



**Final
2017 Budget**

CITY OF PORT TOWNSEND, WASHINGTON

2017 CITY MANAGER BUDGET MESSAGE

This budget message provides details regarding the City Manager's 2017 Proposed Budget, a summary of the 2016 Supplemental Budget request, and links to the 2015 Audited Financial Statements.

2015 AUDITED FINANCIAL STATEMENTS

The City successfully completed three audits in 2016. Audits of the 2015 financial statements and a Single Audit related to federal grant funded projects were both completed in mid-August by the State Auditor. Additionally, the State Auditor's Office performed an Accountability Audit that reviews internal control policies and practices in the City. No findings or management letter comments were received. The 2015 financial results were positive, with a \$254,000 increase in the general fund ending fund balance. Financial results for each of the funds met or exceeded the City Council's financial policy targets.

The 2015 audit reports can be located on the City's website:

<https://weblink.cityofpt.us/weblink/Browse.aspx?&dfid=0&dbid=0&StartID=42236&cr=01>

And on the Washington State Auditor's website:

<http://portal.sao.wa.gov/ReportSearch/Home/ViewReportFile?arn=1017340&isFinding=false&sp=false>

2016 BUDGET OVERVIEW

Throughout 2016, the City has continued to benefit from the improving economic climate through increased sales tax, business and occupational tax, licensing and permitting activity. Construction activity continues to be the largest contributor to these increases, with major improvement projects including Jefferson Healthcare's hospital campus expansion, Building 202 project at Fort Worden and the City's own water treatment plant and reservoir projects.

Port Townsend's 2016 adopted budget was developed with revenue projections that reflected a portion of the growth experienced in 2015, modest expense increases and a few key service restorations. While 2016 sales tax revenues in the adopted budget were projected to increase by 7.6% above the 2015 retail sales tax activity, the City is experiencing growth that is closer to 17.0% for 2016. Retail sales activity in the City reflects modest growth but construction activity is the largest contributor to this year's increase. In addition to positive retail sales tax activity, is development services revenues (largely permitting) 15.2% above the 2015 level and business and occupational tax revenues 16.0% above budget. Real Estate Excise Tax (REET)

revenues are projected to exceed 2015 by 6.0% and Lodging Tax revenues are above 2015 by 5.0%. These increases reflect the City's improving economy.

The 2016 budget included modest service restorations and enhancements. Three key areas that were added to the expense appropriation budget in 2016 were 1) the addition of facilities and parks maintenance worker positions, 2) the addition of a full time fleet maintenance worker and 3) a code compliance position. The City recruited for and filled these positions in the first half of 2016. Highlights of the positive impacts of funding these positions are listed below:

Facilities & Parks Maintenance Workers – The additional facilities staff member provided the ability to increase both the amount and quality of service to city facilities, reduced time to follow up on work requests and enhanced scheduling stability. By adding an additional parks maintenance worker, the parks team was able to begin addressing deferred maintenance tasks and increase service time, especially on busy summer weekends. Staff were also able to increase time to manage volunteer projects. The increase in staff in these areas has not only allowed more stability in work schedules but has also resulted in improved employee morale.

Mechanic Maintenance Worker – Prior to 2016, the fleet division operated with one full time mechanic. The addition of a full time mechanic has increased efficiency through decreased outsourcing of repairs and aided in repairs that require more than one individual to adequately and safely perform the task. The mechanics have also been able to collaborate with the police department to observe police officer vehicle training to gain insights for preventative maintenance support.

Code Compliance Officer – The code compliance officer was filled in May, 2016. Prior to hiring the new officer, the manual compliance case tracking system had 76 open case files in que. The new officer has already closed 25 of these old cases. In 2016, 63 new cases were assigned to the officer and 31 of these have been closed. In addition to working on the compliance cases, a new software module has been developed to begin tracking these cases electronically. This will not only streamline the officer's process but allow for real time reporting on the status of compliance cases.

Operating and capital expenditures continue to be closely monitored. The supplemental budget proposal includes requests for additional appropriations for items that could not be identified or quantified at the time the 2016 budget was prepared. Additionally, the increased revenue provided one-time revenues for proposed one-time expenses.

Proposed supplemental budget *general government* appropriation items include:

- Addition of a Human Resource Specialist position (approved by Council in March 2016)
- Additional public safety costs including recruiting costs and police testing to replace police officer positions

Proposed 2016 appropriations for one-time expenditures include:

- Addition of *Smartgov* permitting and code compliance software program
- Mountain View facility propane costs and maintenance agreement costs in excess of anticipated budget appropriations
- Replacement of retiring Human Resource Manager and payout of retiring manager leave accruals
- Police radios and rifle replacements
- Addition of ipads and accessory items to replace council computers
- Temporary economic development employees
- Parks seasonal maintenance workers
- Parking study consulting engagement
- Affordable housing study consulting engagement
- Library collection additions and grant funded capital project (ADA restroom doors)
- Grant funded Hazard Mitigation Plan
- Vehicle purchases – 3 fully outfitted police SUVs and 2 pick-up trucks
- Purchase a wood-chipper for streets department
- Purchase a replacement riding lawn mower for parks department

Proposed capital budget supplemental appropriations include:

- Design for improvements at the Visitor Information Center
- Design for pedestrian walk way – State Route 20
- Design for Water Street Overlay project
- Design plan for 7th Street

The City proposed 2016 Supplemental Budget fund summary is listed below:

**City of Port Townsend
Projected 2016 Fund Summary - Supplemental Budget**

	2015	2016	2016	2016	2016	2016	2016	2016	2016
	Ending Balance	Adopted Revenues	Amended Revenues	Adopted Expenses	Amended Expenses	Adopted Rev vs. Exp	Amended Rev vs. Exp	Proposed Supplemental Appropriation	2016 Projected Ending Balance
GENERAL FUND	976,384	7,525,645	8,113,303	7,496,782	8,045,907	28,863	67,396	549,125	1,043,780
Drug Enforc. / Contingency	150,434	200	20,414	-	50,000	200	(29,586)	50,000	120,848
Street	195,691	744,776	809,515	734,515	769,607	10,261	39,908	35,092	235,599
Library	151,851	1,033,985	1,066,451	1,030,878	1,063,793	3,107	2,658	32,915	154,509
Real Estate Excise Tax	68,309	450,100	570,278	450,000	479,000	100	91,278	29,000	159,587
Lodging Tax	157,097	432,000	466,054	430,577	478,397	1,423	(12,343)	47,820	144,754
Fire / EMS	32,713	2,421,429	2,421,743	2,421,129	2,416,406	300	5,337	(4,723)	38,050
Affordable Housing	40,662	10,050	10,117	6,500	20,000	3,550	(9,883)	13,500	30,779
Community Development Block Grant	141,751	15,445	16,484	15,245	15,245	200	1,239	-	142,990
Community Services	105,699	1,553,450	1,706,876	1,552,531	1,702,894	919	3,982	150,363	109,681
TOTAL SPECIAL REV FUNDS	1,044,208	6,661,435	7,087,932	6,641,375	6,995,342	20,060	92,590	353,967	1,136,798
DEBT SERVICE FUND	65,186	1,436,515	1,475,675	1,471,799	1,471,799	(35,284)	3,876	(0)	69,062
General Capital	1,334,201	1,659,200	79,200	2,858,105	109,105	(1,198,905)	(29,905)	(2,749,000)	1,304,296
Street Capital	(38,382)	3,170,200	1,325,128	3,249,846	1,211,746	(79,646)	113,382	(2,038,100)	75,000
CAPITAL PROJECTS FUNDS	1,295,819	4,829,400	1,404,328	6,107,951	1,320,851	(1,278,551)	83,477	(4,787,100)	1,379,296
System Development	1,450,405	201,200	563,179	1,200,000	64,000	(998,800)	499,179	(1,136,000)	1,949,584
Water / Sewer	2,200,191	4,851,200	5,274,656	4,540,730	4,619,407	310,470	655,249	78,677	2,855,441
Storm	134,604	1,872,900	752,900	1,820,466	740,168	52,434	12,732	(1,080,298)	147,336
Water / Sewer / Storm Capital	276,525	20,150,000	20,017,539	19,776,273	19,408,394	373,727	609,145	(367,879)	885,670
ENTERPRISE FUNDS	4,061,725	27,075,300	26,608,274	27,337,469	24,831,969	(262,169)	1,776,305	(2,505,500)	5,838,031
Public Works Admin	37,486	350,900	356,610	350,890	356,510	10	100	5,620	37,586
Equipment Rental & Replacement	829,341	807,346	998,147	930,366	1,221,492	(123,020)	(223,345)	291,126	605,996
Engineering Services	112,074	1,050,050	1,085,250	1,039,859	966,943	10,191	118,307	(72,916)	230,381
Unemployment Self-Insurance	24,666	50	6,050	-	6,000	50	50	6,000	24,716
INTERNAL SERVICE FUNDS	1,003,567	2,208,346	2,446,057	2,321,115	2,550,945	(112,769)	(104,888)	229,830	898,679
Firemen's Pension	214,836	39,245	39,885	37,432	37,432	1,813	2,453	-	217,289
Agency / Refundable Deposits	208,251	-	95,347	-	257,816	-	(162,469)	257,816	45,782
Memorial Fund	2,549	-	-	-	-	-	-	-	2,549
Golf Course Fund	31,624	16,000	12,000	14,272	14,272	1,728	(2,272)	-	29,352
FIDUCIARY FUNDS	457,260	55,245	147,232	51,704	309,520	3,541	(162,288)	257,816	294,972
GRAND TOTAL	\$8,904,150	\$49,791,886	\$47,282,801	\$51,428,196	\$45,526,333	(\$1,636,310)	\$1,756,468	(\$5,901,863)	\$10,660,619

2017 BUDGET OVERVIEW

The City's 2017 budget reflects the continuation of positive revenue improvements that were experienced in 2016. We continue to monitor the revenue improvements to discern improved economic trends as compared to "one-time" revenues related to construction activity. Construction activity in 2016 continues in 2017 with planned projects at Fort Worden, the start of construction of the Grant Street School, and the completion of the City's own water treatment plant and reservoir projects. Some commercial and residential activity increases are also occurring. This construction related activity has positive impacts on retail sales tax revenue, business and occupational taxes, permitting revenue and special purpose sales related taxes. We expect the 2016 revenue levels to continue through 2018.

Along with revenue improvements, City expenditures also continue to grow. The City's largest operating expense is salaries and benefits, which continue to have year over year growth in wages, medical and pension expenditures. Key labor and non-labor expenditure assumptions are highlighted in the remainder of this document.

As directed by Council and consistent with the City's strategic plan, the City Manager will be working on the development of long-term funding strategies to address deferred needs in streets maintenance and repairs, parks and recreation services and other infrastructure improvements. Funding for these services and facilities will require a number of strategies. This budget discusses funding strategies that includes the refinancing of the City's 2008 general obligation bonds to take advantage of interest rate savings to fund \$3.2 million of capital improvement projects. Additionally, the budget includes funding a utility rate study once the treatment plan and reservoir projects are closed. The study will review the current rate structure as well as planned rate surcharge increases to determine if increases are necessary and to determine the best method to fund other utility capital improvement projects. Additional information on funding infrastructure and improvement projects is included in the Debt section of this budget presentation.

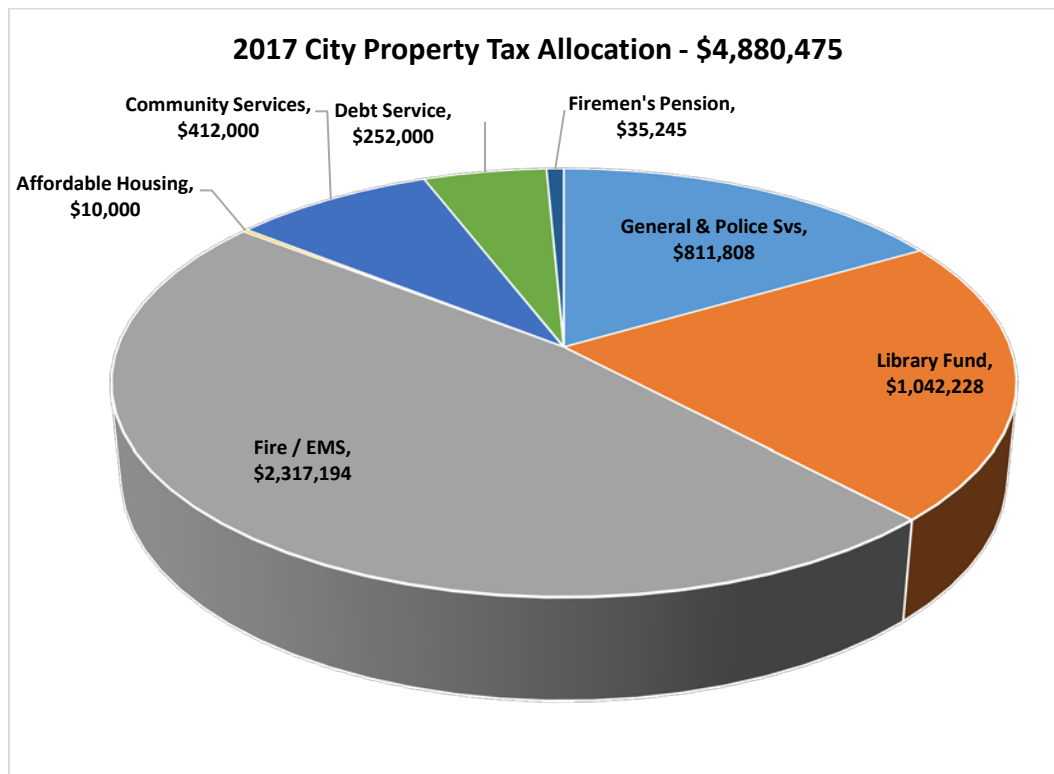
The budget is adopted at the fund level. The chart below (which represents Exhibit A to the budget ordinance) provides an overview of the revenues, expenditures and projected ending fund balances:

City of Port Townsend Proposed 2017 Fund Summary					
	2016 Estimated Balance	2017 Proposed Revenues	2017 Proposed Expenses	2017 Adopted Rev vs. Exp	2017 Proposed Balance
GENERAL FUND	1,043,780	8,291,055	8,283,495	7,560	1,051,340
Drug Enforc. / Contingency	120,848	500	-	500	121,348
Street	235,599	817,049	813,216	3,833	239,432
Library	154,509	1,051,255	1,041,019	10,236	164,745
Real Estate Excise Tax	159,587	460,100	460,000	100	159,687
Lodging Tax	144,754	460,000	433,734	26,266	171,020
Fire / EMS	38,050	2,317,808	2,317,194	614	38,664
Affordable Housing	30,779	10,000	10,000	-	30,779
Community Development Block Grant	142,990	17,421	15,245	2,176	145,166
Community Services	109,681	1,806,242	1,803,972	2,270	111,951
TOTAL SPECIAL REV FUNDS	1,136,798	6,940,375	6,894,380	45,995	1,182,793
DEBT SERVICE FUND	69,062	1,592,003	1,585,565	6,438	75,500
General Capital	1,304,296	2,375,876	3,575,676	(1,199,800)	104,496
Street Capital	75,000	3,969,409	3,969,284	125	75,125
CAPITAL PROJECTS FUNDS	1,379,296	6,345,285	7,544,960	(1,199,675)	179,621
System Development	1,949,584	304,000	-	304,000	2,253,584
Water / Sewer	2,855,441	5,708,223	5,691,098	17,125	2,872,566
Storm	147,336	560,900	487,098	73,802	221,138
Water / Sewer / Storm Capital	885,670	8,026,063	5,845,049	2,181,014	3,066,684
ENTERPRISE FUNDS	5,838,031	14,599,186	12,023,245	2,575,941	8,413,972
Public Works Admin	37,586	505,979	505,880	99	37,685
Equipment Rental & Replacement	605,996	887,516	920,533	(33,017)	572,979
Engineering Services	230,381	944,250	887,921	56,329	286,710
Unemployment Self-Insurance	24,716	3,050	3,000	50	24,766
INTERNAL SERVICE FUNDS	898,679	2,340,795	2,317,334	23,461	922,140
Firemen's Pension	217,289	35,885	34,006	1,879	219,168
Agency / Refundable Deposits	45,782	170	-	170	45,952
Memorial Fund	2,549	-	-	-	2,549
Golf Course Fund	29,352	12,000	18,698	(6,698)	22,654
FIDUCIARY FUNDS	294,972	48,055	52,704	(4,649)	290,323
GRAND TOTAL	\$ 10,660,619	\$ 40,156,754	\$ 38,701,683	\$ 1,455,071	\$ 12,115,690

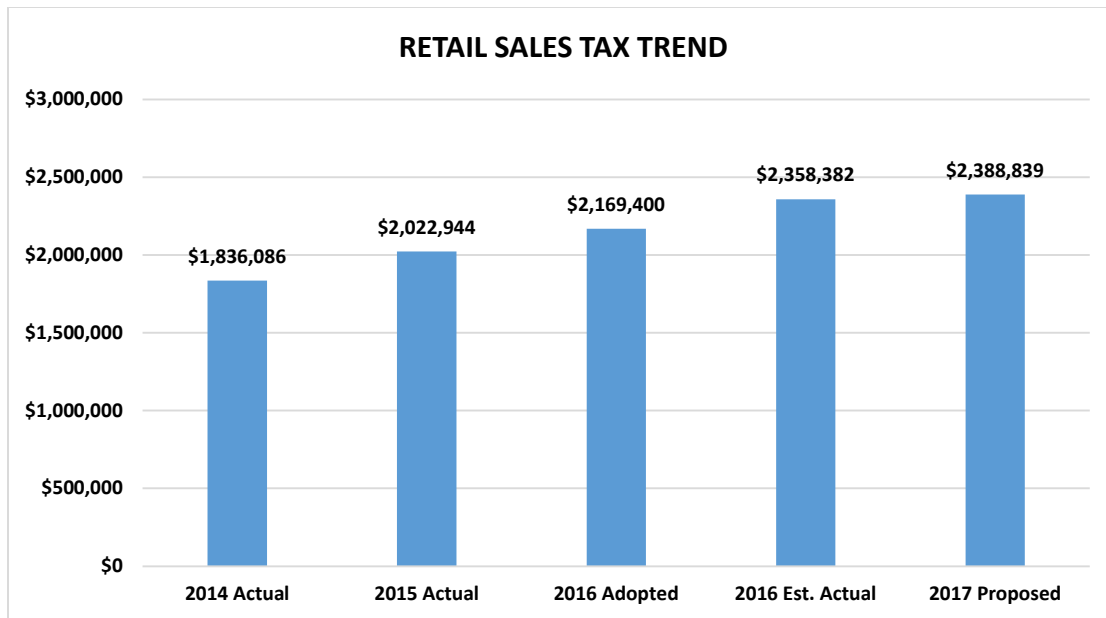
BUDGET ASSUMPTIONS

KEY REVENUE ASSUMPTIONS

The City's Property Tax Levy for 2017 is forecast to increase by the statutory 1% plus an adjustment for the value of new construction and refunds forecast at approximately 1.2% for a TOTAL property tax levy increase of 2.2% for the General Levy. The EMS Levy of \$0.50 generates an additional 7.1% of revenue. An excess property tax assessment of approximately \$150,000 related to the Mountain View Commons voted tax assessment will be levied to fund 50% of the annual debt service for this voted bond. Below is a chart showing the distribution of property taxes:



Retail Sales Taxes are projected at 2016 levels. Since a significant portion of the increase in 2016 collected sales tax revenues are related to construction projects and can be considered one-time revenues, \$150,000 of the projected retail sales tax for 2017 is being earmarked as one-time revenues. If retail sales tax collections for 2017 meet 2016 levels, this budget proposes appropriating these funds to pay for 2 additional police vehicles. The Finance Director will continue to monitor retail sales tax for ongoing trends versus one-time activity increases. Below is a chart showing the upward trend of retail sales taxes from 2014 to present:



Utility Tax revenues in the proposed 2017 budget are based on a 22% public utility tax for all City water, sewer, stormwater and garbage services. This tax is slated to revert to 20% at the end of 2018. The additional 2% was adopted as part of the 2016 budget proposal and is being used to fund two Community Services maintenance workers to serve Parks and Mountain View until a long-term funding strategy for Parks and Recreation is identified.

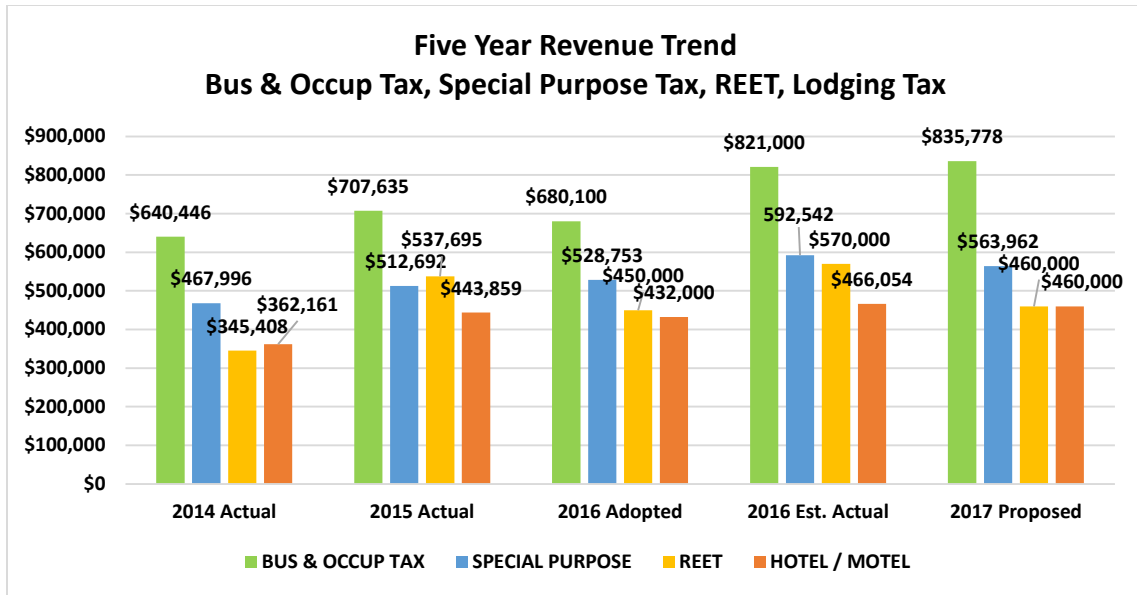
Private utility tax rates are set at 6% of the private utility revenue. Telephone and electric private utility taxes are estimated to increase based on inflationary adjustments only.

State Shared Revenues are based on distributions that are shared via state revenue assessments. The City receives distributions for liquor profits and tax, criminal justice tax distributions, gas and multi-modal taxes. Some of these distributions are population based with the City's population for 2016 listed by the Office of Financial Management as 9,484. A new shared revenue item for this year is the marijuana excise tax. This tax is a portion of the excise tax that City based marijuana retailers have paid; for 2017, the marijuana excise tax distribution to the City will be \$5,501.

Lodging Taxes are projected at \$460,000, which is consistent with the revenues received in 2016. Lodging tax revenue has been favorably impacted by increased tourism activity at hotels, motels and Fort Worden.

Real Estate Excise Taxes (REET) collections in 2016 were consistent with the 2015 experience. 2017 REET revenues are budgeted at \$460,000. These funds are used to fund capital improvements and related debt service, which reduces the City's reliance on general fund dollars to make these payments.

Below is a chart showing the trend of Business & Occupation, Special Purpose, REET and Lodging Taxes:

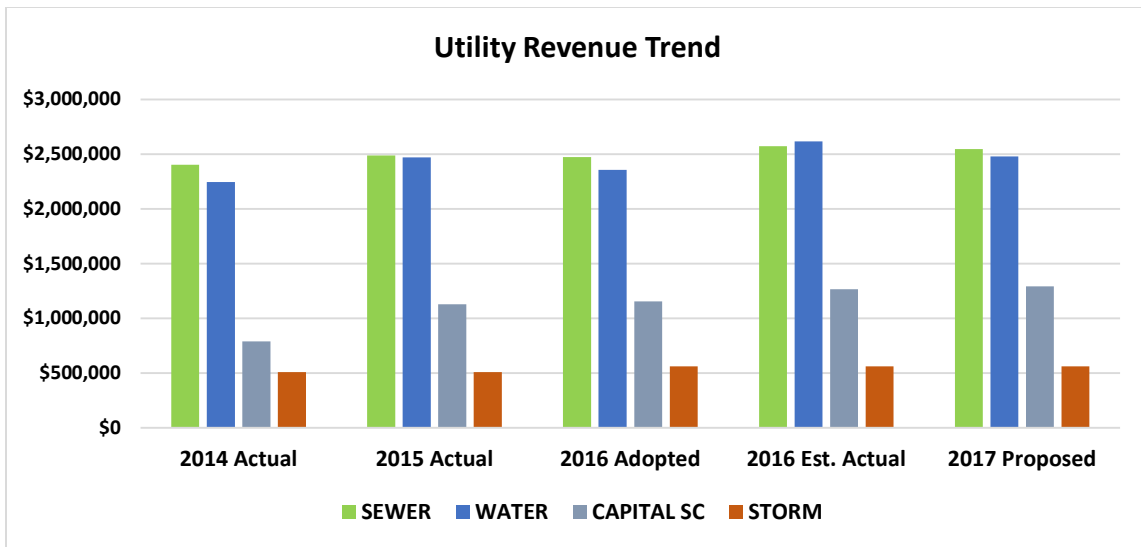


Overhead Cost Recovery is projected to increase by approximately \$190,000 in 2017. This increase is offset by the additional funds transferred to the Community Services Fund to cover that funds' overhead increase of \$38,000. The net increase impact to the general fund is \$152,000.

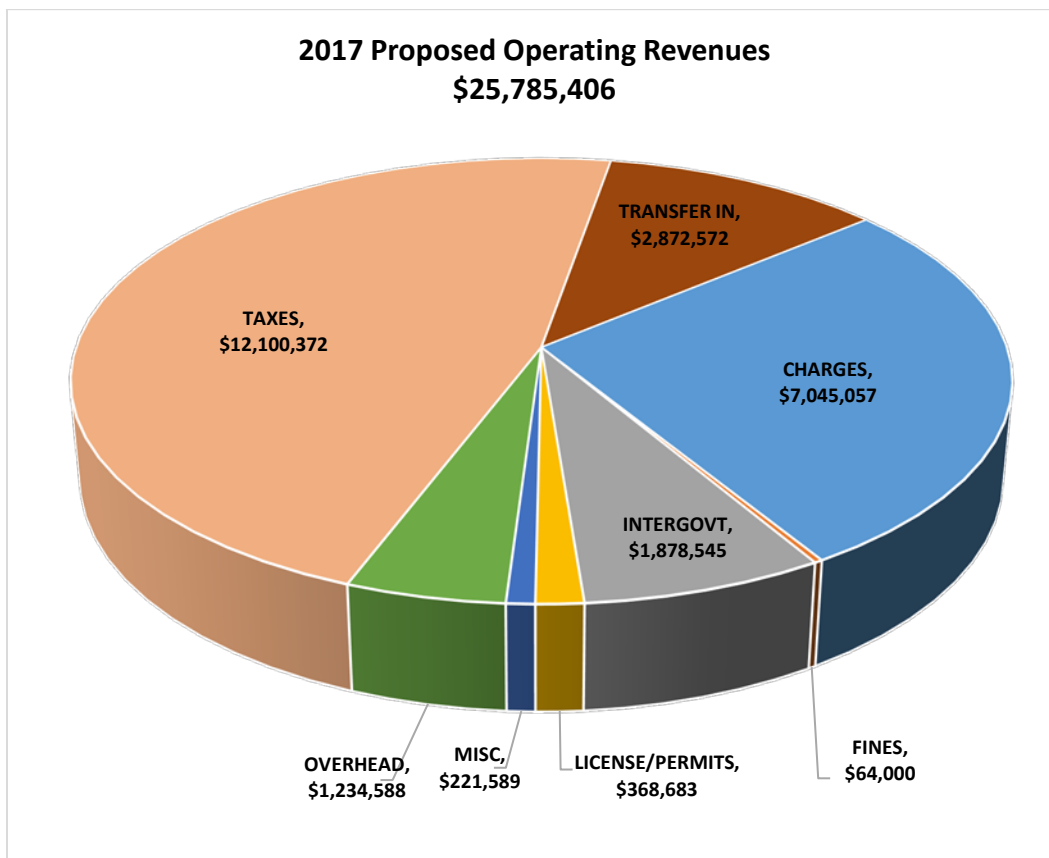
Utility Revenues (Water, Sewer and Stormwater) are budgeted at the 2016 usage rates but include the adopted rate increase of approximately 2.0% from the 2017 Water & Sewer Rate Update. The rate increase impacts the base fee and the usage rate for the Water and Sewer utilities. The Water and Sewer surcharges, \$18 and \$3 per month respectively, are not budgeted to change in 2017. The Stormwater monthly rate is budgeted at the currently adopted rate of \$7.25 per month, with no increase projected for 2017.

A Stormwater surcharge was adopted in the 2016 budget at a rate of \$3 per account per month. This surcharge will be used to fund repair and maintenance for the Stormwater utility. For 2017, this surcharge revenue is anticipated to generate \$144,000.

Below is a chart the proportionate shares of Water, Sewer, Storm and Capital Surcharge Revenue:



Total Projected 2017 revenue less capital funding is projected to be \$28,785,406 and is apportioned as follows:



Capital Revenues provide substantial funding for general government, street and utility projects through state and federal grants, public works trust fund loans, and drinking water state revolving fund proceeds. A smaller amount of capital funding may be administered with inter-fund loans, bank lines of credit or other debt financing. Additional details regarding capital projects will be provided later in this document.

KEY EXPENDITURE ASSUMPTIONS

Labor

Staffing costs represent the most significant portion of the City's operating expenses. The City is balancing the need to provide fair and competitive wages while also maintaining appropriate service levels. The City is also presented with the challenge of addressing an aging work force and City staff have been charged with developing a succession plan to ensure continuity in key leadership positions. The proposed budget includes 105.7 positions for 2017.

Payroll and Benefits – The 2017 proposed budget provides a 1.8% pay adjustment for most employees. The rate increases for the non-union and Teamsters union members are tied to the Seattle-Tacoma-Bremerton CPI-U. The June to June increase for this index was 1.8%. The Police officer union agreement also ties cost of living adjustments to the same index and provides for a 1.8% pay adjustment in 2017. Medical costs for 2016 are forecast to increase by approximately 2.5% for the AWC benefit plan (general government non-represented employees) and by 6.0% for the Teamsters' benefit plan which covers both the Police and General Government union employees. Retirement contributions (PERS) are funded at 11.76% of eligible employee wages, an increase from last year's rate of 11.18%.

New Positions – The 2017 proposed budget includes the addition of positions in Police Administration, the City Pool, Parks and Public Works Administration.

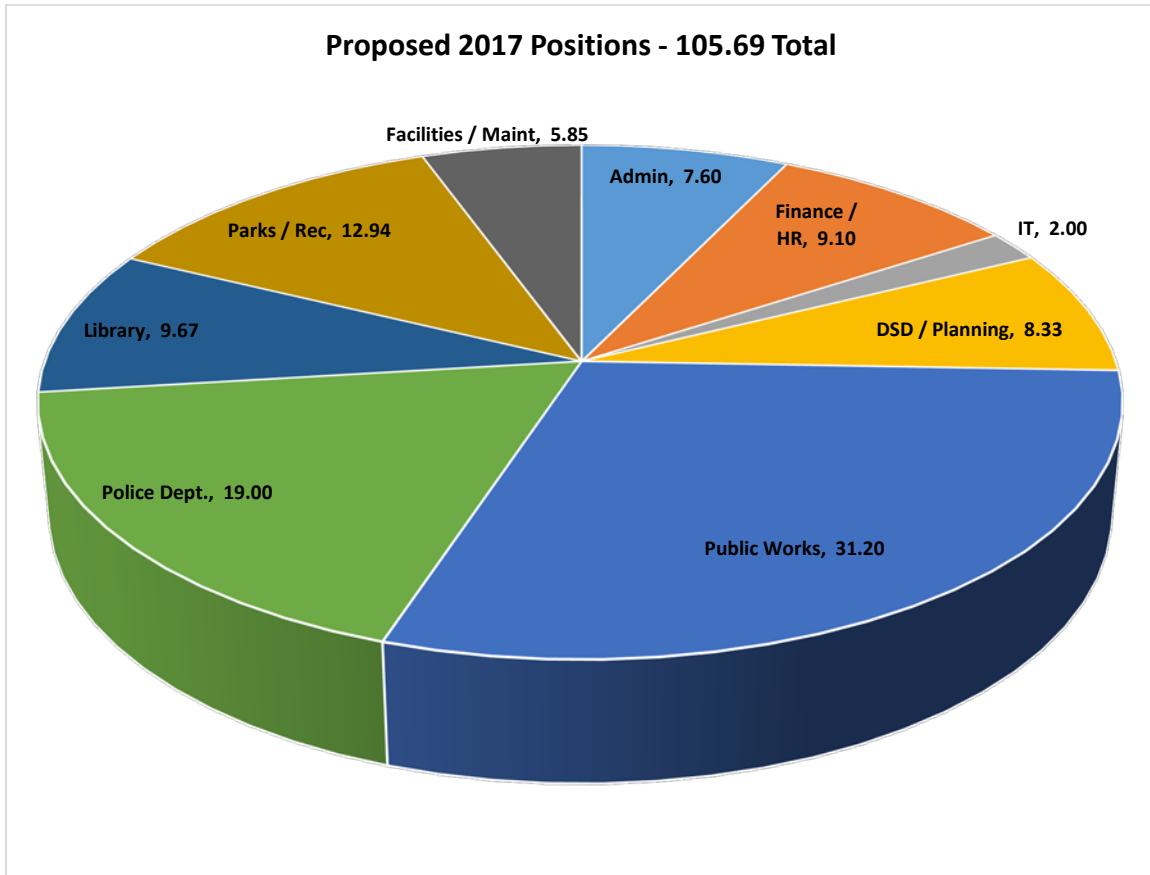
The Police Chief has requested the addition of a full time Executive Assistant to handle confidential matters on his behalf. This position will be responsible for administrative duties including assisting the chief with personnel matters, scheduling, budget management, invoice coding and tracking and travel arrangements and reimbursements.

