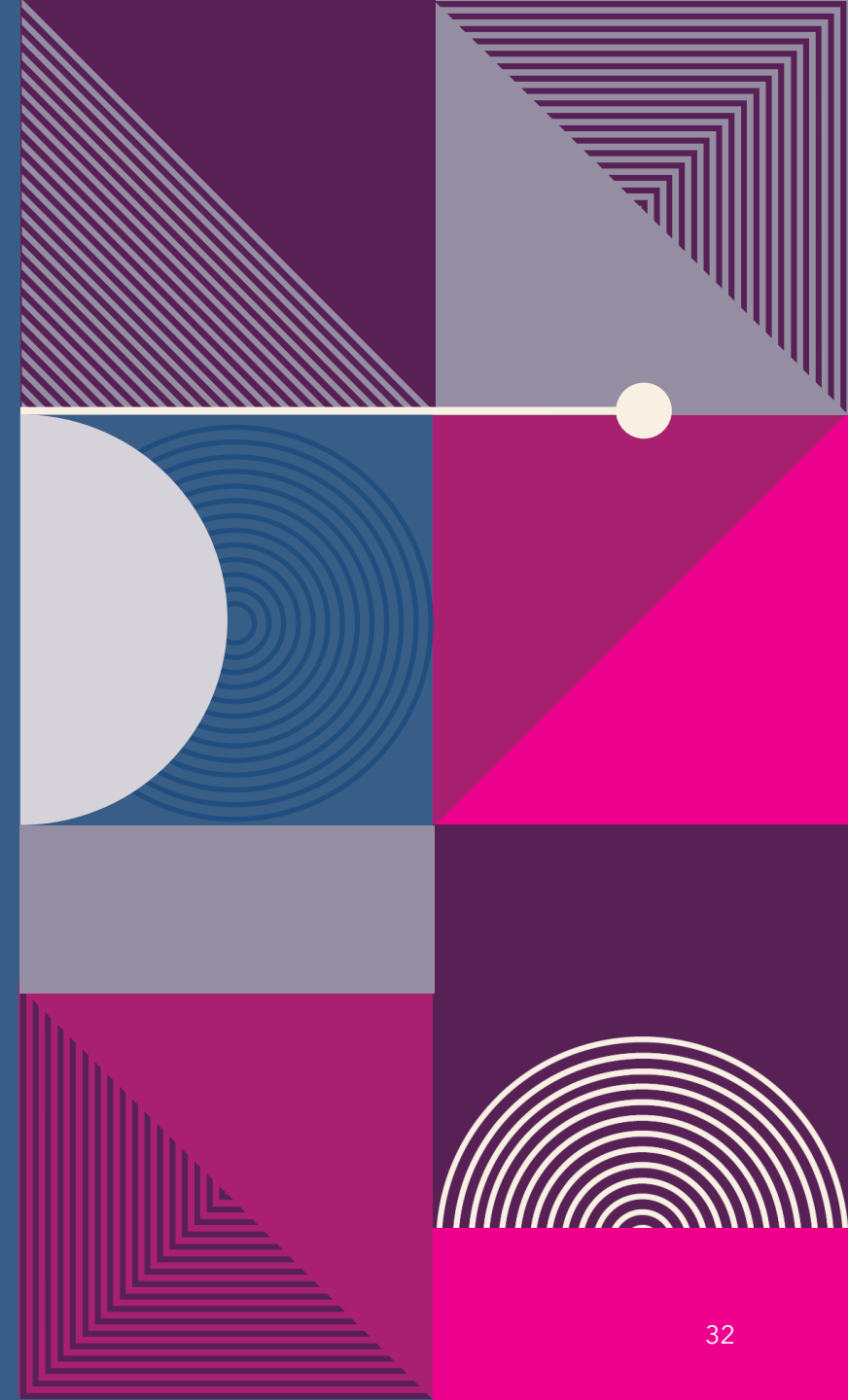
## ***Rotary Morrow Community Park- Funding***

