


City of **Port Townsend** 

2023
Annual Report

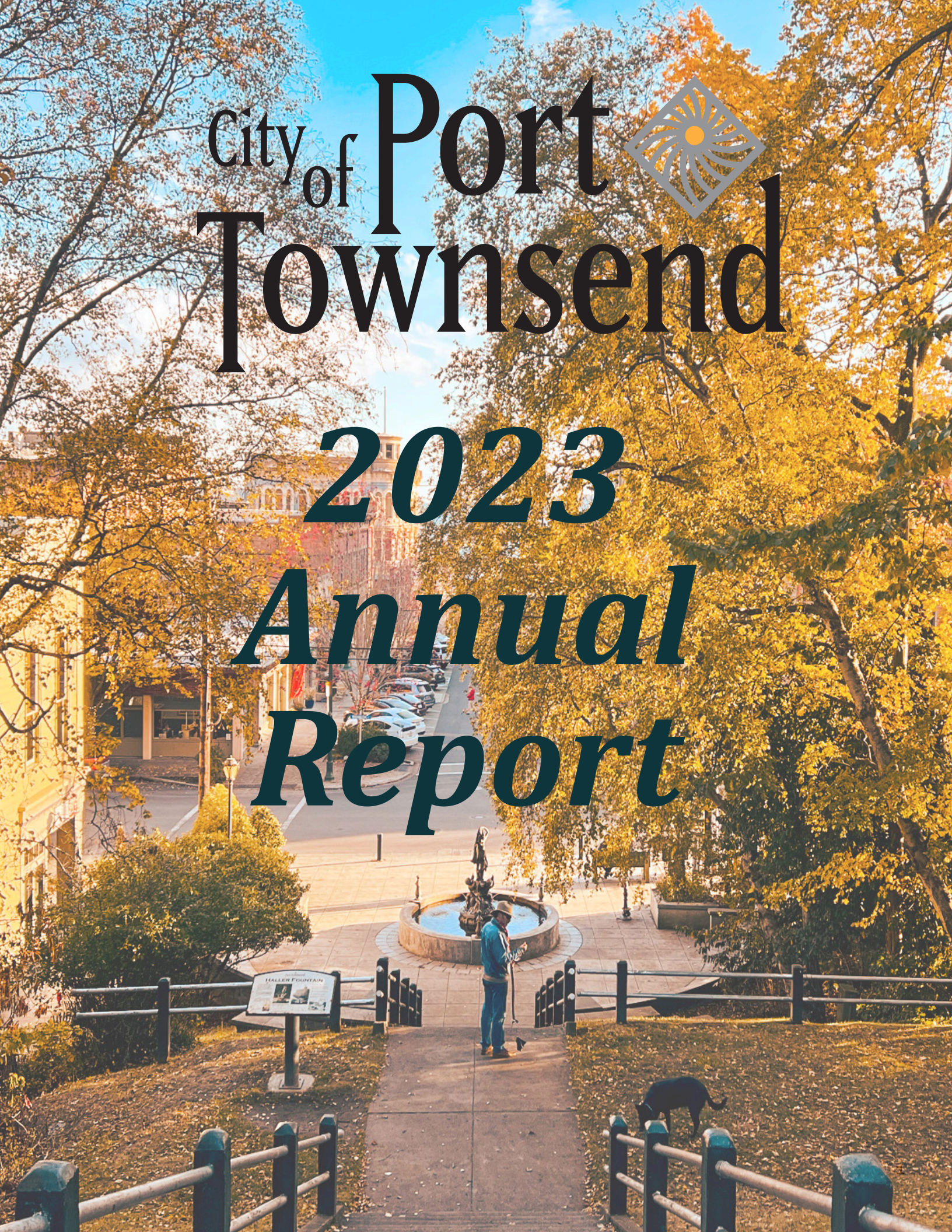


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Land Acknowledgement

The land that we know as Port Townsend was first known as a thriving village of the S'Klallam People; this village was called qatáy ("kuh-tai"). The S'Klallam's well-known chief, čičməhán ("cheech-muh-hann"), or Chetzemoka, was born at qatáy in 1808. While this area belonged, and still belongs, to the S'Klallams, it is acknowledged that other local tribes camped along the beaches as they visited or moved along in their travels. The City of Port Townsend honors the sovereignty and treaty rights of the three S'Klallam/Klallam Tribes that are tied to this area and continues to strive in partnership for the betterment of our local Indigenous Peoples.

