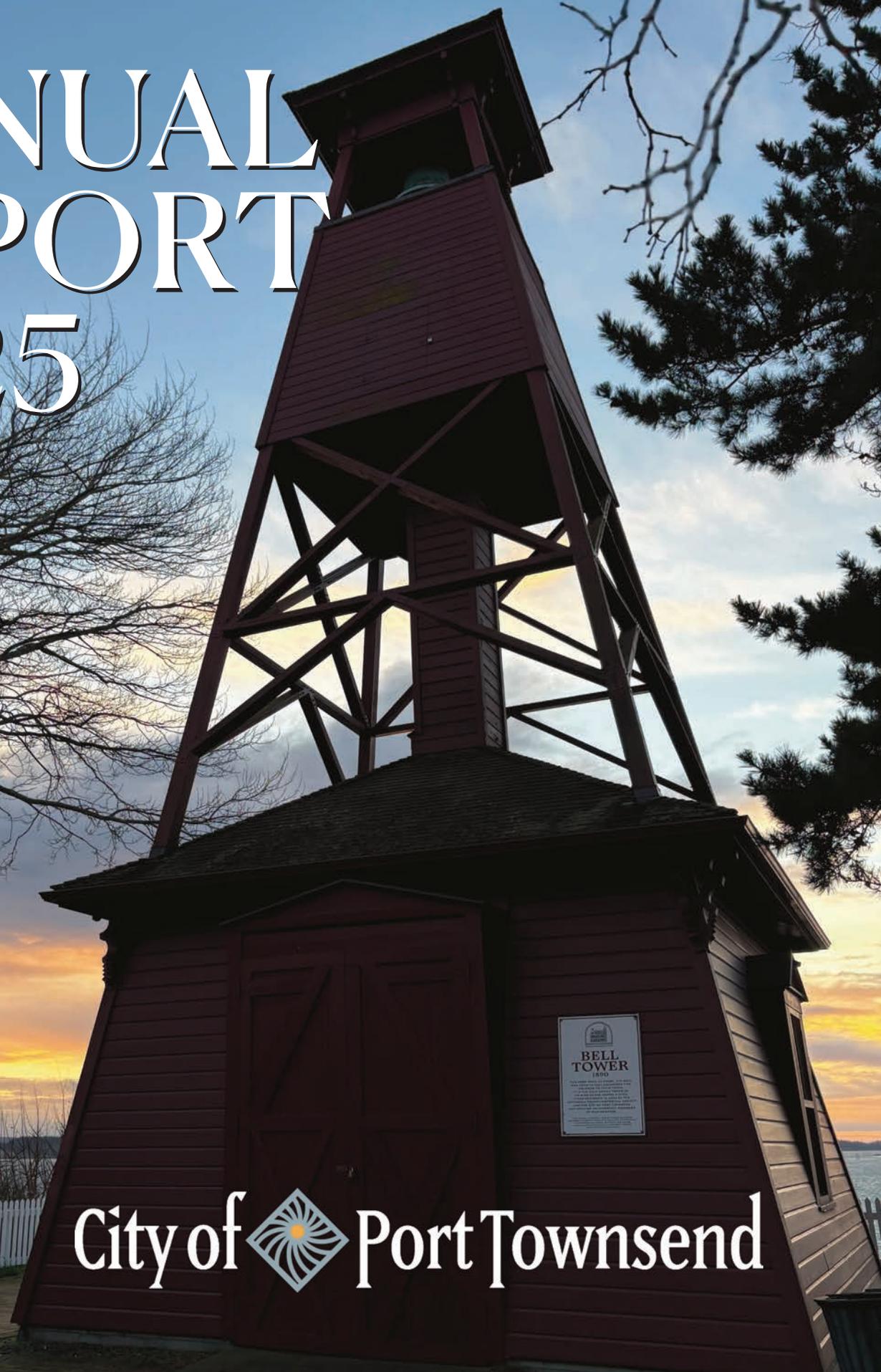


ANNUAL REPORT 2025



City of  Port Townsend

The Jamestown S’Klallam totem pole on Water Street.



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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.

Purpose

The purpose of the 2025 Annual Report to the Community is to be an accessible, brief, and pictorial account for our community to better understand the City’s key accomplishments in 2025, challenges and lessons learned, our financial position, and what’s in store for 2026. We aim to generate curiosity and engagement and help build a more trusting and productive relationship between the City and the residents we serve.

