



City of Port  
Townsend



# City Manager's Proposed Budget 2022





**CITY OF PORT TOWNSEND VISION**

*A thriving community for all...*

**CITY OF PORT TOWNSEND MISSION STATEMENT**

*Champion aspirations for a thriving community as envisioned in our Comprehensive Plan*

**THE 2022 CITY MANAGER BUDGET AND 2021 REVIEW**

**Message from the City Manager:**

We are a remarkable community. After nearly two years of unimaginable uncertainty, difficulty, and pressure ignited by the COVID pandemic, we may be tired but we are not broken. In many ways and on many occasions, our community has come together to work through complex challenges, forged partnerships to generate and act on new ideas and direction, and risen above self-interest to distribute much-needed compassion and kindness to others. Despite the somewhat isolating effects of the pandemic, we have stuck together. We've done so not only to get through these challenging times, but with an eye toward the future – one that we're planning for, one that we want. I applaud you and am humbled and grateful for your collective efforts.

The City team is no different: we have worked through ferocious operational and staffing challenges and the wild uncertainty of the pandemic to provide the services you depend on. This is remarkable, but even more so given that City staff also have their own individual circumstances and challenges on top of their service to our community. I applaud the City team too, and am forever grateful for their hard work, tenacity and commitment to serving the community.

Preparation of this 2022 budget reflects some honest and somewhat contrasting truths. Last year, we did well both predicting and adapting to the financial uncertainty of the pandemic, and this puts us in a position at the end of 2021 slightly better than we planned for. That's good news. But we're also in a time of high uncertainty, financial and otherwise, so we move forward with a high degree of caution knowing this good stewardship is in a larger context. We're still in this.

It is fair to say that the City is also understaffed and a bit depleted. Like many sectors and organizations, the COVID pandemic has influenced people's planning for the future and career choices, and this is on top of a wave of predicted retirements. This has meant transitions in most City departments and significant difficulties in recruitment, exacerbated by already challenging housing availability and affordability in our region. As a result, most of the City staff working today have had to pick up and reprioritize a range of additional duties and workloads while forgoing some opportunities for training and professional development. In effect, the team needs an injection of investment.

Likewise, our facilities and City infrastructure are a bit depleted. We've gotten long use out of streets, pipes, parks, buildings and other important community assets like the pool, but without replenishment, those assets become greater liabilities and end up costing us more. This deferred maintenance is a major challenge and needs an injection of investment.

Luckily, we have started down a path toward greater financial sustainability – and we would have done so irrespective of COVID. A constellation of efforts is starting to converge and will align more clearly in 2022. This past year, we started in June on our 2022 workplan – half a year earlier than usual – so that we had a better picture of what's ahead before we built this budget to support it. Also, in 2021, we facilitated a productive community conversation about our “banked capacity” from the fire district annexation, with a set of guiding principles and City Council support for parks, trails and street projects that have been worked into this budget. We've taken similar principles into our discussion about the use of federal funds (ARPA, the American Rescue Plan Act). That, too, has been worked into this budget. We're proposing a significant community visioning effort around the future of parks and recreation, considering how an integrated approach to the golf course, Mountain View Campus, the pool and heightened volunteerism can unlock opportunities to support healthy and active families and young people for generations to come.

The City Council has also appointed a Financial Sustainability Task Force. This group is composed of five community members who will work to better understand and communicate the big picture and help identify viable paths forward. What does the future look like? What are our priorities? What can we afford and what are we collectively willing to pay? How can and should we fund our priorities over the long-term? I'm excited for these coordinated efforts to converge together to better engage our community, cement our collective understanding and forge our united approach.

What does this preliminary 2022 budget look like in a nutshell? The 2022 budget reflects a City moving out of an economic downturn related to the pandemic. Improved revenues are shown in projected tax revenues driven by a recovering economy but are still not back to pre-pandemic levels. The 2022 budget includes a full complement of

police officer staffing, limited Parks seasonal assistance and the addition of a Project Manager for capital project work. With both bargaining agreements expiring in 2021 and currently in negotiation, broad assumptions have been made regarding wage adjustments and benefit costs. Some restoration of training dollars has been allocated in the budget as most training funding was eliminated in 2020 and 2021. Federal (ARPA) funding is being allocated to one-time strategic investments. Recruitment of qualified, skilled staff will continue to be an ongoing challenge for the City due to a competitive labor market and the cost and availability of housing.

In summary, this 2022 budget reflects honest truths and contrasts. It attempts to thread the needle between sensibly investing in staff and getting a handle on deferred maintenance while also being smart and frugal about the unknown COVID situation – and all the while thinking proactively about our long-term financial future. Like we have done for generations and as we have done these past challenging years, our remarkable community is in a good position to continue building on our strengths and opportunity. We must confidently persevere in our great work together by staying together, persistently and courageously looking ahead, and actively planning for the future we want. Thank you for your engagement in our 2022 budget process and for what you contribute to our community.

John Mauro  
City Manager

## 2022 Preliminary Budget

<b>CITY OF PORT TOWNSEND 2022 BUDGET FUND SUMMARY</b>					
	2021	2022	2022	2022	2022
	Ending Fund Balance	Proposed Revenues	Proposed Expenses	Proposed Rev vs. Exp	Projected Ending Fund Balance
<b>GENERAL FUND</b>	<b>2,663,968</b>	<b>10,997,510</b>	<b>10,909,873</b>	<b>87,637</b>	<b>2,751,605</b>
<b>GENERAL FUND - ARPA</b>	<b>1,373,493</b>	<b>1,373,493</b>	<b>1,373,493</b>	-	<b>1,373,493</b>
Drug Enforc. / Contingency	201,866	20,150	-	20,150	222,016
Street	403,036	933,923	961,984	(28,061)	374,975
Library	444,828	1,180,250	1,119,551	60,699	505,527
Real Estate Excise Tax	568,887	550,300	534,666	15,634	584,521
Lodging Tax	292,922	441,150	334,187	106,963	399,885
Fire / EMS	7,277	4,000	4,000	-	7,277
Affordable Housing	54,225	96,402	136,396	(39,994)	14,231
Community Development Block Grant	163,107	11,900	20,000	(8,100)	155,007
Community Services	234,608	1,851,151	1,840,881	10,270	244,878
<b>TOTAL SPECIAL REV FUNDS</b>	<b>2,370,757</b>	<b>5,089,226</b>	<b>4,951,665</b>	<b>137,561</b>	<b>2,508,318</b>
<b>DEBT SERVICE FUND</b>	<b>99,416</b>	<b>1,711,417</b>	<b>1,710,680</b>	<b>737</b>	<b>100,153</b>
General Capital	239,846	1,734,308	1,737,017	(2,709)	237,137
Street Capital	114,775	4,831,255	4,537,768	293,487	408,262
<b>CAPITAL PROJECTS FUNDS</b>	<b>354,621</b>	<b>6,565,563</b>	<b>6,274,785</b>	<b>290,778</b>	<b>645,399</b>
Golf Course	-	17,200	20,398	(3,198)	(3,198)
System Development	2,592,424	369,254	770,000	(400,746)	2,191,678
Water / Sewer Operations	2,083,101	9,796,139	9,048,008	748,131	2,831,232
Water / Sewer Capital	692,330	5,345,602	6,152,361	(806,759)	(114,429)
Storm Operations	678,953	1,150,482	1,200,477	(49,995)	628,958
Storm Capital	4,319	312,185	312,185	-	4,319
<b>ENTERPRISE FUNDS</b>	<b>6,051,129</b>	<b>16,990,862</b>	<b>17,503,429</b>	<b>(512,567)</b>	<b>5,538,562</b>
Public Works Admin	40,391	540,505	540,446	59	40,450
IT Equipment O&M / Replacement	162,821	394,540	394,540	-	162,821
Fleet Equipment O&M / Replacement	2,990,824	807,024	585,018	222,006	3,212,830
Engineering Services	69,695	1,259,967	977,628	282,339	352,034
Unemployment Self-Insurance	207,364	-	-	-	207,364
<b>INTERNAL SERVICE FUNDS</b>	<b>3,471,095</b>	<b>3,002,036</b>	<b>2,497,632</b>	<b>504,404</b>	<b>3,975,499</b>
Firemen's Pension	25,616	34,235	26,562	7,673	33,289
Memorial Fund	(6,500)	-	-	-	(6,500)
<b>FIDUCIARY FUNDS</b>	<b>19,116</b>	<b>34,235</b>	<b>26,562</b>	<b>7,673</b>	<b>26,789</b>
<b>GRAND TOTAL</b>	<b>16,403,595</b>	<b>45,764,342</b>	<b>45,248,119</b>	<b>516,223</b>	<b>16,919,818</b>