- Grants \$195,500
- Park Reserves, Impact Fees, Donations \$382,500



# ADDITIONAL GOVERNMENTAL PROJECTS

## FOR FUTURE CIP DISCUSSION





# ANTICIPATED PROJECTS FOR PRIORITIZED FUNDING FUNDED WITH CITY RESERVES, IMPACT FEES, DONATIONS, FUTURE YEAR GRANTS

## **2024-2025**

- |                                 |          |
|---------------------------------|----------|
| • <i>Muriel Iverson Park</i>    | \$85,000 |
| • <i>Urban Paths and Trails</i> | \$55,000 |
| • <i>Sailing Floats</i>         | \$60,000 |
| • <i>Park Signage</i>           | \$70,000 |
| • <i>Nelson Roof</i>            | \$40,000 |

## **Future Years**

- |   |           |
|---|-----------|
| • Edwards Park                                    | \$450,000 |
| • Lions Park Restrooms                            | \$300,000 |
| • Play for All Expansion (Grants \$200,000)       | \$305,000 |
| • Poulsbo Skate Park                              | \$470,000 |
| • West Poulsbo Waterfront Park (Grants \$400,000) | \$550,000 |

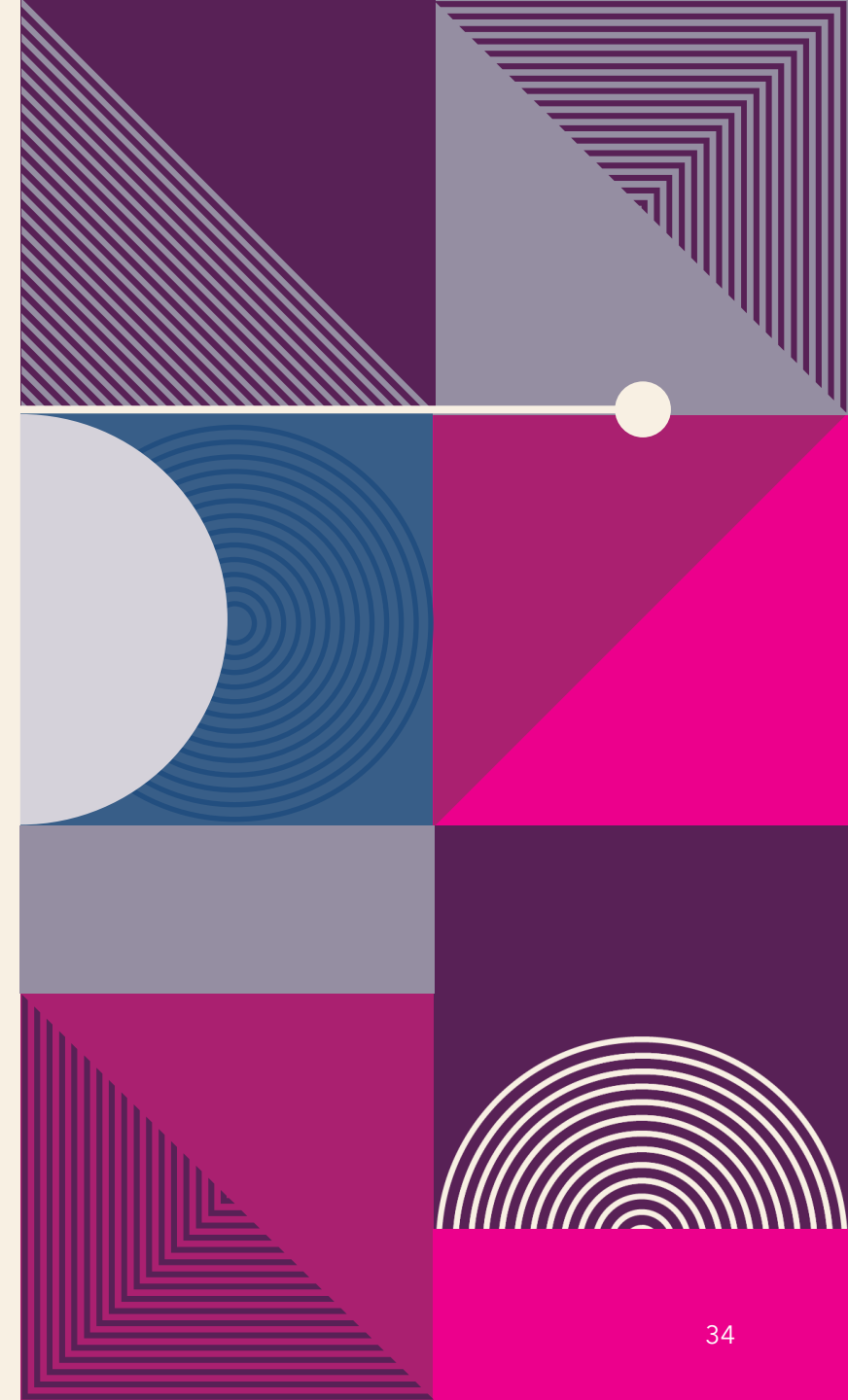
# ANTICIPATED PROJECTS FOR PRIORITIZED FUNDING FUNDED WITH CITY RESERVES, IMPACT FEES, DONATIONS, FUTURE YEAR GRANTS