The proposed budget for the City pool includes the addition of 0.63 full time equivalents of part time swim instructors. Swim instructors lead classes that drive additional pool revenue. The revenue associated with these instructors covers the direct cost of the instructors' salaries and benefits. Additionally, the City Council approved the transfer of the management of the Port Townsend Swim Team from the parent-led non-profit to a City recreation program. This program adds up to 2 part time swim team coaches (0.60 full time equivalents) to the pool staff. These positions are funded by revenues charged to swim team participants. Additional revenue has been included in the proposed budget to cover the costs of these service additions.

The proposed budget for Parks includes the addition of part-time seasonal workers (0.84 full time equivalents). Due to positive revenue collections in the general fund, the Parks department was able to hire seasonal help in 2016. Seasonal workers in Parks are generally hired in April and work through the busy summer months.

Public Works Administration is proposing the addition of a permit technician to work at the Development Services counter. This full time position will support the public works infrastructure development review permit processing.

Total Proposed positions by department are allocated as follows:



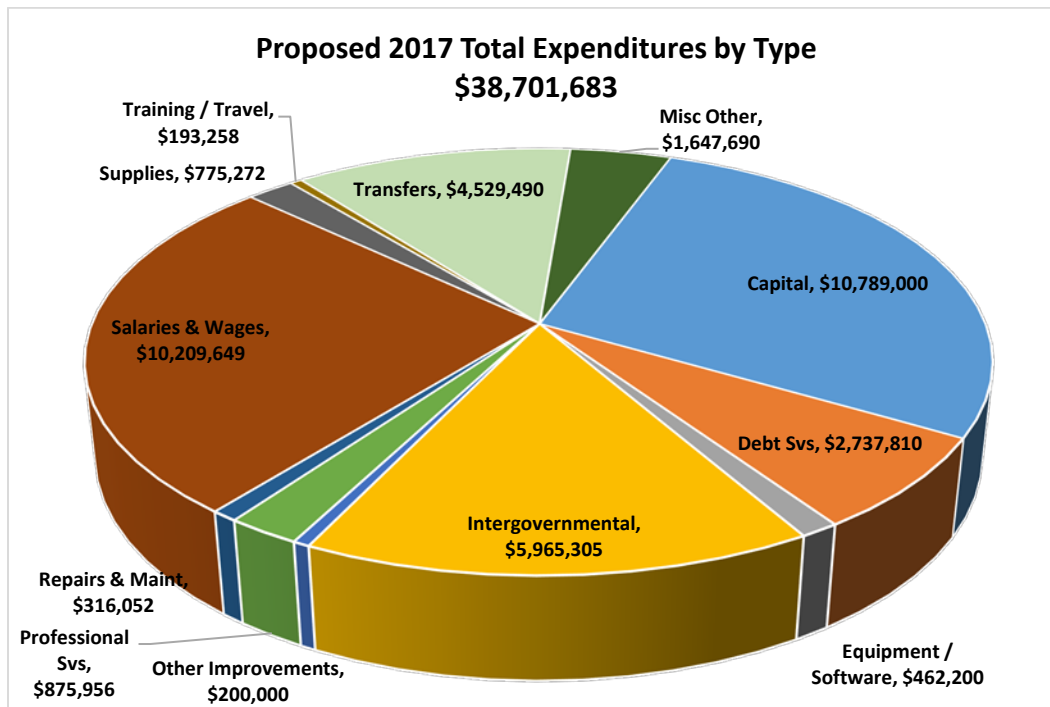
Non-Labor

Listed below are highlights of significant expense increases in 2017:

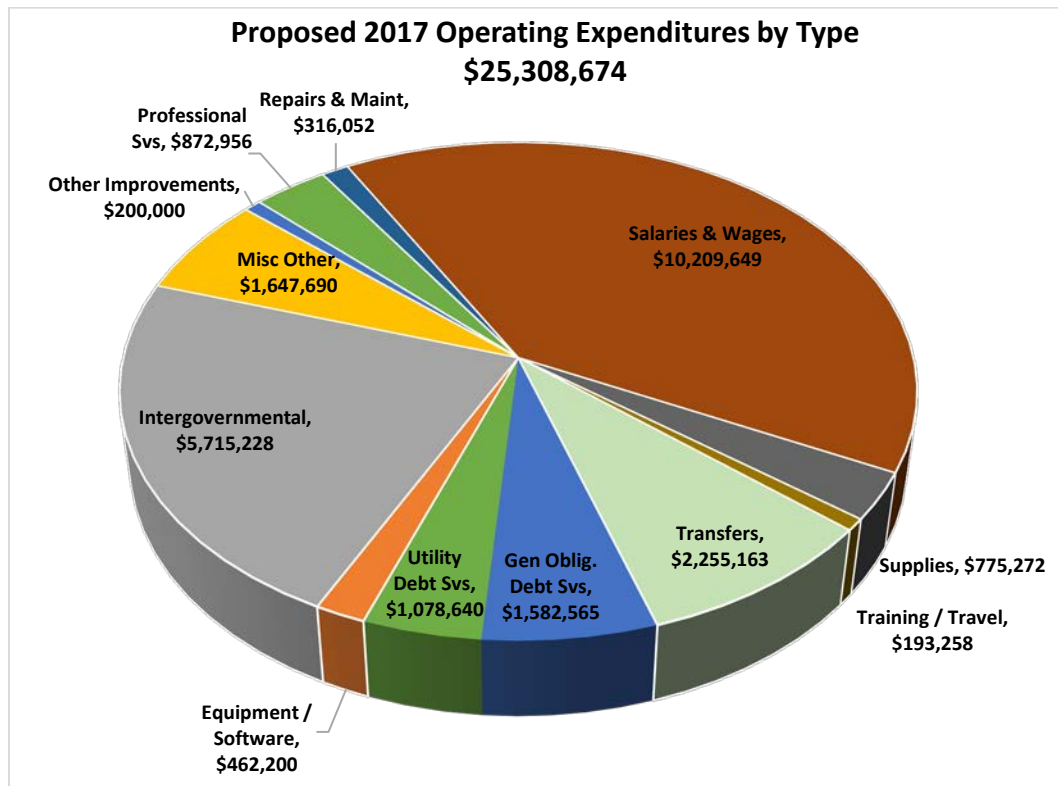
- General Fund – \$33,000 increase in liability insurance through our WCIA insurance risk pool
- General Fund - \$27,000 increase in Council reserve (1% of general fund revenues per Council financial policies)
- General Fund – \$25,000 appropriation to fund potential legal fees for Ethics Hearing Officer costs
- General Fund - \$50,000 appropriation to fund a communications plan proposal to review the City’s various communication modes, including website presence and social media opportunities
- General Fund - \$150,000 appropriation to fund 2 police vehicles contingent upon achieving 2017 retail sales tax budgeted revenues
- Public Works Administration - \$50,000 appropriation to fund updated aerial photos of the City

- City wide – \$62,000 increase in utility costs for City facilities and street lights related to estimated rate increases
- City wide – Increase in assessments for the Equipment Rental and Replacement fund. Fleet assessments increased by \$52,000 and Information Technology by \$27,000
- Water/Sewer/Stormwater Utilities - \$83,000 increase in tax liabilities for state Business and Occupational Taxes assessed on the City. A portion of this increase is related to not receiving the Main Street tax credit in 2016.
- Water/Sewer Utilities – Increase in Public Works Trust Fund Loan payments of \$359,000 related to the water treatment facility and 5 mg reservoir loans
- Equipment Rental and Replacement Fund - \$21,000 increase to fund Microsoft Office subscription service
- Fire & EMS Services Fund expense increase of \$42,000 is related to increased property tax revenues that are passed through to East Jefferson Fire Rescue
- GO Debt Service Fund expenditures in 2017 include a \$135,000 increase in principal payments for the 2010 bonds and the \$300,000 of debt service payments for the Mountain View Commons voted bonds
- General Government CIP, Street Capital and Water Capital expenditures are all budgeted to increase in 2017 related to significant capital projects

Total Proposed Expenses by Type:



Total Proposed Operating Expenses by Type:



2017 CAPITAL PROJECTS

The proposed 2017 budget has a variety of significant capital projects that add new infrastructure to the City and improves aging infrastructure.

General Government and Street Capital Projects included in the 2017 capital budget that are currently underway and have secured funding sources:

- Mountain View Phase III repairs and upgrades to facilities on the campus that houses the police station, pool and non-profit organizations
- Mountain View CDBG project that focuses on the interior repairs and improvements for the Food Bank and Working Image, two non-profit organizations housed at the Mountain View campus
- Completion of the Howard Street extension from Sims Way to Discovery Road

General Government and Street Capital Projects included in the 2017 capital budget that are in either the planning or design stage with permanent financing yet to be identified:

- Library capital improvements including roof and window replacements for the Library addition
- Visitor's Center Sims Way frontage improvements
- Water Street Overlay project

- SR 20 Pedestrian Walkway
- 7th Street

Water/Sewer and Stormwater Utility Capital Projects included in the 2017 capital budget that are currently underway and have secured funding sources:

- Howard Street extension project includes the addition/extension of water, sewer and stormwater services
- Water Treatment Facility and 5 Million Gallon Reservoir project is nearing completion and close out of this project is anticipated in the first half of 2017

Water/Sewer and Stormwater Utility Capital Projects included in the 2017 capital budget that are in either the planning or design stage with permanent financing yet to be identified:

- Water Street Overlay project – replacement of water line and other utility improvements
- Big Quill Diversion project – repair/improvement of the Big Quill dam infrastructure
- Sewer Outfall improvement
- Regional Stormwater project related to the Howard Street extension (partially funded by a CERB loan)

2017 COUNCIL AND CITY-WIDE GOALS

In 2014, the Council adopted a 3-year Strategic Plan for the City of Port Townsend. In early 2016, the Council met to update this strategic plan. The 2017 budget continues to align our operating and capital plans with the goals and objectives detailed in the strategic plan (Exhibit A). In order to meet these goals, City staff will work on the following actions in 2017:

- Close out of the water projects - LT2 Water System Improvements - Filtration Plant and 5 Million Gallon Reservoir (\$25 million over four years!)
- Maintain support for the three major strategic investment goals:
 - Sims Way Gateway and Howard Street Improvements
 - Fort Worden PDA improvements
 - Mountain View Commons improvements
- Complete the Critical Areas Update
- Support community partners in identifying solutions for affordable housing
- Evaluate options for long-term financing solutions for:
 - Street repair and maintenance and a Pavement Management Program
 - Parks and Recreation maintenance and programs
 - Library capital improvements
- Consolidate and update City financial policies, forecasts, and plan
- Update policy regarding Equipment Rental and Replacement (ERR) Fund contributions and replacement schedules
- Succession planning for anticipated senior staff transition over next 2-3 years

City of Port Townsend Three-Year Strategic Plan 2016-2018

Vision: A vibrant, diverse community primed for economic growth

Mission: Facilitate the community's aspirations for a thriving small town quality of life as envisioned in the five key issues of the Comprehensive Plan

Audience: Serving current and prospective citizens and visitors of Port Townsend and Jefferson County

Objectives	Goals	Strategies	Actions / Measures
1. Build small town quality of life for all ages that ensures equitable access to amenities and provides for community resilience and self-reliance.	<ul style="list-style-type: none"> Adopt an Updated Comprehensive Plan that reflects the community's vision and addresses WA State Growth Management Act mandates by September 2016 Adopt a standard measure for community resilience by 3rd quarter 2017 	<ul style="list-style-type: none"> Implement transparent, equitable, accessible, and inclusive planning processes that: <ul style="list-style-type: none"> ✓ Engage and inform citizens ✓ Minimize scope creep ✓ Recognize alternative points of view ✓ Call out milestones and measures of success Update Development Regulations consistent with WA State and Best Management Practices 	<ul style="list-style-type: none"> <input type="checkbox"/> Docket specific priorities in Comprehensive Plan <input type="checkbox"/> Adopt Chapter 16.08 flood damage Dec 2018 <input type="checkbox"/> Adopt Critical Areas Update June 2017 <input type="checkbox"/> Amend PTMC to allow Electric Vehicle infrastructure in residential districts <input type="checkbox"/> PC review and recommend revisions to amend PTMC to allow commercial kitchens/food hubs in public zones
2. Develop diverse business opportunities that strengthen local economy and pave the way for young families to thrive.	<ul style="list-style-type: none"> Increase capacity for new business development. Benchmark targets for well-balanced commercial growth. 	<ul style="list-style-type: none"> Create diverse commercial districts that generate family wage jobs and retain local retail income Align code with business needs and community vision Allow for advanced-tech, light industrial, and craft mfg. Integrate business with adjacent residential areas Demonstrate environmental stewardship 	<ul style="list-style-type: none"> <input type="checkbox"/> Complete Howard Street construction 2017 <input type="checkbox"/> Define specific uses, standards, and zoning for Howard Street <input type="checkbox"/> Review development regulations for Upper Sims Way <input type="checkbox"/> Revisit Home Occupation requirements <input type="checkbox"/> Conduct code audit to align code with business needs and community vision <input type="checkbox"/> Work w/PUD to engage Broadband provider
3. Establish systems to support diverse housing options with perpetual affordability.	Establish the City's role as facilitator for advancing housing initiatives.	<ul style="list-style-type: none"> Conduct code audit to increase range of housing types and affordable/workforce housing opportunities Ensure universal access to information infrastructure Evaluate multiple funding models: State & Federal Aid, Low-risk financing, Grants, Public-Private Enterprise Increase coordination with partners 	<ul style="list-style-type: none"> <input type="checkbox"/> Adopt updated zoning code <input type="checkbox"/> Code audit/adopt regulations for short-term rentals that support affordable housing while addressing business needs <input type="checkbox"/> Map broadband infrastructure to ensure equitable access <input type="checkbox"/> Select organizational/funding model to support perpetual affordable housing <input type="checkbox"/> Develop ADU brochure <input type="checkbox"/> Assign city liaison to coordinate with housing partners
4. Ensure sustainable future for public services and facilities.	Source funding and implement plans for: <ul style="list-style-type: none"> City Parks & Rec Streets / Transportation Options Utilities Mt. View Commons (phase 2) 	Evaluate multiple funding models: <ul style="list-style-type: none"> State and Federal aid, grants, low-risk loan financing Consider land and timber sales/conservation Evaluate enterprise models (private-public) Consider fire district annexation Special purpose districts (e.g. Parks District) Renegotiate Mill contract 	<ul style="list-style-type: none"> <input type="checkbox"/> Update Water/sewer rate study <input type="checkbox"/> Conduct analysis to show fiscal impact of fire district options <input type="checkbox"/> Adopt storm water functional plan by March 1, 2017 <input type="checkbox"/> Establish Benchmark/LOS standards
5. Foster a strong education community culture.	Maintain the City's role as an active facilitator for advancing education initiatives.	<ul style="list-style-type: none"> Cultivate partnerships with Fort Worden PDA, Peninsula College, and PT school district Focus on higher educ. and future workforce training 	<ul style="list-style-type: none"> <input type="checkbox"/> Support completion of Bldg. 202 at Fort Worden <input type="checkbox"/> Support completion of Fort Worden's "Makers Square" <input type="checkbox"/> Collaborate on Grant Street school library services <input type="checkbox"/> Offer City internships for High School students
6. Provide for a healthy City organization.	<ul style="list-style-type: none"> Invest in organizational capacity for leadership, operations, and response to citizen concerns. Be an exceptional employer. 	<ul style="list-style-type: none"> Provide leadership development and training Invest in technology, systems, tools Adopt and implement best practices Revisit Advisory Boards and Commissions Provide organizational capacity for proactive City leadership and collaboration 	<ul style="list-style-type: none"> <input type="checkbox"/> Career pathing plan <input type="checkbox"/> Approve annual value-added training program <input type="checkbox"/> Annually updated value-added systems plan <input type="checkbox"/> Annually review citizen concerns and apply feedback process <input type="checkbox"/> Capacity for legislative action & Human Rights Commission <input type="checkbox"/> Conduct citizen satisfaction survey

DEFERRED MAINTENANCE AND UNMET NEEDS

The City has begun to address various unmet community needs during the Comprehensive Plan process. This plan was adopted in September 2017. This planning process allowed the community to help identify what levels of service are financially sustainable and what commitment the public will need to make to ensure that sustainability.

Recognizing our recovering but still limited resources, departments have identified specific unmet needs as either one-time or ongoing expenditures. These needs are included in the table below. The City Manager's budget provides funding for some of these needs in the 2016 supplemental budget and others in the 2017 proposed budget. Items identified as Deferred/Not Funded are not included in either the supplemental 2016 budget appropriations or the City Manager's proposed budget.

**City of Port Townsend
Unmet Needs - Deferred & Unfunded Items
Budget 2017**

Fund/Department	Description of Item	One Time	Ongoing	Status
Deferred & Unfunded Personnel Costs				
General Fund				
Finance	1 full time Accountant		97,000	Deferred/Not Funded
Police	1 full time confidential assistant for Police Chief		97,000	Included in 2017 Budget
Police	Freeze deputy police chief position		124,000	Deferred/Not Funded
Administration	Communications Specialist		100,000	Deferred/Not Funded
Total General Fund Personnel Costs		-	418,000	
Library Fund				
Library	Adult Services Librarian		78,000	Deferred/Not Funded
Library	Additional Library Assistant Hours		7,800	Deferred/Not Funded
Total Library Fund Personnel Costs		-	85,800	
Community Services Fund				
Community Services	1 full time volunteer/events coordinator		72,000	Deferred/Not Funded
Community Services - Pool	Additional Swim & Fitness Instructor Hours (approximately 1.4 FTEs or additional 55 hours per week)		62,000	Deferred/Not Funded
Community Services - Pool	Additional lifeguard hours (approximately .3 FTE or additional 12 hours per week)		9,000	Deferred/Not Funded
Community Services - Parks	Restoration of 2.0 Parks Maintenance FTES (in addition to 1.0 FTE funded in 2016 budget)		145,000	Deferred/Not Funded
Community Services - Parks	Seasonal help		30,000	Included in 2017 Budget
Total Community Services Fund Personnel Costs		-	318,000	
PW Administration/Engineering				
PW Administration/Engineering	Intern		20,000	Deferred/Not Funded
PW Administration/Engineering	Professional development		11,800	Included in 2017 Budget
PW Administration/Engineering	Development Review Permit Tech		68,000	Included in 2017 Budget
Total PW Administration Fund Personnel Costs		-	99,800	
Water/Sewer/Street Operations				
Water/Sewer Operations	Seasonal help		11,000	Deferred/Not Funded
Street Maintenance	Seasonal help		11,000	Included in 2017 Budget
Total Water/Sewer & Street Fund Personnel Costs		-	22,000	
Total Deferred & Unfunded Personnel Costs		-	943,600	

**City of Port Townsend
Unmet Needs - Deferred & Unfunded Items
Budget 2017**

Deferred & Unfunded Non Personnel Items				
Fund/Department	Description of Item	One Time	Ongoing	Status
General Fund				
Mayor & Council	10 ipads and accessory equipment to replace Council computers	10,000		Included in 2016 Supplemental Budget
Finance	Financial Software Conversion (cost will be split with Utility Billing)	120,500		Deferred/Not Funded
Police Operations	Replacement rifles and radios		44,000	Included in 2016 Supplemental Budget
Police Operations	Training increase		10,000	Deferred/Not Funded
Human Resources	Police and general help wanted advertising increase		5,000	Deferred/Not Funded
Human Resources	City wide training & careerpathing program		10,250	Deferred/Not Funded
Human Resources	Executive recruitment costs for key positioins	30,000		Deferred/Not Funded
Development Services/Planning	Consulting services for comprehensive plan critical areas planning	20,000		Included in 2017 Budget
Total Deferred General Fund Non Personnel Items		180,500	69,250	
Library Fund				
Library	Consulting services - develop Library strategic plan	20,000		Deferred/Not Funded
Library	Increase in Library Material Acquisitions		10,000	Deferred/Not Funded
Total Deferred Library Non Personnel Items		20,000	10,000	
Street Fund				
Street Maintenance	Street Maintenance & Repair		470,000	Deferred/Not Funded
Street Maintenance	ADA & Other Sidewalk Repairs		35,000	Deferred/Not Funded
Street Maintenance	ADA & Other Sidewalk Repairs		15,000	Included in 2017 Budget
Street Maintenance	Wood chipper	20,000		Included in 2016 Supplemental Budget
Street Maintenance	Repair & maintenance - Upper Sims Way landscaping and sidewalk repairs	50,000		Deferred/Not Funded
Street Maintenance	ADA Transition Plan Consulting	70,000		Deferred/Not Funded
Total Deferred Street Non Personnel Items		140,000	520,000	
Community Services Fund				
Community Services - Parks & Facilities	Facility Maintenance Software	11,570	2,800	Included in 2016 Supplemental Budget
Community Services - Arts Commission	New initiatives requests from Arts Commission		13,000	Deferred/Not Funded
Community Services - Faciliites	Window Washing Machine	5,000		Included in 2017 Budget
Community Services - Parks & Facilities	Riding Lawn Mower	16,000		Included in 2016 Supplemental Budget
Community Services - Parks	Trail maintenance		5,000	Deferred/Not Funded
Community Services - Parks	Replace decking Tyler Street Stairs & Grass at Pope Marine Park	10,000		Included in 2017 Budget
Community Services - Faciliites	Pink House Carpet Replacement	2,000		Deferred/Not Funded
Community Services - Faciliites	Misc. Facility Repairs (Library, Cotton Bldg, Mtn View)	12,000		Evaluate after Capital Improvements are completed
Community Services - Pool	Additional Lockers at Pool	5,000		Included in 2017 Budget
Community Services - Pool	Climbing Wall, Slide, Playground	43,000		Deferred/Not Funded
Total Community Services Non Personnel Items		104,570	20,800	
General Capital Fund				
Community Services - Parks	Repairs to Skate Park Fence	25,000		Deferred/Not Funded
Total General Capital Fund Non Personnel Items		25,000	-	

**City of Port Townsend
Unmet Needs - Deferred & Unfunded Items
Budget 2017**

Fund/Department	Description of Item	One Time	Ongoing	Status
Utility Funds				
Water Fund	City Lake Property Acquisiton	100,000		Included in 2017 Budget
Water Fund	Replace Carbon Odor Scrubbers		85,000	Included in 2017 Budget
Water Fund	Submersible pump Gaines Street Lift Station	25,000		Included in 2017 Budget
Water Capital	Kuhn St House roof, heat pump & window replacement	39,000		Included in 2017 Budget
Public Works	Aerial Photos Update	50,000		Included in 2017 Budget
Water Fund	Golf Course Well Analysis and Development & Irrigation Plan	65,000		Included in 2017 Budget
Biosolids	Replace Rapid Gravity Dewatering equipment	140,000		Included in 2017 Budget
Water Fund	Repair & maintenance water/ sewer lines & additional equipment	120,000		Included in 2017 Budget
Total Utility Fund Non Personnel Items		539,000	85,000	
Equipment Rental Funds				
Equipment Rental - IT	3 new police vehicles and upgrades to Police Coban in car units (Windows 98) & City Hall UPS	210,000		Included in 2016 Supplemental Budget
Equipment Rental - IT	2 SU IT Servers for Replacement	12,800		Included in 2017 Budget
Equipment Rental - IT	Microsoft Software Advance fro MS Office	20,000		Included in 2017 Budget
Equipment Rental - Fleet	Fuel system software	15,000		Included in 2017 Budget
Equipment Rental - Fleet	Tire mounting/balancing equipment	17,000		Deferred/Not Funded
Equipment Rental - Fleet	Dump truck replacement - Streets	85,000		Deferred/Not Funded
Equipment Rental - Fleet	2 new police vehicles	150,000		Included in 2017 Budget (to be purchased if revenue targets achieved)
Equipment Rental - Fleet	Vactor Truck replacement	450,000		Deferred/Not Funded
Total Equipment Rental Fund Non Personnel Items		959,800	-	
Golf Course Fund				
Golf Course	Irrigation Plan - Consulting	5,000		Included in 2017 Budget
Total Deferred Library Non Personnel Items		5,000	-	
Total Deferred & Unfunded Non Personnel Items		1,973,870	705,050	
Total Deferred & Unfunded Personnel & Non Personnel Items		1,973,870	1,648,650	

**City of Port Townsend
Proposed 2017 Fund Summary**

	2016 Estimated Balance	2017 Proposed Revenues	2017 Proposed Expenses	2017 Adopted Rev vs. Exp	2017 Proposed Balance
GENERAL FUND	1,043,780	8,291,055	8,283,495	7,560	1,051,340
Drug Enforc. / Contingency	120,848	500	-	500	121,348
Street	235,599	817,049	813,216	3,833	239,432
Library	154,509	1,051,255	1,041,019	10,236	164,745
Real Estate Excise Tax	159,587	460,100	460,000	100	159,687
Lodging Tax	144,754	460,000	433,734	26,266	171,020
Fire / EMS	38,050	2,317,808	2,317,194	614	38,664
Affordable Housing	30,779	10,000	10,000	-	30,779
Community Development Block Grant	142,990	17,421	15,245	2,176	145,166
Community Services	109,681	1,806,242	1,803,972	2,270	111,951
TOTAL SPECIAL REV FUNDS	1,136,798	6,940,375	6,894,380	45,995	1,182,793
DEBT SERVICE FUND	69,062	1,592,003	1,585,565	6,438	75,500
General Capital	1,304,296	2,375,876	3,575,676	(1,199,800)	104,496
Street Capital	75,000	3,969,409	3,969,284	125	75,125
CAPITAL PROJECTS FUNDS	1,379,296	6,345,285	7,544,960	(1,199,675)	179,621
System Development	1,949,584	304,000	-	304,000	2,253,584
Water / Sewer	2,855,441	5,708,223	5,691,098	17,125	2,872,566
Storm	147,336	560,900	487,098	73,802	221,138
Water / Sewer / Storm Capital	885,670	8,026,063	5,845,049	2,181,014	3,066,684
ENTERPRISE FUNDS	5,838,031	14,599,186	12,023,245	2,575,941	8,413,972
Public Works Admin	37,586	505,979	505,880	99	37,685
Equipment Rental & Replacement	605,996	887,516	920,533	(33,017)	572,979
Engineering Services	230,381	944,250	887,921	56,329	286,710
Unemployment Self-Insurance	24,716	3,050	3,000	50	24,766
INTERNAL SERVICE FUNDS	898,679	2,340,795	2,317,334	23,461	922,140
Firemen's Pension	217,289	35,885	34,006	1,879	219,168
Agency / Refundable Deposits	45,782	170	-	170	45,952
Memorial Fund	2,549	-	-	-	2,549
Golf Course Fund	29,352	12,000	18,698	(6,698)	22,654
FIDUCIARY FUNDS	294,972	48,055	52,704	(4,649)	290,323
GRAND TOTAL	\$ 10,660,619	\$ 40,156,754	\$ 38,701,683	\$ 1,455,071	\$ 12,115,690

**City of Port Townsend
Projected 2016 Fund Summary - Supplemental Budget**

	2015	2016	2016	2016	2016	2016	2016	2016	2016
	Ending Balance	Adopted Revenues	Amended Revenues	Adopted Expenses	Amended Expenses	Adopted Rev vs. Exp	Amended Rev vs. Exp	Proposed Supplemental Appropriation	Projected Ending Balance
GENERAL FUND	976,384	7,525,645	8,113,303	7,496,782	8,045,907	28,863	67,396	549,125	1,043,780
Drug Enforc. / Contingency	150,434	200	20,414	-	50,000	200	(29,586)	50,000	120,848
Street	195,691	744,776	809,515	734,515	769,607	10,261	39,908	35,092	235,599
Library	151,851	1,033,985	1,066,451	1,030,878	1,063,793	3,107	2,658	32,915	154,509
Real Estate Excise Tax	68,309	450,100	570,278	450,000	479,000	100	91,278	29,000	159,587
Lodging Tax	157,097	432,000	466,054	430,577	478,397	1,423	(12,343)	47,820	144,754
Fire / EMS	32,713	2,421,429	2,421,743	2,421,129	2,416,406	300	5,337	(4,723)	38,050
Affordable Housing	40,662	10,050	10,117	6,500	20,000	3,550	(9,883)	13,500	30,779
Community Development Block Grant	141,751	15,445	16,484	15,245	15,245	200	1,239	-	142,990
Community Services	105,699	1,553,450	1,706,876	1,552,531	1,702,894	919	3,982	150,363	109,681
TOTAL SPECIAL REV FUNDS	1,044,208	6,661,435	7,087,932	6,641,375	6,995,342	20,060	92,590	353,967	1,136,798
DEBT SERVICE FUND	65,186	1,436,515	1,475,675	1,471,799	1,471,799	(35,284)	3,876	(0)	69,062
General Capital	1,334,201	1,659,200	79,200	2,858,105	109,105	(1,198,905)	(29,905)	(2,749,000)	1,304,296
Street Capital	(38,382)	3,170,200	1,325,128	3,249,846	1,211,746	(79,646)	113,382	(2,038,100)	75,000
CAPITAL PROJECTS FUNDS	1,295,819	4,829,400	1,404,328	6,107,951	1,320,851	(1,278,551)	83,477	(4,787,100)	1,379,296
System Development	1,450,405	201,200	563,179	1,200,000	64,000	(998,800)	499,179	(1,136,000)	1,949,584
Water / Sewer	2,200,191	4,851,200	5,274,656	4,540,730	4,619,407	310,470	655,249	78,677	2,855,441
Storm	134,604	1,872,900	752,900	1,820,466	740,168	52,434	12,732	(1,080,298)	147,336
Water / Sewer / Storm Capital	276,525	20,150,000	20,017,539	19,776,273	19,408,394	373,727	609,145	(367,879)	885,670
ENTERPRISE FUNDS	4,061,725	27,075,300	26,608,274	27,337,469	24,831,969	(262,169)	1,776,305	(2,505,500)	5,838,031
Public Works Admin	37,486	350,900	356,610	350,890	356,510	10	100	5,620	37,586
Equipment Rental & Replacement	829,341	807,346	998,147	930,366	1,221,492	(123,020)	(223,345)	291,126	605,996
Engineering Services	112,074	1,050,050	1,085,250	1,039,859	966,943	10,191	118,307	(72,916)	230,381
Unemployment Self-Insurance	24,666	50	6,050	-	6,000	50	50	6,000	24,716
INTERNAL SERVICE FUNDS	1,003,567	2,208,346	2,446,057	2,321,115	2,550,945	(112,769)	(104,888)	229,830	898,679
Firemen's Pension	214,836	39,245	39,885	37,432	37,432	1,813	2,453	-	217,289
Agency / Refundable Deposits	208,251	-	95,347	-	257,816	-	(162,469)	257,816	45,782
Memorial Fund	2,549	-	-	-	-	-	-	-	2,549
Golf Course Fund	31,624	16,000	12,000	14,272	14,272	1,728	(2,272)	-	29,352
FIDUCIARY FUNDS	457,260	55,245	147,232	51,704	309,520	3,541	(162,288)	257,816	294,972
GRAND TOTAL	\$8,904,150	\$49,791,886	\$47,282,801	\$51,428,196	\$45,526,333	(\$1,636,310)	\$1,756,468	(\$5,901,863)	\$10,660,619

ORDINANCE NO. 3159

AN ORDINANCE OF THE CITY OF PORT TOWNSEND, WASHINGTON, ADOPTING 2016 SUPPLEMENTAL BUDGET APPROPRIATIONS AND MAKING FINDINGS AND DECLARING AN EMERGENCY

WHEREAS, the City Manager of the City of Port Townsend, Washington, completed and filed an additional proposed supplemental budget for 2016 on November 2, 2016; and

WHEREAS, the City Council reviewed the supplemental budget and held a public hearing on November 7, 2016 and considered the matter further on November 14, 2016;

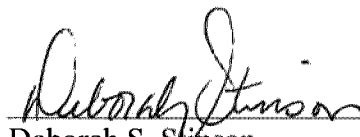
NOW, THEREFORE, the City Council of the City of Port Townsend, Washington, do ordain as follows:

Section 1. The supplemental budget for the City of Port Townsend, Washington, for the fiscal year 2016, is adopted as set forth in the document entitled “City of Port Townsend Budget 2016 Supplemental Fund Summary”, a copy of which is on file with the office of the City Clerk, and is incorporated into this Ordinance. The budget supplemental summary is attached as Exhibit A, making revenue and expenditure revisions.