**AMERICAN RESCUE PLAN ACT**

The American Rescue Plan Act of 2021 (ARPA) provided \$350 billion in funding for state and local governments. The City of Port Townsend was awarded \$2,746,986. The first tranche of this funding, \$1,373,493, was received in July 2021. The second half is scheduled to be received in July 2022. The funding has limited eligible uses but, in general, can be used for:

- Revenue replacement for the provision of government services to the extent the reduction in revenue was due to the COVID-19 public health emergency.
- COVID-19 expenditures or negative economic impacts of COVID-19, including assistance to small businesses, households, industries and economic recovery.
- Premium pay for essential workers.
- Investments in water, sewer and broadband infrastructure.

These funds are temporary in nature and non-recurring so care should be used in allocating these funds in ways that do not add programs that require ongoing financial commitments.

In September 2021, the City Council discussed the adoption of three priority pillars when determining the programs/projects these funds would be allocated to. These pillars are 1) support staff, 2) support financial sustainability, and 3) deliver an integrated community backed vision for parks and recreation. Based on these pillars, an array of projects was presented for consideration. The projects listed total \$1,373,493 and would allocate the first tranche of funds:

ARPA FUNDS - 2022 BUDGET					
TRANCHE 1 ALLOCATION - \$1,373,493					
Priority Pillar	Project	Allocation	2022	2023-2024	Category
Staff Support	Engagement Survey	\$40,000	\$40,000		Professional Services
Staff Support	Key position recruitment	\$40,000	\$40,000		Professional Services
Staff Support	Advanced police recruitment	\$25,000	\$25,000		Professional Services
Staff Support	Strategic Department Reviews	\$22,500	\$22,500		Professional Services
Staff Support	Public Records Scanning	\$50,000	\$50,000		Professional Services
Financial Sustainability	Library Window/Bathroom	\$100,000	\$100,000		General Capital
Financial Sustainability	Small grants/Neighborhood Matching Fund to leverage community engagement	\$25,000	\$25,000		
Financial Sustainability	Pink House renovations	\$10,000	\$10,000		Professional Services
Financial Sustainability & Staff Support	Police vehicles x2	\$160,000	\$160,000		Machinery & Equipment
Financial Sustainability & Staff Support	Facility planning, phase 1: DSD/PW shades, furniture, climate control, door locks for healthier and more efficient work environment	\$130,000	\$130,000		Machinery & Equipment
Financial Sustainability & Staff Support	Kubota for use with rebooted volunteer program	\$18,000	\$18,000		Machinery & Equipment
Financial Sustainability & Staff Support	Kick off broom	\$30,000	\$30,000		Machinery & Equipment
Financial Sustainability & Staff Support	Pickup	\$35,000	\$35,000		Machinery & Equipment
Financial Sustainability & Staff Support	Mini-excavator	\$65,000	\$65,000		Machinery & Equipment
Financial Sustainability & Staff Support	Tree pruning at Chetz/Gateway	\$15,000	\$15,000		Professional Services
Financial Sustainability & Staff Support	Parks lift gate	\$6,000	\$6,000		Machinery & Equipment
Financial Sustainability & Staff Support	Chamber Upgrades	\$35,000	\$35,000		Machinery & Equipment
Financial Sustainability & Staff Support	Electronic permit submittal/plan review	\$8,200	\$8,200		Machinery & Equipment
Vision for Parks & Recreation	Director of Parks and Recreation Strategy - Salaries, Benefits, and related expenses	\$500,000	\$166,667	\$333,333	Salaries & Benefits
Vision for Parks & Recreation	Communications and professional consultant support	\$25,000	\$25,000		Professional Services
Vision for Parks & Recreation	Development and implementation of a Creative District Strategic Plan	\$30,000	\$30,000		Professional Services
<b>TOTAL</b>			<b>\$1,036,367</b>	<b>\$333,333</b>	

The second half of the funds must be spent before December 31, 2024, as specified in the ARPA Treasury guidelines.

For the purpose of this budget presentation, the ARPA revenues and proposed expenditures are shown on a separate General Fund – ARPA line. In reality, these funds will likely be allocated to the funds that utilize the funding. Staff is awaiting guidance from the State Auditor’s Office on the proper accounting and coding for these funds. The graphs representing the operating expenses and revenues exclude this funding in this budget presentation.

## 2022 BUDGET ASSUMPTIONS

**The 2022 City Manager Proposed Budget** allocates resources to initiatives included in the City’s 2022 workplan. This workplan was developed by staff and reviewed with the City Council at a retreat held on July 12, 2021. The workplan is broken down into five major categories. Associated funding in the 2022 budget is listed below each category. In addition to specific budgeted dollars listed, staff time for many of the projects is a key component to successful completion. A summary of the City’s 2022 workplan is included at the end of this document. Some of the associated funding for the workplan activities is made possible through the ARPA funds (see section above).