ON THE COVER: Historic firetower at sunset.

Your Elected City Council



*Mayor
Amy Howard*



*Deputy Mayor
Owen Rowe*



David Faber



Monica MickHager



Neil Nelson



Fred Obee



Libby Wennstrom

Working together in 2025, we continued each day to diligently deliver the core services our community depends on while also looking holistically and planning strategically to secure our collective future.

It was not an easy year. From the painful immediacy of sewer or waterline breaks to the ferocious complexity of comprehensive planning or homeless encampments, our team kept it together with poise, professionalism, and panache through some of our hardest challenges yet.

Out the other end of 2025 came many accomplishments that continue to ground our organization and our community in a more deliberate, proactive, strategic, and sustainable ethos. Doing so guides us toward the future we collectively want instead of simply inheriting a future of inevitable decline based on the consequences of deferred maintenance or deferred decision-making.

This is our sixth Annual Report to the Community. It is not required by any law or statute, but an embodiment of our commitment to greater transparency, accountability, and building trust in our relationship with the community.

You'll see in the following pages a snapshot of some of our 2025 accomplishments as well as mention of things that could have gone better and lessons learned. We hope to carry both forward so we continue to learn, grow, and improve in the coming years, including a look ahead to 2026.

Join us in these pages and in our commitment to creating and sustaining a more inclusive, healthy, and resilient community for years to come.

A handwritten signature in black ink.

Mayor Amy Howard

A handwritten signature in black ink.

City Manager John Mauro

Serving the Community

At the high level, 2025 was a year of major integrated initiatives, infrastructure delivery, creative problem solving, and community engagement.

Here are the highlights from the year:

- 1** **Delivered the 2025-2045 Comprehensive Plan**, taking aim at our fundamental housing affordability challenges, and envisioning a sustainable transportation system, climate resilience, and critical areas protection.
- 2** **Chip-sealed over five miles of streets**, including securing state grant funding for Tyler and F and San Juan, and delivering on our partnership with Jefferson County for residential streets.
- 3** Completed the **\$2.8m Water Street Sewer Replacement project**, securing \$2.7m in state funding and working through emergency repairs in advance of the full project.
- 4** Adopted a **balanced, fiscally responsible budget**, aligned with our long-term financial sustainability goals and including a complete overhaul of the **budget book** design, a new **budget roadshow**, and a new **budget video**.
- 5** Resolved a large unmanaged and unsanctioned **encampment**, working with partners to find viable options for all residents through challenging community and partner dynamics.
- 6** Launched a **new Community Services Department**, successfully integrating library, parks and facilities, and arts and culture functions and teams.
- 7** Implemented **three new communications and engagement channels**, including the first year of **City e-news**, the **Ask the City** pilot, and transition of the quarterly insert to **Cityscape magazine**.
- 8** Received our **first state Recreation and Conservation Office (RCO) grant in 20 years** to build the **first accessible playground** at the Port Townsend Golf Park, while also proceeding with a **20-year lease with the Friends of the Golf Park** and master planning the park.
- 9** Completed the Police Department's first three-year **Strategic Plan**, and completing all work needed to apply for departmental accreditation.
- 10** Transitioned the **Port Townsend Creative District** to the City, recertifying it for another 5 years, updating the 1% for the arts ordinance, and creating a special fund for arts.

Beyond the ten example accomplishments above, on the following pages are select examples that illustrate delivery of the five key themes in the City's strategic workplan. While each department can lay claim to specific projects and accomplishments – and there are far more than what fit into this Annual Report – grouping by workplan theme helps us de-emphasize silos that have historically held us back from better, smarter, and more collaborative work. This grouping also helps us draw connections between City Council's role as policymakers and staff roles in operational implementation and delivery, and how both are critically important to success.