Your Elected City Council



Mayor
David Faber



Deputy Mayor
Amy Howard



Councilmember
Aislinn Palmer



Councilmember
Ben Thomas



Councilmember
Libby Wennstrom



Councilmember
Monica MickHager



Councilmember
Owen Rowe



Introduction

The currents of change keep swirling, but we're keeping a steady course and covering good distance.

In 2023, we worked together to take on major challenges, including some that have vexed us for many years. For instance, we secured sustainable funding for local streets, agreed to a 24-year vision for the PT Golf Park, adopted a master plan for the Evans Vista neighborhood development, and demolished the fraught Cherry Street/Carmel Building. It's been an exciting time as we invest in our future. Of course, that's alongside steady delivery of the services we all depend on, from water to wastewater, permits to preparedness, audits to accounts payable, recruitment to records management, library resources to legal services, and more.

In 2023, we also completed our national award-winning Financial Sustainability Initiative, including a major report and a set of videos on streets, housing, parks, and sewer. That project puts wind in our sails and helps chart our path for the current year

and beyond, with our sights set on some exciting destinations. Our Comprehensive Plan update, for instance, takes on middle-housing, climate resilience, active transportation, urban forestry, and more, building a vision of what we want our community to be in 2045. Much of that planning work happens in 2024 and we are eager for all in Port Townsend to participate in the journey and be part of shaping the vision.

For more, we invite you to read through the pages of this Annual Report. It's meant to be an accessible, brief way for you to learn about our key accomplishments in 2023, a few examples of mistakes made and lessons learned, our financial position, and what is in store for 2024. Please have a read, learn more about how our city works, and consider how you might actively engage with us to build and sustain what makes this place and our people special.

A blue ink signature of Mayor David Faber, consisting of a large, stylized 'D' followed by a series of loops and a long horizontal stroke.

A blue ink signature of City Manager John Mauro, featuring a large, sweeping 'J' followed by several horizontal strokes and a long, trailing line.

Mayor David Faber and City Manager John Mauro

Serving the Community

Key Achievements in 2023

In 2023, we achieved big things and challenged the status quo. For instance, we:

- Delivered the Financial Sustainability Task Force Report and a new video series.
- Finalized the Comprehensive Streets Program and created a Transportation Benefit District (TBD) that passed a 0.3% sales tax on the November ballot.
- Began construction on \$5.5 million Discovery Road project.
- Determined the future of Evans Vista, finalizing and adopting the Development Master Plan.
- Finalized a 24-year lease agreement with Friends of the Port Townsend Golf Park for sustainable operations, enhanced access, and investments at the 58-acre municipal property.
- Delivered the Tactical Infill project, prioritizing and delivering targeted, timed, and impactful zoning changes to help unlock and inspire affordable, dense, quality infill development.

Our key accomplishments are grouped by the priority themes of our strategic workplan on the following pages.

City departments, community partners, and City Council work together cohesively to advance positive outcomes for our community. We do these initiatives to deliver better on the basics, but we have to juggle these special projects with the core work. All our strategic initiatives impact the work we do every day.



1. Invest in our People

Core Objective: Build and nurture the capacity of our staff, teams, volunteers, advisory board members, Councilmembers, and partnerships and provide them the toolsets, skillsets, and mindsets to achieve more together.