## 2024-2025

- *Liberty Bay Trail* \$2 million
  - *Grants have been accepted in the past with possible expiration obligations*

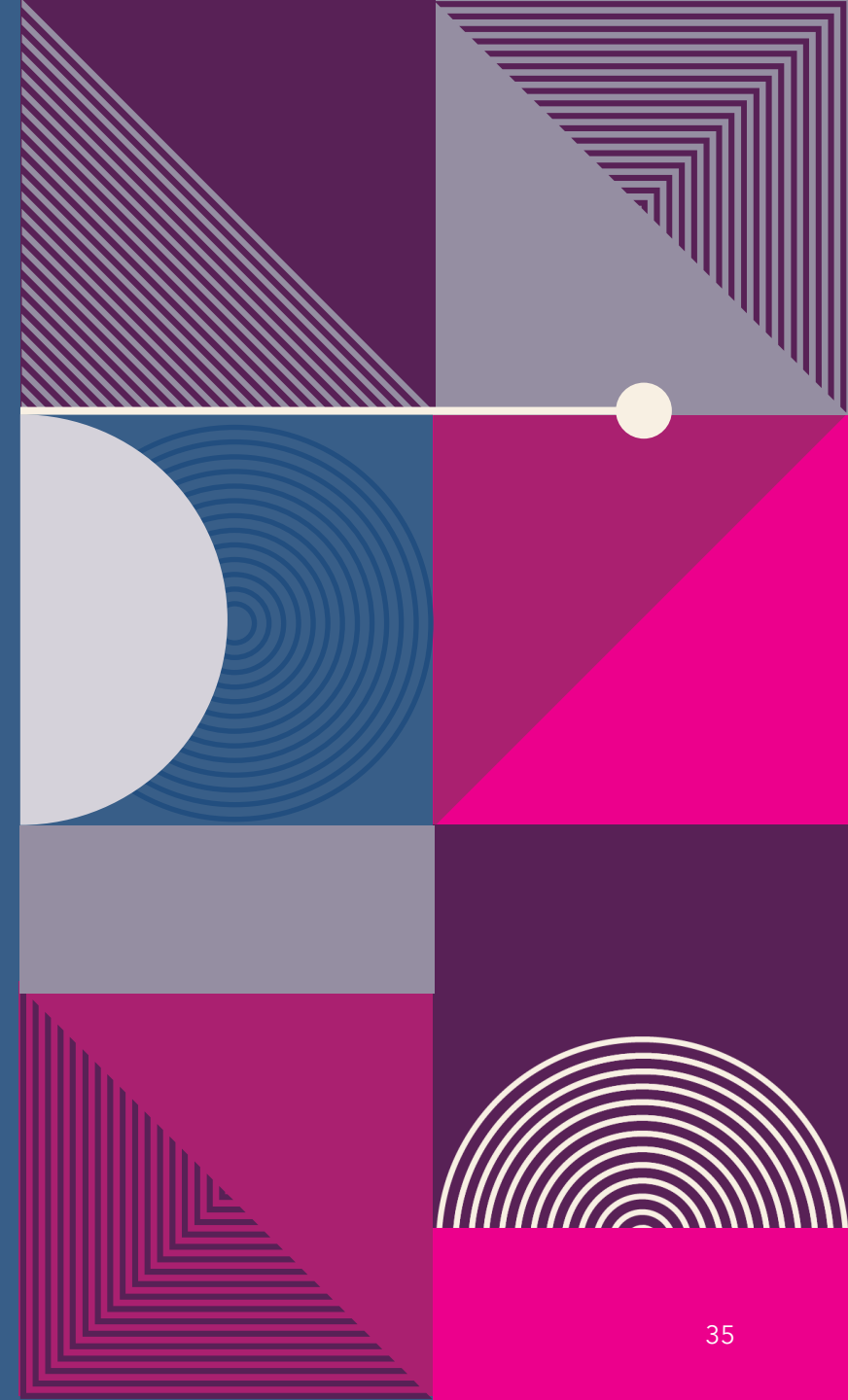
## Future Years

- 4<sup>th</sup> Avenue Sidewalks \$850,000
- 10<sup>th</sup> Avenue Overlay \$580,000
- Finn Hill Overlay \$1.1 million
- Front Street Restoration \$1 million