Invest in Our People

Our Goal: 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 2025 include:

- ▶ Completed general government collective bargaining with agreed and adopted contract.
- ▶ Recruited and filled 44 open positions, with several of the positions filled internally.
- ▶ Continued into a successful second year of our organization-wide employee engagement approach, a journey consisting of a survey, trainings, year-long team and manager milestones and responsibilities, coaching, and a new Engagement Champions program.
- ▶ Continued to expand training and utilize our skills enhancement program to incentivize staff professional development and progression.
- ▶ Provided staff appreciation events as opportunities to celebrate staff work anniversaries, enable cross-departmental camaraderie, deliver training, and make employees feel valued.
- ▶ Adopted new work anniversary appreciation program proposed by an interdepartmental benefits committee and opened a virtual “store” for employees to purchase discounted City logo gear.
- ▶ Onboarded new advisory body members and continued to enhance our communications and coordination through the Mayor, Council, and staff liaisons.
- ▶ Presented at state and national sector conferences.



Engage Our Community

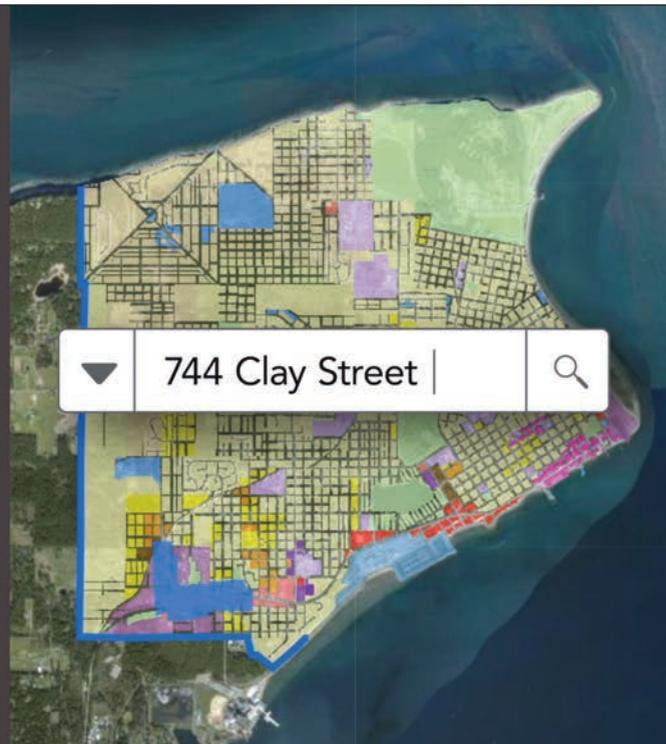
Our Goal: Ground civic dialogue in equity and kindness and more deeply and inclusively engage our community in decisions that affect their lives and livelihoods.

Key achievements in 2025 include:

- ▶ Implemented the first year of City e-news with over 3,000 subscribers.
- ▶ Piloted the *Ask the City* short video series, featuring a range of City directors and staff, accessible directly from our homepage.
- ▶ Transitioned the quarterly insert to *Cityscape* magazine, now mailed to all residents in the 98368 zip code.
- ▶ Focused efforts and resources to engage a greater diversity of residents on the Comprehensive Plan, with monthly communications and by holding over 70 outreach and engagement events, meetings, tours, and opportunities for involvement over the past two years.
- ▶ Launched our first external Budget Road Show and budget video, and overhauled the budget book design to increase community understanding and participation in the budgeting process.
- ▶ Engaged in and supported a successful Connectivity Summit, including a workshop delivered by the Deputy Mayor.
- ▶ Continued weekly KPTZ radio show, *Brewocracy Now!* – now re-broadcast on Wednesdays.
- ▶ Met monthly and informally for community coffee sessions with the City Manager, rotating to local businesses and garnering sizeable regular attendance.
- ▶ Delivered the new program *City Smart - An overview of the Fundamentals of Our Local Government* meant for those interested in running for office or serving on advisory boards.
- ▶ Launched a new destination brand including a new logo, new colors, new messaging, a new brochure and map, and an updated website.
- ▶ Served over 3,500 visitors with the Visitor Information Services hub and spoke model, including a new dedicated space at the NW Maritime Welcome Center and award-winning Mobile Greeter Program.

How to

RESEARCH PROPERTY USING CITY MAPS



Part 5 of the new "Paper to Digital" video series for all-digital permitting.

Innovate Our Systems, Structures, & Processes

Our Goal: Set the City and community up for sustained success through process and structure improvements and optimization.