- **Partnerships** – *strong strategic partnerships and investment across agencies*
  - Funding for Economic Development Council’s new model, allowing local agencies to leverage and enhance partnerships to advance legislative agendas - \$30,000
- **Participation** – *positive & productive public participation, education, communication and engagement*
  - Proposed purchase of a Kubota for staff use to leverage volunteer efforts and work - \$20,000
- **Proactive Financial Sustainability** – *long-term sustainability and viability of services and operations*
  - Funding for Financial Sustainability Task Force includes significant amounts of staff time from Finance and Leadership team as well as \$19,500 for BERK consulting support
- **Performance** – *coordinated team excellence, continuous improvement, accountability: invest in staff*
  - Restored funding through increase of training budgets to pre-pandemic levels – increase of \$63,000
  - Funding for targeted and enhanced recruitment strategies for public safety positions and key positions - \$65,000
  - Funding for staff engagement survey tool and follow up strategy implementation work - \$40,000
- **Priority Projects** – *integrated successful delivery of strategic projects*
  - *Affordable Housing* - Funding for the purchase of land for affordable housing is included in the 2021 supplemental budget - \$1,400,000

- *Affordable Housing* - Funding for infrastructure via a utility grant (\$1,700,000) and possible federal funding (\$2,500,000) may be received in 2022. The capital budget plan for Affordable Housing Utilities includes funding for the design portion of the infrastructure work for \$800,000 in 2022. More information about the City's approach to our Affordable Housing priority is in the section below.
- *Parks & Streets* - Funding for Parks & Streets "banked capacity" projects (see property tax section for specific projects) of approximately \$600,000
- *Parks & Recreation* – Funding for a limited-term Parks & Recreation Strategic Director to lead an integrated, community backed vision for City Parks & Recreation services and assets. The 2022 budget includes \$167,000 of funding for this project, with an anticipated similar allocation planned for 2023 and 2024.
- **Departmental Priority Projects –**
  - Funding for software implementation related to electronic permit submittal process - \$8,200
  - Funding for communications equipment to enhance hybrid meeting support and upgrades to Council Chambers technology - \$24,600
  - Funding for external support to digitize, index and publish records to enable more efficient processing of public records requests - \$50,000
  - Funding for strategic reviews of individual departments and/or work processes to drive efficiency, effectiveness and staff satisfaction - \$22,500
  - Funding for Library digital media acquisitions to enhance services to all patrons - \$15,000
  - Funding for the agreement with the YMCA for pool services - \$270,250

## AFFORDABLE HOUSING

**Affordable Housing is a key priority for 2022 and beyond.** The City continues its work to support efforts for affordable housing in the city and region. The City has made significant contributions to housing in a variety of ways. Some key examples of these contributions are:

- Implementation of a Sales & Use Tax for Affordable and Supportive Housing (Substitute House Bill 1406) in 2020. This tax is a tax credit against the state portion of our City sales tax and did not increase the total amount of retail sales tax. *Investment of approximately \$21,000 per year; cumulative total of \$42,000 through 2021.*
- Fee deferrals for housing providers for certain permit fees and system development charges. Providers include Habitat for Humanity, Peninsula Housing, Olympic Community Action Program and Bayside Housing & Services. *Total investment from 2011-2021 of \$420,914.*
- Financed improvements for the City's Cherry Street property which is designated for use as affordable housing. While this project has been a challenge to complete, in 2020, the City authorized the City Manager to work with Bayside Housing & Services on a plan to complete this project. *Investment of approximately \$62,000 annually for debt service payment with a total commitment over a 20 year period of \$1,324,125 for total principal and interest payments.*

- The City obtained a grant from Department of Commerce in 2021 to acquire property that will be earmarked for affordable housing – *Grant provides investment of \$1,375,000 for the property purchase.*
- The City obtained a grant from Department of Commerce in 2021 to build utility infrastructure to support affordable housing – *Grant provides investment of \$1,700,000 for the extension of utilities to lower the cost of building affordable housing.*

The City Council has also made legislative changes related to housing including:

- Adopted multi-family tax exemption (Ordinance 3200, 2018) – provided limited or 12-year exemptions from ad valorem property taxation for qualified new multiple-unit housing in targeted areas
- Removed the owner occupied requirement for Accessory Dwelling Units (ADUs) (Ordinance 3241, 2019)
- Adopted regulations to allow up to an eight-plex in the R-II single-family zone through a conditional use permit (Ord. 3241, 2019)
- Raised the maximum SEPA threshold exemption to the maximum allowable (Ord. 3241, 2019). Projects that may be eligible for SEPA exemption include single-family residential projects, up to 20 dwelling units; and multi-family residential projects, up to 60 dwelling units.
- Repealed modulation requirements (Ordinance 3247, 2020)
- Increased the size allowed for an attached ADU to 1000 square feet (Ordinance 3247, 2020)
- Decreased the lot size allowed in a cottage development to 2500 square feet (Ordinance 3247, 2020)
- Adopted regulations allowing zero lot line/shared wall construction duplexes (Ordinance 3272, 2021)
- Reduced the minimum lot size allowed in a Planned Unit Development to 2000 square feet (Ordinance 3272, 2021)

The City also worked in partnership with Jefferson County in 2021 to renegotiate our Interlocal Agreement to support affordable housing and homeless housing programs. The new Housing Fund Board builds on collaborative efforts from the previous Joint Oversight Board and Housing Task Force to create a budget and plan for the use of collective affordable housing funds like the aforementioned Sales and Use Tax as well as other local-authority funding.

This effort aims at greater participation by elected officials and greater transparency in the granting process for a more successful and coordinated program.

The City continues to explore additional strategies to promote affordable housing. Ideas currently on the table include:

- Providing more flexibility in housing types (e.g., tiny homes/micro-apartments)
- Allowing higher densities for infill development in existing residential areas where infrastructure exists
- Re-examining parking requirements and creating a process for “pre-approved” ADUs

## KEY REVENUE ASSUMPTIONS

**The City's Property Tax Levy** for 2022 is proposed at \$3,502,000, which includes the allowable statutory increase of 1.0% plus an adjustment for the value of new construction and refunds. The 1% statutory increase is budgeted at \$26,820 for 2022. Additionally, the City's property tax levy includes \$602,600 of banked capacity (discussed below). New construction in the city is estimated at \$17,274,288. Property values in the city grew in the aggregate by 10.1% or approximately \$202,000,000. The General Levy totals \$1,549,107. The General Levy is allocated to Public Safety & General Services, Community Services (Parks, Trails, Facilities), Affordable Housing initiatives, Debt Service and Fireman's Pension. The Library Lid Lift component of the levy is budgeted at \$1,180,000 and is available to be used for library operations.