Key achievements in 2023 include:

- Agreed and signed a 3-year Collective Bargaining Agreement with the Police Union.
- Developed and implemented non-represented staff compensation and salary review and policy.
- Developed and implemented skills enhancement program to incentivize staff professional development and progression.
- Bolstered staff recruitment approaches and tools to draw in quality talent for City positions.
- Implemented cybersecurity measures and training to 100% of the organization.
- Created an Equity, Access, and Rights Advisory Body now seeking candidates.
- Held a 3-day high performance leadership training for all department directors and city manager, alongside municipal partners, with initiatives deployed across the organization.
- Constructed City Hall improvements to support customer service and staff work environment.
- Supported three successful graduates of the Northwest Women's Leadership Academy.
- Hired a new People and Performance Director to lead the department and take our internal Human Resources functions to the next level.
- Staffed up and invested in the Police team.

Why: A strategic, engaged, empowered, and equipped team is integral to supporting a great community and our aspirations. Ensuring the City has the staffing, resources, tools, and infrastructure to deliver the services our community depends on – both today and for the long-haul – is paramount for our collective success.



2. Engage our Community

Core Objective: Build beyond notification and response to more deeply and inclusively engage our community in decisions that affect their lives and livelihoods as well as ground civic dialogue in civility and kindness.

Why: We strive to cultivate and build trust with the community we serve.

Communicating and engaging a diversity of community perspectives is integral to realizing an active partnership between City and the community to imagine, guide, and deliver initiatives that have lasting positive impact.

Key achievements in 2023 include:

- Initiated a new communications and marketing function to serve internal and external needs.
- Developed and launched a new video series as part of “How Your City Works” program and the Financial Sustainability Initiative.
- Broadened our relationship with local media.
- Deepened and strategically coordinated engagement and communication on core priorities.
- Enhanced the strategic function and coordination of the Lodging Tax Advisory Commission (LTAC), Chamber of Commerce, PT Main Street, and PT Creative District to deliver on new grants, marketing, and an Arts and Culture Plan.
- Launched Port Townsend’s Poet Laureate Program, including selection of Port Townsend’s first Poet Laureate.
- Planned and nearly delivered (Feb 2024) the accessibility enhancements in Council Chambers.
- Continued weekly KPTZ radio show, Brewocracy Now!, and re-established monthly informal community coffee sessions.
- Engaged thousands of people in community outreach through surveys and open house events.



3. Strengthen our Financial Position

Core Objective: Set the City and community up for sustained success by deliberately choosing to build financial sustainability to address the challenges of today and prepare for tomorrow.

Key achievements in 2023 include:

- Delivered the Financial Sustainability Task Force Report and a new video series.
- Finalized the Comprehensive Streets Program as part of the Financial Sustainability Initiative and created a Transportation Benefit District (TBD) that passed a 0.3% sales tax on the November ballot.
- Analyzed our debt load, capacity, and policy.
- Continued to streamline the workplan and budget development processes to ensure they are synced up and strategic for better efficiency and outcomes.
- Developed a strategic and balanced 2024 budget and updated financial policies. Grant funding achievements helped us take on less debt, leverage limited resources, and magnify our impact in the community. For example, 1.5 million for Water Street Sewer.

Why: Without a stable and resilient financial foundation, virtually nothing the City does will have staying power. Careful, responsible, and strategic stewardship of municipal resources over the long-term requires a strong financial position.



4. Envision our Sustainable Future

Core Objective: Determine the future of parks, streets, facilities, community assets, as well as our strategic direction as an organization and community.

Why: We strive to cultivate and build trust with the community we serve. Communicating and engaging a diversity of community perspectives is integral to realizing an active partnership between City and the community to imagine, guide, and deliver initiatives that have lasting positive impact.

Key achievements in 2023 include:

- Finalized a 24-year lease agreement with Friends of the Port Townsend Golf Park for sustainable operations, enhanced access, and investments at the 58-acre municipal property.
- Finalized recommendations and a report for the rebuild of the community pool as part of the Healthier Together initiative.
- Launched our partnership with the Zero-Emissions Vehicle (ZEV) Cooperative.
- Secured over \$800,000 in funding for middle housing, urban forestry, climate action, and the Comprehensive Plan periodic update.
- Opened up the new pickleball courts at Mountain View Campus in partnership with the Pickleball Club.



5. Embrace & Resolve our Community's Challenges

Core Objective: Work through additional challenging decisions previously deferred that help shape our community's well-being, including many that have been put off for years or decades.