- Front Street Improvements (Grants \$2.3 Million) \$2.5 million
- Hostmark Overlay (Grants \$405,000) \$600,000
- Mesford Avenue (Grants \$500,000) \$700,000



# ADDITIONAL PROPRIETARY PROJECTS

## FOR FUTURE CIP DISCUSSION



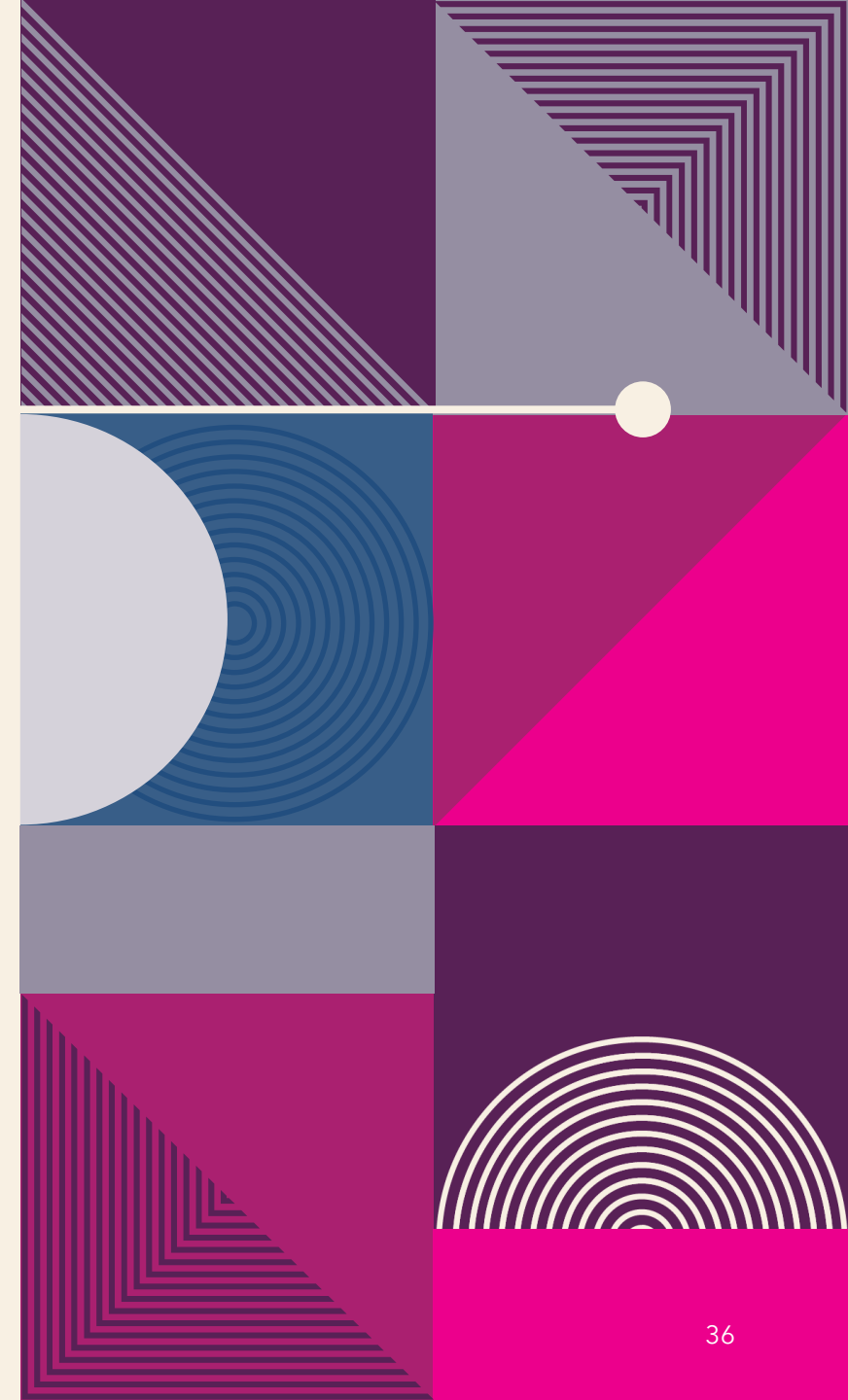
# ANTICIPATED PROJECTS FOR PRIORITIZED FUNDING WATER