Key achievements in 2025 include:

- ▶ Launched the new 29-staff Community Services Department, successfully integrating library, parks and facilities, and arts and culture functions and teams.
- ▶ Launched 100% digital permit review, including publishing a new "paper to digital" video series funded by our State Commerce Grant to help customers navigate our online portal and system more efficiently and effectively.
- ▶ Added online police reporting for minor crimes to the Police Department's services, creating efficiencies for staff and members of the public and still enabling paperwork for insurance reporting.
- ▶ Completed updates and revisions to various documents like the Civil Service Rules and the Accident Prevention Program.
- ▶ Overhauled the budget book, separating one-time and ongoing revenues and expenditures, and continued our financial sustainability journey with a budget that reflects ongoing fiscal responsibility, including funding the Rainy-Day Fund and ER&R funds, while drawing in millions of dollars in state funding for a range of infrastructure and planning projects.
- ▶ Transitioned most of the City staff to online timesheets.
- ▶ Updated the check signing policy to reduce administrative workload and maintain appropriate financial controls.



Envision Our Sustainable Future and Deliver Our Priority Initiatives

Our Goal: Deliver the 2025-2045 Comprehensive Plan and associated priorities to catalyze a financially, socially, and environmentally sustainable future.

Key achievements in 2025 include:

- ▶ Delivered the 2025-2045 Comprehensive Plan, taking aim at fundamental housing affordability challenges, and envisioning a sustainable transportation system through the Active Transportation and Sustainable Streets Plans, climate resilience, and critical areas protection.
- ▶ Received our first state Recreation and Conservation Office (RCO) grant in 20 years to build the first accessible playground at the Port Townsend Golf Park.
- ▶ Reviewed and evaluated our lease with the Friends of the Golf Park and agreed to proceed with the full 20-year lease term while committing to master planning the park in 2026.
- ▶ Added arts and culture to City programs, taking over management of the Creative District, updating the 1% for the Arts ordinance and creating a special fund, and building built trust and relationships with the creative community through programs, events, and support.
- ▶ Stewarded significant permitting decisions and appeals that have been backlogged for many years.
- ▶ Hired a Housing Grants Coordinator and launched the Evans Vista Roadmap, including over 30 interviews with prospective developers, readying the launch of the request for proposal process in 2026.
- ▶ Resolved a large unmanaged and unsanctioned encampment, working with partners to find viable options for all residents through challenging community and partner dynamics.
- ▶ Completed the Police Department's first three-year Strategic Plan.
- ▶ Secured grant funding and hired a Police navigator in partnership with Believe in Recovery.
- ▶ Revised PTMC 17.62 to further streamline the permitting process for indoor emergency housing and shelter, and other newly-allowed types of emergency housing and shelter within the city.
- ▶ Finished Glen Cove sewer study as part of interjurisdictional economic development goals.



Deliver the Basics

Our Goal: Provide consistent critical operations, ongoing statutory responsibilities, additional capital and operational priorities, and core City functions.

Key achievements in 2025 include:

- ▶ Chip-sealed over five miles of streets, including securing state grant funding for Tyler and F and San Juan, and delivering on our partnership with Jefferson County for residential streets.
- ▶ Put our Transportation Benefit District funding to work on street repair and leveraged millions of dollars in state funding, including an additional \$353,000 for chip sealing in 2026.
- ▶ Completed the \$2.8m Water Street Sewer Replacement project, securing \$2.7m in state funding and working through emergency repairs in advance of the full project.
- ▶ Adopted a balanced, fiscally responsible budget, aligned with our long-term financial sustainability goals.
- ▶ Completed emergency repairs of the Olympic Gravity Water System pipeline in cooperation with the Mill.
- ▶ Received a \$150,000 Department of Commerce Library Capital Grant to enhance the library's HVAC system and elevator.
- ▶ Celebrated our 20th Community Read and delivered a successful Summer Reading Program with record participation with 28,900 hours collectively read and logged by our community.
- ▶ Replaced City Hall's 20-year-old failing boilers just in time for the winter season.
- ▶ Continued to waive and defer fees for affordable housing.
- ▶ Housed the Winter Welcoming Center in the Pope Marine Building for day-time services for the unsheltered population.

Challenges and Lessons Learned

While success with every effort is desirable, it's not realistic – unless, perhaps, we're setting the bar too low. Below are a few areas where we may not have gotten things quite right and we aim to continuously improve.