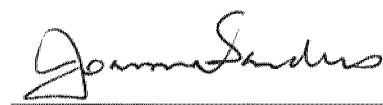
Section 2. Because of expenditures that could not reasonably have been foreseen at the time of filing the preliminary budget that required the expenditure of money not provided for in the annual budget, the City Council declares an emergency requiring the appropriations to the 2016 budget.

Section 3. This Ordinance shall take effect upon its passage, approval, and publication in the form and manner provided by law.


ADOPTED by the City Council of the City of Port Townsend, Washington, at a regular meeting thereof, held this 14th day of November, 2016.


Deborah S. Stinson
Mayor

Attest:


Joanna Sanders, CMC
City Clerk

Approved as to legal form:


Steven L. Gross
City Attorney

City of Port Townsend Projected 2016 Fund Summary - Supplemental Budget									
	2015	2016	2016	2016	2016	2016	2016	2016	2016
	Ending Fund Balance	Adopted Revenues	Amended Revenues	Adopted Expenses	Amended Expenses	Adopted Rev vs. Exp	Amended Rev vs. Exp	2016 Proposed Supplemental Appropriation	2016 Projected Ending Fund Balance
GENERAL FUND	976,384	7,525,645	8,113,303	7,496,782	8,045,907	28,863	67,396	549,125	1,043,780
Drug Enforc. / Contingency	150,434	200	20,414	-	50,000	200	(29,586)	50,000	120,848
Street	195,691	744,776	809,515	734,515	769,607	10,261	39,908	35,092	235,599
Library	151,851	1,033,985	1,066,451	1,030,878	1,063,793	3,107	2,658	32,915	154,509
Real Estate Excise Tax	68,309	450,100	570,278	450,000	479,000	100	91,278	29,000	159,587
Lodging Tax	157,097	432,000	466,054	430,577	478,397	1,423	(12,343)	47,820	144,754
Fire / EMS	32,713	2,421,429	2,421,743	2,421,129	2,416,406	300	5,337	-	38,050
Affordable Housing	40,662	10,050	10,117	6,500	20,000	3,550	(9,883)	13,500	30,779
Community Development Block Grant	141,751	15,445	16,484	15,245	15,245	200	1,239	-	142,990
Community Services	105,699	1,553,450	1,706,876	1,552,531	1,702,894	919	3,982	150,363	109,681
TOTAL SPECIAL REV FUNDS	1,044,208	6,661,435	7,087,932	6,641,375	6,995,342	20,060	92,590	358,690	1,136,798
DEBT SERVICE FUND	65,186	1,436,515	1,475,675	1,471,799	1,471,799	(35,284)	3,876	-	69,062
General Capital	1,334,201	1,659,200	79,200	2,858,105	109,105	(1,198,905)	(29,905)	-	1,304,296
Street Capital	(38,382)	3,170,200	1,325,128	3,249,846	1,211,746	(79,646)	113,382	-	75,000
CAPITAL PROJECTS FUNDS	1,295,819	4,829,400	1,404,328	6,107,951	1,320,851	(1,278,551)	83,477	-	1,379,296
System Development	1,450,405	201,200	563,179	1,200,000	64,000	(998,800)	499,179	-	1,949,584
Water / Sewer	2,200,191	4,851,200	5,274,656	4,540,730	4,619,407	310,470	655,249	78,677	2,855,441
Storm	134,604	1,872,900	752,900	1,820,466	740,168	52,434	12,732	-	147,336
Water / Sewer / Storm Capital	276,525	20,150,000	20,017,539	19,776,273	19,408,394	373,727	609,145	-	885,670
ENTERPRISE FUNDS	4,061,725	27,075,300	26,608,274	27,337,469	24,831,969	(262,169)	1,776,305	78,677	5,838,031
Public Works Admin	37,486	350,900	356,610	350,890	356,510	10	100	5,620	37,586
Equipment Rental & Replacement	829,341	807,346	998,147	930,366	1,221,492	(123,020)	(223,345)	291,126	605,996
Engineering Services	112,074	1,050,050	1,085,250	1,039,859	966,943	10,191	118,307	-	230,381
Unemployment Self-Insurance	24,666	50	6,050	-	6,000	50	50	6,000	24,716
INTERNAL SERVICE FUNDS	1,003,567	2,208,346	2,446,057	2,321,115	2,550,945	(112,769)	(104,888)	302,746	898,679
Firemen's Pension	214,836	39,245	39,245	37,432	36,792	1,813	2,453	-	217,289
Agency / Refundable Deposits	208,251	-	95,347	-	257,816	-	(162,469)	-	45,782
Memorial Fund	2,549	-	-	-	-	-	-	-	2,549
Golf Course Fund	31,624	16,000	12,000	14,272	14,272	1,728	(2,272)	-	29,352
FIDUCIARY FUNDS	457,260	55,245	146,592	51,704	308,880	3,541	(162,288)	-	294,972
GRAND TOTAL	\$8,904,150	\$49,791,886	\$47,282,161	\$51,428,196	\$45,525,693	(\$1,636,310)	\$1,756,468	\$1,289,238	\$10,660,619

ORDINANCE NO. 3160

AN ORDINANCE OF THE CITY OF PORT TOWNSEND, WASHINGTON, FIXING AND ADOPTING 2017 PROPERTY TAX LEVIES FOR THE GENERAL LEVY WITH A TOTAL INCREASE OF ONE PERCENT (1.00%) AND FOR THE EMERGENCY MEDICAL SERVICES LEVY AN INCREASE OF APPROXIMATELY SIX AND 67/100 PERCENT (6.67%) AND A VOTER-APPROVED TAX LEVY FOR THE MOUNTAIN VIEW COMMONS CAPITAL IMPROVEMENTS OF \$0.10595 PER \$1,000 OF ASSESSED PROPERTY VALUE

WHEREAS, as provided by and pursuant to RCW 84.55.120 and other applicable statutes, the City of Port Townsend has properly given notice of the public hearing held on November 7, 2016, to consider the City of Port Townsend's General Fund, Contingency Fund, Library Fund, Fire and Emergency Medical Services Fund, Community Services Fund, Debt Service Fund and Firemen Pension Fund budget for the 2017 calendar year, pursuant to RCW 84.55.120; and

WHEREAS, RCW 84.52.070 requires the City to certify to the County the amount of taxes to be levied upon the property within the City by November 30th of each year; and,

WHEREAS, at the February 10, 2015 special election, the citizens of Port Townsend approved an additional property tax of \$0.1005 per \$1,000 of assessed property value for improvements to the Mountain View Commons facility and to repay any interim financing used for those improvements; and,

WHEREAS, the City of Port Townsend, after hearing, and after duly considering all relevant evidence and testimony presented, has determined that the City of Port Townsend requires an increase in real property tax revenue from the previous year, in addition to the increase in the value of state-assessed property, in order to discharge the expected expenses and obligations of the City of Port Townsend and in its best interest;

NOW THEREFORE, the City Council of the City of Port Townsend do ordain as follows:

Section 1. That an increase in the regular property tax levy of 1.00%, in addition to any amount resulting from the addition of new construction and improvements to property and any increase in the value of state-assessed property, and any increase due to re-levying for any refunds made in the previous year, is hereby authorized for the 2017 levy in amounts as follows:

1.1. There is hereby levied upon all taxable property in the City of Port Townsend, for the year of 2017, the sum of \$ 3,923,196 a general tax levy, which is a percentage increase of 1.00%, in addition to any amount resulting from the addition of new construction and improvements to property and any increase in the value of state-assessed property, and any increase due to re-levying for any refunds and cancellations/supplementals made in the previous year, resulting in an increase of \$38,844 from the previous year.

1.2. In addition to the above, there is hereby levied upon all taxable property in the City of Port Townsend, for the year of 2017, the sum of \$715,116 as an emergency medical services property tax levy, which is a percentage increase of approximately 6.7%, resulting in an increase of \$44,716 from the previous year due to assessed value revisions.

1.3. In addition to the above, there is hereby levied upon all taxable property in the City of Port Townsend, for the year of 2017, the sum of \$150,000 for the 2015 Unlimited Tax General Obligation Bonds approved by voters in February 2015 for capital improvements at the Mountain View Commons, which is a tax levy at approximately \$0.10595 per \$1,000 assessed value.

Section 2. If any provision of this Ordinance or its application to any person or circumstance is held invalid, the remainder of the ordinance, or the application of the provision to other persons or circumstances, is not affected.

Section 3. This Ordinance shall take effect upon its passage, approval, and publication in the form and manner provided by law.

ADOPTED by the City Council of the City of Port Townsend, Washington, at a regular meeting thereof, held this 14th day of November, 2016.



Deborah S. Stinson
Mayor

Attest:



Joanna Sanders, CMC
City Clerk

Approved as to form:



Steven L. Gross
City Attorney

Ordinance No. 3161

**AN ORDINANCE OF THE CITY OF PORT TOWNSEND, WASHINGTON,
ADOPTING THE CAPITAL IMPROVEMENT PLAN FOR 2017 THROUGH 2022**

WHEREAS, the City of Port Townsend has adopted a Comprehensive Plan and has amended it in accordance with the requirements of the Growth Management Act (“GMA”) (Chapter 36.70A of the Revised Code of Washington); and,

WHEREAS, the GMA requires a capital facilities plan as a mandatory element of the City’s Comprehensive Plan and the City has adopted such a plan, commonly referred to as the City’s Capital Improvement Plan; and,

WHEREAS, the Capital Improvement Plan provides the six-year capital facility program for the City, subject to appropriation by the Council of funding for the projects contained in the Plan; and,

WHEREAS, RCW 36.70A.130 and Section 20.04.030A(7) of the Port Townsend Municipal Code allow the city to adopt changes to the Capital Improvement Plan concurrently with the adoption of the city’s budget; and,

WHEREAS, the City Council held a public hearing on November 7, 2016, on the proposed 2017-2022 Capital Improvement Plan.

NOW THEREFORE, the City Council of the City of Port Townsend do ordain as follows:

Section 1. Findings and Conclusions. The proposed 2017-2022 Capital Improvement Plan is consistent with and implements the currently-adopted Capital Facilities and Utility Elements of the Comprehensive Plan are consistent with RCW 36.70A.070(3) and the Comprehensive Plan, and are in the public interest.

Section 2. The City adopts the 2017-2022 Capital Improvement Plan as substantially shown at Exhibit A.

Section 3. Severability. If any sentence, clause or phrase of this Ordinance should be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause, or phrase or work of this ordinance.

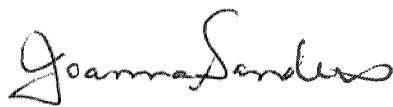
Section 4. Transmittal to Department of Commerce. The City Clerk shall transmit a copy of this Ordinance to the State Department of Commerce (DOC) within ten (10) days of adoption of this ordinance.

Section 5. Effective Date. This Ordinance shall take effect and be in force 5 days following its publication in the manner provided by law.

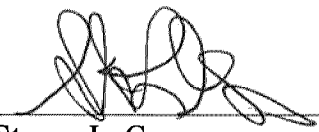
ADOPTED by the City Council of the City of Port Townsend, Washington, at a regular meeting thereof, held this 14th day of November, 2016.


Deborah S. Stinson
Mayor

Attest:


Joanna Sanders, CMC
City Clerk

Approved as to Form:


Steven L. Gross
City Attorney

Capital Improvement Plan 2017 - 2022
General Government

* This plan shows the 6-year plan for capital projects.

	2017	2017	2018	2019	2020	2021	2022	6-Year Total
General Government								
Funding Sources								
	Adopted	Preliminary						
CDBG		414,000						414,000
Heritage Grant		120,000						120,000
Donation		80,000						80,000
Voted Bond		1,200,000						1,200,000
2017 Bond		500,000						500,000
Total		2,314,000						2,314,000
Expenditures								
Design/Construction		2,240,000						2,240,000
Project Management		74,000						74,000
Total		2,314,000						2,314,000
Street								
Funding Sources								
WSDOT - STP funds		600,000				600,000	4,000,000	5,200,000
TAP		150,000	50,000					300,000
DOC		300,000						300,000
TIB		1,860,000	550,000					2,410,000
Local Funds								
2017 Bond		1,015,000	925,000					1,940,000
Other Unsecured Funding			50,000	1,820,000	8,980,000	2,200,000	1,050,000	14,100,000
Total		3,925,000	1,575,000	1,820,000	8,980,000	2,800,000	5,050,000	24,150,000
Expenditures								
Design/Construction		25,000			350,000	750,000		1,125,000
Construction		3,595,000	1,460,000	1,650,000	8,450,000	2,050,000	5,050,000	22,255,000
Project Management		305,000	115,000	170,000	180,000			770,000
Total		3,925,000	1,575,000	1,820,000	8,980,000	2,800,000	5,050,000	24,150,000
Water								
Funding Sources								
Capital Surcharge		140,000	160,000	160,000	160,000	160,000	160,000	940,000
Debt Reserve Fund		150,000						150,000
DWSRF		1,000,000						1,000,000
2017 Bond		3,640,000	1,260,000					4,900,000
Total		4,930,000	1,420,000	160,000	160,000	160,000	160,000	6,990,000
Expenditures								
Design/Construction		2,320,000	1,270,000	140,000	140,000	140,000	140,000	4,150,000
Project Management		240,000	150,000	20,000	20,000	20,000	20,000	470,000
Total		2,560,000	1,420,000	160,000	160,000	160,000	160,000	4,620,000
Sewer								
Funding Sources								
Capital Surcharge		147,100	120,000	120,000	120,000	140,000	250,000	897,100
Sewer Transfer SDC		200,000					360,000	560,000
CCWF Loan/Grant		300,000	100,000					400,000
Revenue Bond		40,000	60,000					100,000
Unsecured Funds			200,000	400,000	4,000,000	725,000	4,255,000	9,580,000
LID								
Total		687,100	480,000	520,000	4,120,000	865,000	4,865,000	11,537,100
Expenditures								
Design/Construction		540,000	390,000	450,000	3,800,000	680,000	4,470,000	10,330,000
Project Management		120,000	90,000	70,000	320,000	185,000	395,000	1,180,000
Total		660,000	480,000	520,000	4,120,000	865,000	4,865,000	11,510,000
Storm								
Funding Sources								
DOC (CERB)		1,200,000						1,200,000
Capital Surcharge		130,000	40,000					170,000
Total		1,330,000	40,000					1,370,000
Expenditures								
Design/Construction		1,210,000	30,000					1,240,000
Project Management		120,000	10,000					130,000
Total		1,330,000	40,000					1,370,000

**Capital Improvement Plan 2017 - 2022
General Government**

* This plan shows the 6-year plan for capital projects.

Priority	Project	2017 Preliminary	2017 Adopted	2018	2019	2020	2021	2022	6-Year Total
1	0095 Mountain View Phase III								
	Voted Bond								
	Funding Sources								
	Voted Bond	1,200,000							1,200,000
									-
	Total	1,200,000		-	-	-			1,200,000
	Expenditures								
	Design/Construction	1,150,000							1,150,000
	Project Management	50,000							50,000
									-
	Total	1,200,000		-	-	-			1,200,000
2	0096 Mountain View CDBG								
	Funding Sources								
	CDBG	414,000							414,000
									-
	Total	414,000		-	-	-			414,000
	Expenditures								
	Design/Construction	410,000							410,000
	Project Management	4,000							4,000
									-
	Total	414,000		-	-	-			414,000
3	0102 Library								
	Funding Sources								
	2017 Bond	500,000							500,000
	Heritage Grant	120,000							
	Donation	80,000							80,000
									-
	Total	700,000		-	-	-			700,000
	Expenditures								
	Design/Construction	680,000							680,000
	Project Management	20,000							20,000
									-
	Total	700,000		-	-	-			700,000

Capital Improvement Plan 2017 - 2022

Street

* This plan shows the 6-year plan for capital projects.

Priority	Project	2017 Preliminary	2017 Adopted	2018	2019	2020	2021	2022	6-Year Total
1	1058 Howard Street Phase II								
	Opening of Howard Street from Sims Way to Discovery Road								
	Funding Sources								-
	WSDOT - STP funds	600,000							600,000
	TIB	1,800,000							1,800,000
	DOC (CERB)	300,000							300,000
	2017 Revenue Bond	60,000							60,000
	Local Funds								-
	Total	2,760,000		-	-	-	-	-	2,760,000
	Expenditures								-
	Construction	2,600,000							2,600,000
	Project Management	160,000							160,000
	Total	2,760,000		-	-	-	-	-	2,760,000
2	1106 Water Street Overlay - Taylor to Ferry Terminal								
	Funding Sources								-
	TIB	60,000		550,000					610,000
	2017 Bond	100,000		900,000					1,000,000
	Total	160,000		1,450,000	-	-	-	-	1,610,000
	Expenditures								-
	Construction	120,000		1,350,000					1,470,000
	Project Management	40,000		100,000					140,000
	Total	160,000		1,450,000	-	-	-	-	1,610,000

Capital Improvement Plan 2017 - 2022

Priority	Project	Street						6-Year Total
		2017 Preliminary	2017 Adopted	2018	2019	2020	2021	
3	1145	SR 20 Pedestrian Walkway - Logan to Hancock						
		Funding Sources						-
		Unsecured			1,000,000			1,000,000
		TAP	150,000	50,000				200,000
		2017 Revenue Bond	25,000	25,000				50,000
		Total	175,000	75,000	1,000,000	-	-	1,250,000
		Expenditures						-
		Construction	150,000	60,000	900,000			1,110,000
		Project Management	25,000	15,000	100,000			140,000
		Total	175,000	-	75,000	1,000,000	-	1,250,000
4	1008	Visitor Center Sims Way Frontage						
		Funding Sources						-
		2017 Bond	800,000					800,000
		Unsecured				1,000,000		1,000,000
		Total	800,000	-	-	1,000,000	-	1,800,000
		Expenditures						-
		Design						-
		Construction	725,000			900,000		1,625,000
		Project Management	75,000			100,000		175,000
		Total	800,000	-	-	1,000,000	-	1,800,000
5	1047	7th Street Preliminary Design						
		Howard to Discovery Road						
		Funding Sources						-
		2017 Bond	30,000					30,000
		Total	30,000	-	-	-	-	30,000
		Expenditures						-
		Design	25,000					25,000
		Construction						-
		Project Management	5,000					5,000
		Total	30,000	-	-	-	-	30,000

Capital Improvement Plan 2017 - 2022

Priority Project	Street							6-Year Total	
	2017 Preliminary	2017 Adopted	2018	2019	2020	2021	2022		
6 Discovery Road I Sheridan to Howard Street	Funding Sources								
	Unsecured			770,000	7,580,000			8,350,000	
	Total	-	-	770,000	7,580,000			8,350,000	
	Expenditures								
	Design								
	Construction			700,000	7,500,000			8,200,000	
	Project Management			70,000	80,000			150,000	
	Total	-	-	770,000	7,580,000			8,350,000	
	7 Washington Street Downtown Streetscape	Funding Sources							
		Unsecured Funds				350,000	2,000,000		2,350,000
Total		-	-	-	350,000	2,000,000		2,350,000	
Expenditures									
Design					350,000			350,000	
Construction						2,000,000		2,000,000	
Total	-	-	-	350,000	2,000,000		2,350,000		

Capital Improvement Plan 2017 - 2022

Priority	Project	Street						2022	6-Year Total
		2017 Preliminary	2017 Adopted	2018	2019	2020	2021		
8	Sims Way Improvements II								
	Funding Sources								
							600,000	4,000,000	4,600,000
							150,000	1,000,000	1,150,000
		Total	-	-	-	-	750,000	5,000,000	5,750,000
	Expenditures								
							750,000		750,000
								5,000,000	5,000,000
	Total	-	-	-	-	750,000	5,000,000	5,750,000	
9	Sidewalk Project - ADA								
	Funding Sources								
				50,000	50,000	50,000	50,000	50,000	
		Total	-	50,000	50,000	50,000	50,000	50,000	250,000
	Expenditures								
				50,000	50,000	50,000	50,000	50,000	
		Total	-	50,000	50,000	50,000	50,000	50,000	250,000

Capital Improvement Plan 2017 - 2022

Water

* This plan shows the 6-year plan for capital projects.

Priority	Project	2017 Preliminary	2017 Adopted	2018	2019	2020	2021	2022	6-Year Total
1	6161 LT2 Filtration Treatment Facility Required Federal Mandate								
	Funding Sources								
	DWSRF	1,000,000							1,000,000
	Debt Revenue Fund	150,000							
	2017 Bond	1,300,000							
	Total	2,450,000							2,450,000
	Expenditures								
	Design/Construction	300,000							300,000
	Project Management	50,000							50,000
	Total	350,000							350,000
2	6017 5MG Reservoir Infrastructure Condition Mandate								
	Funding Sources								
	2017 Revenue Bond	900,000							900,000
	Total	900,000							900,000
	Expenditures								
	Design/Construction	600,000							600,000
	Project Management	50,000							50,000
	Total	650,000							650,000
3	6028 Howard Street Water Contributes to Economic Development								
	Funding Sources								
	2017 Revenue Bond	500,000							500,000
	Total	500,000							500,000
	Expenditures								
	Design/Construction	450,000							450,000
	Project Management	50,000							50,000
	Total	500,000							500,000

Capital Improvement Plan 2017 - 2022

Water

* This plan shows the 6-year plan for capital projects

Priority	Project	2017 Preliminary	2017 Adopted	2018	2019	2020	2021	2022	6-Year Total
4	6046 Water Street Overlay								
	Funding Sources								
	2017 Bond	140,000		860,000					1,000,000
	Total	140,000		860,000	-	-	-	-	1,000,000
	Expenditures								
	Design/Construction	120,000		780,000					900,000
	Project Management	20,000		80,000					100,000
	Total	140,000		860,000	-	-	-	-	1,000,000
5	6041 Big Quil Diversion								
	Funding Sources								
	2017 Bond	800,000		400,000					1,200,000
	Total	800,000		400,000	-	-	-	-	1,200,000
	Expenditures								
	Design/Construction	750,000		350,000					1,100,000
	Project Management	50,000		50,000					100,000
	Total	800,000		400,000	-	-	-	-	1,200,000
Ongoing	6000 Water General								
	Funding Sources								
	Water Capital Surcharge	140,000		160,000	160,000	160,000	160,000	160,000	940,000
	Total	140,000		160,000	160,000	160,000	160,000	160,000	940,000
	Expenditures								
	Design/Construction	100,000		140,000	140,000	140,000	140,000	140,000	800,000
	Project Management	20,000		20,000	20,000	20,000	20,000	20,000	120,000
	Total	120,000		160,000	160,000	160,000	160,000	160,000	920,000

Capital Improvement Plan 2017 - 2022

Sewer

* This plan shows the 6-year plan for capital projects.

Priority	Project	2017 Preliminary	2017 Adopted	2018	2019	2020	2021	2022	6-Year Total
1	7038 Howard Street Contributes to Economic Development								-
	Funding Sources								-
	2017 Bond	200,000							200,000
	Total	200,000		-	-	-	-	-	200,000
	Expenditures								-
	Design/Construction	150,000							150,000
	Project Management	50,000							50,000
	Total	200,000		-	-	-	-	-	200,000
2	7046 Water Street Overlay								-
	Funding Sources								-
	2017 Bond	40,000		60,000					100,000
	Total	40,000		60,000	-	-	-	-	100,000
	Expenditures								-
	Design/Construction	20,000		40,000					60,000
	Project Management	20,000		20,000					40,000
	Total	40,000		60,000	-	-	-	-	100,000
3	7001 Collection System Improvements								-
	Funding Sources								-
	Sewer Capital Surcharge	147,100		120,000	120,000	120,000	120,000		627,100
	Total	147,100		120,000	120,000	120,000	120,000	-	627,100
	Expenditures								-
	Design/Construction	100,000		100,000	100,000	100,000	100,000		500,000
	Project Management	20,000		20,000	20,000	20,000	20,000		100,000
	Total	120,000		120,000	120,000	120,000	120,000	-	600,000

Capital Improvement Plan 2017 - 2022

Sewer

Priority	Project	2017 Preliminary	2017 Adopted	2018	2019	2020	2021	2022	6-Year Total
4	7029 Outfall Replacement								
	Infrastructure Condition								-
	Funding Sources								-
	CCWF Loan/Grant	300,000		100,000					400,000
	Unfunded			200,000	400,000	4,000,000			
	Total	300,000		300,000	400,000	4,000,000	-	-	5,000,000
	Expenditures								-
	Design/Construction	270,000		250,000	350,000	3,700,000			4,570,000
	Project Management	30,000		50,000	50,000	300,000			430,000
	Total	300,000		300,000	400,000	4,000,000	-	-	5,000,000
5	7018 South West Sewer Pump Station								
	Contributes to Economic Development								-
	Funding Sources								-
	Unsecured - Loans, Grants, LID							3,970,000	3,970,000
	Sewer SDC							360,000	360,000
	Total	-		-	-	-	-	4,330,000	4,330,000
	Expenditures								-
	Design/Construction							4,000,000	4,000,000
	Project Management							330,000	330,000
	Total	-		-	-	-	-	4,330,000	4,330,000

Capital Improvement Plan 2017 - 2022

Sewer

Priority	Project	2017 Preliminary	2017 Adopted	2018	2019	2020	2021	2022	6-Year Total
6	7026 Gaines Street Pump Station								
	Infrastructure Condition Mandate (Vulnerability)								-
	Funding Sources								-
	Unsecured - FEMA - potential funding source						465,000		465,000
	Total	-		-	-	-	465,000	-	465,000
	Expenditures								-
	Design/Construction						380,000		380,000
	Project Management						85,000		85,000
	Total	-		-	-	-	465,000	-	465,000
7	7036 Cliff Street Sewer								
	Desirable Investment in System								-
	Funding Sources								-
	Potential LID							285,000	285,000
	Capital Surcharge						20,000	120,000	140,000
	Total	-		-	-	-	20,000	405,000	425,000
	Expenditures								-
	Design/Construction							370,000	370,000
	Project Management						20,000	35,000	55,000
	Total	-		-	-	-	20,000	405,000	425,000

Capital Improvement Plan 2017 - 2022

Sewer

Priority	Project							6-Year Total
		2017 Preliminary	2017 Adopted	2018	2019	2020	2021	
8	7014	Infiltration/Inflow Removal						
		Desirable Investment in System						
		Funding Sources						
							260,000	260,000
							260,000	-
		Total	-	-	-	-	260,000	260,000
		Expenditures						
							200,000	200,000
							60,000	60,000
		Total	-	-	-	-	260,000	-
9	7004	Wastewater Master Plan/WWTP						
		Funding Sources						
								130,000
		Total	-	-	-	-	-	130,000
		Expenditures						
							100,000	100,000
							30,000	30,000
		Total	-	-	-	-	-	130,000

Capital Improvement Plan 2017 - 2022

Storm

* This plan shows the 6-year plan for capital projects.

Priority	Project		2017 Preliminary	2017 Adopted	2018	2019	2020	2021	2022	6-Year Total
1	8022	Logan Street								-
		Funding Sources								-
		Capital Surcharge	40,000							40,000
		Total	40,000		-	-	-	-	-	40,000
		Expenditures								-
		Design/Construction	30,000							30,000
		Project Management	10,000							10,000
		Total	40,000		-	-	-	-	-	40,000
2	8038	Howard Street								-
		Funding Sources								-
		CERB Loan	500,000							-
		Capital Surcharge								-
		Total	500,000		-	-	-	-	-	500,000
		Expenditures								-
		Design/Construction	450,000							450,000
		Project Management	50,000							50,000
		Total	500,000		-	-	-	-	-	500,000

Capital Improvement Plan 2017 - 2022

Priority	Project	Storm						6-Year Total
		2017 Preliminary	2017 Adopted	2018	2019	2020	2021	
	Total	500,000		-	-	-		500,000
3	8028 CERB Regional Storm							-
	Funding Sources							-
	CERB Loan	700,000						-
	Capital Surcharge	50,000						50,000
	Total	750,000		-	-	-		750,000
	Expenditures							-
	Design/Construction	700,000						700,000
	Project Management	50,000						50,000
	Total	750,000		-	-	-		750,000
4	8046 Water Street Overlay							-
	Funding Sources							-
	Capital Surcharge	40,000		40,000				80,000
	Total	40,000		40,000		-	-	80,000
	Expenditures							-
	Design/Construction	30,000		30,000				60,000
	Project Management	10,000		10,000				20,000
	Total	40,000		40,000		-	-	80,000

ORDINANCE NO. 3162

**AN ORDINANCE ADOPTING THE BUDGET FOR THE CITY OF PORT
TOWNSEND, WASHINGTON, FOR THE FISCAL YEAR
ENDING DECEMBER 31, 2017**

WHEREAS, the City Manager of the City of Port Townsend, Washington, completed and placed on file with the City Clerk a proposed budget and estimate of the amount of monies required to meet the public expenses, bond retirement and interest, reserve funds and expenses of government of the City for the fiscal year ending December 31, 2017 (the “2017 Preliminary Budget”), and a notice was published that the City Council would conduct a public hearing on the 7th of November 2017 at 6:30 p.m., at City Hall for the purpose of receiving public testimony regarding the preliminary budget for the 2017 fiscal year; and

WHEREAS, the City Council held a public hearing on November 7, 2017 at which all taxpayers were heard who appeared for or against any part of the preliminary budget; and

WHEREAS, following the public hearing, the City Council met in City Council Chambers on November 14, 2016 and November 21, 2016 to consider the 2017 Final Budget and receive further public comment, and made adoptions and changes, as it deemed necessary and proper; and

WHEREAS, the 2017 Budget does not exceed the lawful limit of taxation allowed by law to be levied on the property within the City of Port Townsend for the purposes set forth in the 2017 Final Budget, and the estimated expenditures in each fund set forth in the 2017 Final Budget are all necessary to carry on the government of the City for fiscal year 2017, and are all necessary to meet the various needs of the City during the period;

NOW, THEREFORE, the City Council of the City of Port Townsend, Washington, do ordain as follows:

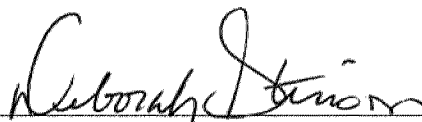
Section 1. The budget for the City of Port Townsend, Washington, for the fiscal year 2017, is hereby adopted at the fund level as set forth in the document entitled “City of Port Townsend Final Budget 2017,” a copy of which has been and now is on file with the office of the City Clerk, and by this reference is incorporated into this Ordinance.

Section 2. Estimated revenues, including fund balances for working capital for each separate fund of the City of Port Townsend, and aggregate totals for all such funds combined, for the year 2017, are set forth in summary form in Exhibit A attached, and by this reference are incorporated in this Ordinance, and are appropriated for expenditure at the fund level during the 2017 budget year.

Section 3. The City Clerk is directed to transmit a certified copy of the City of Port Townsend Final Budget 2017 to the Office of State Auditor and to the Association of Washington Cities.

Section 4. This Ordinance shall take effect upon its passage, approval, and publication in the form and manner provided by law.

ADOPTED by the City Council of the City of Port Townsend, Washington, at a regular meeting thereof, held this 5th day of December, 2016.