## **2024-2025**

• 340 Zone Fire Flow 4 <sup>th</sup> Ave	\$250,000
• 3 <sup>rd</sup> Avenue Water (Combined Project)	\$700,000
• Caldart Main	\$700,000
• Front Street Water Replacement	\$1.1 million
• Noll Road Water	\$200,000
• Raab Park Tank	\$1.7 million
• Westside Well Emergency Access	\$120,000
• Well WFD Upgrades	\$200,000

## **Future Years**

• Big Valley Well #3	\$1.7 million
• Finn Hill Tank Retrofit	\$1.8 million
• Hostmark Pipe SR 305 crossing	\$1.8 million
• Old Town Water Main Replacement	\$350,000
• Wilderness Tank Retrofit	\$2.2 million



# ANTICIPATED PROJECTS FOR PRIORITIZED FUNDING SEWER

## **2024-2025**

- |   |              |
|---|--------------|
| • Kitsap County Projects                    | \$17 million |
| • 3 <sup>rd</sup> Avenue (Combined Project) | \$500,000    |
| • Alasund Pump Station                      | \$1 million  |
| • Lindvig Pump Station                      | \$600,000    |
| • Noll Road Improvement                     | \$70,000     |

## **Future Years**

- |                             |               |
|-----------------------------|---------------|
| • Kitsap County Projects    | \$7.4 million |
| • Old Town Sewer Upgrade    | \$240,000     |
| • Poulsbo MH Sewer Re-Route | \$350,000     |
| • Sewer CIPP Lining         | \$375,000     |
| • Sr 305 Force Main         | \$2.8 million |
| • Revenue Debt Issue        | \$2.4 million |

# ANTICIPATED PROJECTS FOR PRIORITIZED FUNDING STORM DRAIN

## **2024-2025**

• 3 <sup>rd</sup> Avenue (Combined Project)	\$200,000
• American Legion Park Outfall	\$470,000
• Noll Road Improvement	\$70,000
• Dogfish Creek Retrofit	\$1 million
• High School Ball Fields	\$200,000
• West Poulsbo Waterfront Park	\$2.4 million
• Grant funds \$1.6 million	

## **Future Years**

• 8 <sup>th</sup> Avenue Culvert	\$625,000
• Bjorgen Creek Culvert Replacement (Deer Run)	\$1 million
• Central Poulsbo Culverts	\$300,000
• Noll Road Storm - LID Retrofit	\$600,000
• Ridgewood/Kevos Pond	\$400,000
• Storm CIPP Lining Project	\$375,000
• Forest Rock Hills (SR 305) Outfall	\$125,000



# WHAT IT TAKES TO IMPLEMENT NEW RESOURCES

# RESOURCE OPPORTUNITIES

## B&O TAX

- Business and Occupation Tax
  - Council Approval
    - If tax rate is less than .2%
    - Setting minimum gross earnings \$150,000 (same as Bainbridge)
  - Resources needed -
    - In- house (Estimate \$150,000)
      - New Software
      - Additional personnel
      - Code Enforcement
  - Pro's
    - Additional Revenue to the City - Hard to predict until costs are researched - Estimated \$600,000
  - Con's
    - Will require audit of businesses/code enforcement
    - Businesses Community reaction to possible business impact



# RESOURCE OPPORTUNITIES

(B & O CONTINUED)

- Implementation Steps
  - Will need to follow referendum procedure (work with City Attorney)
    - Public Hearing
    - Ordinance
  - Timing
    - Quarterly reporting/collections
    - Implementation date for businesses
      - This will need lead time to allow for businesses to set up reporting methods, budget for impact (increased expenditures, pricing impact)
    - Allow time for communication to business community and set up City processes
- Timing recommendations
  - Best possibility - January 2025
  - Earliest could be July 1, 2024 (?)