We worked through many challenges this past year and with an equal number of teachable moments.

Four brief examples:

Communicating clear limits and protecting staff time and capacity is critical to ensuring successful outcomes and mitigating staff burnout. Beyond Directors and City Manager, who by the nature of their jobs often work very long weeks with multiple late-night meetings, other staff members gave unusually long hours on a regular basis to complete our priority projects. One example of this is the Comprehensive Plan Periodic Update, where we demonstrated our new capacity for long-range planning, but also felt the punishing constraints of balancing long-range planning with operational realities like permit review and new statutory requirements – all during major staff transitions in the Planning and Community Development team.

This was exacerbated by another difficult lesson: there is no threshold for engagement that will satisfy everyone in our community, and moving forward without complete consensus is hard for us all. Keeping focus and keeping staff are very related, and end-of-year recuperation is necessary to ensure tired staff come back refreshed to tackle our ambitious workplan ahead.

Partnering with our sister agencies has become common practice, yet there are often additional opportunities to discover. One example of this is the local partnership with Jefferson County for our work on streets, including chip-sealing. Working together makes good use of costly street repair equipment owned by the County and leverages our small community's assets for greater and more



collaborative outcomes. It continues to beg the question: what project partnership could be next?

It may take time or new approaches to generate greater community interest in the budget process. We hoped that making the budget more legible and concise would also make it more accessible to the general public, and that additional efforts to engage our community through a new Budget Roadshow series and new budget video would increase participation. Add to this regular corrections or clarifications on the radio or in City Council briefings to correct misunderstanding or misinformation, and one would think the Council chambers and email boxes would fill with input. Not so. The takeaways could be very diverse: that we either failed in moving the needle in interest or that we provided ample information and the community was generally supportive of our balanced budget. We will continue to assess and explore this, including through our 2026 Community Survey.

The best compassionate intentions, clear-cut implementation of City code, diligent partner communications, and creative and adaptable policy changes do not guarantee success on issues of structural and emotional complexity. The encampment clean-up is the best example of how, often times, local government is forced into a no-win scenario with larger and complex societal issues like homelessness. By some estimates, the City team did everything absolutely right but still failed. By others, we made mistakes but succeeded in ways other communities rarely do. For better or worse, value judgements and activism around a worthy cause drowned out some but not all opportunities for our community to simultaneously hold diverse perspectives and experiences and, nonetheless, work together to make a terrible situation slightly better.



Our city from the water. Photo by Freya Fennwood



Photo courtesy of SCJ Alliance

2026 Outlook

With an increasing number of significant policy, infrastructure, and team achievements these past few years, we are committed to another ambitious, optimistic, results-driven 2026. The 2026 strategic workplan that was set in July 2025 at the City Council and Director retreat and mostly funded through our 2026 budget is our guide. Yet if the past is any instruction, we should be ready for surprises that require quick thinking, close teamwork, and disciplined reprioritization.

Highlighting the five key themes of our 2026 strategic workplan, you can expect us to:

▶ **Invest in our people**, focusing on our employee engagement cycle as a way to build a high-performing, excellent workplace culture that delivers results. We will also continue to refine our approach to training and career development.

▶ **Engage our community**, focusing on a community-wide survey to better understand needs and gain insights into the diversity of opinions over time. We will also continue to refine and amplify our communication channels and approaches to community engagement.

▶ **Innovate our systems, structures, and processes**, focusing on refining permitting procedures and configuration, fire inspections and business license integration, interdepartmental coordination, purchasing policy simplification, and the final push toward Police accreditation.

▶ **Envision our sustainable future**, working with partners and the community to focus on implementing the 2025-2045 Comprehensive Plan, including housing, land use, transportation, climate, and other elements. We will also deliver the PROS plan update and a number of infrastructure studies and projects.

▶ **Deliver the basics**, keeping the City running smoothly with coordinated operational work and service provision from each department, which takes about 80-90% of our overall time and efforts.