Key achievements in 2023 include:

- Determined the future of Evans Vista, finalizing and adopting the Development Master Plan.
- Delivered the Tactical Infill project, prioritizing and delivering targeted, timed, and impactful zoning changes to help unlock and inspire affordable, dense, quality infill development, including Tiny Homes on Wheels and Stock Plans with Jefferson County.
- Demolished the Carmel Building and determined the path forward for sale of the land with a priority for housing density.
- Made modest changes to parking by allowing new homes to count adjacent on-street parking toward off-street requirements.
- Continued to waive and defer fees for affordable housing.
- Coordinated regionally (including serving on NODC board) to secure a \$500,000 strategy grant through the federal Reconnect Act and be identified as one of 22 communities nation-wide eligible for up to \$50 million in project funding.

Why: The hard work of delivering City services with limited resources and unforeseen challenges often makes complex and intractable problems more daunting to face and easier to avoid. Clearing away lingering multi-year challenges that have been ignored, misunderstood, invisible, or too hard builds trust with the community and frees up capacity to deliver more effectively into the future.



6. Deliver the Basics

Core Objective: Advance additional capital and operational departmental priorities with needed City Council policy or budget action(s).

Why: Delivering on new projects, stronger partnerships, and enhanced processes helps move the dial – or at least hold the line on the inevitable impacts and wear and tear of time.

Key achievements in 2023 include:

- Began construction on \$5.5 million Discovery Road project.
- Nearly completed Library capital projects (bathroom, windows).
- Implemented hot patch pavement repair.
- Coordinated with WSDOT on the construction of the Kearney Street compact roundabout.
- Developed and adopted park rules and park administrative rules.
- Delivered banked capacity streets projects.
- Installed further Edge Lane Roads, alongside robust community engagement.
- Developed and adopted the ADA Transition Plan.
- Secured funding and began planning and design for Tyler Street overlay project (State TIB grant) and Discovery Road improvements (Federal HSIP grant).
- In coordination with EJFR, launched FIRE CARES, including securing two cycles of funding from AWC in a partnership for proactive alternative response and intervention.



7. Serve our Community

Core Objective: Deliver on critical operations, ongoing statutory responsibilities, and core City functions.

Key achievements in 2023 include:

- Passed the State Audit and provided statutory financial reporting.
- Provided clean drinking water.
- Provided wastewater treatment, including a record 25th consecutive state award for excellence.
- Managed stormwater operations and maintenance.
- Overcame adversity in response to storms and infrastructure impacts.
- Recruited new staff.
- Provided inspections.
- Served hundreds of patrons with library programs.
- Noticed, held, and recorded regular public meetings, including City Council business meetings, Council workshops, Council committee meetings, and Advisory Body meetings.
- Provided legal services and public records management.
- Managed parks, trails, library, facilities, fleets.
- Consistently responded to calls for service for police and provided regular patrol, investigations, and emergency response.

Why: Basic needs and statutory requirements are paramount to a functional local government. Each department delivers core functions and critical operations for everything from water to wastewater, permits to preparedness, audits to accounts payable, recruitment to records management, library resources to legal services, and more.



Challenges & Lessons Learned

Truman Capote once wrote that “failure is the condiment that gives success its flavor.” To those ends, we flavor the successes of 2023 with perspectives on what we didn’t quite get right – and how we might learn from those failures to improve our approach in the future. Three such examples include:

1

Lack of clarity provides an opening for misinterpretation which can sow uncertainty and stall movement.

The **Healthier Together** initiative provides us an example of this. While information and briefings were repeatedly offered to individuals and governing bodies, a more proactive and coordinated use of formal public meetings could have helped quell misperceptions and steady uncertainty before it was leveraged to stall the project.

2

Timing is everything, especially for things outside of our control.

The time was right for urgent action on housing and a complex project like **Evans Vista**. While we couldn’t have fully anticipated factors outside our control like national financing trends, we could have communicated earlier the tactical advantages of waiting for a better timing window with our partners, Council, and the community.

3

Speed is inevitable and exciting but masks burnout that suddenly slows the pace.