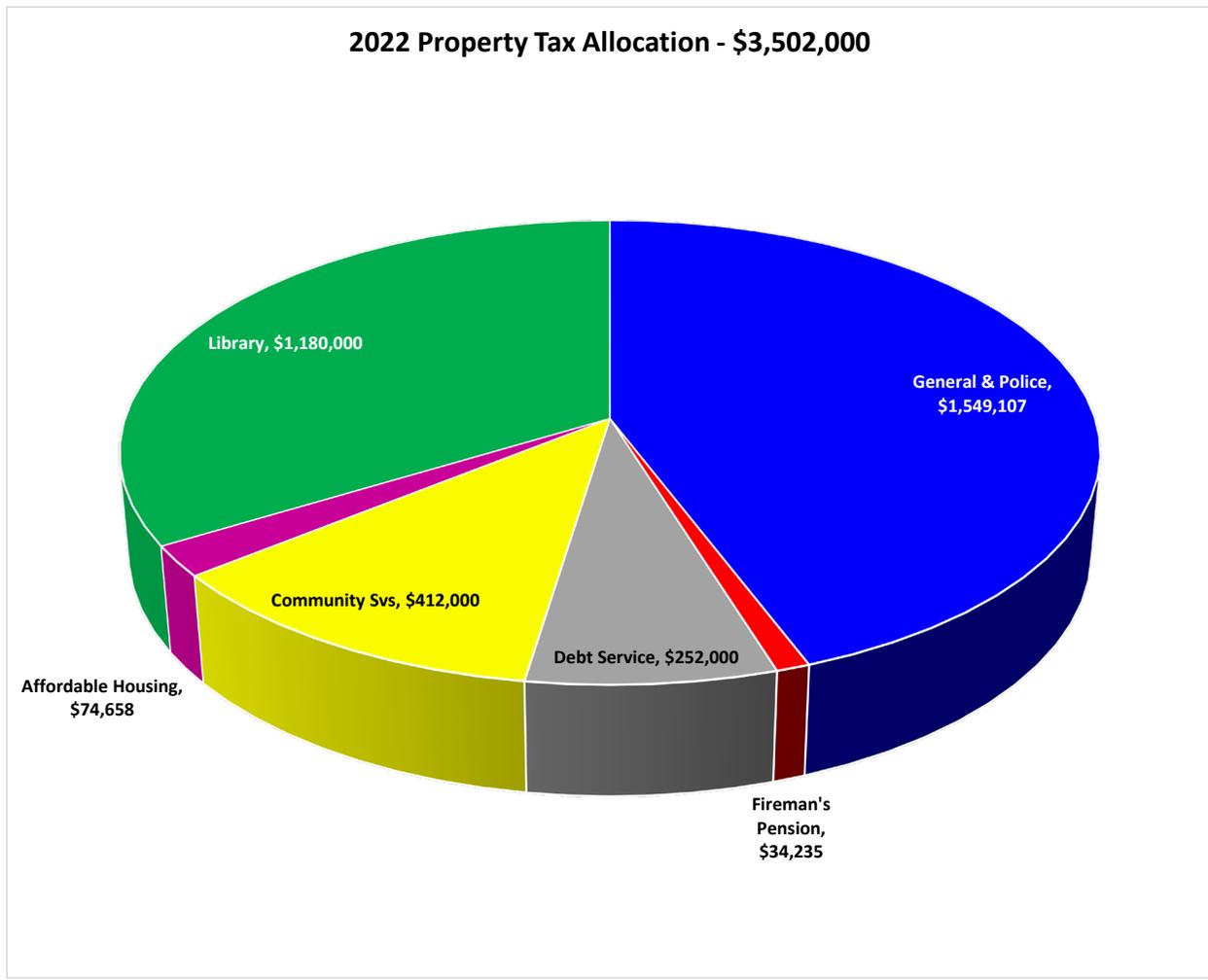
An excess property tax assessment of approximately \$150,000 related to the Mountain View Commons voted tax assessment will be levied to fund 50% of the annual debt service for this voted bond.

The City has \$908,724 of banked levy capacity related to the annexation of City fire services into the East Jefferson Fire District service area. Of that amount, the City Council's adopted post-annexation policy would allow the City to levy 66%, or \$602,610 of this banked capacity in 2021 for 2022 taxes. The post-annexation policy restricts the use of these funds from 2020 through 2024 for specific uses. The planned projects that this banked capacity will fund in 2022 include:

- Street restoration – Pacific Avenue
- Non-motorized trail project – Spruce Trail
- Non-motorized ADA curb ramps – Lawrence Street & Mtn. View
- Parks Kitchen Shelter – Chetzemoka
- Parks Bishop Swing-set – Hancock & Parkside Drive
- Parks Kiosks, Interpretative & Trail Signage - Citywide

Additional detail is provided in the Capital Improvement Projects section of the budget book.

Below is a chart showing the distribution of property taxes:



**Retail Sales Taxes** in 2021 are projected to come in at 6.3% above the forecasted 2021 adopted budget. Despite strong revenue performance in 2021, retail sales tax for 2021 is still below 2019 actual revenues due to the economic impacts of COVID-19. Retail sales in most industries have been negatively impacted by COVID but economic activity has shown a marked improvement between 2020 and 2021. Construction activity can typically skew “normal” revenue from retail sales, business and occupation taxes, permitting fees and special purpose sales taxes trends, so this revenue source is closely monitored to determine the “one-time” revenues.

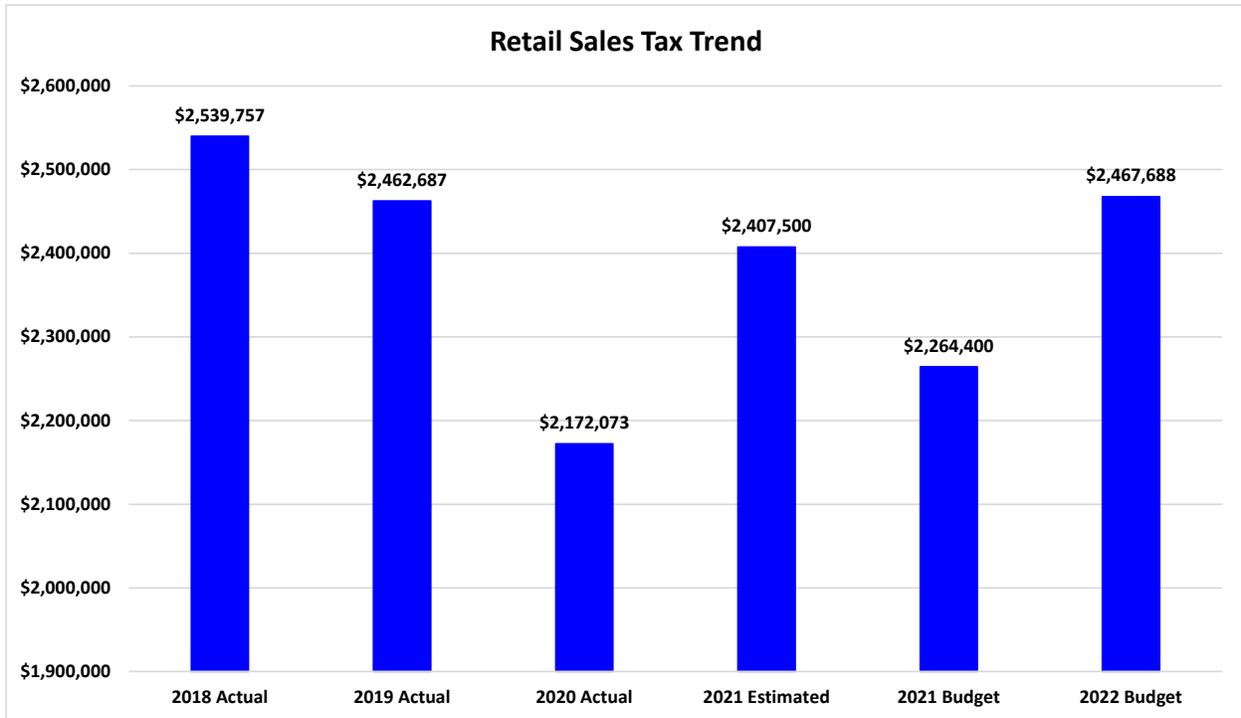
An internal analysis of sales tax data indicates that all sectors showed improvement in 2021 as compared to the 2020 retail sales tax collection. As we move out of the pandemic, increases in accommodation/food were up 18.4% but are still not back to pre-pandemic levels. The City continues to see increases in retail trade revenues (15.8% increase from 2020), which is most likely attributable to increased online sales during the pandemic and will likely continue going forward.