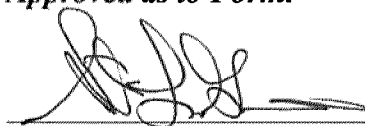
Deborah S. Stinson
Mayor

Attest:



Joanna Sanders, CMC
City Clerk

Approved as to Form:



Steven L. Gross
City Attorney

City of Port Townsend Proposed 2017 Fund Summary					
	2016 Estimated Balance	2017 Proposed Revenues	2017 Proposed Expenses	2017 Adopted Rev vs. Exp	2017 Proposed Balance
GENERAL FUND	1,043,780	8,291,055	8,283,495	7,560	1,051,340
Drug Enforc. / Contingency	120,848	500	-	500	121,348
Street	235,599	817,049	813,216	3,833	239,432
Library	154,509	1,051,255	1,041,019	10,236	164,745
Real Estate Excise Tax	159,587	460,100	460,000	100	159,687
Lodging Tax	144,754	460,000	433,734	26,266	171,020
Fire / EMS	38,050	2,317,808	2,317,194	614	38,664
Affordable Housing	30,779	10,000	10,000	-	30,779
Community Development Block Grant	142,990	17,421	15,245	2,176	145,166
Community Services	109,681	1,806,242	1,803,972	2,270	111,951
TOTAL SPECIAL REV FUNDS	1,136,798	6,940,375	6,894,380	45,995	1,182,793
DEBT SERVICE FUND	69,062	1,592,003	1,585,565	6,438	75,500
General Capital	1,304,296	2,375,876	3,575,676	(1,199,800)	104,496
Street Capital	75,000	3,969,409	3,969,284	125	75,125
CAPITAL PROJECTS FUNDS	1,379,296	6,345,285	7,544,960	(1,199,675)	179,621
System Development	1,949,584	304,000	-	304,000	2,253,584
Water / Sewer	2,855,441	5,708,223	5,691,098	17,125	2,872,566
Storm	147,336	560,900	487,098	73,802	221,138
Water / Sewer / Storm Capital	885,670	8,026,063	5,845,049	2,181,014	3,066,684
ENTERPRISE FUNDS	5,838,031	14,599,186	12,023,245	2,575,941	8,413,972
Public Works Admin	37,586	505,979	505,880	99	37,685
Equipment Rental & Replacement	605,996	887,516	920,533	(33,017)	572,979
Engineering Services	230,381	944,250	887,921	56,329	286,710
Unemployment Self-Insurance	24,716	3,050	3,000	50	24,766
INTERNAL SERVICE FUNDS	898,679	2,340,795	2,317,334	23,461	922,140
Firemen's Pension	217,289	35,885	34,006	1,879	219,168
Agency / Refundable Deposits	45,782	170	-	170	45,952
Memorial Fund	2,549	-	-	-	2,549
Golf Course Fund	29,352	12,000	18,698	(6,698)	22,654
FIDUCIARY FUNDS	294,972	48,055	52,704	(4,649)	290,323
GRAND TOTAL	\$ 10,660,619	\$ 40,156,754	\$ 38,701,683	\$ 1,455,071	\$ 12,115,690

CITY OF PORT TOWNSEND, WASHINGTON

FINANCIAL POLICIES

The City Council adopted updated “Finance and Budget Policy Guidelines” in September 19, 2016 (Resolution 16-042). These policy guidelines lay the framework for fund reserves, revenue policies, transfers and interfund loans, general expenditure policies, debt management, grant administration and budget and long range forecasting.

Fund Reserve Policy

Fund Reserve targets were adopted to allow the City to maintain sufficient working capital and to weather emergencies or unexpected revenue declines. The 2017 budget was developed to ensure that ending fund balance amounts would align with the City Council Fund Balance Reserve Policy.

The supplemental budget for 2016 for the contingency fund includes a transfer of \$50,000 to the Community Services Fund to fund repairs for the Mountain View boiler failure that occurred in late October, 2016. This transfer brought the contingency fund below the 2.0% reserve target. Per the financial policies, the City will restore the contingency fund to the 2.0% level no later than the end of calendar 2019.

The City is evaluating the Equipment Rental & Replacement (ERR) fund model to determine the best means to move forward with an appropriate structure to capture revenue needed to replace city fleet and IT equipment not only in 2017 but over the long term. The 2017 contributions for city fleet and IT equipment cover operating and maintenance costs of the fund as well as a small contribution towards replacement equipment. During the first half of 2017, staff will develop policy framework for the fund along with a replacement schedule for equipment and vehicles. In 2015 and 2016, additional funding was transferred from the general fund to shore up fund reserves until the policy framework and funding schedule can be finalized.

The following reserve balance scorecard shows the fund balance reserve results:

STATUS OF PERFORMANCE COMPARED TO FINANCIAL POLICIES					
City of Port Townsend Ending Fund Balance Scorecard					
FUNDS	COUNCIL POLICY FUND TARGET (Policy Adopted August, 2016)	2014 Actual Fund Reserve %	2015 Actual Fund Reserve %	2016 Estimated Fund Reserve %	2017 Budget Fund Reserve %
Operating Funds					
General Fund	8 - 15% of operating revenue	9.8%	13.0%	12.9%	12.9%
Contingency Fund	No less than 2% of operating revenue	2.0%	2.0%	1.5%	1.5%
Street Fund	2 - 3% of expenditures	16.2%	28.9%	30.6%	30.1%
Library Fund	5 - 8% of property tax revenue	16.4%	14.3%	15.2%	15.8%
Real Estate Excise Tax Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets
Lodging Tax Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets
Fire & EMS Services Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets
Housing Trust Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets
Community Development Block Grant Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets
Community Services Fund	2 - 3% of expenditures	3.4%	7.7%	6.4%	6.2%
Equipment Rental & Replacement Fund	Sufficient to meet obligations	Under Review			
Self-Insurance Unemployment Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets
Firemen's Pension Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets
Enterprise Funds					
Public Works Admin Fund	2 - 3% of expenditures	6.9%	12.3%	10.5%	7.4%
Water Sewer Fund	60 days of operating expenses	153	229	225	188
Stormwater Fund	60 days of operating expenses	203	111	112	166
Capital, Debt, & Trust Funds					
General Capital Improvement Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets
Street Vacation Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets
Street Capital Improvement Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets
2015 Bond Fund	Sufficient to meet obligations	n/a	Meets	Meets	Meets
System Development Charges Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets
Transmission Line Replacement Fund **	Sufficient to meet obligations	Meets	Meets	Meets	Meets
G.O. Debt Service Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets
78 Water Sewer Revenue Bond Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets
Utility Construction Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets
Utility Debt Reserve	Sufficient to meet obligations	Meets	Meets	Meets	Meets
Engineering Service Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets
Refundable Deposits	Sufficient to meet obligations	Meets	Meets	Meets	Meets
Agency Funds	Sufficient to meet obligations	Meets	Meets	Meets	Meets
Golf Course Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets
Memorial Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets
GO Debt Service as a % of General Government Revenue					
		2014 Actual	2015 Actual	2016 Estimated	2017 Budget
Annual Debt Service as % of Revenue	Less than 15%	8.9%	9.9%	9.7%	10.4%
Parks & Pool Fees					
		2014 Actual	2015 Actual	2016 Estimated	2017 Budget
Operating revenues 50% or more than pool operating expenses		39.2%	45.9%	44.8%	47.5%

OVERHEAD INDIRECT COST RECOVERY POLICY

The City adopted a policy that allocates the indirect or overhead costs, from the General Fund to other funds. Consistent with the prior three years, City staff used the cost recovery model developed by FCS Consultants to identify city-wide overhead costs, which include Council, City Manager, City Clerk/Human Resources, City Attorney, Finance and Facility related overhead costs. The model uses actual costs from two years previous; that is, the 2016 allocation was based on 2014 historical costs and the 2017 budget allocation was based on 2016 historical costs and activities.

Allocations to funds are based on pre-determined allocation factors. The chart below represents the City-wide overhead costs for 2017 and the associated allocation factors that determine how much each receiving fund is charged for overhead services.

Funds that had increases in allocation statistics, such as an increase in full time equivalents (staff positions) or an increase in department related council agenda bills will receive a greater share of the overhead allocation. Conversely, funds that use less of these resources receive a smaller portion of allocated costs. Allocation statistics are reviewed each year for appropriateness and updated as necessary.

Indirect Cost Pools and Allocation Factors			
Indirect cost pools		Total Citywide Allocable Costs	Allocation Factor
011	Mayor & Council	\$ 92,204	Council Bills
012	City Manager	241,962	50/50 Split: Actual Expenditures & FTEs
013	City Attorney - Civil	212,346	33/33/33 Split: Actual Expenditures, FTEs, & Council Bills
041	Finance - General	313,367	Actual Expenditures
041	Finance - AP	100,757	AP Invoices
015	Payroll	110,657	FTEs
015	Human Resources	193,454	FTEs
080	City Clerk - Council Support	174,451	Council Bills
080	City Clerk - General Other	29,076	Vehicle Insurance
080	City Clerk - Records Management	30,633	Records Count
FD 199	Community Services - City Facilities	322,671	Square Feet by Building
	Liability Insurance	211,840	FTEs
	Property Insurance	58,594	Value of Insured Property
	Vehicle Insurance	2,228	# of Vehicles
TOTAL		\$ 2,094,240	

A comparison of the 2017 and 2016 overhead allocation charged to funds is shown on the following table:

Funds Charged with Overhead / Indirect Costs				
City Department		Adopted Cost Recovery Budget 2016	2017 Proposed Overhead Allocation Charges	Increase / (Decrease)
FD 110	Street	\$ 48,545	\$ 51,127	\$ 2,582
FD 120	Library	\$ 185,189	\$ 197,968	\$ 12,779
FD 140	Public Works Administration	\$ 60,599	\$ 55,942	\$ (4,657)
FD 150	Lodging Tax	\$ 18,897	\$ 9,361	\$ (9,536)
FD 199	Community Services	\$ 110,188	\$ 148,105	\$ 37,917
FD 301	General CIP Projects	\$ 44,105	\$ 61,676	\$ 17,571
FD 305	CIP Street	\$ 29,846	\$ 44,284	\$ 14,438
FD 411	Water Sewer Fund (excl. Utility Billing)	\$ 275,926	\$ 279,704	\$ 3,778
FD 411	Finance - Utility Billing	\$ 42,522	\$ 58,078	\$ 15,556
FD 412	Storm Fund	\$ 36,393	\$ 41,209	\$ 4,816
FD 415	Water Sewer CIP	\$ 58,690	\$ 128,958	\$ 70,268
FD 417	1956 Trans Line Replacement	\$ 2,751	\$ 15,159	\$ 12,408
FD 500	Equipment Rental - Fleet	\$ 34,251	\$ 29,990	\$ (4,261)
FD 500	Equipment Rental - IT	\$ 23,949	\$ 25,057	\$ 1,108
FD 555	Engineering Services	\$ 65,615	\$ 83,175	\$ 17,560
FD 610	Firemen's Pension and Relief	\$ 2,932	\$ 2,087	\$ (845)
FD 623	Golf Course	\$ 3,272	\$ 2,698	\$ (574)
Total Overhead Charged to Funds		\$ 1,043,670	\$ 1,234,578	\$ 190,908
Total Calculated Overhead		\$ 1,832,998	\$ 2,040,450	\$ 207,452

RESOLUTION NO. 16-042

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PORT TOWNSEND,
WASHINGTON, ESTABLISHING FINANCE AND BUDGET POLICY GUIDELINES
AND REPEALING RESOLUTION 14-042**

WHEREAS, the City Council adopted a set of Financial Policies and Budget Guidelines relating to Revenues, Expenditures, Reserves and general Budget goals and guidelines in Resolution 99-051; and

WHEREAS, the City Council adopted an updated set of Financial Policies and Budget Guidelines relating to Revenues, Expenditures, Reserves and general Budget goals and guidelines in Resolution 14-042; and

WHEREAS, the State Auditor's Office and the Government Finance Officers Association recommends the adoption of Financial Policies and the periodic updates of these policies; and

WHEREAS, the City's Finance and Budget Committee has reviewed the Comprehensive Financial Policies at its June 26th and July 28th meetings; and


WHEREAS, the City's Finance and Budget Committee recommend adoption of these updated policies;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Port Townsend, Washington, as follows:

Section 1. Resolution 14-042 is repealed and replaced by the attached Finance and Budget Policy Guidelines (Exhibit A to this Resolution);

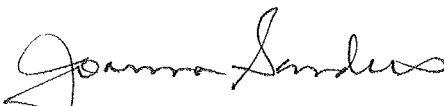
Section 2. The Annual Budget Ordinance and Supplemental Ordinances shall be considered as a part of and implementing document for the City's Finance and Budget Policy Guidelines.

ADOPTED by the City Council of Port Townsend, WA at a regular meeting thereof, held this 19th day of September, 2016.




Deborah S. Stinson
Mayor

Attest:



Joanna Sanders, CMC
City Clerk

Approved as to form:



Steven L. Gross
City Attorney

City of
Port Townsend

Comprehensive
Financial
Management
Policy Guidelines

Adopted September 19, 2016

Comprehensive Financial Management Policies Index

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I. FINANCIAL POLICY GUIDELINES

The financial policies outlined in this document have been developed in accordance with the Government Finance Officers Association's "Best Practices". These policy guidelines are intended to aid the City Council and City management in financial decision making. These policy guidelines also provide a means to test short term financial and budget decisions to help ensure the City is able to meet its immediate and long term financial service objectives and obligations.

The City of Port Townsend is accountable to its citizens for the use of public funds. Municipal resources must be wisely used to ensure adequate funding for services, public facilities and infrastructure needed to meet the community's present and future needs. These policies are designed to help safeguard the fiscal stability required to achieve the City's goals and objectives.

The City's Comprehensive Financial Policies have the following objectives:

- To guide the City Council and management policy decisions that have significant financial impact.
- To set forth operating principles which minimize the cost of government and financial risk to the City.
- To employ balanced, consistent and fair revenue policies that provide adequate funding for desired programs.
- To promote sound financial management by providing accurate and timely information on the City's financial condition.
- To protect the City's credit rating and provide for adequate resources to meet the provision of the City's debt obligations for all municipal debt.
- To ensure the legal use of financial resources through an effective system of internal controls.

II. ORGANIZATION

The City provides municipal services for its citizens, including protection of life and property, public health and welfare, and improved quality of life. The City Council deems it a high priority to deliver municipal services in the manner consistent for all citizens, and with maximum efficiency and financial prudence.

The Council, as the legislative and governing body, sets the City's Financial and Budget Policy Guidelines, and through its Finance and Budget Committee, monitors and reviews the City's overall financial performance.

The City Manager, as the City's Chief Executive Officer and Chief Budget Officer, is responsible to the Council for managing City operations and program services, and preparation of the City's Annual Budget consistent with established Financial and Budget Policy Guidelines.

The Director of Finance and Administrative Services, as the City's Chief Financial Officer and Chief Auditing Officer, is responsible to the City Manager for the preparation of accurate and timely financial and budget reporting. Additional responsibilities include human resource and information technology administration, general accounting, business license/tax administration and utility billing operations, as well as policy advice to the City Manager and Council.

The Department Heads are responsible to the City Manager for Department Operations and Capital Project management, purchasing and grants administration. Department Heads monitor related revenue performance and expenditure control with the assistance of the Finance Department.

The City must prioritize its services and, should revenues become constrained, the following services are considered priorities in the following general order:

1. Public Life, Health and Safety: Police, fire, emergency medical services; building inspections; and traffic control; water, sewer, and storm drainage service and streets infrastructure maintenance.
2. Legal Mandates: Accounting/auditing/financial reporting; land-use planning; required staff certifications and training.
3. City Facilities and Property: maintenance of parks, buildings, public rights of way, and City equipment (including information technology equipment);
4. Council and community goals, both annual and long-range, including strategic plan goals.

III. ACCOUNTING, AUDITING AND FINANCIAL REPORTING

The City will maintain a system of financial monitoring, control and reporting for all operations and funds in order to provide effective means of ensuring that overall City goals and objectives are met.

Accounting Records and Reporting – The City will maintain its accounting records in accordance with state and federal regulations. Budgeting, accounting and reporting activities will conform to the Budgeting, Accounting and Reporting System (BARS) for Governments as prescribed by the Washington State Auditor. The City maintains its accounting records on a cash basis and adheres to the cash basis BARS manual.

Capital Assets – As a cash basis entity, the City records and reports only inflows and outflows of cash. When a capital asset is purchased the entire expenditure is recorded when the cash is expended and depreciation is not recorded. The City considers capital assets to be real and intangible assets above \$5,000 that have an anticipated life of one year or more. Capital assets are tracked by the Finance Department as a fixed asset inventory list. Items that are no longer needed or no longer functional will be disposed according to the City surplus policy and state law.

Capital assets that are purchased with grant funds may be subject to additional compliance requirements. The department obtaining the grant is responsible for understanding any compliance requirements related to acquiring, inventorying, tracking and disposing of assets obtained through these types of funds.

Small and Attractive Assets - The City identifies small and attractive assets as items with a cost greater than \$300 but less than \$5,000. These items have a life expectancy of more than one year AND are not likely to be immediately missed upon disappearance. These items are generally mobile in nature and may be easily transported from the workplace. Some exceptions to the \$300 minimum include tablets, phones and other lower cost items that have ongoing maintenance or service costs associated with them. Department Heads are accountable for the security of these items and are responsible for following the Small and Attractive Assets Policy and Procedures that have been adopted by Council. The Finance and Administrative Services Director has oversight responsibility for this policy and the associated inventory of these items.

Auditing – The State Auditor will perform the City’s financial, federal single audit and accountability/compliance audits in accordance with state and federal laws. Results of the audit will be provided to the Council in a timely manner.

Cash Management – The Finance & Administrative Services Director will ensure that cash management systems are developed to ensure accurate and timely accounting for all cash and security of all cash assets.

Careful financial control of the City’s daily operations is an important part of the City’s overall fiscal management practices. Achieving adequate cash management and investment control requires sound financial planning to ensure that sufficient revenues are available to meet the current expenditures of any operating period.

The City’s cash management and investment guidelines are as follows:

- The City will strive to maximize the return on its investments, with the primary objective of preserving capital and prudent investment practices, including diversification. Investments will be made in accordance with the guidelines established by the Washington State Statutes and based upon the following order of priorities: 1) Legality; 2) Safety; 3) Liquidity; and 4) Yield.
- The City will maintain a cash management program, which includes internal control practices for collection of accounts receivable, disbursement of funds, and prudent investment of its available cash.
- As permitted by law and City ordinances and to maximize the effective investment of assets, all funds needed for general obligations may be pooled into one account for investment purposes. The income derived from this account will be distributed to the various funds based on their average balances on a periodic basis.

- The Finance & Administrative Services Director will periodically furnish the City Manager and Council with a report that shall include the amount of interest earned to date. At least annually, a report summarizing investment activity and rate of return will be provided.
- Sufficient cash shall be maintained to provide adequate funds for current operating expenditures.

IV. FUND STRUCTURE & FUND RESERVE GUIDELINES

The City's accounting and budgeting systems are organized and operated on a fund basis. Funds are accounting entities used to record revenues and expenditures. By definition, balanced funds mean that total revenues equal total expenditures. The budgeted funds are grouped into categories: General, Special Revenue, Debt Service, Capital Projects, Enterprise, and Internal Service.

The following provides a brief description of the fund types and reserve guidelines for each fund. The numbers in parentheses represent the BARS manual fund series numbering scheme.

GENERAL FUND (010) -- This is the primary operating fund or current expense fund of the City. To maintain the City's credit rating and meet seasonal cash flow, the budget shall provide for an anticipated undesignated fund balance between 8% and 15% of estimated annual revenues for general government fund types. The fund balance shall be exclusive of all reserves not anticipated to be readily available for use in emergencies and contingencies. Should the fund balance fall below 8% of revenues, a plan for expenditure reductions and/or revenue increases shall be submitted by the City Manager to the Council. If, at the end of a fiscal year, the fund balance falls below 8%, then the City shall rebuild the balance within a period not to exceed three fiscal years.

GENERAL FUND COUNCIL RESERVE (Included in the General Fund) – In addition to the Fund balance and the Contingency Fund, the budget for the General Fund shall provide for a "Council Reserve" equivalent to approximately 1% of estimated operating revenues in the General Fund (010). Only the General Fund shall maintain a "Council Reserve." The Council Reserve is established to provide for non-recurring community requests or unanticipated needs deemed necessary by Council. The Council Reserve shall be suspended during times of significant economic downturn, especially during years when the General Fund ending fund balance falls below 5%. The Council Reserve is a budgeted appropriation expected to be specifically allocated at the Council's discretion.

SPECIAL REVENUE FUNDS (101-199) -- These funds account for revenues derived from special taxes, grants or other restricted sources designed to finance particular activities. Apart from any unrestricted General Fund contributions to a Special Revenue Fund, the unexpended ending fund balances carry over year to year and should retain

enough revenue to cover operating cash flow and anticipated major project or program obligations of the fund.

Of these funds, the Street, Library, and Community Services funds are of an operations nature. The Street and Community Services Funds reserve balance will be equivalent to 2-3% of fund expenditures. The Library Fund reserve is set at 5-8% of Library property tax revenue.

Other Special Revenue Funds are more cyclical or project related and only need retained ending fund balances or transfers in to cover anticipated obligations: Drug Enforcement, Lodging Tax, Fire/EMS, Affordable Housing, and CDBG Grants.

CONTINGENCY (102) – While classified as a Special Revenue Fund, the City’s Contingency Fund is more of a strategic reserve to meet emergency conditions or to help maintain essential services during periods of economic downturn. Each fund should retain enough in its own Ending Fund Balance Reserves to offset minor non-recurring or unanticipated expenses during the budget year. The City’s Contingency Fund is intended for major events and should be maintained at no less than 2% of the General Fund annual operating revenues. If the contingency falls below 2% of operating revenue, the City will initiate a plan that will restore the balance to the required level over a three year period.

DEBT SERVICES FUND (200) – These funds are used to pay general government debt. The City shall retain or transfer in funds sufficient to cover the annual debt service obligations, and retain such “coverage” amounts to comply with bond covenants or other loan restrictions.

CAPITAL PROJECTS FUNDS (300) – These funds are established for the acquisition or construction of general government (non-utility) capital improvements. Ending Fund Balance Reserves should be maintained at levels sufficient to cover anticipated annual expenditures with transfers in from supporting funds (General, REET, etc.) to cover project needs.

ENTERPRISE FUNDS (400) – These funds are the proprietary or “business-like” funds for operations providing services to the general public supported primarily through user’s fees (Water, Sewer, Stormwater, and Utility Revenue Bond). The Ending Fund Balances of these funds should be equal to or greater than 60 days of operating expenditures and any additional amounts needed to build towards future project cash or debt payment needs. To the extent that the reserved Fund Balance and operating cash flow are not adequate to fund needed utility system improvements, additional rate increases or surcharges may be adopted by Council. Included in the Enterprise funds are Debt Service Reserve Funds, Utility Capital Project Funds and System Development Fund.

Revenue bonds may be issued by the Enterprise Funds. Investors may require additional lending requirements or covenants. The ending fund balance of the Enterprise Funds should include a reserve to cover any additional covenant requirements

INTERNAL SERVICE FUNDS (500) – These funds are also internal “business-like” funds for operations providing services to other City departments (funds) on a direct cost-reimbursement basis (e.g. Equipment Rental including Information Technology services and equipment, and internal Engineering Services). Fund balances should break even, after set aside of funds for future capital equipment replacements.

FIDUCIARY FUNDS (600) – These funds account for assets held by the City as a trustee or as an agent on behalf of others. Ending Fund Balances and any transfers in should be maintained consistent with fund restrictions.

ENDING FUND BALANCE, RESERVES, CONTINGENCY SUMMARY

The following is a summary of the reserves guidelines. Guidelines will be reviewed annually as a part of the Budget process:

- General Fund..... 8-15% of operating revenue
(Exclusive of the Council Reserve budgeted within the General Fund)
- Library..... 5-8% of property tax
- Street 2-3% of expenditures
- Community Services 2-3% of expenditures
- Other Special Revenue Funds Sufficient to meet obligations
- Contingency No less than 2% of operating revenue
- Debt Service Sufficient to meet obligations
- General Capital..... Sufficient to meet obligations
- Enterprise Funds..... 60 days of operating expenditures
- System Development Charges Fund (Enterprise)Sufficient to meet obligations
- Internal Service 2-3% of operating revenue
- Fiduciary Funds..... Sufficient to meet obligations

The undesignated General Fund Balance (the balance not tied to a known project) will be maintained at a level that provides the City with sufficient working capital and a comfortable margin of safety to address emergencies and unexpected declines in revenue without borrowing. The City should not use the undesignated General Fund Balance to finance recurring operating expenditures. Annual General Fund revenues should be equal to or greater than annual regular operating expenditures.

General Fund revenues will be used for general government, street and community service programs only. General Fund revenue for other purposes will require approval by the City Council.

General Fund revenues will not be used to subsidize utility or enterprise operations, which will be self-supporting through user rates.

V. REVENUE POLICIES

General Revenue Policies - The City will strive to maintain a diversified and stable revenue system to shelter the government from short-run fluctuations in any one revenue source and ensure its ability to provide ongoing service.

Restricted revenue shall only be used for the purposes legally permissible and in a fiscally responsible manner. Programs and services funded by restricted revenue will be clearly designated as such.

One-time revenues shall support one-time expenditures.

County, state or federal funding will be used to finance only those capital improvements that are consistent with the capital improvement plan and local government priorities, and whose operation and maintenance costs have been included in operating budget forecasts.

Enterprise Fund Revenue Policies – Enterprise funds will be operated in a manner that maintains a minimum ending fund balance that is not less than 5-8% of total operating revenues.

Utilities will be self-supporting through user rates and charges.

Utility user charges for each of the City utilities will be based on cost of service (i.e., set to full support the total direct, indirect, and capital costs) and established so that the operating revenues of each utility are at least equal to its operating expenditures and annual debt service obligations. The user rates of a utility shall be designated so that a portion covers replacement of the utility's facilities.

Fund balances may be used to temporarily offset rate increases, after sufficient funds have been accumulated for identified capital improvement needs or alternative finding secured.

Fees and Charges (Non-Utility) – All fees for licenses, permit, fines, and other miscellaneous charges shall be set to recover the City's expense in providing the attendant service. Average cost or actual cost methodology may be used. These fees will be reviewed periodically and will be incorporated into the budget process for possible action by Council.

Where the City has authority to set or adjust fees and charges, the fee adjustment will be benchmarked against the change in the Seattle-Tacoma-Bremerton Urban Wage Earners Consumer Price Index for the twelve month period ending June 30, or other applicable index or measure as determined by the Council. However, fees and charges for services will generally be set to recover the actual cost of service delivery.

Where direct beneficiaries of a city program or services can be identified, fees will be established to recover the costs of that program or service. Fees will also be set in a manner that protects tax payers from subsidizing special service users. A fee shall be charged for any service that benefits limited interests within the community, except for human needs type services to persons with limited ability to pay.

Rental fees will be established to recover full cost of use of the property or facility.

Some services provide greater benefit to the community. When a greater community benefit is identified, the Council may choose to subsidize, either whole or in part, such services.

Park and Pool Fees – The Pool division will strive to recover 50% of Pool costs by generating revenues through special programs, fees, charges, donations and/or designated use of City-operated facilities.

Through a volunteer recruitment program, the Parks will seek to minimize the subsidy required for partial and minimum fee support programs.

Solicitation of funds through donations, fund raising events, non-traditional sources, and various other modes will be encouraged by the City through its park and pool user groups. Funds collected for any special purpose shall be earmarked for that purpose.

VI. OVERHEAD COST RECOVERY (COST ALLOCATION)

As provided in the State Auditor's Office guidelines, "Cost allocation is a method to determine and assign the cost of central services to the internal-government users of those services. Cost allocation thereby enables local governments to more accurately account for the complete cost of the services it provides to the public—and to better assess the fees it should charge them." Included in cost allocation are direct costs (not otherwise charged to budget units) and indirect costs. Direct Costs are those costs that can be specifically identified with a particular service or unit if not already charged directly (e.g. facilities, janitorial, etc.) Indirect Costs are costs incurred for common or joint purposes, benefiting more than one unit, not readily assignable to a specific unit (e.g. legal, human resources, administration, clerk, etc.).

The term "allocation" implies that there is no overly precise method available for direct charging a cost to a unit, so the City is using the most appropriate method available for doing so. However, a cost allocation plan should be designed and used to provide a reasonable, consistent and equitable means to allocate costs. Inequitable charges result in questionable charges to grant, utilities and restricted funds. For grant purposes, costs that benefit the public at large cannot be included and should follow the OMB A-87 and/or 2CFR Part 200 guidelines.

The Council adopted a Cost Allocation Plan in Resolution 14-035 on June 25, 2014. In addition to using the overhead cost recovery model to assess the appropriate amount of overhead to utilize for establishing user fees, the model will be used to apply charges to Departments/Funds for City-wide overhead indirect cost recovery where allowed (Council, City Manager, City Clerk, City Attorney and Finance).

The Council may authorize waiver of the overhead cost-recovery in all or part if Council determines doing so will provide a general benefit to the citizens, taxpayers or utility rate payer. If a portion of the overhead cost-recovery is waived, the General Fund must absorb these costs; waived costs may not be absorbed by or reallocated to a Special Revenue or Enterprise Fund.

VII. GENERAL BUDGET POLICIES

Annual Budget – The annual operating and capital budget will be developed consistent with state law and in a manner that encourages early involvement with the Council and the community.

In general, budgeted revenues must meet or exceed budgeted appropriations each year. Current year operating expenses, maintenance costs and direct and indirect costs of services provided will be covered by current year revenues. One time expenditures may be appropriated if one time revenues or excess fund balance (in excess of reserve requirements) are available.

The City budget appropriations are adopted at the fund level. Department heads are responsible for preparing a budget that reflects realistic expense projections and that adhere to guidelines within this policy document.

Expense (Appropriation) Policies – Operating expenditures will be budgeted at a level that will be supported by annual operating revenues.

Staffing Budget – Salary and benefit costs are the City’s most significant operating expense. The City will strive to provide a total compensation package that is comparable to other cities and similar type positions within the same labor market or other cities of a similar size with comparable type and quality services in order to recruit and retain high quality staff.

The City Manager’s proposed budget will identify staffing levels and provide justification for any increases or decreases in overall City staffing.

Union Contract negotiations may impact budget expenditures annually. However, if a collective bargaining agreement is, or will be, under negotiation, a specific amount will not be included in the budget from potential wage adjustments resulting from the negotiation, other than a base COLA adjustment. This is to protect the City from any claims of not “bargaining in good faith”. Funding for unknown contract terms must be considered in balancing ongoing revenues with ongoing expenses.

Equipment Replacement & Maintenance - Equipment replacement and maintenance projections will be updated each year. Replacement of items with a cost in excess of \$5,000 will be reviewed to time such expenditures at stable intervals to preserve cash flow, when possible. Deferral of regular repair and maintenance will not be used to balance the budget.

Training and Travel – City employees or others on official City business or training may be required to travel outside the City to conduct their business or training for the City. City employees and officials will be reimbursed for reasonable and customary expenses incurred in the conduct of their business for the City, including food, lodging and travel expenses while away, excluding any expenses for personal entertainment or alcoholic beverages, as provided in the City’s Personnel Policies Manual for business or training travel. Such training or travel shall be as provided either specifically or generally in the annual budget.

Training is seen as an investment in maintaining the certifications and skills of the City’s employees. At least 1% of the department’s budgeted salary expense will be allocated for certifications and skills training. The City will also include a targeted amount of 1% of City-wide salaries for organizational development and process improvement.

Investments that Forestall Adding Permanent Staff - Since personnel-related expenditures represent the largest portion of the City’s budget, funding of technology or process improvements that increase efficiency and effectiveness of the delivery of City services should receive priority funding.

Budget Monitoring-

The Finance & Administrative Services Director will maintain a system for monitoring the City’s budget performance. This system will provide timely information to Department Heads and the City Manager in order to ensure accuracy of financial data and compliance with budget appropriations. The Council will receive (at a minimum) quarterly reports regarding fund level revenues and expenditure performance compared to budget.

Significant financial issues that need to be addressed between regular monitoring reports will be provided to Council as warranted.

The Finance Director will monitor unanticipated needs or emergency expenditures and prepare budget amendments in compliance with State Law.

VIII. FINANCIAL PLANNING POLICIES

FINANCIAL FORECAST – The City will develop a 5-year Financial Plan and Forecast Model based on these financial policy guidelines and a best estimate of likely revenues and expenditures. The model will be used to test the policies against likely surrounding economic conditions. The model will be used for long-range financial planning and is not a replacement for budgeting.

The City’s financial planning will include the current year budget plus five additional years of projected data. The City may elect to extend its planning horizon further if conditions warrant.

The long range financial plan operating revenues and expenses will include data for the General Fund, Contingency Fund, Library Fund and Community Services Fund. In addition to ongoing revenues and expenses, this forecast will utilize assumptions that forecast general obligation debt and general fund contributions to capital projects.