The start of the **Financial Sustainability Initiative** was exciting and accelerated quickly. Our team has extraordinary strategic capabilities, but the strategic work was slowly undercut by ongoing operational needs. More space needed to be cleared from the operational to tap our strategic talents and to avoid the resulting staff burnout from such a huge project.

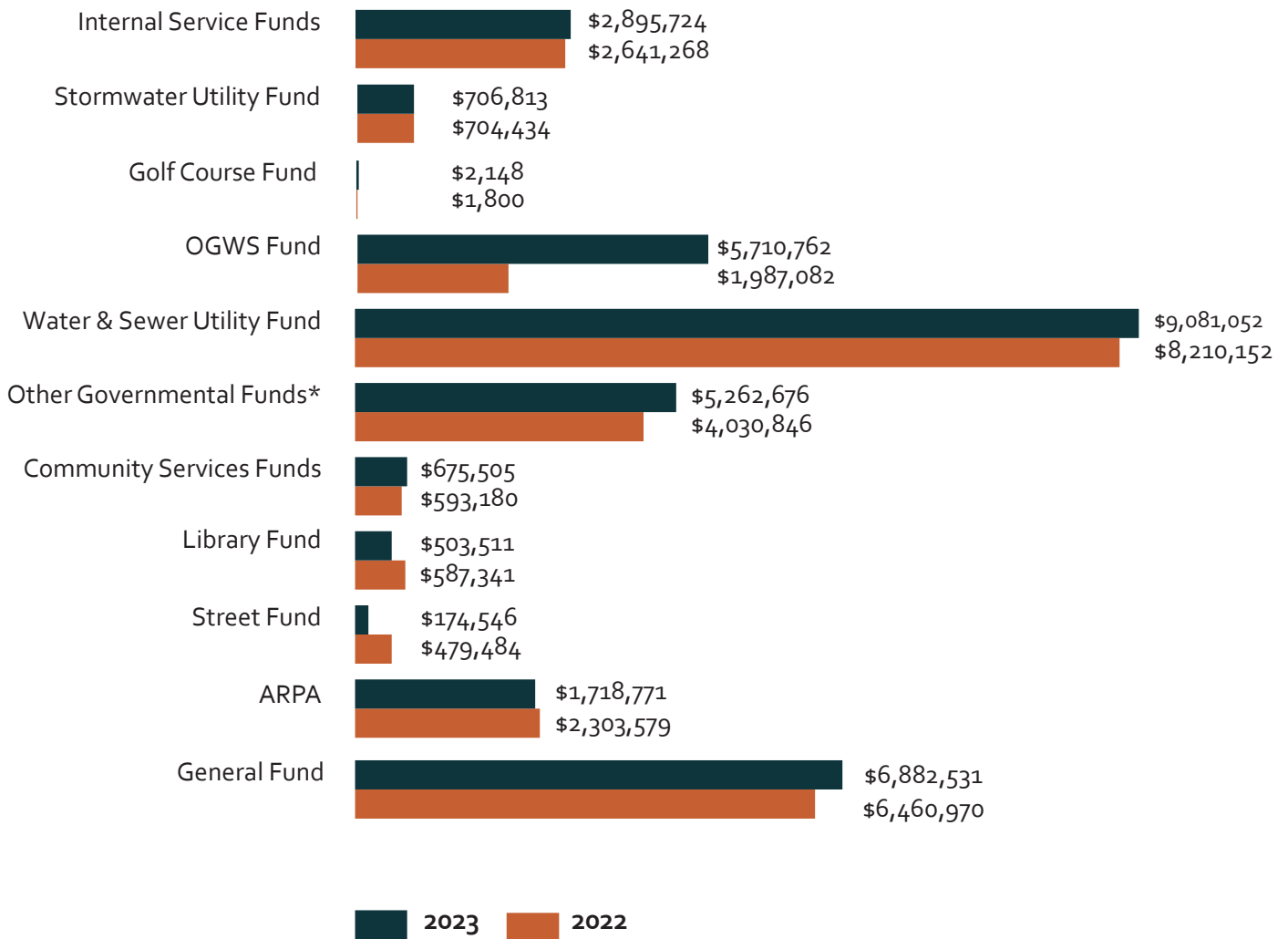
Additionally, some of the previous year’s (2022) lessons continue to apply and we continue to carry them forward – like the inevitable failure of infrastructure and need to get ahead with preventative maintenance, that disciplined prioritization is critical to focus limited time and energy, and that working with the community to refocus complaints to be more constructive collaboration yields dividends. It’s in the spirit of continuous improvement that we leverage our failures to get better at what we do.