The Market Place Fairness Act went into effect on January 1, 2018 (EHB 2163). This act imposes retail sales tax on remote sellers in Washington State. The revenue related

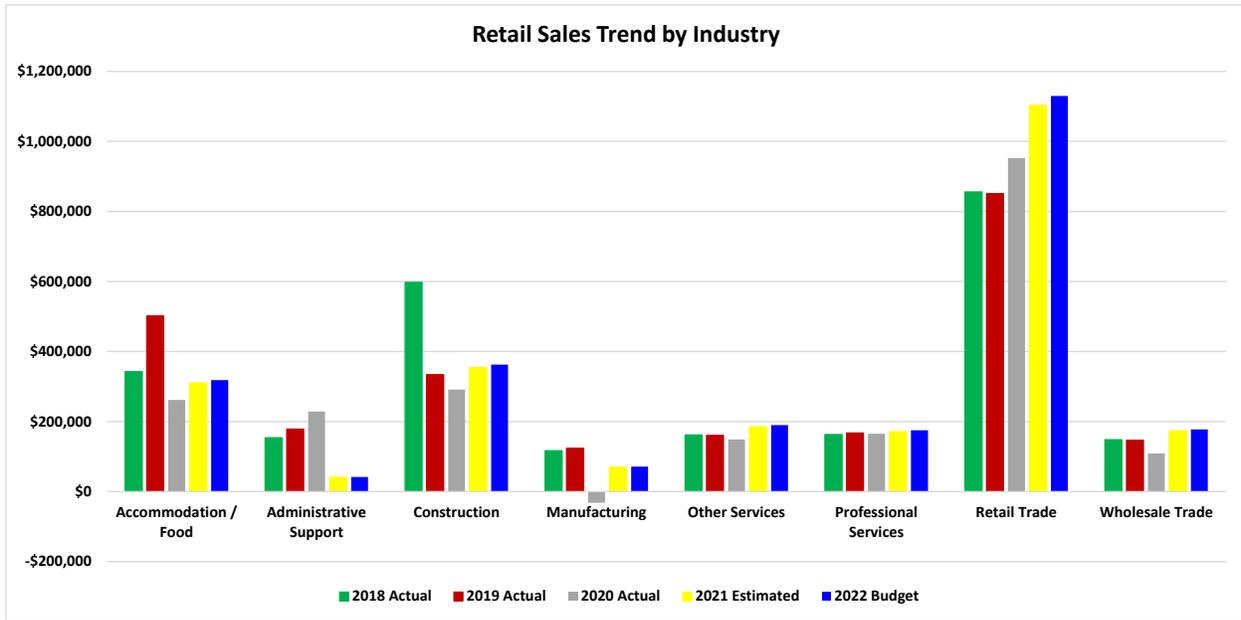
to this Act is included in the City's total retail sales and is not reported separately by the State.

How does this translate to Port Townsend? In 2022, the City's budget anticipates sales tax revenue growth of 9.0% as compared to the City's adopted 2021 budget and a projected 2.5% growth from the current estimates for 2021 revenue.

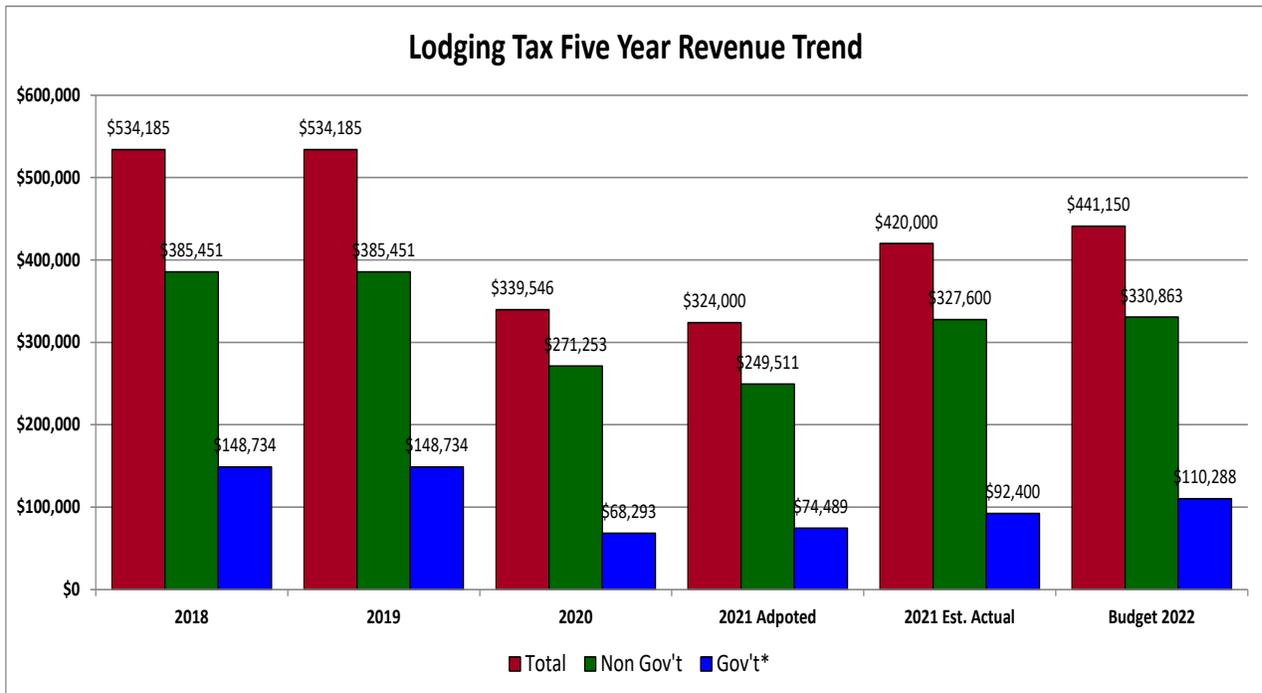
Below is a chart demonstrating the trend of retail sales taxes over the last five years showing the forecasted growth for 2022.