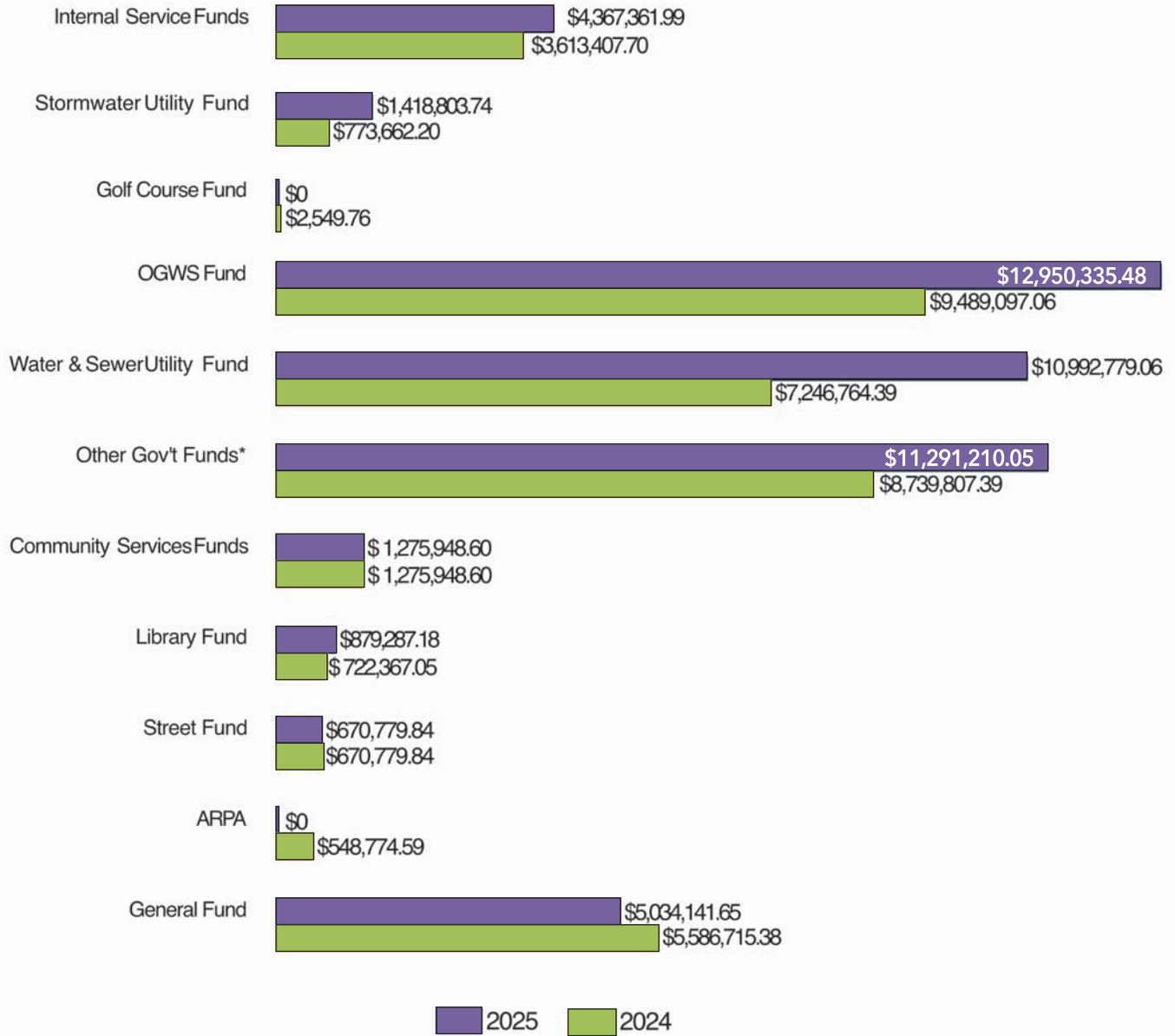
Taken together, our strategic workplan themes, budget, and way of working together manifest as woven threads of a throughline, a unifying purpose statement:

By nurturing a great workplace culture, productive and inclusive civic dialogue with our community, and improving and innovating our systems and structures, we set up our organization for success in delivering meaningful projects with lasting results that enhance equity and the quality of life for all current and future residents.

Success requires a strong team and solid partnerships, a willing community, and courageous leadership to make it happen. The City Team is as eager as ever. We look forward to working with you, harnessing our collective care, courage, and commitment to make our community more inclusive, more resilient, and more remarkable for generations to come.