Our Current Financial Position

2023 Financial Recap

Fund balances grew in 2023 by more than \$5M in total over those in 2022, increases in key revenues such as sales tax and real estate excise tax, and underspending largely due to vacancies and timing of capital projects.

Year End Cash Position



*Other General Governmental Funds consists of the Contingency Fund, Real Estate Excise Tax Fund, Lodging Tax Fund, Affordable Housing Fund, Community Development Block Grant Fund, Debt Service Fund, and General Capital Funds. **All figures are unaudited**

2024 Workplan

We pledge another year of optimism and results. The 2024 strategic workplan is an ambitious guide, and while it's doubtful that 100% of these items will be completed, they represent the focus of our ambitions and our commitment to aim high. None of these successes would be possible alone – it takes a team, it takes teamwork, and it takes our community. A few highlights of what you can expect from us in 2024:

1. Invest in our people

Launching our new staff engagement survey and approach, negotiating a general government contract, improving our IT system and cybersecurity readiness.

2. Engage our community

Rolling out further “How Your City Works” programs and videos, developing and leveraging an integrated communications strategy, and engaging around the Comprehensive Plan Periodic Review.

3. Strengthen our financial position

Delivering on the Financial Sustainability Initiative, performing a facilities assessment and creating a facilities ERR program, implementing the Transportation Benefit District streets investment, and advancing Glen Cove annexation.

4. Envision our sustainable future

Focusing efforts on the 2025 Comp Plan update, advancing Evans Vista infrastructure, implementing the Golf Park vision, updating the Capital Facilities Plan, completing the SMP and CAO updates, and applying for RCO grants.

5. Embrace and Resolve our Community's Challenges

Developing a strategic action plan for housing and coordinating with other agencies on an approach to sea level rise and possible federal BRIC grant.

6. Deliver the Basics

Completing Discovery Road, performing an OGWS pipeline condition assessment, coordinating on Sims Gateway and Boatyard Expansion project, replacing sewer infrastructure on Water Street, and completing Banked Capacity and paving projects.

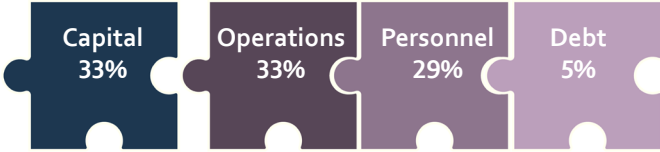
7. Serve our Community

Keeping the city running smoothly with coordinated operational work and service provision from each City department – about 80-90% of time and effort overall.

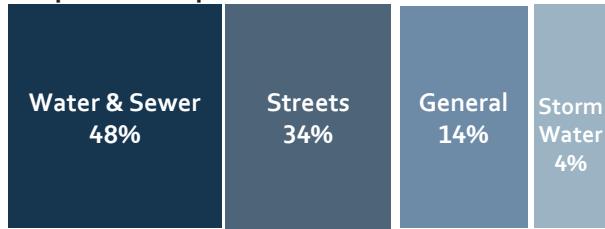
2024 Budget in Brief

General Government Expenditures: \$15,429,015 General Government Revenues: \$15,915,177