Review of the industry-specific trend in Port Townsend shows how industries such as retail trade are demonstrating steady growth, while accommodation/food and construction are more unpredictable, further validating conservative forecasting for this component of revenue. See below for reference:



**Lodging Taxes** are projected at \$420,000 for 2021, which is 29.6% higher than the 2021 adopted budget of \$324,000. The 2022 budget forecast is 2.5% higher than the 2021 projection. Expenditures are restricted to marketing and tourism related infrastructure. The chart below depicts the significant impact COVID-19 has had on tourism related taxes in Port Townsend in 2020 and 2021. Modest recovery is anticipated for 2022 with revenues not anticipated to reach pre-pandemic levels in 2022.

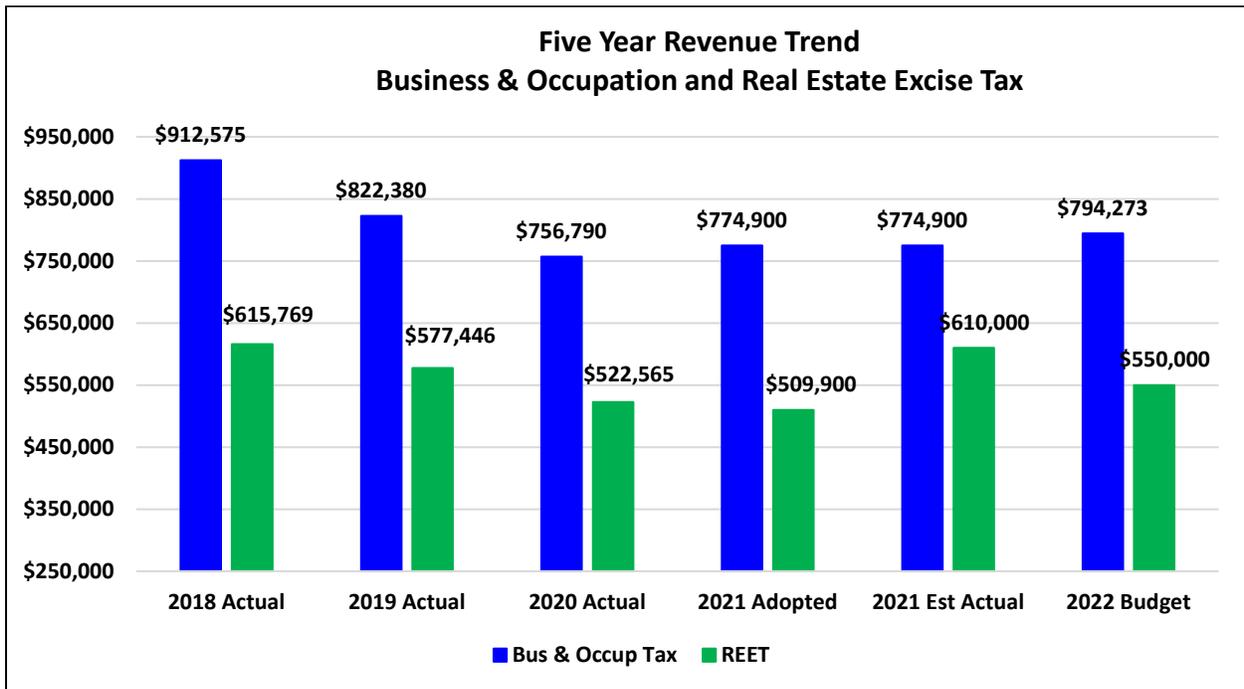


**Business & Occupation Taxes** are projected at the budgeted level of \$774,900 for 2021. The 2022 forecast is 2.5% higher than the 2021 projections.

**Real Estate Excise Taxes (REET)** year to date collections in 2021 have been favorably impacted by a robust housing market. The 2021 REET revenues are projected to be

\$610,000 or 19.7% greater than the adopted budget. 2022 REET revenues are budgeted at \$550,000. It is difficult to forecast when large commercial properties or large dollar home sales will occur, which can disproportionately distort this revenue source. These funds are restricted to capital improvements or debt service, which reduces the City’s reliance on general fund dollars to make up City matching project funds.

Below is a chart showing the trend in Business & Occupation and REET Taxes. REET revenue is much more volatile and dependent on real estate sales versus the mostly steady trend in Business & Occupation Taxes:



**Utility Tax** revenues in the proposed 2022 budget are based on a for all City water, sewer, storm water and garbage services. In 2018, City Council renewed an additional 2% tax for five more years (*See Ordinance 3203*). The additional 2% currently supports two Community Services maintenance workers to serve Parks and the Mountain View facility. Total public utility tax forecasted for 2022 is \$1,898,972 and is split among General Services (45%), Public Safety (7%), Streets (39%) and Community Services (9%).

Garbage service is required within the City. Garbage utility tax is slated to increase at the monthly service rate increase of 5.5% (contracted CPI adjustment).

Private utility tax rates are 6% of the private utility revenue. The 2022 telephone and electric private utility taxes are estimated to be \$853,979. The electric and telephone utility taxes are projected to increase by 2.7% compared to 2021 projections.

**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

and marijuana tax distributions, fuel and multi-modal gas taxes, which primarily support Public Safety and Streets. Some of these distributions are population-based with the City's population for 2021 listed by the Office of Financial Management as 9,815 (a 1.6% increase from 2020's population of 9,665). 2022 projected state shared revenue is \$357,855, which is less 2021 actuals of \$363,791. The decrease in state shared revenues is related to a decreased allocation of gas tax which impacts the revenue for the Street fund.