Our Current Financial Position

2025 Financial Recap - Year End Cash Position

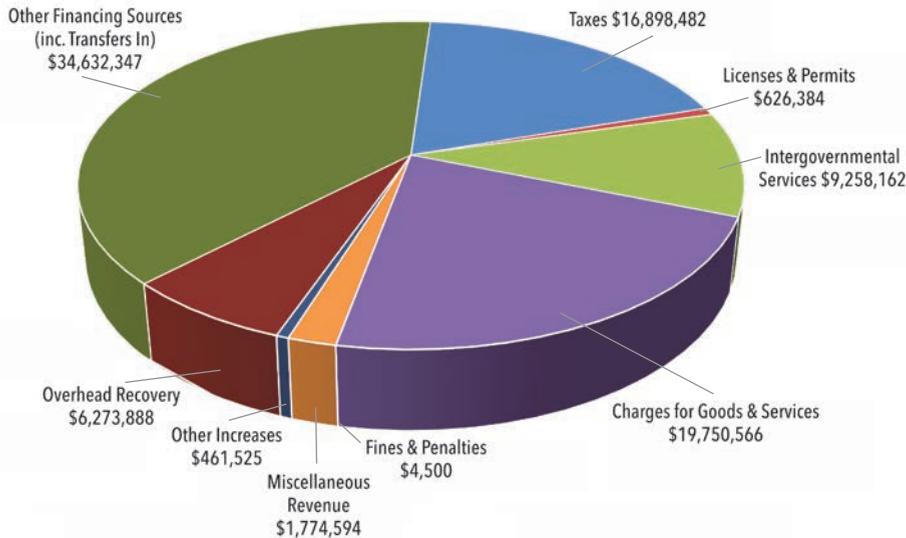


*Other General Governmental Funds consists of the Contingency Fund, Real Estate Excise Tax Fund, Lodging Tax Fund, Affordable Housing Fund, Community Development Block Grant Fund, Debt Service Fund, and General Capital Funds. **All figures are unaudited**

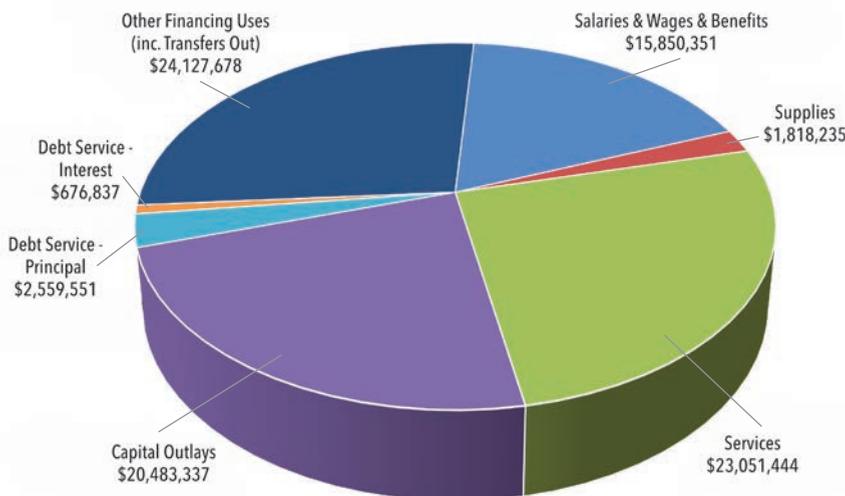
2026 Budget in Brief

The 2026 City Budget builds on previous years' efforts and looks out much further than 2026 with a grounding in financial sustainability principles.

2026 Proposed Revenue by Category
\$89,680,448



2026 Proposed Expenses by Category
\$88,567,432



The City is required to balance the annual budget. The budget charts shown here depict all City funds and transfers projected for 2026, including large capital projects, general fund revenue and expenses, and debt service funds. Why is the City budget so big this year? Listen to City Manager John Mauro answer this question as part of Ask the City available on our homepage (cityofpt.us) and watch the How Your City Budget Works video on our YouTube channel. Or dive into our revamped budget book for an easily digestible version of the City's budget by scanning the QR code below.

Scan the QR code to read the complete 2026 Budget: cityofpt.us/finance



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Chief Thomas Olson with new Deputy Chief Kamal Sharif and his family.