The long range financial plan should present trends and projections in key financial indicators, such as:

- Revenues and expenses per capita including nominal and inflation adjusted data.
- Staffing levels per 1,000 population: total and by major department.
- Projected annual growth rates of revenues and expenses including personnel costs.

The long range financial plan may include comparisons to other cities and benchmarks, recognizing that the data for comparable cities may reflect differences in service delivery, financial structure and financial policies. Comparative information may include:

- Comparative revenues and expenses by major type to include:
 - Total revenues and expenses per capita.
 - Taxes per capita by tax source.

IX. ENTERPRISE FUNDS

The Water, Sewer and Stormwater utilities will be managed as self-supporting business enterprises. Each utility will be managed in a professional manner in accordance with applicable laws and standards. The long range financial plan model for each utility will analyze rate revenues, rate structure, operating costs, replacement capital costs, debt service and other utility considerations (special rate programs, paybacks, etc). The City may utilize specialized rate consultants to evaluate the rate and cost structure of the utilities.

X. CAPITAL INVESTMENT PROGRAM PLAN POLICIES

General Policy Considerations - The major resources for funding capital improvement and capital maintenance programs are revenues, grants and debt. Financing planned capital replacement costs are an ongoing challenge. Preparing for the challenges of infrastructure replacement or enhancements demands a long term view of replacement needs. In order to plan for these needs the City will develop a six-year Capital Improvement Plan (CIP) for adoption by Council as required by the Washington's Growth Management Act. The CIP will be consistent with the Capital Facilities Element of the City's Comprehensive Plan.

XI. DEBT MANAGEMENT POLICY

Long Term Debt - The City will manage its long term debt in a manner designed to utilize its credit to optimize City services while balancing overall debt levels and annual debt service obligations. Long-term debt includes Bonds, Federal or State loans (e.g.

PWTF, FHA), or private placement financing. The City shall only use long-term debt for capital projects that cannot be financed out of current revenues. Annual debt payments should not exceed 15% of the total of annual General Government operating revenues plus budgeted transfers from capital funding sources. General Government Funds include the General Fund, Contingency Fund and Special Revenue Funds.

Debt financing will generally be limited to one-time capital improvement projects and only under the following circumstances:

- When the project's useful life will exceed the term of the financing;
- When project revenue or specific resources as identified will be sufficient to service the debt;
- When projects cannot be cash funded.

Debt financing will not be considered appropriate for:

- Current operating and maintenance expenses (except for issuing short-term instruments such as revenue anticipation notes or tax anticipation notes); and any recurring purpose (except as indicated above).

Tax anticipation debt will be retired annually, and bond anticipation notes will be retired within six months of the completion of the project. Short-term debt outstanding at the end of the year will not exceed 5% of net operating revenue (including tax anticipation notes but excluding bond anticipation notes.)

The City's Limited (non-voted) General Obligation (LTGO) Debt Capacity per State Law is 1.5% of total assessed value. The City should seek to retain 5-10% of its LTGO Debt Capacity for unforeseeable catastrophic emergencies.

Options for Interim or "Bridge" financing may include:

- Bond Anticipation Notes (BANS)
- Tax Anticipation Notes (TANS)
- Lines of Credit with major financial institutions
- Interfund Loans

Short Term Debt – Transfers and Interfund Loans – General Fund transfers to other funds are intended as payments for the support of specific programs or services. Amounts not needed to support such specific program or service expenses will remain in the General Fund's fund balance. For example, the General Fund may make transfers to the Debt Fund to fund annual debt service payments or to the Community Services Fund to support parks or service programs.

Interfund loans are temporary in nature. The requirements for interfund loans are as follows:

- The Council must approve all interfund loans by resolution. The resolution will include a planned schedule of repayment of the loan principal as well as setting a reasonable rate of interest to be paid to the lending fund.

- The borrowing fund must reasonably be able to anticipate sufficient revenue to repay the principal and interest payments as required by the authorizing resolution.
- The rate of interest should not be lower than the “opportunity cost” if the funds were otherwise invested, such as the LGIP (local Government Investment Pool) rate or a bank CD rate for a similar term; not higher than the external rate available to the municipality.
- Interest is not required in the following circumstances:
 - If the borrowing fund has no independent source of revenue other than the lending fund;
 - The lending fund is the General Fund, which, being unrestricted, can provide interest free loans to other funds.
- The term of the interfund loan will not exceed three years. Any interfund loans that are not repaid within three years will be scrutinized for a “permanent diversion” of moneys. (Note: These restrictions and limitations do not apply to those funds which are legally permitted to support one another through appropriations, transfers, advances, etc.)

For short-term cash deficits in non-General Fund operating funds during the course of the year, City interfund loans are preferable to outside short-term or private sector lines of credit.

XII. PURCHASING POLICY

Purchases of goods, services and capital items will be made consistent with the annual budget appropriations, state and federal law, the City’s Purchasing Ordinance and the State Auditor’s requirements. The City’s Purchasing Ordinance will outline the City Manager’s spending and contracting authority. Any purchases or contracts above those authority limits must be authorized in advance by City Council (some exceptions for public emergencies will apply). The City Manager may delegate spending authority (within his/her limits) to Department Heads to facilitate operating efficiency.

The City Manager and Department Heads purchase goods and services at a reasonable cost, using an open, fairly documented and competitive process whenever reasonable and possible. The Finance & Administrative Services Director is charged with developing administrative/operating procedures to implement sound purchasing policies. These procedures will be based on guidelines provided in State Law and by the State Auditor’s Office. All purchase made by the City will ultimately be approved by the Council through the voucher approval process.

XIII. GRANTS MANAGEMENT POLICY

Leveraging City and community resource with external financial assistance can enhance the quality and level of public services, facilities and infrastructure. City Policy is to seek and accept grants and other financial assistance consistent with the City’s strategic plan.

External assistance also carries with it the goals and restrictions of the grantor. Grant relationships are partnerships where the goals of both the City and grantor must be in alignment. The benefits, costs and long-term implications of the partnership must be considered prior to formal application. The City's Grants Management Policy involves the following steps:

Search – City departments staff and officials are encouraged to actively search out and identify potential grants which may further the City's vision and goals, within the City's financial limitations.

Pre-Application – Department Directors and staff shall pursue grants within their purchasing authority identified in City Purchasing Policies. The City Manager shall be advised of all grant considerations over a \$10,000 total.

Formal Application – Formal applications directly by the City, or indirectly by other agencies involving the City, must fall within Departmental Purchasing levels.

All grants will seek reimbursement of direct cost departmental and City wide indirect or administrative costs to the maximum extent allowable by the grantor.

Grants by other agencies involving the City or by the City involving other grantees must have City Manager, or Council approval beyond the \$60,000 Purchasing levels.

Award and Contract – Upon formal Notice of Grant Award (NOGA) or informal notification, a written contract must be approved prior to any City commitment, formal or otherwise. All grant contracts must be within the City's Purchasing levels. Any needed budget amendments for grant match not otherwise within general budget authority shall be adopted prior to formal grant acceptance and contract signing.

Accounting and Reporting – City departments shall coordinate with Finance to assure that grants comply with Federal, State and local requirements for timely reimbursements, monitoring of vendors and sub recipients, as well as City Purchasing Policies. Any notification of audit of grant programs or funds should be sent to the Director of Finance and Administrative Services even if the audit is coordinated in another department.

Close Out – Multi-year grants shall have periodic accounting reviews not less than at the close of each fiscal year. Upon conclusion of each grant, the Department grant manager shall prepare a grant close-out report in coordination with the City's Finance Department. A complete grants management file record shall be maintained per City policy, either in the Department, Finance or Clerk's Office.

CITY OF PORT TOWNSEND, WASHINGTON

GENERAL GOVERNMENT DEBT, UTILITY & INTERGOVERNMENTAL DEBT AND INTERFUND LOANS

The City issues long-term debt instruments to finance large capital projects. These debt instruments may include tax-exempt bonds, intergovernmental loan programs and interfund loans. State law limits the amount of debt the City may issue. The following is a summary of the types of debt and their associated debt limits:

General Government Debt

General obligation bonds may be issued through voted or non-voted bonds. Debt capacity is limited to certain percentages of the City's total assessed property value (AV). Voted bonds require a 60% majority vote to pass. The statutory debt limits are as follows:

- General Purpose general obligation bonds are limited to 2.5% of the City's current AV. Of this 2.5%, non-voted (councilmanic) debt is limited to 1.5% of the City's current AV.
- General obligation *voted bonds* can be issued for Parks and Open Space up to 2.5% of the City's current AV.
- General obligation *voted bonds* can be issued for Utility purposes up to 2.5% of the City's current AV.

The City has non-voted debt, which will have an outstanding balance of \$14,685,000 as of January 1, 2017. Currently the City has three outstanding councilmanic bond issues:

- Series 2008 limited tax general obligation bonds issued to finance road and sidewalk improvements, tourism, infrastructure and waterfront access improvements. *Outstanding balance as of January 1, 2017 - \$7,500,000.*
- Series 2010 limited tax general obligation bonds issued to for sidewalks, utility and street improvements, and Carnegie library retrofit. *Outstanding balance as of January 1, 2017 - \$3,550,000.*
- Series 2012 limited tax general obligation refunding bond issue refunded 1999 bonds and a portion of the 2002, 2003 and 2005 general obligation bonds. The refunding will save the City \$645,221 in interest cost over a 13 year period. *Outstanding balance as of January 1, 2017 - \$3,635,000.*

Principal payments on the outstanding non-voted debt for 2017 are \$845,000, due on December 1, 2017.

In February 2015, 71.37% of the voters of the City of Port Townsend approved a ballot measure to authorize the City to issue up to \$3,600,000 in bonds for the Mountain View Commons energy retrofit and other campus improvements. The bonds were issued in June 2015 in the amount of \$3,385,000, with a net interest cost of 3.06%. The first payment (interest only) is due on December 1, 2016 in the amount of \$170,364. Beginning in 2017, the annual debt service will be just under \$300,000. The City will

levy property taxes in the amount of \$150,000. The remainder of the debt service will be funded by Special Purpose Sales Tax receipts.

General Obligation Line of Credit

The City Council authorized the City Manager to execute an agreement with Cashmere Valley Bank to provide a line of credit for \$1,500,000 in November, 2014. There are no current amounts outstanding on this line of credit. Only outstanding amounts on the line of credit impact the calculation of the City's debt capacity.

The line of credit is available to be used for interim cash flow needs for General Government and Street Capital Projects during 2017, if needed. The line of credit may be used to fund cash flow needs while permanent financing is obtained or while the City awaits reimbursement on grant funded projects.

The following table reflects the current general obligation non-voted and voted bond debt capacity based on the Jefferson County Assessor's 2016 preliminary assessed values for 2017 taxes; preliminary assessed values increased by approximately 7.6%, consequently, increasing the City's available debt capacity:

2016 Assessed Valuation (1)	\$ 1,442,618,000
General Purposes - Non-Voted	
Non-voted General Obligation Debt Capacity (1.50% of AV)	\$ 21,639,270
Less: Outstanding Non-voted General Obligation Debt (2)	\$ (14,685,000)
Less: Outstanding Line of Credit Balance (3)	\$ -
Remaining Non-Voted General Obligation Debt Capacity	\$ 6,954,270
Percent of Non-Voted Debt Capacity Remaining	32.14%
General Purposes - Requires Voter Approval	
Voted General Obligation Debt Capacity (1.00% of AV)	\$ 14,426,180
Less: Outstanding Voted General Obligation Debt	\$ (3,205,000)
Less: Outstanding Line of Credit Balance (3)	\$ -
Remaining Voted General Obligation Debt Capacity	\$ 11,221,180
Percent of Voted Total Debt Capacity Remaining	77.78%
Parks and Open Space Purpose - Requires Voter Approval	
Voted General Obligation Debt Capacity (2.50% of AV)	\$ 36,065,450
Less: Outstanding Voted Debt for Parks	\$ -
Remaining Voted Debt Capacity for Parks	\$ 36,065,450
Utility Purpose - Requires Voter Approval	
Voted General Obligation Debt Capacity (2.50% of AV)	\$ 36,065,450
Less: Outstanding Voted General Obligation Debt for Utility Purpose	\$ -
Remaining Voted Debt Capacity for Utility Purpose	\$ 36,065,450
Notes:	
(1) Estimate from County Assessor's Preliminary Valuations 2016 Assessments for 2017 Taxes	
(2) Includes only LTGO Bonds issued through 2016. Other general obligation debts may count against debt capacity. Includes principal payments through 12/31/2017.	
(3) Line of credit for \$1,500,000 authorized by Council on 11/3/14; no current \$ outstanding	

Debt Financial Policies

The City Council adopted financial policies allow for annual debt payments on General Government obligations for capital improvements that cannot be funded out of current revenues. These annual debt payments should not exceed 15% of the total of annual General Government operating revenues plus budgeted transfers from capital funding sources. General Government Funds include the General Fund, Contingency Fund and Special Revenue Funds.

GO Debt Service as a % of General Government Revenue					
		2014 Actual	2015 Actual	2016 Estimated	2017 Budget
Annual Debt Service as % of Revenue	Less than 15%	8.9%	9.9%	9.7%	10.4%

2017 Debt Refinancing/Advance Refunding

The City's 2008 bonds have a call date of December 1, 2017. Due to a favorable interest rate environment, the City will consider an advance refunding of these bonds in early 2017. An advance refunding will allow the City (as issuer) to sell new bonds and place the proceeds into an escrow account to repay the old bonds once the call date arrives. The refinanced bonds will carry a lower interest rate which will, in turn, lower the annual debt service. Based on pro forma interest rate projections in late October, the reduction in interest rate on the refinanced debt provides a savings of \$2.4 million over the remaining life of the debt (18 years).

The City is proposing to leverage the favorable bond market and borrow \$3.2 million of additional new money while refinancing this debt. The total cost of the new money borrowing is estimated at \$4.6 million over the life of the debt. The net cost after the interest rate savings is \$2.2 million over the 18 year period. Since this borrowing will generate \$3.2 million of new money to fund capital and infrastructure improvements, the benefit of the debt restructuring to the City is just under \$1 million. As noted in the debt capacity chart on the previous page, the increase in assessed values in 2016 provides \$6.9 million of available councilmanic debt capacity. With the new money borrowing, debt capacity remaining will be \$3.7 million, or 17.3% of the total general non-voted councilmanic debt capacity.

	CURRENT 2008			PROPOSED REFINANCING & NEW MONEY								
Year	LTGO 2008		Total	LTGO 2008 (REFINANCED)			LTGO 2017 (New Money)			TOTAL LTGO 2017		
	Principal	Interest	Debt Serv	Principal	Interest	Debt Serv	Principal	Interest	Debt Serv	Principal	Interest	Debt Serv
2017	-	340,925	340,925	-	252,107	252,107	-	103,233	103,233	-	355,340	355,340
2018	-	340,925	340,925	-	278,400	278,400	-	114,000	114,000	-	392,400	392,400
2019	-	340,925	340,925	-	278,400	278,400	-	114,000	114,000	-	392,400	392,400
2020	-	340,925	340,925	-	278,400	278,400	-	114,000	114,000	-	392,400	392,400
2021	-	340,925	340,925	-	278,400	278,400	-	114,000	114,000	-	392,400	392,400
2022	-	340,925	340,925	-	278,400	278,400	-	114,000	114,000	-	392,400	392,400
2023	335,000	340,925	675,925	400,000	278,400	678,400		114,000	114,000	400,000	392,400	792,400
2024	350,000	327,023	677,023	425,000	258,400	683,400		114,000	114,000	425,000	372,400	797,400
2025	365,000	312,498	677,498	445,000	241,400	686,400		114,000	114,000	445,000	355,400	800,400
2026	380,000	297,350	677,350	530,000	223,600	753,600	125,000	114,000	239,000	655,000	337,600	992,600
2027	395,000	281,580	676,580	550,000	202,400	752,400	135,000	109,000	244,000	685,000	311,400	996,400
2028	410,000	264,398	674,398	570,000	180,400	750,400	140,000	103,600	243,600	710,000	284,000	994,000
2029	430,000	246,563	676,563	595,000	157,600	752,600	145,000	98,000	243,000	740,000	255,600	995,600
2030	445,000	227,858	672,858	615,000	133,800	748,800	150,000	92,200	242,200	765,000	226,000	991,000
2031	465,000	208,500	673,500	640,000	109,200	749,200	510,000	86,200	596,200	1,150,000	195,400	1,345,400
2032	490,000	187,808	677,808	670,000	83,600	753,600	525,000	65,800	590,800	1,195,000	149,400	1,344,400
2033	510,000	166,003	676,003	695,000	56,800	751,800	550,000	44,800	594,800	1,245,000	101,600	1,346,600
2034	535,000	143,308	678,308	725,000	29,000	754,000	570,000	22,800	592,800	1,295,000	51,800	1,346,800
2035	555,000	119,500	674,500	-	-	-	-	-	-	-	-	-
2036	585,000	91,750	676,750	-	-	-	-	-	-	-	-	-
2037	610,000	62,500	672,500	-	-	-	-	-	-	-	-	-
2038	640,000	32,000	672,000	-	-	-	-	-	-	-	-	-
	\$7,500,000	\$5,355,110	\$12,855,110	\$6,860,000	\$3,598,707	\$10,458,707	\$2,850,000	\$1,751,633	\$4,601,633	\$9,710,000	\$5,350,340	\$15,060,340
2017-2038	\$7,500,000	\$5,355,110	\$12,855,110	\$6,860,000	\$3,598,707	\$10,458,707	\$2,850,000	\$1,751,633	\$4,601,633	\$9,710,000	\$5,350,340	\$15,060,340
	Savings from Refinancing					\$ 2,396,403						
	Debt Service - Additional New Money Borrowing								\$ (4,601,633)			
	Additional Debt Service Cost - 2017-2038											\$ (2,205,230)
	New Money Generated with Refinancing											\$ 3,200,000
	NET BENEFIT TO THE CITY											\$ 994,770

As part of the restructure of the debt, the principal payments are proposed to be staggered to provide level debt service payments for all of the City's General Obligation debt. The current 2017 debt payments under the existing debt structure are just under \$1.3 million and the maximum annual proposed new debt service is \$1.36 million. The proposed annual debt service as a percentage of general government revenues is approximately 10.9% and meets the council policy (less than 15%). The sources for repayment of debt service are listed at the bottom of the chart below:

	TOTAL ANNUAL LTGO DEBT SERVICE - CURRENT				TOTAL ANNUAL LTGO DEBT SERVICE - REFINANCE 2008 PLUS \$3.2 M NEW MONEY			
	Year	Total Principal	Total Interest	Total Debt Service	Year	Total Principal	Total Interest	Total Debt Service
2017	665,000	619,566	1,284,566	2017	665,000	633,980	1,298,980	
2018	685,000	600,201	1,285,201	2018	685,000	651,675	1,336,675	
2019	710,000	579,651	1,289,651	2019	710,000	631,125	1,341,125	
2020	725,000	557,838	1,282,838	2020	725,000	609,313	1,334,313	
2021	745,000	535,038	1,280,038	2021	745,000	586,513	1,331,513	
2022	780,000	508,288	1,288,288	2022	780,000	559,763	1,339,763	
2023	765,000	480,288	1,245,288	2023	830,000	531,763	1,361,763	
2024	795,000	446,310	1,241,310	2024	870,000	491,688	1,361,688	
2025	830,000	410,998	1,240,998	2025	910,000	453,900	1,363,900	
2026	660,000	374,100	1,034,100	2026	935,000	414,350	1,349,350	
2027	685,000	344,330	1,029,330	2027	975,000	374,150	1,349,150	
2028	715,000	312,648	1,027,648	2028	1,015,000	332,250	1,347,250	
2029	750,000	279,563	1,029,563	2029	1,060,000	288,600	1,348,600	
2030	785,000	244,858	1,029,858	2030	1,105,000	243,000	1,348,000	
2031	465,000	208,500	673,500	2031	1,150,000	195,400	1,345,400	
2032	490,000	187,808	677,808	2032	1,195,000	149,400	1,344,400	
2033	510,000	166,003	676,003	2033	1,245,000	101,600	1,346,600	
2034	535,000	143,308	678,308	2034	1,295,000	51,800	1,346,800	
2035	555,000	119,500	674,500	2035				
2036	585,000	91,750	676,750	2036				
2037	610,000	62,500	672,500	2037				
2038	640,000	32,000	672,000	2038				
Totals	\$ 14,685,000	\$ 7,305,039	\$ 21,990,039	Totals	\$ 16,895,000	\$ 7,300,270	\$ 24,195,270	
ADDITIONAL DEBT SERVICE - LEVEL DEBT - 4 YEARS SHORTER TERM								\$ (2,205,231)
SOURCES OF DEBT SERVICE				CURRENT	PROPOSED			
Property Tax Allocation			102,000				102,000	
General Fund Contributions			283,303				283,303	
General Fund Contributions (Former CH lease payment)			171,000				171,000	
REET or General Fund Contribution Required			460,000				515,600	
Street Fund Contribution			174,900				174,900	
Lodging Tax Contribution to Tourism Infrastructure			100,000				100,000	
Contributions to Maximum Annual Debt Service			\$ 1,291,203				\$ 1,346,803	

Note: Analysis does not include debt service for the 2015 GO voted Mountain View bonds

The \$3,200,000 of "new money" will allow for the investment in additional City infrastructure while leveraging funds available from other agencies, low cost loans, or donations. The new money from the 2017 Bond/2008 refinancing will fund the projects listed below. The leveraged funds are included in the Other Funding column in the chart below. The Other Funding includes the total amount of money that the City has or will receive from these sources, spanning a period of several years and concluding in 2018.

Projects to be Funded with 2017 "New Money"

General & Street Capital Improvement Projects	Council Authorization	Resolution Number	Fiscal Year	2017 Bond (2008 Refi)	Other Funding through 2018	Description of Other Funding
Library Capital Projects	5/2/2016	Motion to approve	2017	500,000	200,000	Heritage Grant & Donations
Howard Street Phase II - right of way			2017	60,000	2,700,000	WSDOT(STP), TIB, CERB
Water Street Overlay	5/02/2016 & 9/19/2016	16-016 & 16-044	2017-2018	1,000,000	610,000	TIB
SR 20 Pedestrian Walkway - Design & Permitting	6/6/2016	16-027	2017	50,000	200,000	WSDOT- TAP
Visitor Center Sims Way Frontage Phase I	5/16/2016	16-020	2017-2018	800,000	-	Kitsap Bank
7th Street Preliminary Design	9/19/2016	16-043	2017	30,000	-	
Repay Interfund Loan - Sheridan & Landes	11/9/2015	15-039	N/A	205,000	810,000	TIB, WSDOT
Repay Interfund Loan - Honeywell	11/9/2015	15-039	N/A	180,000	800,000	DOC/DOE
Repay Interfund Loan - Howard Street	11/9/2015	15-039	N/A	115,000		WSDOT(STP), TIB, CERB
Quincy/Jefferson Street			2017-2018	260,000	395,000	TIB
Total General & Street Capital Improvement Projects				\$ 3,200,000	\$ 5,715,000	

Utility & Intergovernmental Debt

The City has funded utility/public works projects with intergovernmental loans from the Public Works Board (Public Works Trust Fund loans used to fund public work projects) and the State Revolving Fund (Department of Ecology low interest loans for water quality projects). These loans are repaid from utility revenues rather than property tax revenues.

The City is building a new drinking water treatment facility and reservoir with a total estimated cost of approximately \$24 million. Public Works Trust Fund Loans and Drinking Water State Revolving will fund a portion of this project. Repayment of these loans will come from utility revenues, which include a capital surcharge that is currently being assessed. A utility debt reserve fund has been established to reserve collected surcharge amounts for these future debt payments. At the end of 2017, the debt reserve fund is estimated to have a fund balance of \$2,334,761.

Future Utility Capital Improvement Funding

The City has identified utility capital improvement projects that require funding. The table below provides a list of these projects. In 2017, the City has budgeted for a utility rate study update to determine the best option for funding these projects. A combination of intergovernmental loans, revenue bonds or use of the utility's own cash reserves may be considered. Rates on the intergovernmental loans average around 1.5%, rates on utility revenue bonds range from 2.0% to 2.75% and the City's own cash reserves would forego interest earnings of approximately 0.5%.

Utility Capital Improvement Projects	2017 Revenue Bond or Other Funding	Other Funding 2017 -2018	Description of Other Funding
LT2 Water Filtration Treatment Facility	1,300,000	1,500,000	Loan forgiveness
5MG Reservoir	-	2,000,000	Loan forgiveness
Big Quil Diversion	1,200,000	-	
Water Street Overlay - Water Component	1,000,000	-	
Water Street Overlay - Sewer Component	100,000	-	
Howard Street - Sewer Component	200,000	-	
Howard Street - Water Component	500,000	-	
Total Utility Capital Improvement Projects	\$ 4,300,000	\$ 3,500,000	

The City will also be developing a Regional Stormwater facility for the Howard Street extension. This project is in the design stage and will be funded via a CERB loan.

Funding for the City's match for this project will be through the interfund loan referenced in the section below. Permanent funding will be identified in the Stormwater functional plan.

Interfund Loans

The City had one outstanding interfund loan as of January 1, 2017 for \$500,000. This interfund loan was approved as a part of the 2016 budget plan. The details of this loan are as follows:

Interfund loan for Capital Project Funds from the Transmission Line Replacement Fund to fund the following projects:

- Landes & Sheridan Sidewalk Projects – The City Council approved additional funding of \$205,000 for these sidewalk projects at its Business Meeting on June 15, 2015. These projects were funded by a combination of TIB grants, federal STP funds, and City Street, REET and Stormwater funds. The total additional funding needed for the two sidewalk projects is \$205,000.
- Honeywell Energy Project – Other City Facilities – The City Council authorized the City Manager to enter into agreements with the Department of Enterprise Services on June 9, 2014. The majority of the funding for this project was through the voted bond measure that was passed in February 2015. The revenue bond provided the funding for the Mountain View boiler and energy improvements but did not fund the improvements for the remainder of the City facilities (Cotton/Pope, Library, City Hall, etc.). The total additional funding needed for the energy project is \$180,000.
- Howard Street – Match Funding – Howard Street is largely funded through TIB grants and WSDOT funds. The grants require that the City provides some matching funds. Additional funding is needed for the City match portion of this project in the amount of \$115,000.

The loan was made in December, 2015 and will be repaid with a balloon payment no later than January 31, 2019. The City intends to refinance/ refund its 2008 LTGO debt in early 2017. Proceeds from the refinancing will be used to repay this interfund loan.

The 2016 proposed budget included an additional new interfund loan request, totaling \$110,000 for Stormwater Capital from the Water Fund. This loan was for matching funds for a \$1,200,000 CERB grant for a regional storm water facility for the Howard Street extension. This project is still in the planning/design stage and the interfund loan was not executed in 2016.

CITY OF PORT TOWNSEND, WASHINGTON

CAPITAL IMPROVEMENT PLAN

The six-year Capital Improvement Plan (CIP) includes capital projects for 2017 – 2022. This plan includes capital projects that add new infrastructure to the City and capital improvements for our aging City infrastructure. The most significant planned capital projects included in this plan are:

Mountain View Phase III makes selected repairs and upgrades to facilities on the Mountain View campus. The project builds on the energy retrofit work completed in 2015 and will include limited exterior and interior modifications and refinishing to accommodate tenant activities as well as facility access and ADA parking improvements. The projected cost for 2017 is \$1,200,000 funded by the 2015 voter approved bond for this purpose.

Mountain View CDBG is a sub-element of the overall Mountain View Phase III project that focuses on the specific needs of the Food Bank and Working Image. The work includes interior repairs and improvements as well as a proportional share of common area improvements that benefit the two agencies. The projected cost for 2017 is \$414,000 and is funded by a Community Development Block Grant.

Library Repair is for a new roof, window replacement and replacement of the exterior retaining wall, as well as other miscellaneous repairs. The project will be funded in part for the remaining Heritage Grant funds and donations, along with funds from the 2017 bond.

Howard Street Phase II extends Howard Street from Sims Way to Discovery Road and includes, water, sewer and stormwater extensions. This project is largely funded by federal and state transportation grant funds. The project also includes grant funding from CERB for partial funding of the roundabout at Discovery Road and a CERB loan for a portion of the stormwater for the project. The design began in 2014 and was completed in 2016. Construction began in September 2016; estimated completion is June 2017. The projected cost for the roadway portion of the work in 2017 is estimated to be \$2,760,000. Funding for water, sewer and stormwater are included in the CIP for those utilities.

Water Street Overlay is for pavement repair and upgrade for Water Street from Taylor to the Ferry terminal. Sidewalk replacement and streetscape improvements are being added to the project through funding from the 2017 Bond. The project will be designed and bid in 2017, with the start of construction scheduled for January 2018. The project includes water, sewer and stormwater work funded by those utilities.

SR 20 Pedestrian Walkway – Logan to Hancock – is for the permitting and design of a pedestrian crossing of the ravine to connect existing sidewalks. The design is funded by a federal grant with a City match to be funded by the 2017 bond. Construction is anticipated for 2019; however, the construction is not funded. Once the design is complete and project costs better known, the City will seek grant funding for construction.

Visitor Center – Sims Way Frontage Improvements is for the addition of sidewalks, stormwater management, parking and streetscape enhancements as well as the placement of public art. The project is funded by the 2017 Bond and is anticipated to be designed, bid and constructed in 2017.

7th Street project is for the preliminary design of 7th Street which is a connector from Howard Street to Discovery Road. The City will prepare the concept; final design and construction funding will be the responsibility of the adjacent commercial properties.

Water Treatment Facility involves the construction of a new water filtration plant to treat all of the City's drinking water using membrane filtration technology. This project is required to meet state and federal drinking water requirements. This project is funded by utility revenues, capital surcharge fees, and loans from the state Public Works Trust Fund and state Drinking Water State Revolving Funds. The treatment facility is scheduled to be substantially complete in 2016 with the remaining work and project closeout extending into 2017. The estimated projected cost for 2017 is \$350,000.

5 Million Gallon Reservoir project will replace the City's aging 5 million gallon storage reservoir with a new reservoir that is designed to meet current seismic standards. The reservoir is funded by the same sources as the Water Treatment Facility project. This project will be substantially completed in 2016, except for a booster pump station. The remaining work and project closeout will be completed in 2017. The projected cost for 2017 is \$650,000.

Howard Street Water – This project is for the new water line extension that is being installed as part of the Howard Street project. The projected cost in 2017 is \$500,000.

Water Street Overlay Water Line Replacement – This project will replace the existing water line in Water Street as part of the streetscape and pavement overlay. The projected cost in 2017 is \$140,000. Construction is scheduled for 2018.

Big Quilcene Diversion Project involves repair of the timber crib water diversion structure on the Big Quilcene River. Field investigation work and preliminary design were undertaken in 2016. The estimate for the necessary repair and maintenance work is currently estimated to be \$1,200,000. Permitting and final design work will be

completed in 2017, along with an updated cost estimate. Construction work is anticipated for 2018.

Howard Street Sewer project installs a new sewer extension as part of the Howard Street project. The projected expense in 2017 is \$200,000.

Outfall Replacement – Replacement of the existing sewer outfall is a requirement of the City’s wastewater discharge permit. A preliminary design has been completed. Permitting will be undertaken in 2017, with final design in 2018 and construction anticipated in 2020. The permitting is funded by a Department of Ecology loan.

CERB Howard Street and Regional Stormwater projects - The CERB funding will provide for a portion of the stormwater facilities on the Howard Street project as well as provide a regional solution to the stormwater runoff from the Howard Street Extension project and the properties adjacent to Howard Street both north and south of Sims Way. The new system will allow denser development to occur in the commercial district while providing necessary stormwater treatment and detention. Total CERB loan funding is \$1,200,000. Construction of the regional facility is planned for 2017.

Other Projects that have been identified in the Capital Improvement Plan as capital improvements that need to be addressed over a six year period include:

- Discovery Road - Sheridan to Howard \$ 8,350,000
- Washington Street Improvements \$ 2,350,000
- Sims Way Improvements \$ 5,750,000
- Sidewalk Projects – ADA improvements \$ 250,000
- General Water System Improvements \$ 920,000
- Sewer upgrades -Water Street Overlay \$ 100,000
- Sewer Collection System Improvements \$ 600,000
- South West Sewer Pump Station \$ 4,330,000
- Gaines Street Pump Station \$ 465,000
- Cliff Street Sewer \$ 425,000
- Infiltration/Inflow Removal \$ 260,000
- Wastewater Master Plan \$ 130,000
- Logan Street Stormwater Upgrades \$ 40,000
- Water Street Stormwater Upgrades \$ 40,000

The projects listed above that are included in the 6-year Capital Improvement Plan are still in the initial review stage. As design and construction details are developed, costs will be updated and these projects will be prioritized based on the greatest need and available funding. The majority of these projects do not have a funding source at this time but have been identified as City priorities.