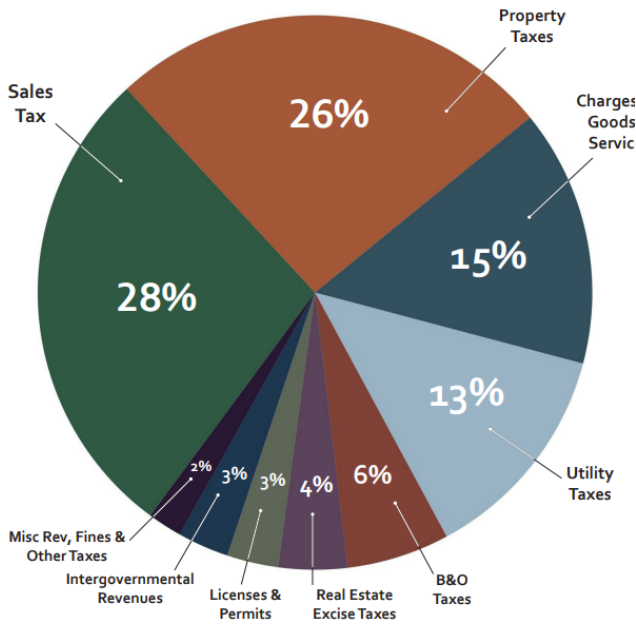
How is the Money Being Spent?



Capital Improvements



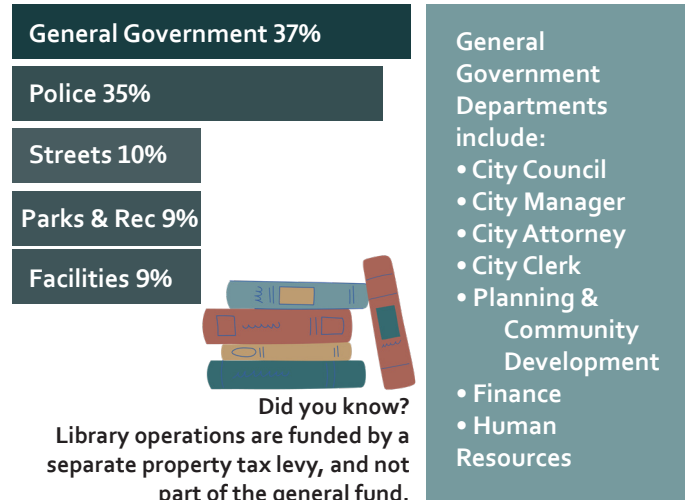
Where Does the Money Come From?



The property tax levy increase is limited by the state to 1% each year, which results in \$38,748 more property tax than in 2023.

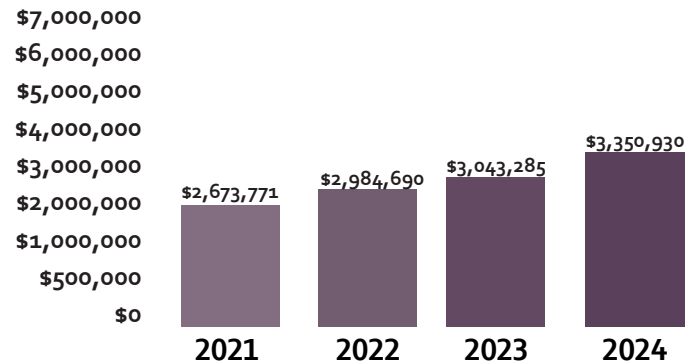
Which Departments are Funded in the General Fund?

Note: Non-departmental expenses (e.g. debt payments, liability insurance, LTAC expenditures, etc.) of approximately \$2.5m & capital of \$1.3m are not reflected in this graph.



General Fund Reserve Balance

The General Fund Reserve Balance displayed here was calculated using 15% of the actual, projected, and budgeted general fund revenues. City Policy states that in order to maintain the City's credit rating and meet seasonal cash flow, the budget must provide for an anticipated undesignated fund balance between 8% and 15% of estimated annual revenues for general government fund types. The highest percentage was used here.



Complete 2024 Budget: cityofpt.us/finance

Notes

Parting Shot



The winner of the 2023 Staff Photo Contest was Bliss Morris, Operations Manager of Wastewater Treatment and Compost. This photograph was taken from the window of his office at sunrise, looking out over the Chinese Gardens lagoon near North Beach.



Stay Connected

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