# RESOURCE OPPORTUNITIES

## LEVY LID LIFT

- Will Require simple majority of voters
- No minimum turnout
- 6-year limitations/renewal
- Statutory limit for \$1.60 rate still applies.
- Current 2023 Rate - \$1.03
  - Creates Revenue of \$2.9 Million
- Lift at current assessed value at rate of \$1.60 = \$4.5 Million
- Increase of approximately \$1.5 Million. Is dependent on assessed value not declining
- Would recommend a permanent lid lift option or when the term expires will revert back as if levy never occurred.
- Can be used for any governmental use unless ballot specifies specific pupose.
- Timing - Costs Involved
  - Ballot Issue
  - Promotion
  - Most likely more than a year

# RESOURCE OPPORTUNITIES

## LEVY LID LIFT (CONTINUED)

- Ballot timeline 2024 - 2025
  - Soonest could collect revenue is 2025

Key Dates for Voted Revenue Increases				
Election	Filing deadline	Election date	Approved sales tax changes take effect (RCW 82.14.055)	Approved property tax changes take effect (RCW 84.52.070)
2023 Primary	Already passed	August 1, 2023	January 1, 2024	2024
2023 General	August 1, 2023	November 7, 2023	April 1, 2024	2024
2024 Feb. Special	December 15, 2023	February 13, 2024	July 1, 2024	2025
2024 Apr. Special	February 23, 2024	April 23, 2024	January 1, 2025	2025
2024 Primary	May 3, 2024*	August 6, 2024	January 1, 2025	2025
2024 General	August 6, 2024	November 5, 2024	April 1, 2025	2025

# RESOURCE OPPORTUNITIES

## PARKING FEES

- Paid Parking
- Council Approval
  - Public Hearing
- Resources needed
  - Outsource - Contract Out Services
    - Best Scenario - City receive percentage of revenue
  - Infrastructure
- Pro's
  - Possibility of Parking Excise Tax - Capturing Port Parking Lot and Marine Science Center
  - Additional Revenue to the City - Hard to predict until costs are researched, rates set and which parking spaces to consider but the Mayor is thinking in the range of \$500,000 (City Hall Garage and Anderson Parkway) before expenses.
- Con's
  - Will require enforcement
  - Additional court time to mitigate parking tickets
  - Citizens and Downtown Businesses reaction to possible business impact
- Implementation timeline
  - Council Action
    - Public Hearing
    - Ordinance Adoption
  - RFP for Company to provide services
  - Installation

# RESOURCE OPPORTUNITIES

## CANNABIS ALLOWANCE

- Cannabis Retail Establishments Allowed in City
  - Council Approval - City Code establishing allowable locations
  - Approval would allow City to Collects portion of State Shared Revenues - Approximately \$15,000
  - Retail Sales Tax would be generated if establishment opens in Poulsbo (estimated \$60K - \$100K)
  - Community social perceptions
- Timelines
  - Council approval - code amendment
  - Notification to state for shared revenue eligibility
  - Retail establishment to open for business

# RESOURCE OPPORTUNITIES

- Miscellaneous Future Options
  - Voted Debt -
    - Requires 40% minimum voter turn out and 60% passing rate
  - Park District - .75 Property Tax
    - Vote is simple majority
    - Can be supported by the City, but cannot run campaign
    - Is a separate taxing district with separate governing board
    - Could contract with the City for administrative/accounting services



# ADDITIONAL REQUESTS NOT CIP RELATED

- Working through Mid-Biennium Amendment Process
- Known requests for future funding - Council prioritized
  - City Administrator
    - Estimated net cost \$150,000 - \$200,000
  - Police Staffing
  - Engineering Staffing
  - Public Works Staffing

# NEXT STEPS

- Prioritize projects and funding options
- Mid-Year Biennium Budget Amendment Process





**THANK YOU**

Questions?