Capital Improvement Plan 2017 - 2022
General Government

* This plan shows the 6-year plan for capital projects.

	2017	2017	2018	2019	2020	2021	2022	6-Year Total
General Government								
Funding Sources								
	Adopted	Preliminary						
CDBG		414,000	-	-	-	-	-	414,000
Heritage Grant		120,000	-	-	-	-	-	120,000
Donation		80,000	-	-	-	-	-	80,000
Voted Bond		1,200,000	-	-	-	-	-	1,200,000
2017 Bond		500,000	-	-	-	-	-	500,000
Total	-	2,314,000	-	-	-	-	-	2,314,000
Expenditures								
Design/Construction	-	2,240,000	-	-	-	-	-	2,240,000
Project Management	-	74,000	-	-	-	-	-	74,000
Total	-	2,314,000	-	-	-	-	-	2,314,000
Street								
Funding Sources								
WSDOT - STP funds		600,000	-	-	-	600,000	4,000,000	5,200,000
TAP		150,000	50,000	-	-	-	-	200,000
DOC		300,000	-	-	-	-	-	300,000
TIB		1,860,000	550,000	-	-	-	-	2,410,000
Local Funds		-	-	-	-	-	-	-
2017 Bond	-	1,015,000	925,000	-	-	-	-	1,940,000
Other Unsecured Funding	-	-	50,000	1,820,000	8,980,000	2,200,000	1,050,000	14,100,000
Total	-	3,925,000	1,575,000	1,820,000	8,980,000	2,800,000	5,050,000	24,150,000
Expenditures								
Design/Construction		25,000	-	-	350,000	750,000	-	1,125,000
Construction		3,595,000	1,460,000	1,650,000	8,450,000	2,050,000	5,050,000	22,255,000
Project Management		305,000	115,000	170,000	180,000	-	-	770,000
Total	-	3,925,000	1,575,000	1,820,000	8,980,000	2,800,000	5,050,000	24,150,000
Water								
Funding Sources								
Capital Surcharge		140,000	160,000	160,000	160,000	160,000	160,000	940,000
Debt Reserve Fund		150,000	-	-	-	-	-	150,000
DWSRF		1,000,000	-	-	-	-	-	1,000,000
2017 Bond		3,640,000	1,260,000	-	-	-	-	4,900,000
Total	-	4,930,000	1,420,000	160,000	160,000	160,000	160,000	6,990,000
Expenditures								
Design/Construction		2,320,000	1,270,000	140,000	140,000	140,000	140,000	4,150,000
Project Management		240,000	150,000	20,000	20,000	20,000	20,000	470,000
Total	-	2,560,000	1,420,000	160,000	160,000	160,000	160,000	4,620,000
Sewer								
Funding Sources								
Capital Surcharge		147,100	120,000	120,000	120,000	140,000	250,000	897,100
Sewer Transfer SDC		200,000	-	-	-	-	360,000	560,000
CCWF Loan/Grant		300,000	100,000	-	-	-	-	400,000
Revenue Bond		40,000	60,000	-	-	-	-	100,000
Unsecured Funds		-	200,000	400,000	4,000,000	725,000	4,255,000	9,580,000
LID		-	-	-	-	-	-	-
Total	-	687,100	480,000	520,000	4,120,000	865,000	4,865,000	11,537,100
Expenditures								
Design/Construction		540,000	390,000	450,000	3,800,000	680,000	4,470,000	10,330,000
Project Management		120,000	90,000	70,000	320,000	185,000	395,000	1,180,000
Total	-	660,000	480,000	520,000	4,120,000	865,000	4,865,000	11,510,000
Storm								
Funding Sources								
DOC (CERB)		1,200,000	-	-	-	-	-	1,200,000
Capital Surcharge		130,000	40,000	-	-	-	-	170,000
Total	-	1,330,000	40,000	-	-	-	-	1,370,000
Expenditures								
Design/Construction		1,210,000	30,000	-	-	-	-	1,240,000
Project Management		120,000	10,000	-	-	-	-	130,000
Total	-	1,330,000	40,000	-	-	-	-	1,370,000

**Capital Improvement Plan 2017 - 2022
General Government**

* This plan shows the 6-year plan for capital projects.

Priority	Project	2017 Preliminary	2017 Adopted	2018	2019	2020	2021	2022	6-Year Total		
1	0095 Mountain View Phase III Voted Bond	Funding Sources									
		Voted Bond	1,200,000							1,200,000	
		Total	1,200,000		-	-	-			1,200,000	
		Expenditures									
		Design/Construction	1,150,000							1,150,000	
		Project Management	50,000							50,000	
		Total	1,200,000		-	-	-			1,200,000	
		<hr/>									
		2	0096 Mountain View CDBG	Funding Sources							
				CDBG	414,000						
Total	414,000			-	-	-	-	-	-	414,000	
Expenditures											
Design/Construction	410,000									410,000	
Project Management	4,000									4,000	
Total	414,000			-	-	-	-			414,000	
<hr/>											
3	0102 Library			Funding Sources							
				2017 Bond	500,000						
		Heritage Grant	120,000								
		Donation	80,000							80,000	
		Total	700,000		-	-	-			700,000	
		Expenditures									
		Design/Construction	680,000							680,000	
		Project Management	20,000							20,000	
		Total	700,000		-	-	-			700,000	

Capital Improvement Plan 2017 - 2022

Street

* This plan shows the 6-year plan for capital projects.

Priority	Project	2017	2017	2018	2019	2020	2021	2022	6-Year Total
		Preliminary	Adopted						
1	1058 Howard Street Phase II								
	Opening of Howard Street from Sims Way to Discovery Road								
	Funding Sources								-
	WSDOT - STP funds	600,000							600,000
	TIB	1,800,000							1,800,000
	DOC (CERB)	300,000							300,000
	2017 Revenue Bond	60,000							60,000
	Local Funds								-
	Total	2,760,000		-	-	-	-	-	2,760,000
	Expenditures								-
	Construction	2,600,000							2,600,000
	Project Management	160,000							160,000
	Total	2,760,000		-	-	-	-	-	2,760,000
2	1106 Water Street Overlay - Taylor to Ferry Terminal								
	Funding Sources								-
	TIB	60,000		550,000					610,000
	2017 Bond	100,000		900,000					1,000,000
	Total	160,000		1,450,000	-	-	-	-	1,610,000
	Expenditures								-
	Construction	120,000		1,350,000					1,470,000
	Project Management	40,000		100,000					140,000
	Total	160,000		1,450,000	-	-	-	-	1,610,000

Capital Improvement Plan 2017 - 2022

Street

Priority	Project	Street						6-Year Total
		2017 Preliminary	2017 Adopted	2018	2019	2020	2021	
3	1145 SR 20 Pedestrian Walkway - Logan to Hancock							
	Funding Sources							-
	Unsecured				1,000,000			1,000,000
	TAP	150,000		50,000				200,000
	2017 Revenue Bond	25,000		25,000				50,000
	Total	175,000		75,000	1,000,000	-	-	1,250,000
	Expenditures							-
	Construction	150,000		60,000	900,000			1,110,000
	Project Management	25,000		15,000	100,000			140,000
	Total	175,000	-	75,000	1,000,000	-	-	1,250,000
4	1008 Visitor Center Sims Way Frontage							
	Funding Sources							-
	2017 Bond	800,000						800,000
	Unsecured					1,000,000		1,000,000
	Total	800,000	-	-	1,000,000	-	-	1,800,000
	Expenditures							-
	Design							-
	Construction	725,000				900,000		1,625,000
	Project Management	75,000				100,000		175,000
	Total	800,000	-	-	1,000,000	-	-	1,800,000
5	1047 7th Street Preliminary Design							
	Howard to Discovery Road							
	Funding Sources							-
	2017 Bond	30,000						30,000
	Total	30,000	-	-	-	-	-	30,000
	Expenditures							-
	Design	25,000						25,000
	Construction							-
	Project Management	5,000						5,000
	Total	30,000	-	-	-	-	-	30,000

Capital Improvement Plan 2017 - 2022

Street

Priority	Project	2017	2017	2018	2019	2020	2021	2022	6-Year Total
		Preliminary	Adopted						
6	Discovery Road I								
	Sheridan to Howard Street								
	Funding Sources								
	Unsecured				770,000	7,580,000			8,350,000
	Total	-	-	-	770,000	7,580,000			8,350,000
	Expenditures								
	Design								
	Construction				700,000	7,500,000			8,200,000
	Project Management				70,000	80,000			150,000
	Total	-	-	-	770,000	7,580,000	-	-	8,350,000
7	Washington Street								
	Downtown Streetscape								
	Funding Sources								
	Unsecured Funds					350,000	2,000,000		2,350,000
	Total	-	-	-	-	350,000	2,000,000		2,350,000
	Expenditures								
	Design					350,000			350,000
	Construction						2,000,000		2,000,000
	Total	-	-	-	-	350,000	2,000,000		2,350,000

Capital Improvement Plan 2017 - 2022

Street

Priority	Project	Street		2018	2019	2020	2021	2022	6-Year Total
		2017 Preliminary	2017 Adopted						
8	Sims Way Improvements II								
	Funding Sources								-
	WSDOT - Unsecured						600,000	4,000,000	4,600,000
	Other Unsecured Funds						150,000	1,000,000	1,150,000
	Total	-	-	-	-	-	750,000	5,000,000	5,750,000
	Expenditures								-
	Design						750,000		750,000
	Construction							5,000,000	5,000,000
	Total	-	-	-	-	-	750,000	5,000,000	5,750,000
9	Sidewalk Project - ADA								
	Funding Sources								
	Unsecured			50,000	50,000	50,000	50,000	50,000	
	Total	-	-	50,000	50,000	50,000	50,000	50,000	250,000
	Expenditures								
	Construction			50,000	50,000	50,000	50,000	50,000	
	Project Management								
	Total	-	-	50,000	50,000	50,000	50,000	50,000	250,000

Capital Improvement Plan 2017 - 2022

Water

* This plan shows the 6-year plan for capital projects.

Priority	Project	2017 Preliminary	2017 Adopted	2018	2019	2020	2021	2022	6-Year Total
1	6161 LT2 Filtration Treatment Facility								
	Required Federal Mandate								
	Funding Sources								
	DWSRF	1,000,000							1,000,000
	Debt Revenue Fund	150,000							
	2017 Bond	1,300,000							
	Total	2,450,000							2,450,000
	Expenditures								
	Design/Construction	300,000							300,000
	Project Management	50,000							50,000
	Total	350,000							350,000
2	6017 SMG Reservoir								
	Infrastructure Condition Mandate								
	Funding Sources								
	2017 Revenue Bond	900,000							900,000
	Total	900,000							900,000
	Expenditures								
	Design/Construction	600,000							600,000
	Project Management	50,000							50,000
	Total	650,000							650,000
3	6028 Howard Street Water								
	Contributes to Economic Development								
	Funding Sources								
	2017 Revenue Bond	500,000							500,000
	Total	500,000							500,000
	Expenditures								
	Design/Construction	450,000							450,000
	Project Management	50,000							50,000
	Total	500,000							500,000

Capital Improvement Plan 2017 - 2022

Water

* This plan shows the 6 year plan for capital projects

Priority	Project	2017 Preliminary	* 2017 Adopted	2018	2019	2020	2021	2022	6-Year Total
4	6046 Water Street Overlay								
	Funding Sources								
	2017 Bond	140,000		860,000					1,000,000
	Total	140,000		860,000	-	-	-	-	1,000,000
	Expenditures								
	Design/Construction	120,000		780,000					900,000
	Project Management	20,000		80,000					100,000
	Total	140,000		860,000	-	-	-	-	1,000,000
5	6041 Big Quil Diversion								
	Funding Sources								
	2017 Bond	800,000		400,000					1,200,000
	Total	800,000		400,000	-	-	-	-	1,200,000
	Expenditures								
	Design/Construction	750,000		350,000					1,100,000
	Project Management	50,000		50,000					100,000
	Total	800,000		400,000	-	-	-	-	1,200,000
Ongoing	6000 Water General								
	Funding Sources								
	Water Capital Surcharge	140,000		160,000	160,000	160,000	160,000	160,000	940,000
	Total	140,000		160,000	160,000	160,000	160,000	160,000	940,000
	Expenditures								
	Design/Construction	100,000		140,000	140,000	140,000	140,000	140,000	800,000
	Project Management	20,000		20,000	20,000	20,000	20,000	20,000	120,000
	Total	120,000		160,000	160,000	160,000	160,000	160,000	920,000

Capital Improvement Plan 2017 - 2022

Sewer

* This plan shows the 6-year plan for capital projects.

Priority	Project	2017		2018	2019	2020	2021	2022	6-Year Total
		Preliminary	Adopted						
1	7038 Howard Street								
	Contributes to Economic Development								-
	Funding Sources								-
	2017 Bond	200,000							200,000
	Total	200,000		-	-	-	-	-	200,000
	Expenditures								-
	Design/Construction	150,000							150,000
	Project Management	50,000							50,000
	Total	200,000		-	-	-	-	-	200,000
2	7046 Water Street Overlay								
	Funding Sources								
	2017 Bond	40,000		60,000					100,000
	Total	40,000		60,000	-	-	-	-	100,000
	Expenditures								-
	Design/Construction	20,000		40,000					60,000
	Project Management	20,000		20,000					40,000
	Total	40,000		60,000	-	-	-	-	100,000
3	7001 Collection System Improvements								
	Funding Sources								
	Sewer Capital Surcharge	147,100		120,000	120,000	120,000	120,000		627,100
	Total	147,100		120,000	120,000	120,000	120,000	-	627,100
	Expenditures								-
	Design/Construction	100,000		100,000	100,000	100,000	100,000		500,000
	Project Management	20,000		20,000	20,000	20,000	20,000		100,000
	Total	120,000		120,000	120,000	120,000	120,000	-	600,000

Capital Improvement Plan 2017 - 2022

Sewer

Priority	Project	2017	2017	2018	2019	2020	2021	2022	6-Year Total
		Preliminary	Adopted						
4	7029 Outfall Replacement								
	Infrastructure Condition								-
	Funding Sources								-
	CCWF Loan/Grant	300,000		100,000					400,000
	Unfunded			200,000	400,000	4,000,000			
	Total	300,000		300,000	400,000	4,000,000	-	-	5,000,000
	Expenditures								-
	Design/Construction	270,000		250,000	350,000	3,700,000			4,570,000
	Project Management	30,000		50,000	50,000	300,000			430,000
	Total	300,000		300,000	400,000	4,000,000	-	-	5,000,000
5	7018 South West Sewer Pump Station								
	Contributes to Economic Development								-
	Funding Sources								-
	Unsecured - Loans, Grants, LID							3,970,000	3,970,000
	Sewer SDC							360,000	360,000
	Total	-		-	-	-	-	4,330,000	4,330,000
	Expenditures								-
	Design/Construction							4,000,000	4,000,000
	Project Management							330,000	330,000
	Total	-		-	-	-	-	4,330,000	4,330,000

Capital Improvement Plan 2017 - 2022

Sewer

Priority	Project	2017	2017	2018	2019	2020	2021	2022	6-Year Total
		Preliminary	Adopted						
6	7026 Gaines Street Pump Station								
	Infrastructure Condition Mandate (Vulnerability)								-
	Funding Sources								-
	Unsecured - FEMA - potential funding source						465,000		465,000
	Total	-	-	-	-	-	465,000	-	465,000
	Expenditures								-
	Design/Construction						380,000		380,000
	Project Management						85,000		85,000
	Total	-	-	-	-	-	465,000	-	465,000
7	7036 Cliff Street Sewer								
	Desirable Investment in System								-
	Funding Sources								-
	Potential LID							285,000	285,000
	Capital Surcharge						20,000	120,000	140,000
	Total	-	-	-	-	-	20,000	405,000	425,000
	Expenditures								-
	Design/Construction							370,000	370,000
	Project Management						20,000	35,000	55,000
	Total	-	-	-	-	-	20,000	405,000	425,000

Capital Improvement Plan 2017 - 2022

Sewer

Priority	Project	2017	2017	2018	2019	2020	2021	2022	6-Year Total
		Preliminary	Adopted						
8	7014 Infiltration/Inflow Removal								-
	Desirable Investment in System								-
	Funding Sources								-
	Unfunded						260,000		260,000
	Total	-	-	-	-	-	260,000	-	260,000
	Expenditures								-
	Design/Construction						200,000		200,000
	Project Management						60,000		60,000
	Total	-	-	-	-	-	260,000	-	260,000
9	7004 Wastewater Master Plan/WWTP								-
	Funding Sources								-
	Capital Surcharge							130,000	130,000
	Total	-	-	-	-	-	-	130,000	130,000
	Expenditures								-
	Design/Construction							100,000	100,000
	Project Management							30,000	30,000
	Total	-	-	-	-	-	-	130,000	130,000

Capital Improvement Plan 2017 - 2022

Storm

* This plan shows the 6-year plan for capital projects.

Priority	Project	2017 Preliminary	2017 Adopted	2018	2019	2020	2021	2022	6-Year Total
1	8022 Logan Street								-
	Funding Sources								-
	Capital Surcharge	40,000							40,000
	Total	40,000		-	-	-	-	-	40,000
	Expenditures								-
	Design/Construction	30,000							30,000
	Project Management	10,000							10,000
	Total	40,000		-	-	-	-	-	40,000
2	8038 Howard Street								-
	Funding Sources								-
	CERB Loan	500,000							-
	Capital Surcharge								-
	Total	500,000		-	-	-			500,000
	Expenditures								-
	Design/Construction	450,000							450,000
	Project Management	50,000							50,000

Capital Improvement Plan 2017 - 2022

Storm

Priority	Project	2017		2018	2019	2020	2021	2022	6-Year Total
		Preliminary	Adopted						
	Total	500,000		-	-	-			500,000
3	8028 CERB Regional Storm								-
	Funding Sources								-
	CERB Loan	700,000							-
	Capital Surcharge	50,000							50,000
	Total	750,000		-	-	-			750,000
	Expenditures								-
	Design/Construction	700,000							700,000
	Project Management	50,000							50,000
	Total	750,000		-	-	-			750,000
4	8046 Water Street Overlay								-
	Funding Sources								-
	Capital Surcharge	40,000		40,000					80,000
	Total	40,000		40,000	-	-			80,000
	Expenditures								-
	Design/Construction	30,000		30,000					60,000
	Project Management	10,000		10,000					20,000
	Total	40,000		40,000	-	-			80,000

Six Year Transportation Improvement Program (2017 - 2022)

Port Townsend

Co. No.: 16

City No.: 1005

County Name

Jefferson County

MPO/RTPO:

NON/PEN

Functional Class	Priority Number	Project	Project Length	Fund Source Information								Expenditure Schedule						Environment Type	RW Required	
				Phase	Phase Start Year	Funding Status	Federal Fund Code	Federal Funds	State Fund Code	State Funds	Local Funds	1st	2nd	3rd	4th	5th	6th			
16	1	<i>Howard Street Extension I</i> from: Sims Way SR 20 to: Discovery Rd New street extension; intersection improvement at Discovery Road; sidewalks; drainage; bike lanes; stormwater	0.44	CN	2017	S	STP	400,000	TIB CERB	700,000 800,000	1,300,000		3,200,000						CE	Y
16	2	<i>Water Street Overlay</i> from: Taylor St to: Ferry Terminal Grind and digouts with 4" overlay and ADA ramp modifications	0.11	CN	2017	S			TIB	635,238	117,132		752,370						CE	N
14	3	<i>Water Street Streetscape - Phase III</i> from: Taylor Street to: SR 20 Ferry Terminal Streetscape improvements and underground utilities	0.34	ALL	2017	P					1,000,000		1,000,000						CE	N
16	4	<i>SR 20 Pedestrian Walkway</i> from: Logan Street to: Hancock Street Construction of an elevated walkway over a ravine that is an 800' gap along a popular, heavily used route by both pedestrians and bicyclists.	0.14	PE CN CN	2017 2019 2019	S P P	TAP TAP	95,000 97,692	OTHER	1,200,000	25,000 13,188		100,000	20,000		1,200,000 110,880			CE	N
16	5	<i>VIC Parking Improvement</i> from: Thayer to: Benedict	0.11	PE CN	2017 2018	P P					50,000 300,000		50,000		300,000				CE	N
16	6	<i>Discovery Road I</i> from: Howard Street to: Sheridan Street Rebuild roadway, sidewalks, drainage, shoulder improvements, bike lanes	0.74	PE CN	2019 2020	P P			OTHER OTHER	770,000 7,580,000					770,000		7,580,000		CE	N
14	7	<i>Washington Street</i> from: Monroe Street to: Taylor Street Streetscape improvements; new curb, gutter, pavement, sidewalk repair and replacement	0.30	PE CN	2020 2021	P P					350,000 2,000,000					350,000		2,000,000	CE	N
14	8	<i>Sims Way Improvements III</i> from: Sheridan Street to: SR 20 Ferry Terminal Turn lanes, shoulder improvements, intersection improvements, bike lanes, transit pullouts, sidewalks, mitigation of ferry traffic impacts	1.60	PE CN	2019 2020	P P			WSDOT WSDOT	600,000 6,000,000					600,000		6,000,000		CE	N
14	9	<i>Sims Way Improvements II</i> from: Logan Street to: Sheridan Street Intersection improvements; shoulder improvements; drainage; transit pullouts; sidewalks; pedestrian crossings; stormwater treatment	0.20	PE CN	2020 2021	P P			WSDOT WSDOT	600,000 5,000,000					600,000		5,000,000		CE	N
14	10	<i>Sims Way (SR 20) Intersection Improvements</i> from: Kearney Street to: Washington Street Intersection improvements	0.10	ALL	2022	P					2,000,000						2,000,000		CE	N
16	11	<i>Discovery Road II</i> from: City Limits to: Howard Street Rebuild roadway, bike lanes, sidewalks, pathway, transit pullouts, drainage, intersection improvements	0.74	PE CN	2021 2022	P P			OTHER OTHER	300,000 2,200,000	200,000 300,000					500,000		2,500,000	CE	N

Six Year Transportation Improvement Program (2017 - 2022)

Port Townsend

Co. No.: 16

City No.: 1005

County Name

Jefferson County

MPO/RTPO:

NON/PEN

Functional Class	Priority Number	Project	Project Length	Fund Source Information							Expenditure Schedule						Environment Type	RW Required	
				Phase	Phase Start Year	Funding Status	Federal Fund Code	Federal Funds	State Fund Code	State Funds	Local Funds	1st	2nd	3rd	4th	5th			6th
16	12	<i>San Juan Improvements II</i> from: Lopez & San Juan to: 49th & Jackman Grind and install new road surface. Replace utility lines. Sidewalk on one side only.	0.75	ALL	2022	P					1,700,000						1,700,000	CE	N
16	13	<i>Hastings Avenue Improvements</i> from: Discovery Road to: City Limits Shoulder widening, bike lanes, pavement overlay, drainage improvements	1.60	ALL	2022	P					3,725,000						3,725,000	CE	N
16	14	<i>Lawrence Street Improvements</i> from: Kearney Street to: Harrison Street Grind, base upgrade, repave, sidewalks, shoulder improvements	0.50	ALL	2022	P					1,000,000						1,000,000	CE	N
16	15	<i>Jackson / Walnut Improvements</i> from: Reed Street to: W Street Shoulder improvements, overlay, drainage improvements, sidewalks	0.45	ALL	2022	P					500,000						500,000	CE	N
16	16	<i>Howard Street / Rainier Street Extension II</i> from: Discovery Road to: 20th Street New street extension	0.60	PE CN	2021 2022	P P			OTHER OTHER	200,000 2,000,000	500,000 4,000,000				700,000		6,000,000	CE	N
14	17	<i>Mill Road Intersection</i> from: SR 20 to: Discovery Road Intersection improvements	0.00	ALL	2022	P			WSDOT	10,000,000							10,000,000	CE	Y
16	18	<i>Admiralty Avenue Improvements</i> from: San Juan Avenue to: Fort Worden State Park Shoulder improvements, sidewalk, bike lanes, drainage	0.17	ALL	2022	P					700,000						700,000	CE	N
16	19	<i>Monroe Street Improvements</i> from: Washington Street to: Lawrence Street Address road settlement, re-do subgrade, repave	0.22	ALL	2022	P					1,000,000						1,000,000	CE	N
16	20	<i>McPherson Street Improvements</i> from: Sims Way SR 20 to: Discovery Road Add sidewalks, bike lanes	0.57	ALL	2022	P					1,780,000						1,780,000	CE	N
16	21	<i>Blaine Street Improvements</i> from: Walker Street to: Tyler Street Sidewalk, shoulder improvements, drainage, curb and gutter	0.50	ALL	2022	P					500,000						500,000	CE	N
16	22	<i>Walker Street Improvements III</i> from: Washington St to: Lawrence St Sidewalks, drainage, repave	0.10	ALL	2022	P					500,000						500,000	CE	N

Six Year Transportation Improvement Program (2017 - 2022)

Port Townsend

Co. No.: 16

City No.: 1005

County Name

Jefferson County

MPO/RTPO:

NON/PEN

Functional Class	Priority Number	Project	Project Length	Fund Source Information							Expenditure Schedule						Environment Type	RW Required	
				Phase	Phase Start Year	Funding Status	Federal Fund Code	Federal Funds	State Fund Code	State Funds	Local Funds	1st	2nd	3rd	4th	5th			6th
00	23	<i>Non-Motorized Multi Modal Loop Trail</i> from: Kearney Street to: Fort Worden State Park East portion of trail as identified in Non-Motorized Transportation Plan	1.94	ALL	2022	P	STP (E)	150,000	OTHER	150,000	200,000						500,000	CE	N
19	24	<i>10th Street</i> from: SR 20 to: Sheridan Sidewalks, bike lanes, drainage, shoulders	0.33	ALL	2022	P					600,000						600,000	CE	N
17	25	<i>9th Street</i> from: McPherson to: Sheridan Sidewalks, bike lanes	0.40	ALL	2022	P					700,000						700,000	CE	N
16	26	<i>12th Street</i> from: Landes to: Sheridan Sidewalks, shoulders, drainage improvements	0.38	ALL	2022	P					700,000						700,000	CE	N
16	27	<i>Cherry / Redwood Improvements</i> from: F St to: W St Shoulder improvements, overlay, drainage improvements	0.80	ALL	2022	P					1,000,000						1,000,000	CE	N
16	28	<i>Discovery Road Improvements III</i> from: Hastings Avenue to: 19th Street Rebuild roadway, shoulder improvements, bike lanes, sidewalks, drainage, intersection improvements	0.70	PE CN	2022 2022	P P		TIB OTHER	350,000 1,600,000		50,000						400,000 1,600,000	CE	N
16	29	<i>49th Street / Cook Ave Improvements</i> from: Jackman Avenue to: City Limits Shoulder widening, drainage improvements, pavement overlay, bike and pedestrian accommodations	2.00	ALL	2022	P					1,200,000						1,200,000	CE	N
16	30	<i>W Street Improvements</i> from: Walnut Street to: Admiralty Avenue Shoulder widening, overlay, drainage improvements, sidewalks	0.70	ALL	2022	P					800,000						800,000	CE	N
16	31	<i>Lawrence</i> from: Monroe to: Harrison Road rebuild	0.46	ALL	2022	P					500,000						500,000	CE	N
16	32	<i>Washington II</i> from: Harrison to: Pierce Road rebuild	0.11	ALL	2022	P					500,000						500,000	CE	N
16	33	<i>Monroe</i> from: Roosevelt to: Reed Road rebuild	0.30	ALL	2022	P					500,000						500,000	CE	N
16	34	<i>Sheridan Street</i> from: 10 th St to: 15 th St Sidewalks, shoulders, bike lanes, drainage	0.25	ALL	2022	P					700,000						700,000	CE	N

7/19/2016

7/19/2016

CITY OF PORT TOWNSEND, WASHINGTON

STAFFING AND COMPENSATION

The City of Port Townsend employs over 100 individuals. City employees are made up of four groups:

- General Government Bargaining Unit - employees who are members of the Local Union No. 589 of the International Brotherhood of Teamsters
- Police Department Bargaining Unit - employees who are members of the Local Union No. 589 of the International Brotherhood of Teamsters
- Non-represented management, library and “confidential” employees who do not belong to any bargaining group
- Part-time and seasonal employees

Compensation and benefits for the two Teamsters bargaining units are negotiated and certain wage changes, pay scales and benefit packages are administered based on the contractual agreements.

2017 Budget Assumptions for General Government Agreement

The General Government Agreement covers Public Works, Development Services, Finance and Police Administration employees. The General Government Agreement with the Teamsters outlines the pay scales, seniority rates and annual inflationary adjustments to salaries for this group of employees. The proposed 2017 budget was prepared by reviewing each employee’s position and seniority as compared to the wage charts. The cost of living adjustments are tied to 100% of the change in the Consumer Price Index for Seattle-Tacoma-Bremerton (CPI-U) from June to June of the previous year. For 2017, this increase is 1.8%. Full time employees receive a full benefit package that includes health, life, dental and retirement benefits. Employees contribute 10% of the total cost of these benefit costs for themselves and any covered dependents.

The General Government Agreement expires December 31, 2018.

2017 Budget Assumptions for Police Agreement

The Police Agreement with the Teamsters also outlines the pay scales, seniority rates and inflationary adjustments to salaries for police officers and sergeants. The agreement with the Police bargaining unit renewed January 1, 2015, for a three-year term. For 2017, the cost of living adjustments is tied to 100% of the change in the Consumer Price Index for Seattle-Tacoma-Bremerton (CPI-U) from June to June of the previous year, or a minimum of 1%, whichever is greater, not to exceed 4%. The 2017 cost of living adjustment is 1.8%. Full-time employees receive a full benefit package that includes health, life, dental and retirement benefits. Employees contribute 10% of the total cost of these benefit costs for themselves and any covered dependents.

The Police Agreement expires December 31, 2017. Negotiations on this agreement will occur during calendar year 2017.

2017 Budget Assumptions for Non-represented employees

The non-represented employee group is made up of management and professional-level staff, library staff, and confidential and administrative staff. This group has no formal contractual agreement and benefit and wage increases have historically been dictated by performance and availability of budget dollars. Full time employees receive a full benefit package that includes health, life, dental and retirement benefits. Employees contribute 15% of the total cost of these benefits for themselves and any covered dependents. In 2015, a classification scale and compensation policy for non-represented employees was approved by the City Council to formalize wages and establish a predictable compensation system.

The 2017 budget includes a cost of living adjustment for non-represented employees of 1.8% to provide equity with bargaining unit employees.

City Council Strategic Plan – Recruiting Staff, Succession Planning and Best Practices

One of the objectives in the Council's three-year strategic plan for 2016 - 2018 is to foster a healthy City organization through investing in leadership development and training and adopting and implementing best practices. In 2016, the emphasis was geared toward recruitment for vacant positions. A new Human Resources Manager was hired to replace the retiring manager and a new Human Resource Specialist position was approved by council and filled in 2016.

In 2017, the Human Resource Manager will be identifying and implementing a plan for city wide training opportunities and will continue to work on policy and procedure enhancements. A training needs assessment will be performed to assist in developing an annual training program. Focus in 2017 and beyond will be on career-pathing programs to provide opportunities for growth for existing employees, and increasing the City's ability to retain valued employees. Also, succession planning will continue with a focus on establishing procedures that allow the smooth transition of work when key employees retire or leave the organization. The Council financial policies target 1% of salaries for spending on department level training and 1% of salaries for City wide training expenditures. The 2017 budget includes these resources. Department managers will work with the Human Resources team to implement training that both ensures regulatory compliance in required certification programs as well as employee education and professional development programs.

New positions in the proposed 2017 budget include the addition of positions in Police Administration, the City Pool, Parks and Public Works Administration.

The Police Chief has requested the addition of an Executive Assistant to handle confidential matters on his behalf. This position will be responsible for administrative duties including assisting the chief with personnel matters, scheduling, budget management, invoice coding and tracking and travel arrangements and reimbursements.

The proposed budget for the City pool includes the addition of 0.63 full time equivalents of part time swim instructors. Swim instructors lead classes that drive additional pool revenue. The revenue associated with these instructors covers the direct cost of the instructors' salaries and benefits. Additionally, the City Council approved the transfer of the management of the Port Townsend Swim Team from the parent-led non-profit to a City recreation program. This program adds up to 2 part time swim team coaches (0.60 full time equivalents) to the pool staff. These positions are funded by revenues charged to swim team participants. Additional revenue has been included in the proposed budget to cover the costs of these service additions.

The proposed budget for Parks includes the addition of part time seasonal workers (0.84 full time equivalents). Due to positive revenue collections in the general fund, the Parks department was able to hire seasonal help in 2016. Seasonal workers in Parks are generally hired in April and work through the busy summer months.

Public Works Administration is proposing the addition of a permit technician to work at the Development Services counter. This full time position will support the public works infrastructure development review permit processing.

Below are two tables that outline salary schedules and positions budgeted in 2017 for Elected Officials, Non Represented Employees and Represented Employees that total 105.85 positions:

CITY OF PORT TOWNSEND			
NON-BARGAINING EMPLOYEE POSITION CLASSIFICATION SALARY SCHEDULE			
BUDGET 2017			
Elected Officials			
Classification	Minimum	Maximum	Positions
Mayor	\$ 9,000.00	\$ 9,000.00	1.00
Councilmembers	\$ 6,000.00	\$ 6,000.00	6.00
Non Represented Employees			
Classification	Minimum	Maximum	Positions
City Manager	\$ 121,322.00	\$ 147,695.00	1.00
City Attorney	\$ 105,497.00	\$ 126,596.00	1.00
Public Works Director	\$ 97,587.00	\$ 124,694.00	1.00
Chief of Police	\$ 97,585.00	\$ 124,351.00	1.00
Finance Director	\$ 94,947.00	\$ 121,322.00	1.00
Planning Director - Development Services	\$ 94,947.00	\$ 116,046.00	1.00
Deputy Police Chief	\$ 86,255.00	\$ 105,122.00	0.00
City Engineer	\$ 86,255.00	\$ 105,122.00	1.00
Assistant City Engineer	\$ 76,485.00	\$ 95,939.00	1.00
Library Director	\$ 76,485.00	\$ 94,947.00	1.00
Human Resources Manager	\$ 75,958.00	\$ 94,946.00	1.00
Prosecuting Attorney/Assistant City Attorney	\$ 73,434.00	\$ 90,293.00	1.00
Public Works Operations Manager WW/Bio	\$ 72,529.00	\$ 87,034.00	1.00
Public Works Operations Manager -Water Resources	\$ 72,529.00	\$ 87,034.00	1.00
Public Works Operations Manager Streets/Sewer/Stormwater	\$ 72,529.00	\$ 87,034.00	1.00
City Clerk	\$ 70,102.00	\$ 91,058.00	1.00
Public Works Operations Manager - Parks, Recreation & Facilities	\$ 68,573.00	\$ 94,947.00	1.00
Finance Manager	\$ 68,573.00	\$ 91,782.00	1.00
Civil/Project Engineer - temp contract		\$ 88,541.00	0.25
Senior Planner	\$ 66,084.00	\$ 84,471.00	2.00
Library Manager - Public & Technical Services	\$ 57,913.00	\$ 68,175.00	1.00
Library Manager - Youth Services	\$ 57,913.00	\$ 68,175.00	1.00
Civil Engineer EIT	\$ 54,122.00	\$ 69,955.00	1.00
Deputy City Clerk	\$ 51,738.00	\$ 68,485.00	1.00
Executive Assistant to City Manager	\$ 51,738.00	\$ 68,485.00	1.00
Human Resources Specialist	\$ 51,738.00	\$ 68,485.00	1.00
Legal Assistant/Deputy Clerk	\$ 51,738.00	\$ 68,485.00	1.00
Legal Assistant	\$ 51,738.00	\$ 68,485.00	0.60
Payroll and Benefits Administrator	\$ 51,738.00	\$ 68,485.00	1.00
Executive Assistant to Chief of Police	\$ 48,864.00	\$ 64,717.00	1.00
Hourly Positions			
Library Associate	\$ 18.30	\$ 21.57	2.76
Library Assistant	\$ 13.80	\$ 16.27	2.13
Library Assistant Substitute	\$ -	\$ 13.80	0.50
Library Page/Courier	\$ 11.00	\$ 13.30	1.28
Head Swim Team Coach	\$ 15.27	\$ 23.41	0.30
Assistant Swim Team Coach	\$ 13.95	\$ 21.07	0.30
Aquatics Recreation Aide	\$ 11.00	\$ 13.30	0.00
Total Non-Represented Employees			36.12

CITY OF PORT TOWNSEND			
UNION/REPRESENTED EMPLOYEE POSITION CLASSIFICATION SALARY SCHEDULE			
BUDGET 2017			
Union/Represented Employees	<i>max pay does not include longevity or other premiums as may be applicab</i>		
Classification	Minimum/hr	Maximum/hr **	Positions
Accounting Assistant II	\$ 19.92	\$ 22.63	2.40
Accounting Assistant III	\$ 22.59	\$ 25.65	1.00
Aquatics Program Coordinator	\$ 16.30	\$ 18.30	1.00
Aquatics Program Supervisor	\$ 25.06	\$ 28.35	1.00
Building Inspector	\$ 27.64	\$ 31.40	1.00
Building Official	\$ 35.33	\$ 40.11	1.00
Code Compliance Officer	\$ 27.64	\$ 31.40	1.00
Crew Chief	\$ 28.85	\$ 32.77	2.00
Fitness Instructor	\$ 13.95	\$ 15.61	0.24
General Accounting Specialist	\$ 26.39	\$ 29.98	1.00
GIS Technician	\$ 28.31	\$ 32.20	1.00
Head Lifeguard	\$ 13.95	\$ 15.61	2.00
IT Network Administrator	\$ 35.33	\$ 40.11	1.00
IT Technical Support	\$ 28.31	\$ 32.20	1.00
Land Use Specialist	\$ 26.39	\$ 29.98	1.00
Lead Operator	\$ 26.84	\$ 30.48	6.00
Lifeguard	\$ 11.00	\$ 12.30	2.29
Maintenance Worker	\$ 20.60	\$ 23.55	9.00
Operator	\$ 25.06	\$ 28.35	10.00
Permit Tech	\$ 19.92	\$ 22.63	2.00
Police Clerk	\$ 22.59	\$ 25.65	2.00
Police Officer Substitute	\$ 15.00	\$ 15.00	1.00
Police Officers	\$ 27.82	\$ 31.49	11.00
Police Sergeant	\$ 32.83	\$ 37.16	3.00
Project Accounting Specialist	\$ 26.39	\$ 29.98	1.00
Public Works Inspector	\$ 27.64	\$ 31.40	1.00
Public Works/Engineering Support Specialist	\$ 22.59	\$ 25.65	1.00
Purchasing/Contracts Specialist	\$ 26.39	\$ 29.98	1.00
Seasonal Maintenance Worker	\$ 12.00	\$ 12.00	1.17
Swim Instructor	\$ 11.58	\$ 15.03	0.63
Total Union/Represented Employees			69.73
TOTAL CITY POSITIONS (Excluding Elected Officials)			105.85

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**City of Port Townsend
GENERAL FUND
BUDGET SUMMARY**

General Fund	2014	2015	2016	2016	2017	Increase/Decrease 2017 Proposed vs 2016 Adopted
	Actual	Actual	Adopted	Supplemental	Proposed	
Beginning Fund Balance	324,426	712,884	976,384	976,384	1,043,780	
Revenues						
Taxes	5,162,160	5,408,987	5,598,677	5,999,586	6,090,528	8.8%
Licenses & Permits	301,508	324,566	317,000	413,327	368,183	16.1%
Intergovernmental Services	417,739	251,168	205,600	299,935	249,423	21.3%
Overhead Charges	1,117,225	1,187,151	1,043,668	1,043,668	1,234,588	18.3%
Charges for Goods & Services	190,349	220,678	210,800	231,663	220,933	4.8%
Fines & Penalties	80,407	63,785	73,100	59,536	59,500	-18.6%
Miscellaneous Revenue	99,570	73,229	66,800	53,649	67,900	1.6%
Other Financing Sources	-	-	-	-	-	
Operating Transfers In	-	6,713	10,000	11,939	-	
Total Revenue	7,368,958	7,536,277	7,525,645	8,113,303	8,291,055	10.2%
Expenditures						
Salaries & Wages	2,754,526	2,736,104	2,947,069	3,051,006	3,124,966	6.0%
Personnel Benefits	934,304	1,099,291	1,289,946	1,289,578	1,407,305	9.1%
Supplies	62,813	40,457	49,000	54,075	54,900	12.0%
Insurance	264,384	272,662	314,200	309,000	347,153	10.5%
Professional Services	114,533	101,814	107,300	202,000	208,123	94.0%
Communications	75,667	56,812	62,032	63,007	62,592	0.9%
Advertising	10,281	39,678	27,500	32,632	36,050	31.1%
Operating Rents & Leases	47,501	55,104	54,656	53,090	53,598	-1.9%
Intergovernmental Services	673,945	769,011	752,858	756,406	771,400	2.5%
Machinery & Equipment	34,197	70,163	26,300	89,355	209,300	695.8%
Repair & Maintenance	46,331	52,986	41,900	44,300	22,840	-45.5%
Equipment Rental	270,312	267,389	267,319	267,319	303,930	13.7%
Training/Memberships & Travel	23,199	34,540	35,700	41,100	111,740	213.0%
Miscellaneous	284,277	124,037	106,699	127,736	124,335	16.5%
Transfers Out	1,384,230	1,552,730	1,414,303	1,665,303	1,445,263	2.2%
Total Expenditure	6,980,499	7,272,777	7,496,782	8,045,907	8,283,495	10.5%
Net Change in Fund Balance	388,459	263,500	28,863	67,396	7,560	-73.8%
Ending Fund Balance	712,884	976,384	1,005,247	1,043,780	1,051,340	
Fund Balance % of Revenue	9.7%	13.0%	13.4%	12.9%	12.7%	Meets Policy
General Fund - Expenditures by Department						
Mayor & Council	121,443	138,173	142,335	143,785	228,328	60.4%
City Manager	199,753	301,340	321,641	309,774	308,113	-4.2%
City Attorney	423,077	515,532	551,301	542,985	556,853	1.0%
Human Resources	126,447	267,586	227,699	334,105	363,215	59.5%
Planning & Development Services	684,449	748,923	934,895	953,725	973,432	4.1%
Finance Department	278,192	311,606	331,010	324,362	327,509	-1.1%
Police Administration	527,529	564,060	458,504	475,655	550,588	20.1%
Police Operations	2,499,714	2,210,695	2,442,934	2,567,147	2,560,296	4.8%
Police Training	23,366	32,236	30,500	30,500	30,500	0.0%
City Clerk	401,829	251,272	265,171	271,827	270,092	1.9%
Contracts & Intergovernmental	268,834	339,812	352,103	399,848	645,553	83.3%
PEG Access	41,638	38,813	24,386	26,891	23,753	-2.6%
Transfers Out	1,384,230	1,552,730	1,414,303	1,665,303	1,445,263	2.2%
Total Expenditures	6,980,501	7,272,778	7,496,782	8,045,907	8,283,495	10.5%

**City of Port Townsend
DRUG ENFORCEMENT / CONTINGENCY FUND
BUDGET SUMMARY**

Contingency Fund	2014	2015	2016	2016	2017	Increase/Decrease 2017 Proposed vs 2016 Adopted
	Actual	Actual	Adopted	Supplemental	Proposed	
Beginning Fund Balance	129,583	146,279	150,434	150,434	120,848	
Revenues						
Taxes	4,150	4,000	-	-	-	
Miscellaneous Revenue	103	155	200	414	500	150.0%
Operating Transfers In	13,000	-	-	20,000	-	
Total Revenue	17,254	4,155	200	20,414	500	150.0%
Expenditures						
Miscellaneous						
Transfers Out	-	-	-	50,000	-	
Total Expenditure	-	-	-	50,000	-	
Net Change in Fund Balance	17,254	4,155	200	(29,586)	500	150.0%
Ending Fund Balance	146,279	150,434	150,634	120,848	121,348	
Fund Balance % of GF Rev	2.0%	2.0%	2.0%	1.5%	1.5%	Does not Meet Policy

**City of Port Townsend
STREET FUND
BUDGET SUMMARY**

Street Fund	2014	2015	2016	2016	2017	Increase/Decrease 2017 Proposed vs 2016 Adopted
	Actual	Actual	Adopted	Supplemental	Proposed	
Beginning Fund Balance	44,883	111,337	195,691	195,691	235,599	
Revenues						
Taxes	550,833	557,531	546,776	592,677	598,293	9.4%
Licenses & Permits	462	462	-	700	500	
Intergovernmental Services	190,289	197,128	192,900	203,869	207,626	7.6%
Charges for Goods & Services	5,150	5,300	5,000	5,000	10,000	100.0%
Miscellaneous Revenue	502	2,229	100	769	630	530.0%
Other Financing Sources	6,630	-	-	-	-	
Operating Transfers In	-	-	-	6,500	-	
Total Revenue	753,866	762,650	744,776	809,515	817,049	9.7%
Expenditures						
Salaries & Wages	113,860	125,014	137,916	138,000	135,267	-1.9%
Personnel Benefits	50,238	56,580	65,552	63,466	67,602	3.1%
Supplies	45,871	26,129	46,000	46,050	51,000	10.9%
Professional Services	17,713	3,137	5,000	20,000	15,000	200.0%
Communications	526	599	600	600	600	0.0%
Operating Rents & Leases	-	-	-	150	-	
Intergovernmental Services	-	-	2,000	2,000	2,000	0.0%
Machinery & Equipment	-	-	-	20,000	-	
Other Improvements	-	-	-	-	30,000	
Repair & Maintenance	16,892	43,861	60,000	60,000	85,000	41.7%
Equipment Rental	41,102	41,102	50,142	50,142	45,718	-8.8%
Utilities	104,648	103,154	105,000	106,500	115,000	9.5%
Training/Memberships & Travel	65	-	500	500	500	0.0%
Overhead Allocation	105,289	91,375	73,170	73,564	86,629	18.4%
Miscellaneous	6,339	2,475	3,735	3,735	4,000	7.1%
Transfers Out	184,870	184,870	184,900	184,900	174,900	-5.4%
Total Expenditure	687,413	678,296	734,515	769,607	813,216	10.7%
Net Change in Fund Balance	66,453	84,354	10,261	39,908	3,833	-62.6%
Ending Fund Balance	111,337	195,691	205,952	235,599	239,432	
Fund Balance % of Revenue	14.8%	25.7%	27.7%	29.1%	29.3%	Meets Policy

**City of Port Townsend
LIBRARY FUND
BUDGET SUMMARY**

Library Fund	2014	2015	2016	2016	2017	Increase/Decrease 2017 Proposed vs 2016 Adopted
	Actual	Actual	Adopted	Supplemental	Proposed	
Beginning Fund Balance	152,402	161,322	151,851	151,851	154,509	
Revenues						
Taxes	982,152	1,007,315	1,019,185	1,019,185	1,042,228	2.3%
Intergovernmental Services	-	7,336	-	1,394	-	
Charges for Goods & Services	-	-	-	-	-	
Fines & Penalties	9,173	10,629	9,500	9,500	4,500	-52.6%
Miscellaneous Revenue	4,057	4,774	5,300	3,812	4,527	-14.6%
Other Financing Sources	1,000	23,552	-	32,560	-	
Operating Transfers In	-	-	-	-	-	
Total Revenue	996,382	1,053,606	1,033,985	1,066,451	1,051,255	1.7%
Expenditures						
Salaries & Wages	443,644	419,759	425,057	425,057	427,459	0.6%
Personnel Benefits	159,017	154,731	188,989	188,989	180,446	-4.5%
Supplies	12,812	18,188	15,800	20,800	13,500	-14.6%
Professional Services	9,985	9,890	28,800	28,800	28,800	0.0%
Communications	35,071	33,901	14,700	14,700	14,640	-0.4%
Advertising	321	726	2,500	2,500	1,000	-60.0%
Operating Rents & Leases	3,109	3,285	2,800	2,800	2,600	-7.1%
Intergovernmental Services	-	-	-	-	-	
Mach. & Equip. & Library Materials	88,127	103,928	70,000	77,715	71,000	1.4%
Repair & Maintenance	875	3,113	1,700	20,200	-	-100.0%
Equipment Rental	58,979	58,979	58,979	58,979	63,806	8.2%
Utilities	19,389	22,354	23,514	23,514	23,300	-0.9%
Training/Memberships & Travel	3,255	7,966	7,500	8,330	13,500	80.0%
Overhead Allocation	178,951	218,508	185,189	185,189	197,968	6.9%
Miscellaneous	4,112	7,749	5,350	6,120	3,000	-43.9%
Transfers Out	(30,186)	-	-	100	-	
Total Expenditure	987,461	1,063,077	1,030,878	1,063,793	1,041,019	1.0%
Net Change in Fund Balance	8,921	(9,471)	3,107	2,658	10,236	229.4%
Ending Fund Balance	161,322	151,851	154,958	154,509	164,745	
Fund Balance % of Tax Revenue	16.4%	15.1%	15.2%	15.2%	15.8%	Meets Policy

**City of Port Townsend
REAL ESTATE EXCISE TAX FUND
BUDGET SUMMARY**

REET	2014 Actual	2015 Actual	2016 Adopted	2016 Supplemental	2017 Proposed	Increase/Decrease 2017 Proposed vs 2016 Adopted
Beginning Fund Balance	-	40,408	68,309	68,309	159,587	
Revenues						
Taxes	345,408	537,695	450,000	570,000	460,000	2.2%
Miscellaneous Revenue	-	206	100	278	100	0.0%
Other Financing Sources	-	-	-	-	-	
Operating Transfers In	-	-	-	-	-	
Total Revenue	345,408	537,901	450,100	570,278	460,100	2.2%
Expenditures						
Miscellaneous	-	-	-	-	-	
Transfers Out	305,000	510,000	450,000	479,000	460,000	2.2%
Total Expenditure	305,000	510,000	450,000	479,000	460,000	2.2%
Net Change in Fund Balance	40,408	27,901	100	91,278	100	0.0%
Ending Fund Balance	40,408	68,309	68,409	159,587	159,687	
Fund Balance % of Revenue	11.7%	12.7%	15.2%	28.0%	34.7%	Meets Policy

**City of Port Townsend
PUBLIC WORKS ADMINISTRATION
BUDGET SUMMARY**

PW Admin	2014	2015	2016	2016	2017	Increase/Decrease 2017 Proposed vs 2016 Adopted
	Actual	Actual	Adopted	Supplemental	Proposed	
Beginning Fund Balance	20,531	19,856	37,486	37,486	37,586	
Revenues						
Charges for Goods & Services	286,494	322,138	350,890	356,510	505,879	44.2%
Miscellaneous Revenue	-	9	10	100	100	900.0%
Other Financing Sources		1,000				
Operating Transfers In	-	-	-	-	-	
Total Revenue	286,494	323,147	350,900	356,610	505,979	44.2%
Expenditures						
Salaries & Wages	165,650	173,575	182,087	185,105	244,044	34.0%
Personnel Benefits	64,234	65,379	72,074	75,176	103,636	43.8%
Supplies	1,876	2,051	4,000	4,000	4,000	0.0%
Professional Services	-	-	-	-	56,000	
Communications	3,126	2,184	4,000	4,000	4,000	0.0%
Advertising	28	163	1,000	1,000	1,000	0.0%
Operating Rents & Leases	3,826	3,510	6,000	6,000	3,688	-38.5%
Machinery & Equipment	-	-	500	-	500	0.0%
Repair & Maintenance	-	-	500	500	500	0.0%
Equipment Rental	11,330	11,330	11,330	11,330	23,770	109.8%
Training/Memberships & Travel	406	1,215	4,000	4,000	8,000	100.0%
Overhead Allocation	35,902	45,289	60,599	60,599	55,942	-7.7%
Miscellaneous	791	820	4,800	4,800	800	-83.3%
Transfers Out	-	-	-	-	-	
Total Expenditure	287,169	305,516	350,890	356,510	505,880	44.2%
Net Change in Fund Balance	(675)	17,630	10	100	99	890.0%
Ending Fund Balance	19,856	37,486	37,496	37,586	37,685	
Fund Balance % of Revenue	6.9%	11.6%	10.7%	10.5%	7.4%	Meets Policy

**City of Port Townsend
LODGING TAX FUND
BUDGET SUMMARY**

Lodging Tax	2014	2015	2016	2016	2017	Increase/Decrease 2017 Proposed vs 2016 Adopted
	Actual	Actual	Adopted	Supplemental	Proposed	
Beginning Fund Balance	101,447	120,843	157,097	157,097	144,754	
Revenues						
Taxes	362,161	443,859	432,000	466,054	460,000	6.5%
Miscellaneous Revenue	-	-	-	-	-	
Other Financing Sources	-	-	-	-	-	
Operating Transfers In	-	-	-	-	-	
Total Revenue	362,161	443,859	432,000	466,054	460,000	6.5%
Expenditures						
Professional Services	184,910	210,013	246,000	246,000	270,873	10.1%
Advertising	44,000	37,500	40,000	60,000	50,000	25.0%
Machinery & Equipment	-	6,922	-	-	-	
Other Improvements	-	25,427	12,180	-	-	-100.0%
Overhead Allocation	13,780	21,030	18,897	18,897	9,361	-50.5%
Miscellaneous	75	-	3,500	3,500	3,500	0.0%
Transfers Out	100,000	106,713	110,000	150,000	100,000	-9.1%
Total Expenditure	342,765	407,605	430,577	478,397	433,734	0.7%
Net Change in Fund Balance	19,396	36,254	1,423	(12,343)	26,266	1745.8%
Ending Fund Balance	120,843	157,097	158,520	144,754	171,020	
Fund Balance % of Revenue	33.4%	35.4%	36.7%	31.1%	37.2%	Meets Policy

**City of Port Townsend
FIRE/EMS FUND
BUDGET SUMMARY**

Fire/EMS	2014	2015	2016	2016	2017	Increase/Decrease
	Actual	Actual	Adopted	Supplemental	Proposed	2017 Proposed vs 2016 Adopted
Beginning Fund Balance	42,505	25,568	32,713	32,713	38,050	
Revenues						
Taxes	2,115,855	2,389,071	2,421,129	2,421,129	2,317,194	-4.3%
Miscellaneous Revenue	-	314	300	614	614	104.7%
Operating Transfers In	-	-	-	-	-	
Total Revenue	2,115,855	2,389,385	2,421,429	2,421,743	2,317,808	-4.3%
Expenditures						
Intergovernmental Services	2,132,792	2,382,240	2,421,129	2,416,406	2,317,194	-4.3%
Miscellaneous	-	-	-	-	-	
Transfers Out	-	-	-	-	-	
Total Expenditure	2,132,792	2,382,240	2,421,129	2,416,406	2,317,194	-4.3%
Net Change in Fund Balance	(16,937)	7,145	300	5,337	614	104.7%
Ending Fund Balance	25,568	32,713	33,013	38,050	38,664	
Fund Balance % of Revenue	1.2%	1.4%	1.4%	1.6%	1.7%	Meets Policy

**City of Port Townsend
AFFORDABLE HOUSING FUND
BUDGET SUMMARY**

Affordable Housing	2014	2015	2016	2016	2017	Increase/Decrease
	Actual	Actual	Adopted	Supplemental	Proposed	2017 Proposed vs 2016 Adopted
Beginning Fund Balance	5,816	30,626	40,662	40,662	30,779	
Revenues						
Taxes	9,810	10,000	10,000	10,000	10,000	0.0%
Miscellaneous Revenue	15,000	36	50	117	-	-100.0%
Operating Transfers In	-	-	-	-	-	
Total Revenue	24,810	10,036	10,050	10,117	10,000	-0.5%
Expenditures						
Miscellaneous	-	-	-	-	-	
Transfers Out	-	-	6,500	20,000	10,000	53.8%
Total Expenditure	-	-	6,500	20,000	10,000	53.8%
Net Change in Fund Balance	24,810	10,036	3,550	(9,883)	-	-100.0%
Ending Fund Balance	30,626	40,662	44,212	30,779	30,779	
Fund Balance % of Revenue	123.4%	405.2%	439.9%	304.2%	307.8%	Meets Policy

City of Port Townsend
COMMUNITY DEVELOPMENT BLOCK GRANTS
BUDGET SUMMARY

CDBG	2014	2015	2016	2016	2017	Increase/Decrease 2017 Proposed vs 2016 Adopted
	Actual	Actual	Adopted	Supplemental	Proposed	
Beginning Fund Balance	142,317	152,445	141,751	141,751	142,990	
Revenues						
Intergovernmental Services	23,517	39,507	15,245	15,974	17,061	11.9%
Miscellaneous Revenue	139	160	200	510	360	80.0%
Operating Transfers In	-	-	-	-	-	
Total Revenue	23,656	39,667	15,445	16,484	17,421	12.8%
Expenditures						
Miscellaneous	13,528	50,361	15,245	15,245	15,245	0.0%
Transfers Out	-	-	-	-	-	
Total Expenditure	13,528	50,361	15,245	15,245	15,245	0.0%
Net Change in Fund Balance	10,128	(10,694)	200	1,239	2,176	988.0%
Ending Fund Balance	152,445	141,751	141,951	142,990	145,166	
Fund Balance % of Revenue	644.4%	357.4%	919.1%	867.4%	833.3%	Meets Policy

City of Port Townsend
SYSTEM DEVELOPMENT CHARGES
BUDGET SUMMARY

SDCs	2014	2015	2016	2016	2017	Increase/Decrease 2017 Proposed vs 2016 Adopted
	Actual	Actual	Adopted	Supplemental	Proposed	
Beginning Fund Balance	1,250,514	1,239,539	1,450,405	1,450,405	1,949,584	
Revenues						
Charges for Goods & Services	-	325,608	200,000	559,000	300,000	50.0%
Miscellaneous Revenue	1,140	1,450	1,200	4,179	4,000	233.3%
Operating Transfers In	-	-	-	-	-	
Total Revenue	1,140	327,058	201,200	563,179	304,000	51.1%
Expenditures						
Overhead Allocation	1,590	-	-	-	-	
Miscellaneous	-	-	-	-	-	
Transfers Out	10,524	116,193	1,200,000	64,000	-	-100.0%
Total Expenditure	12,114	116,193	1,200,000	64,000	-	-100.0%
Net Change in Fund Balance	(10,975)	210,866	(998,800)	499,179	304,000	-130.4%
Ending Fund Balance	1,239,539	1,450,405	451,605	1,949,584	2,253,584	
Fund Balance % of Revenue	108776.3%	443.5%	224.5%	346.2%	741.3%	Meets Policy

City of Port Townsend
COMMUNITY SERVICES FUND
BUDGET SUMMARY

Community Svs	2014	2015	2016	2016	2017	Increase/Decrease 2017 Proposed vs 2016 Adopted
	Actual	Actual	Adopted	Supplemental	Proposed	
Beginning Fund Balance	78,441	48,903	105,699	105,699	109,681	
Revenues						
Taxes	639,235	461,450	540,000	570,337	684,884	26.8%
Charges for Goods & Services	109,796	112,808	149,333	140,944	198,000	32.6%
Miscellaneous Revenue	22,980	54,841	49,117	70,060	63,358	29.0%
Other Financing Sources	-	757	-	435	-	
Operating Transfers In	736,000	805,000	815,000	925,100	860,000	5.5%
Total Revenue	1,508,011	1,434,856	1,553,450	1,706,876	1,806,242	16.3%
Expenditures						
Salaries & Wages	477,325	483,934	587,159	602,489	667,877	13.7%
Personnel Benefits	206,563	215,771	318,917	306,545	359,847	12.8%
Supplies	123,771	135,454	141,000	174,800	183,250	30.0%
Insurance	-	-	-	-	-	
Professional Services	39,242	39,954	46,770	51,070	63,060	34.8%
Communications	9,440	11,193	11,800	11,750	12,390	5.0%
Advertising	-	175	2,500	2,500	1,500	-40.0%
Operating Rents & Leases	45,452	41,769	42,880	44,330	42,472	-1.0%
Intergovernmental Services	231,909	69,131	-	-	-	
Machinery & Equipment	-	-	-	80,970	8,500	
Repair & Maintenance	46,755	36,935	76,000	94,000	92,450	21.6%
Equipment Rental	45,327	45,327	54,368	54,368	51,838	-4.7%
Utilities	124,318	136,197	135,500	139,500	138,500	2.2%
Training/Memberships & Travel	1,543	452	4,995	4,995	14,483	189.9%
Overhead Allocation	120,807	143,585	110,188	110,188	148,105	34.4%
Miscellaneous	6,020	3,657	8,454	8,939	5,700	-32.6%
Transfers Out	-	14,525	12,000	16,450	14,000	16.7%
Total Expenditure	1,478,472	1,378,059	1,552,531	1,702,894	1,803,972	16.2%
Net Change in Fund Balance	29,539	56,797	919	3,982	2,270	147.0%
Ending Fund Balance	48,903	105,699	106,618	109,681	111,951	
Fund Balance % of Expenses	3.2%	7.4%	6.9%	6.4%	6.2%	Meets Policy
Community Services Fund - Expenditures by Department						
GF Overhead	120,807	143,585	110,188	110,188	148,105	34.4%
Arts Commission	20,233	19,384	22,000	22,000	22,000	0.0%
Non-profit contributions	-	14,313	-	-	-	
Jefferson Co Parks & Rec	231,909	69,131	-	-	-	
City Facilities	348,116	336,314	436,625	438,884	479,592	9.8%
Mountain View Facilities	188,585	194,860	242,150	329,150	249,692	3.1%
Parks Maintenance	288,248	326,981	408,574	456,051	478,359	17.1%
Pool	280,574	273,491	332,994	346,621	426,224	28.0%
Events	-	-	-	-	-	
Total Expenditures	1,478,472	1,378,059	1,552,531	1,702,894	1,803,972	16.2%

**City of Port Townsend
GENERAL OBLIGATION DEBT SERVICE
BUDGET SUMMARY**

General Debt Svs	2014	2015	2016	2016	2017	Increase/Decrease 2017 Proposed vs 2016 Adopted
	Actual	Actual	Adopted	Supplemental	Proposed	
Beginning Fund Balance	7,846	5,071	65,186	65,186	69,062	
Revenues						
Taxes	101,121	102,000	226,912	265,701	402,000	77.2%
Miscellaneous Revenue	257	590	400	771	800	100.0%
Other Financing Sources	-	-	-	-	-	
Operating Transfers In	1,036,673	2,304,267	1,209,203	1,209,203	1,189,203	-1.7%
Total Revenue	1,138,050	2,406,857	1,436,515	1,475,675	1,592,003	10.8%
Expenditures						
Debt Service Principal	490,000	1,700,000	665,000	665,000	845,000	27.1%
Debt Service Interest	642,605	645,160	803,799	803,799	737,565	-8.2%
Professional Services	2,670	1,582	3,000	3,000	3,000	0.0%
Miscellaneous	-	-	-	-	-	
Transfers Out	-	-	-	-	-	
Total Expenditure	1,135,275	2,346,741	1,471,799	1,471,799	1,585,565	7.7%
Net Change in Fund Balance	2,775	60,116	(35,284)	3,876	6,438	-118.2%
Ending Fund Balance	5,071	65,186	29,902	69,062	75,500	
Fund Balance % of Revenue	0.4%	2.7%	2.1%	4.7%	4.7%	Meets Policy

City of Port Townsend
GENERAL CAPITAL PROJECTS
BUDGET SUMMARY

General CIP	2014	2015	2016	2016	2017	Increase/Decrease 2017 Proposed vs 2016 Adopted
	Actual	Actual	Adopted	Supplemental	Proposed	
Beginning Fund Balance	86,574	177,090	1,334,201	1,334,201	1,304,296	
Revenues						
Intergovernmental Services	589,572	481,640	414,000	-	534,000	29.0%
Miscellaneous Revenue	476	120,710	200	100	80,200	40000.0%
Other Financing Sources	600,000	4,425,737	-	-	500,000	
Operating Transfers In	81,312	1,394,210	1,245,000	79,100	1,261,676	1.3%
Total Revenue	1,271,360	6,422,296	1,659,200	79,200	2,375,876	43.2%
Expenditures						
Intergovernmental Services	106,260	65,267	100,000	10,000	74,000	-26.0%
Building Improvements	171,677	669,743	1,514,000	20,000	2,240,000	48.0%
Land Acquisitions	1,237	-	-	-	-	
Other Improvements	1,040,099	2,103,994	-	-	-	
Debt Issue Costs	-	45,660	-	-	-	
Overhead Allocation	42,602	40,716	44,105	44,105	61,676	39.8%
Transfers Out	-	2,339,804	1,200,000	35,000	1,200,000	0.0%
Total Expenditure	1,361,875	5,265,184	2,858,105	109,105	3,575,676	25.1%
Net Change in Fund Balance	(90,516)	1,157,112	(1,198,905)	(29,905)	(1,199,800)	0.1%
Ending Fund Balance	177,090	1,334,201	135,296	1,304,296	104,496	
Fund Balance % of Revenue	13.9%	20.8%	8.2%	1646.8%	4.4%	Meets Policy

**City of Port Townsend
STREET CAPITAL PROJECTS
BUDGET SUMMARY**

Street CIP	2014	2015	2016	2016	2017	Increase/Decrease
	Actual	Actual	Adopted	Supplemental	Proposed	2017 Proposed vs 2016 Adopted
Beginning Fund Balance	(21,946)	218,481	(38,382)	(38,382)	75,000	
Revenues						
Intergovernmental Services	378,094	1,199,083	3,095,000	970,103	2,910,000	-6.0%
Miscellaneous Revenue	4,012	10,152	200	125	125	-37.5%
Other Financing Sources	-	320,000	-	200,000	1,015,000	
Operating Transfers In	35,983	165,000	75,000	154,900	44,284	-41.0%
Total Revenue	418,089	1,694,235	3,170,200	1,325,128	3,969,409	25.2%
Expenditures						
Intergovernmental Services	111,469	254,115	230,000	185,000	305,000	32.6%
Land Acquisitions	24,833	230,455	20,000	80,000	-	-100.0%
Road Improvements	154,837	409,005	2,950,000	895,000	3,620,000	22.7%
Sidewalk Improvements	35,129	955,546	-	1,900	-	
Overhead Allocation	81,776	21,976	29,846	29,846	44,284	48.4%
Transfers Out	17,481	80,000	20,000	20,000	-	-100.0%
Total Expenditure	425,525	1,951,098	3,249,846	1,211,746	3,969,284	22.1%
Net Change in Fund Balance	(7,436)	(256,863)	(79,646)	113,382	125	-100.2%
Ending Fund Balance	218,481	(38,382)	(118,028)	75,000	75,125	
Fund Balance % of Revenue	52.3%	-2.3%	-3.7%	5.7%	1.9%	Meets Policy

**City of Port Townsend
WATER/SEWER CAPITAL
BUDGET SUMMARY**

Water Sewer CIP	2014	2015	2016	2016	2017	Increase/Decrease 2017 Proposed vs 2016 Adopted
	Actual	Actual	Adopted	Supplemental	Proposed	
Beginning Fund Balance	1,991,779	2,389,237	276,525	276,525	885,670	
Revenues						
Charges for Goods & Services	791,072	1,178,048	1,155,600	1,267,150	1,147,100	-0.7%
Miscellaneous Revenue	2,047	167,385	1,400	6,955	3,955	182.5%
Other Financing Sources	794,364	2,212,337	17,400,000	18,336,000	5,180,000	-70.2%
Operating Transfers In	298,549	1,060,401	1,593,000	407,434	350,958	-78.0%
Total Revenue	1,886,032	4,618,171	20,150,000	20,017,539	6,682,013	-66.8%
Expenditures						
Interfund Loan Payments	-	661,250	110,000	-	-	-100.0%
Intergovernmental Services	305,740	370,798	710,000	753,000	360,000	-49.3%
Other Improvements - Water	893,178	4,843,052	17,995,000	17,501,000	2,320,000	-87.1%
Other Improvements - Sewer	136,503	109,827	550,000	310,000	540,000	-1.8%
Debt Service Principal	72,632	72,632	72,622	72,632	72,632	0.0%
Debt Service Interest	7,368	6,237	7,211	5,105	3,974	-44.9%
Overhead Allocation	50,633	126,157	61,441	61,441	144,117	134.6%
Miscellaneous	-	-	-	-	-	
Transfers Out	22,520	540,929	270,000	705,216	1,074,327	297.9%
Total Expenditure	1,488,574	6,730,882	19,776,273	19,408,394	4,515,049	-77.2%
Net Change in Fund Balance	397,458	(2,112,712)	373,727	609,145	2,166,964	479.8%
Ending Fund Balance	2,389,237	276,525	650,252	885,670	3,052,634	
Fund Balance % of Revenue	126.7%	6.0%	3.2%	4.4%	45.7%	Meets Policy

City of Port Townsend
STORM WATER CAPITAL FUND
BUDGET SUMMARY

Storm Water CIP	2014	2015	2016	2016	2017	Increase/Decrease
	Actual	Actual	Adopted	Supplemental	Proposed	2017 Proposed vs 2016 Adopted
Beginning Fund Balance	-	-	-	-	120,050	
Revenues						
Charges for Goods & Services	-	-	144,000	120,000	144,000	0.0%
Miscellaneous Revenue	-	-	-	50	50	
Other Financing Sources	-	-	-	-	1,200,000	
Operating Transfers In	-	-	-	-	-	
Total Revenue	-	-	144,000	120,050	1,344,050	833.4%
Expenditures						
Intergovernmental Services	-	-	-	-	130,000	
Other Improvements - Storm	-	-	-	-	1,200,000	
Miscellaneous	-	-	-	-	-	
Overhead Allocation	-	-	-	-	-	
Transfers Out	-	-	-	-	-	
Total Expenditure	-	-	-	-	1,330,000	
Net Change in Fund Balance	-	-	144,000	120,050	14,050	-90.2%
Ending Fund Balance	-	-	144,000	120,050	134,100	
Fund Balance % of Revenue			100.0%	100.0%	10.0%	Meets Policy

**City of Port Townsend
WATER/SEWER OPERATIONS
BUDGET SUMMARY**

Water Sewer Op	2014	2015	2016	2016	2017	Increase/Decrease 2017 Proposed vs 2016 Adopted
	Actual	Actual	Adopted	Supplemental	Proposed	
Beginning Fund Balance	1,164,980	1,716,496	2,200,192	2,200,192	2,855,441	
Revenues						
Intergovernmental Services	4,661	3,968	38,000	39,525	-	-100.0%
Charges for Goods & Services	4,594,131	4,731,789	4,721,200	4,784,450	4,880,064	3.4%
Miscellaneous Revenue	18,743	31,532	67,000	15,899	7,790	-88.4%
Other Financing Sources	-	-	-	434,782	-	
Operating Transfers In	25,000	25,000	25,000	-	820,369	3181.5%
Total Revenue	4,642,535	4,792,289	4,851,200	5,274,656	5,708,223	17.7%
Expenditures						
Salaries & Wages	1,199,393	1,276,418	1,314,474	1,315,128	1,336,553	1.7%
Personnel Benefits	532,324	591,522	651,609	628,659	653,321	0.3%
Supplies	266,138	233,860	294,000	285,500	288,422	-1.9%
Professional Services	35,495	44,887	61,559	73,559	219,900	257.2%
Communications	40,552	38,176	45,041	38,541	43,495	-3.4%
Advertising	329	50	1,480	1,705	1,380	-6.8%
Operating Rents & Leases	5,895	5,099	9,951	13,004	10,087	1.4%
Intergovernmental Services	319,245	291,086	389,203	364,203	506,951	30.3%
Machinery & Equipment	12,424	13,104	86,500	55,500	25,800	-70.2%
Other Improvements	-	-	50,000	-	165,000	230.0%
Debt Principal	307,346	327,278	329,950	673,889	896,275	171.6%
Debt Interest	21,358	19,917	20,334	45,817	182,365	796.8%
Repair & Maintenance	143,252	102,246	206,208	191,208	65,762	-68.1%
Equipment Rental	255,000	255,000	264,040	264,040	311,054	17.8%
Training/Memberships & Travel	2,322	3,497	12,750	12,750	19,485	52.8%
Miscellaneous	125,449	130,667	109,524	7,750	202,921	85.3%
Overhead Allocation	558,992	572,506	571,107	575,154	690,327	20.9%
Transfers Out	265,504	403,280	123,000	73,000	72,000	-41.5%
Total Expenditure	4,091,019	4,308,593	4,540,730	4,619,407	5,691,098	25.3%
Net Change in Fund Balance	551,517	483,696	310,470	655,249	17,125	-94.5%
Ending Fund Balance	1,716,496	2,200,192	2,510,662	2,855,441	2,872,566	
Fund Balance % of Revenue	37.0%	45.9%	51.8%	54.1%	50.3%	Meets Policy

City of Port Townsend
STORM WATER OPERATIONS
BUDGET SUMMARY

Storm Water OP	2014	2015	2016	2016	2017	Increase/Decrease 2017 Proposed vs 2016 Adopted
	Actual	Actual	Adopted	Supplemental	Proposed	
Beginning Fund Balance	247,874	235,971	134,604	134,604	147,336	
Revenues						
Intergovernmental Services	-	32,413	2,000	2,000	-	-100.0%
Charges for Goods & Services	508,223	509,329	560,600	560,600	560,600	0.0%
Miscellaneous Revenue	1,795	238	300	300	300	0.0%
Other Financing Sources	-	-	1,310,000	190,000	-	-100.0%
Operating Transfers In	-	-	-	-	-	
Total Revenue	510,018	541,981	1,872,900	752,900	560,900	-70.1%
Expenditures						
G/F OH Charges	47,053	43,600	36,393	36,393	41,209	13.2%
Salaries & Wages	189,897	205,774	214,918	214,918	211,493	-1.6%
Personnel Benefits	85,701	95,027	108,983	108,150	109,104	0.1%
Supplies	5,350	1,341	7,000	3,000	7,000	0.0%
Professional Services	280	-	-	-	-	
Intergovernmental Services	97,507	99,022	162,698	106,333	61,150	-62.4%
Machinery & Equipment	-	-	-	-	-	
Other Improvements	36,835	136,195	1,220,000	200,000	-	-100.0%
Repair & Maintenance	1,964	5,054	4,100	3,100	6,500	58.5%
Equipment Rental	57,334	57,334	66,374	66,374	49,742	-25.1%
Training/Memberships & Travel	-	-	-	1,900	900	
Miscellaneous	-	-	-	-	-	
Transfers Out	-	-	-	-	-	
Total Expenditure	521,921	643,348	1,820,466	740,168	487,098	-73.2%
Net Change in Fund Balance	(11,903)	(101,367)	52,434	12,732	73,802	40.8%
Ending Fund Balance	235,971	134,604	187,038	147,336	221,138	
Fund Balance % of Revenue	46.3%	24.8%	10.0%	19.6%	39.4%	Meets Policy

City of Port Townsend
EQUIPMENT RENTAL & REPLACEMENT FUND
BUDGET SUMMARY

ERR	2014	2015	2016	2016	2017	Increase/Decrease 2017 Proposed vs 2016 Adopted
	Actual	Actual	Adopted	Supplemental	Proposed	
Beginning Fund Balance	725,267	713,668	829,341	829,341	605,996	
Revenues						
Charges for Goods & Services	749,686	749,686	785,846	785,846	865,316	10.1%
Miscellaneous Revenue	16,104	8,779	21,500	22,300	22,200	3.3%
Operating Transfers In	-	50,000	-	190,000	-	
Total Revenue	765,790	808,465	807,346	998,147	887,516	9.9%
Expenditures						
Salaries & Wages	257,619	261,295	288,198	292,670	298,813	3.7%
Personnel Benefits	104,869	111,894	138,506	137,656	145,741	5.2%
Supplies	162,411	101,815	135,700	130,700	163,700	20.6%
Professional Services	12,908	4,855	1,100	1,100	1,200	9.1%
Communications	19,557	22,370	24,070	24,070	24,070	0.0%
Operating Rents & Leases	-	209	-	60	-	
Intergovernmental Services	-	-	-	-	-	
Machinery & Equipment	99,694	63,909	163,000	463,000	117,000	-28.2%
Repair & Maintenance	42,610	12,549	58,500	47,000	33,000	-43.6%
Equipment Rental	1,886	1,886	1,886	1,886	2,997	58.9%
Utilities	10,211	9,757	10,500	10,800	10,500	0.0%
Training/Memberships & Travel	371	748	4,500	4,500	5,500	22.2%
Overhead Allocation	56,793	92,227	98,406	99,050	113,012	14.8%
Miscellaneous	8,460	9,278	6,000	9,000	5,000	-16.7%
Transfers Out	-	-	-	-	-	
Total Expenditure	777,389	692,792	930,366	1,221,492	920,533	-1.1%
Net Change in Fund Balance	(11,599)	115,673	(123,020)	(223,345)	(33,017)	-73.2%
Ending Fund Balance	713,668	829,341	706,321	605,996	572,979	
Fund Balance % of Revenue	93.2%	102.6%	87.5%	60.7%	64.6%	Meets Policy

**City of Port Townsend
ENGINEERING FUND
BUDGET SUMMARY**

Engineering	2014	2015	2016	2016	2017	Increase/Decrease
	Actual	Actual	Adopted	Supplemental	Proposed	2017 Proposed vs 2016 Adopted
Beginning Fund Balance	34,092	46,742	112,074	112,074	230,381	
Revenues						
Charges for Goods & Services	725,832	883,499	1,050,000	1,085,000	944,000	-10.1%
Miscellaneous Revenue	17	51	50	250	250	400.0%
Other Financing Sources						
Operating Transfers In	-	-	-	-	-	
Total Revenue	725,849	883,550	1,050,050	1,085,250	944,250	-10.1%
Expenditures						
Salaries & Wages	424,255	490,801	589,417	565,000	468,981	-20.4%
Personnel Benefits	183,034	221,241	274,319	262,680	228,202	-16.8%
Supplies	12,629	22,594	5,500	5,500	7,500	36.4%
Professional Services			30,000	-	10,000	-66.7%
Communications	7,330	8,494	12,000	12,000	12,000	0.0%
Advertising	-	-	600	600	600	0.0%
Operating Rents & Leases	-	176	-	-	-	
Intergovernmental Services	-	-	-	-	-	
Machinery & Equipment	-	1,829	27,000	27,000	30,100	11.5%
Repair & Maintenance	-	-	11,000	-	1,000	-90.9%
Equipment Rental	11,408	11,408	11,408	11,408	12,463	9.2%
Training/Memberships & Travel	998	754	8,000	8,000	19,800	147.5%
Overhead Allocation	71,011	54,493	65,615	65,615	83,175	26.8%
Miscellaneous	2,534	6,428	5,000	9,140	14,100	182.0%
Transfers Out	-	-	-	-	-	
Total Expenditure	713,199	818,218	1,039,859	966,943	887,921	-14.6%
Net Change in Fund Balance	12,650	65,332	10,191	118,307	56,329	452.7%
Ending Fund Balance	46,742	112,074	122,265	230,381	286,710	
Fund Balance % of Revenue	6.4%	12.7%	11.6%	21.2%	30.4%	Meets Policy

**City of Port Townsend
UNEMPLOYMENT RESERVE FUND
BUDGET SUMMARY**

Unemployment	2014	2015	2016	2016	2017	Increase/Decrease 2017 Proposed vs 2016 Adopted
	Actual	Actual	Adopted	Supplemental	Proposed	
Beginning Fund Balance	15,000	25,000	24,666	24,666	24,716	
Revenues						
Miscellaneous Revenue	26,901	26	50	50	50	0.0%
Other Financing Sources	-	-	-	-	-	
Operating Transfers In	-	-	-	6,000	3,000	
Total Revenue	26,901	26	50	6,050	3,050	6000.0%
Expenditures						
Personnel Benefits	16,901	360	-	6,000	3,000	
Miscellaneous						
Transfers Out	-	-	-	-	-	
Total Expenditure	16,901	360	-	6,000	3,000	
Net Change in Fund Balance	10,000	(334)	50	50	50	0.0%
Ending Fund Balance	25,000	24,666	24,716	24,716	24,766	
Fund Balance % of Revenue	92.9%	94869.2%	49432.0%	408.5%	812.0%	Meets Policy

**City of Port Townsend
FIREMEN'S PENSION FUND
BUDGET SUMMARY**

LEOFF	2014 Actual	2015 Actual	2016 Adopted	2016 Supplemental	2017 Proposed	Increase/Decrease 2017 Proposed vs 2016 Adopted
Beginning Fund Balance	227,545	213,020	214,836	214,836	217,289	
Revenues						
Taxes	34,713	35,020	39,245	39,245	35,245	-10.2%
Miscellaneous Revenue	223	233	-	-	640	
Other Financing Sources	-	-	-	-	-	
Operating Transfers In	-	-	-	-	-	
Total Revenue	34,936	35,253	39,245	39,245	35,885	-8.6%
Expenditures						
Salaries & Wages	19,474	16,767	16,500	15,860	14,419	-12.6%
Personnel Benefits	26,246	13,706	18,000	18,000	17,500	-2.8%
Overhead Allocation	3,741	2,964	2,932	2,932	2,087	-28.8%
Transfers Out	-	-	-	-	-	
Total Expenditure	49,461	33,437	37,432	36,792	34,006	-9.2%
Net Change in Fund Balance	(14,525)	1,816	1,813	2,453	1,879	3.6%
Ending Fund Balance	213,020	214,836	216,649	217,289	219,168	
Fund Balance % of Revenue	609.7%	609.4%	552.0%	553.7%	610.8%	Meets Policy

**City of Port Townsend
GOLF COURSE FUND
BUDGET SUMMARY**

Golf Course	2014	2015	2016	2016	2017	Increase/Decrease 2017 Proposed vs 2016 Adopted
	Actual	Actual	Adopted	Supplemental	Proposed	
Beginning Fund Balance	26,045	23,595	31,624	31,624	29,352	
Revenues						
Miscellaneous Revenue	10,546	13,347	16,000	12,000	12,000	-25.0%
Other Financing Sources	-	-	-	-	-	
Operating Transfers In	-	-	-	-	-	
Total Revenue	10,546	13,347	16,000	12,000	12,000	-25.0%
Expenditures						
G/F OH Alloc	4,732	4,210	3,272	3,272	2,698	-17.5%
Supplies	-	709	-	1,000	2,000	
Repair & Maintenance	8,264	399	11,000	10,000	9,000	-18.2%
Other Improvements	-	-	-	-	5,000	
Miscellaneous	-	-	-	-	-	
Transfers Out	-	-	-	-	-	
Total Expenditure	12,996	5,318	14,272	14,272	18,698	31.0%
Net Change in Fund Balance	(2,450)	8,029	1,728	(2,272)	(6,698)	-487.6%
Ending Fund Balance	23,595	31,624	33,352	29,352	22,654	
Fund Balance % of Revenue	223.7%	236.9%	208.4%	244.6%	188.8%	Meets Policy

City of Port Townsend
REFUNDABLE DEPOSITS / AGENCY FUND
BUDGET SUMMARY

Pass through Funds	2014	2015	2016	2016	2017	Increase/Decrease 2017 Proposed vs 2016 Adopted
	Actual	Actual	Adopted	Supplemental	Proposed	
Beginning Fund Balance	87,117	102,070	208,251	208,251	45,782	
Revenues						
Miscellaneous Revenue	102,360	255,215	-	95,347	170	
Other Financing Sources	-	-	-	-	-	
Operating Transfers In	-	806	-	-	-	
Total Revenue	102,360	256,021	-	95,347	170	
Expenditures						
Miscellaneous	87,407	149,839	-	255,377	-	
Transfers Out	-	-	-	2,439	-	
Total Expenditure	87,407	149,839	-	257,816	-	
Net Change in Fund Balance	14,953	106,181	-	(162,469)	170	
Ending Fund Balance	102,070	208,251	208,251	45,782	45,952	

**City of Port Townsend
MEMORIAL FUND
BUDGET SUMMARY**

Memorial	2014	2015	2016	2016	2017	Increase/Decrease
	Actual	Actual	Adopted	Supplemental	Proposed	2017 Proposed vs 2016 Adopted
Beginning Fund Balance	2,497	12,049	2,549	2,549	2,549	
Revenues						
Miscellaneous Revenue	9,552	-	-	-	-	
Other Financing Sources	-	-	-	-	-	
Operating Transfers In	-	-	-	-	-	
Total Revenue	<u>9,552</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Expenditures						
Miscellaneous	-	-	-	-	-	
Transfers Out	-	9,500	-	-	-	
Total Expenditure	<u>-</u>	<u>9,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Net Change in Fund Balance	9,552	(9,500)	-	-	-	
Ending Fund Balance	12,049	2,549	2,549	2,549	2,549	

CITY OF PORT TOWNSEND, WASHINGTON

PROPERTY TAX

Property valuations are established by the Jefferson County Assessor's Office in accordance with state law. State law restricts the amount of property taxes the City can levy. Typically, the maximum the City can levy, without the vote of the people, is 101% of the highest lawful levy amount plus the impact of new construction at the previous year's levy rate plus the impact of new construction at the previous year's levy rate.

The total proposed property tax levy for the City General 2016 property tax levy for 2017 taxes is \$3,923,196, or approximately \$2.77 per \$1,000 AV. This levy includes the levy lid lift for the Port Townsend Library authorized by the voters in 2008 as well as the Fire/EMS lid lift approved by the voters in 2011. The Library lid lift provides funds to pay for operating expenses for the Carnegie Library and Pink House. The Fire/EMS lid lift provides funds for fire and emergency rescue services and the receipts from this levy are remitted to Jefferson County Fire District No. 1 (East Jefferson Fire Rescue).

In 2010, Port Townsend voters approved an emergency medical service (EMS) levy lid lift to \$0.50 per \$1,000 of AV. These taxes are remitted to East Jefferson Fire Rescue as part of an interlocal agreement. While the EMS levy is subject to a \$0.50 per \$1,000 AV limitation, an increase in the County Assessor's estimated AV for the City allows an increase in the amount of this levy beyond the 1% level. A 6.7% increase is proposed for the EMS levy for 2017.

The total proposed tax levy for EMS levy lid lift for 2016 is \$715,116.

In February 2015, the voters of the City of Port Townsend approved a ballot measure to authorize the City to issue up to \$3,600,000 in bonds for the Mountain View Commons energy retrofit and other building improvements. The bond will be partially paid with an additional property tax levy for a period not to exceed 15 years. The annual debt payments are approximately \$300,000 a year. The City Council intends to use special purpose sales tax revenue to fund 50% of the payment and to levy an additional amount equivalent to the remainder of the bond payment. The levy for the Mountain View Commons bond is \$150,000 for 2016. This excess levy amount is approximately \$0.11 per \$1,000 of assessed values.

The City of Port Townsend records property tax amounts when collected (cash basis accounting recognition system). The following chart reflects the proposed property tax levies and budget allocations by fund. The total amount is slightly higher than the proposed levy amounts listed above to allow for 2016 new construction additions that may be identified and valued by the County Assessor before the end of the year.

CITY OF PORT TOWNSEND PROPERTY TAX LEVY							
ASSESSED VALUE & LEVY RATES - BY TAX YEAR							
	2010 for 2011 taxes	2011 for 2012 taxes	2012 for 2013 taxes	2013 for 2014 taxes	2014 for 2015 taxes	2015 for 2016 taxes	2016 for 2017 taxes
Assessed Valuation (000's)	1,463,343	1,468,539	1,469,136	1,219,761	1,299,381	1,340,801	1,442,618
Levy Rate - General	1.39077	1.40521	1.42529	1.73897	1.66940	1.63449	1.56531
Levy Rate - Library Lid Lift	0.64563	0.65371	0.66400	0.80908	0.77421	0.76037	0.72350
Levy Rate - Fire Lid Lift	-	0.43117	0.43708	0.53429	0.51206	0.50217	0.48254
City of PT Total General Levy	2.03640	2.49009	2.52637	3.08234	2.95567	2.89703	2.77135
Levy Rate - EMS	0.50000	0.50000	0.50000	0.50000	0.50000	0.50000	0.50000
Excess Levy Rate - Mountain View	-	-	-	-	-	0.05093	0.10595
Total City Tax Levy Rate	2.53640	2.99009	3.02637	3.58234	3.45567	3.44796	3.37730
BUDGET ALLOCATIONS							
	2011	2012	2013	2014	2015	2016	2017
General	581,741	675,681	682,899	740,000	750,000	770,329	811,808
Contingency	21,000	21,000	39,689	4,000	4,000	-	-
Community Services	400,000	400,000	399,242	408,000	412,000	412,000	412,000
General Government Debt Service	150,000	101,000	99,823	102,000	102,000	102,000	102,000
Firemen's Pension	34,000	34,000	34,000	35,000	35,000	39,245	35,245
Housing Trust Fund	-	10,000	6,235	10,000	10,000	10,000	10,000
Library Fund	944,778	960,000	967,644	989,000	1,006,000	1,019,185	1,043,224
EMS Levy	740,000	740,000	673,319	610,000	655,000	675,000	742,000
Fire/EMS General Levy	848,039	1,463,319	1,474,972	1,511,598	1,542,721	1,559,047	1,583,723
Mountain View Levy	-	-	-	-	-	67,012	150,000
Total	3,719,558	4,405,000	4,377,823	4,409,598	4,516,721	4,653,818	4,890,000
<p>Note: Budget Allocations are intentionally slightly higher than the Property Tax Levy amounts in the Ordinance. The County Assessor provides guidance on budgeting higher than the levy to account for new construction.</p>							

2016 City Council

Pos.	Name	Phone	Email	Exp.
1	Michelle Sandoval	981-6562	msandoval@cityofpt.us	12/31/17
2	Catharine Robinson	379-0630	crobinson@cityofpt.us	12/31/17
3	Deborah Stinson	379-0847	dstinson@cityofpt.us	12/31/19
4	Robert Gray	385-2087	rgray@cityofpt.us	12/31/19
5	Pamela Adams	774-2145	padams@cityofpt.us	12/31/17
6	Amy Howard	550-0978	ahoward@cityofpt.us	12/31/19
7	David Faber	821-9374	dfaber@cityofpt.us	12/31/19

COUNCIL COMMITTEE ASSIGNMENTS

COUNCIL STANDING COMMITTEES

Finance and Budget (4th Tues. 3pm CH #3)----- RG, **CR**, DS
Community Development and Land Use (1st Thurs. 3pm CH #3)-----PA, MS, **DF**
General Services and Special Projects (3rd Tues. 4pm CH #3)----- **MS**, AH, RG
Information & Technology (1st Wed. 3pm, CH#3)----- **PA**, DS, AH
Succession Planning (As needed)----- Unassigned

CITY BODIES WITH COUNCIL REPRESENTATIVES

Alternative Electric Management Committee ----- Unassigned
Lodging Tax Advisory Committee (LTAC) ----- MS
PEG Access Coordinating Committee----- RG

OUTSIDE BODIES WITH COUNCIL REPRESENTATIVES

Economic Development

North Olympic Development Council (NODC) ----- DS (DF alt.)

Health

Jefferson County Board of Health ----- CR
Jefferson County Developmental Disabilities Advisory Board -----PA
Jefferson County Substance Abuse Advisory Board----- CR
Jefferson County Mental Health and Substance Abuse Sales Tax Committee----- CR
Jefferson County Clean Water District Advisory Council----- DS

Infrastructure

Public Infrastructure Board ----- MS

Law and Justice

Jefferson County/Port Townsend Regional Emergency Planning Committee ----- DS

Transportation

Jefferson Transit Authority Board-----CR, DF
Peninsula Regional Transportation Planning Organization Executive Board----- CR (DF Alt)

Other

Climate Action Committee ----- DS
Fort Worden Advisory Committee -----PA
Jefferson County/City of Port Townsend LEOFF I Retirement/Disability Board -----DF
Jefferson Higher Education Committee ----- MS
East Jefferson Fire Rescue Joint Oversight Board -----CR, AH, DS
OlyCAP Board of Directors----- RG
Joint Growth Management Steering Committee-----MS, DF, DS
JeffCom Administrative Board ----- DS
Port Townsend Main Street HUD Loan Committee-----PA

City of Port Townsend Citizen Advisory Boards, Commissions and Committees

PARKS, RECREATION & TREE ADVISORY BOARD (5-7)		
Meets 4:30pm 4th Tuesday at City Hall		
Pos.	Name & Experience	Exp.
1	Paul Schutt	5/1/19
2	Jim Todd	5/1/17
3	Ed Robeau, Chair	5/1/17
4	VACANT	
5	Lyndi Hutchinson	5/1/19
6	Brenda McMillan	5/1/18
7	Deborah Jahnke, Vice Chair	5/1/18

HISTORIC PRESERVATION COMMITTEE (5-7)		
Meets 3:00pm 1st Tuesday at City Hall		
Pos.	Name	Exp.
1	Don Schussler	5/1/17
2	Cate Comerford	5/1/17
3	James Manier	5/1/17
4	Charles Paul, Chair	5/1/18
5	Richard Berg	5/1/18
6	Craig Britton	5/1/19
7	Brent Davis	5/1/19

LODGING TAX ADVISORY COMMITTEE (11 voting)		
Meets 3:00pm quarterly 2nd Tuesday at City Hall		
Pos.	Name & Role	Exp.
1	Michelle Sandoval (Elected Official)	5/1/18
2	Sherri Hanke (At Large Position)	5/1/17
3	Amanda Milholland (At Large Position)	5/1/19
4	Robert Birman (Recipient)	5/1/19
5	Barb Trailer (Recipient)	5/1/18
6	Janette Force (Recipient)	5/1/19
7	Denise Winter (Recipient)	5/1/19
8	Cindy Hill Finnie (Collector)	5/1/19
9	Dave Robison (Collector)	5/1/17
10	Todd Gubler (Collector)	5/1/18
11	Nathan Barnett (Collector)	5/1/18
12	Executive Director of Main Street (Nonvoting)	5/1/18
13	Teresa Verraes (Nonvoting)	5/1/17
14	William Roney (Nonvoting)	5/1/17

ARTS COMMISSION (9 max.)		
Meets 3:00pm 1st Wednesday at City Hall		
Pos.	Name	Exp.
1	Stanley Rubin, Chair	5/1/17
2	VACANT	
3	Kris Morris	5/1/17
4	Owen Rowe	5/1/18
5	Dominica Lord-Wood	5/1/19
6	Lisa Wentworth	5/1/19
7	Abbie Greene	5/1/18
8	Dan Groussman	5/1/19
9	VACANT	

NON-MOTORIZED TRANSPORTATION ADV. BOARD (9)		
Meets 4:30pm 1st Thursday at City Hall		
Pos.	Name	Exp.
1	VACANT	
2	Mike Kaill	5/1/17
3	Jolly Wahlstrom, Vice Chair	5/1/18
4	Hendrik Taatgen	5/1/18
5	Scott Walker, Chair	5/1/18
6	Lys Burden	5/1/19
7	Pat Teal	5/1/19
8	Richard Dandridge	5/1/19
9	Mark Henthorn	5/1/17

LIBRARY ADVISORY BOARD (5-7)		
Meets 3:30pm 3rd Monday at the Pink House		
Pos.	Name	Exp.
1	VACANT	
2	Sarah Fairbank	5/1/18
3	Sarah McNulty	5/1/18
4	VACANT	
5	Sidonie Wilson	5/1/17
6	VACANT	
7	VACANT	

PEG ACCESS COORDINATING COMMITTEE (8)	
Meets 3:30pm 2nd Tuesday at the Gael Stuart Building	
Name	
Robert Gray, City Council	
Joanna Sanders, City Clerk	
Melody Eisler, Library Director	
VACANT, School District Superintendent	
Mark Welch, School District Video Instructor (Chair)	
Steve Haveron, School District Representative	
VACANT, Video Professional	
Brian Moratti, Citizen Representative	
VACANT, Student Representative	
VACANT Producers Group Representative (Optional)	
VACANT Education Group Representative (Optional)	

CLIMATE ACTION COMMITTEE (15)	
Meets quarterly on 4th Wednesday	
Name	Exp.
Deborah Stinson, City Council	8/11/16
Kevin Scott, Port Townsend Mill	8/11/17
Eric Toews (alt. Larry Crockett), Industry-Port	8/11/15
Scott Walker (alt. Samantha Thomas), Non-Motorized	8/11/17
Kathleen Kler, Board of County Commissioners	8/11/15
Tammi Rubert, Jefferson Transit	8/11/15
Laura Tucker, JeffCo Public Health-Green Business	8/11/17
Cindy Jayne (Chair), Citizen at Large	8/11/16
Barney Burke, Jefferson PUD #1	8/11/15
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VACANT	

PLANNING COMMISSION (7)		
Meets 6:30pm 2nd & 4th Thursday at City Hall		
Pos.	Name	Exp.
1	Paul Rice	12/31/18
2	Monica MickHager, Interim Chair	12/31/17
3	Rick Jahnke	12/31/18
4	Kirit Bhansali	12/31/17
5	Nan Evans	12/31/18
6	Dwight Nicholson	12/31/16
7	VACANT	

CIVIL SERVICE COMMISSION (3)		
Meets 3:00pm 1st Wednesday at City Hall		
Pos.	Name	Exp.
1	Gail Ryan	12/31/16
2	Jewel Atwell	12/31/16
3	Ronald Kosec	12/31/17

FORT WORDEN PDA (9-11)		
Meets at Fort Worden Commons B		
Pos.	Name	Exp.
1	Bill James	10/24/16
2	Jeff Jackson	10/24/16
3	Norm Tonina	10/24/16
4	Bill Brown	10/24/16
5	Gee Heckscher	10/24/17
6	Jane Kilburn	10/24/17
7	Lela Hilton	10/24/17
8	Cindy Hill Finnie	10/24/18
9	Kate Dean	10/24/18
10	Herb Cook	10/24/18
11	Harold Andersen	10/24/17