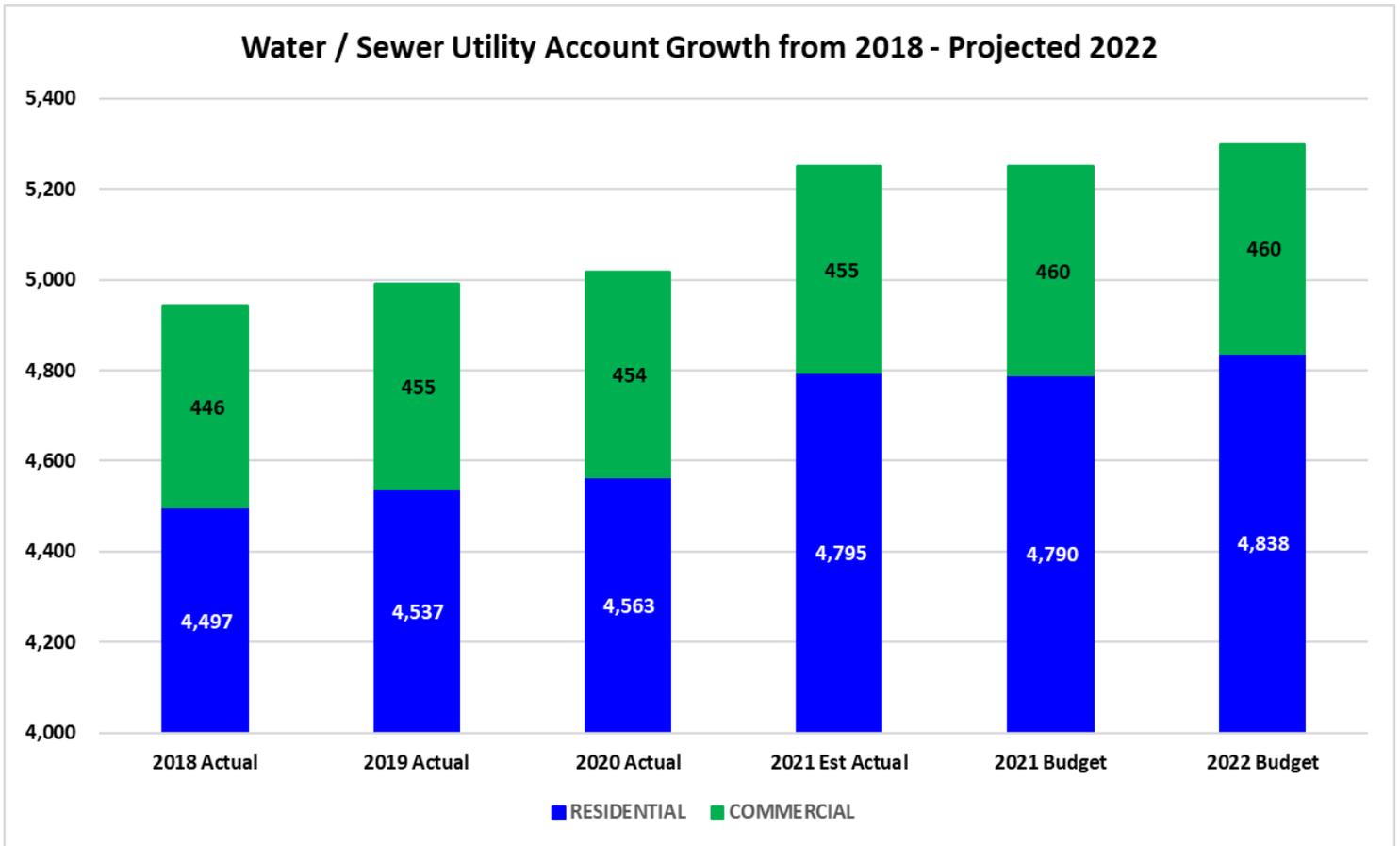
**Overhead Cost Recovery** is projected to increase by approximately \$60,210, or 4.8% in 2022. This increase is the result of several factors that are inputs in the City's adopted overhead cost recovery model. The allocation model looks back two years to recover overhead costs occurring in 2020 for 2022. The increased revenue in 2022 is primarily the result of allocating more overhead to the Streets, Water, Sewer, and Stormwater Funds due to increased property valuations, debt service costs and Council agenda bills in those funds.

**Utility Revenues (Water, Sewer and Stormwater)** are budgeted at the adopted rate increase per Ordinance 3199 and 3236. The City uses utility rate models provided by *FCS Consulting Group*, to analyze whether our utility rates fully support capital infrastructure and operations of water, sewer, and stormwater.

Water and sewer operating, and maintenance rates are scheduled to increase 3.0%. There is no increase in the surcharge for water and sewer for 2022. The revenue calculations for 2022 also include an increase of 1% for new accounts added to the utility. These assumptions are consistent with the rate model that has been prepared by *FCS Consulting Group*.

Stormwater operating and maintenance rates are schedule to increase 3.6%. The stormwater capital surcharge will not increase in 2022, remaining at \$6 per account per month. The budget for 2022 includes this anticipated base rate increase and a 1% account growth. These assumptions are also consistent with the rate model that has been prepared by *FCS Consulting Group*.

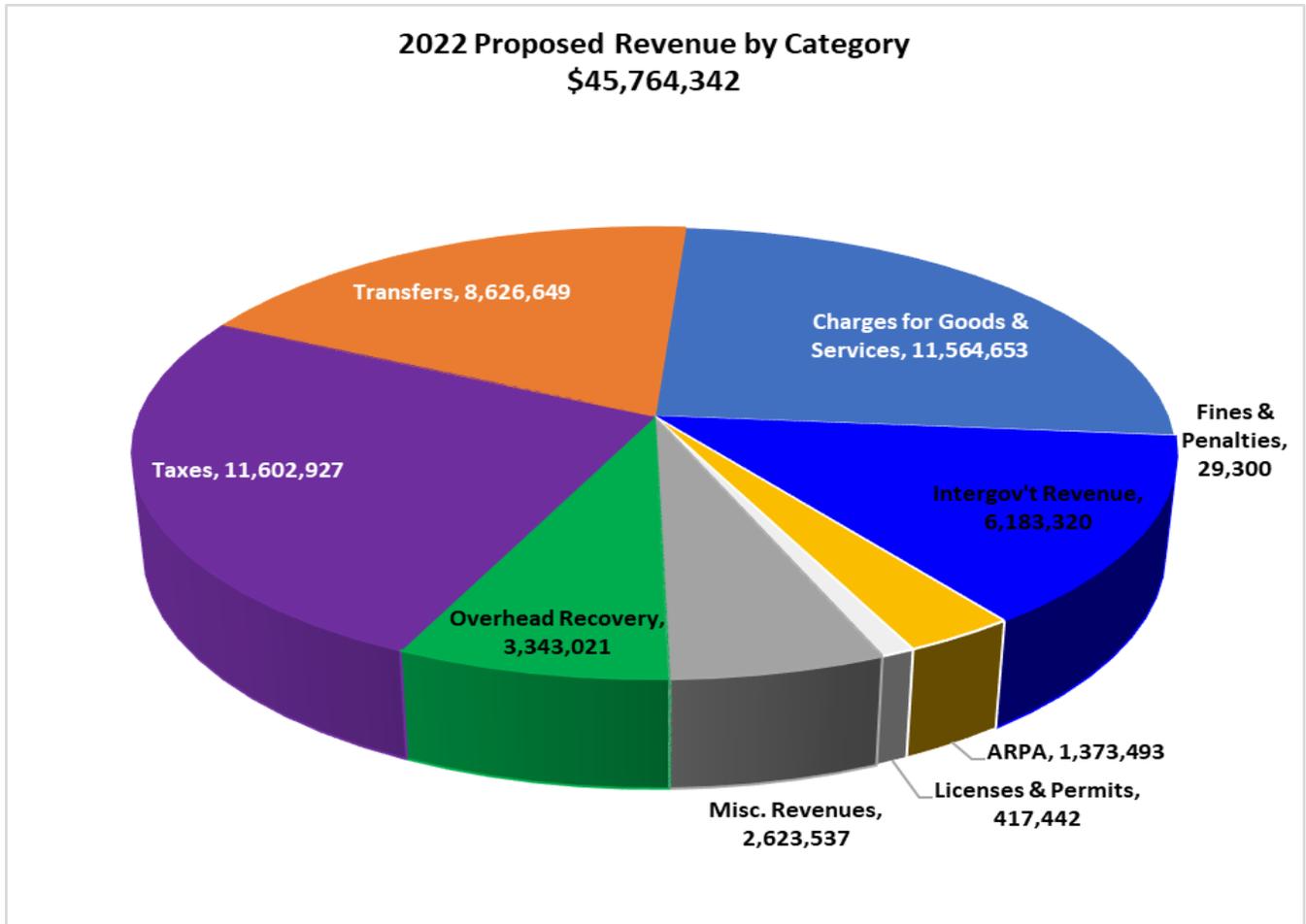
In 2022, the City is projected to have a total of 5,298 water/sewer accounts with 460, or 8.7%, of those projected to be commercial accounts. Below is a chart demonstrating the growth in commercial and residential water/sewer accounts from 2018 through projected 2022:



Total water/sewer/stormwater revenue is forecasted to be \$9,531,121 as compared to \$9,353,333 in 2021, or a 1.9% increase. As noted earlier, this represents scheduled rate increases and 1% account growth.

**Capital Revenues** provide substantial funding for general government, street and utility projects through state and federal grants and Department of Ecology loan proceeds. A smaller amount of capital funding may be administered with inter-fund loans, transfers, bank lines of credit or other debt financing. Additional details regarding capital projects are provided later in this document.

**Total Revenues** budgeted for 2022 are \$45,764,342, comprised of capital funding of \$12,223,350, fiduciary fund revenue of \$34,235, and operating revenue of \$32,133,264. Included in the total revenue is ARPA revenues of \$1,373,493 for 2022.



## KEY EXPENDITURE ASSUMPTIONS

### Labor

**Personnel Wages & Benefits** represent a significant portion of the City's operating expenses at \$10,934,203 or 30.7% of proposed operating costs, \$35,620,382 (excluding ARPA funds). Removing internal transfers and debt service from operating costs, staffing is 45.8% of the total. The City continues to balance the need to retain qualified, capable staff by providing fair and competitive wages while also maintaining appropriate service levels. Recruitment of key positions and police officers will be a challenge in 2022 due to a competitive labor market and housing affordability and availability.

**Council member salaries change for the first time since 2007** - City Council Members are not included in the employee count and narrative below. Changes to Council member's compensation was considered by an independent Salary Commission during fall of 2021. Council compensation had not been changed since 2007. Five commission members were appointed to determine any change to monthly

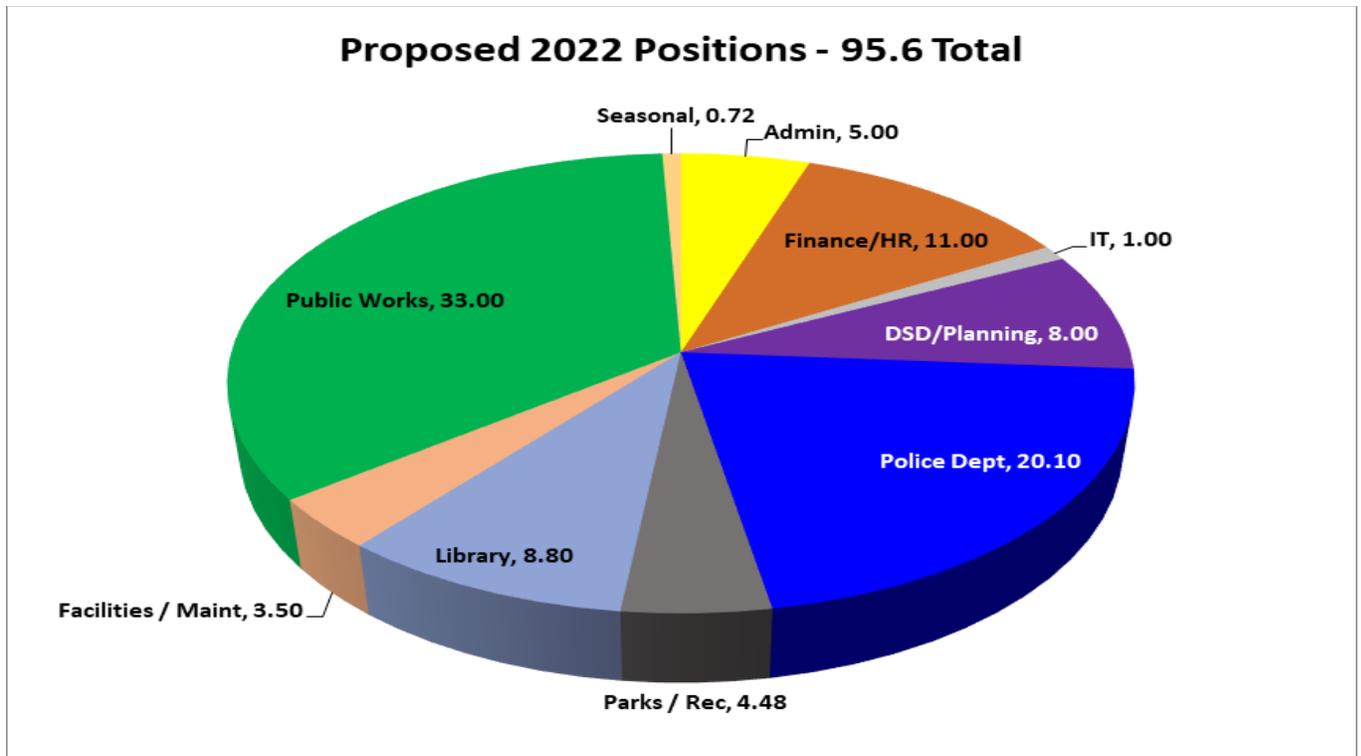
salaries for these elected officials. The commissioner's considered multiple points of data including cost of living changes during the period of 2007-2021; salaries for officials in comparable communities, time required to carry out the functions of the office, salaries received by members of other governing boards in Jefferson County. Individual interviews with council members were conducted by the commission to better assess time commitment to the position. The commission's binding decision on compensation was presented to the City Clerk on November 9, 2021. Based on the commission's determination, compensation changes are as follows:

- Effective January 1, 2022 – the Mayor's monthly salary will be \$1,025.
- Effective January 1, 2022 – each Council Member's monthly salary will be \$700.

The binding decision can be challenged by referendum. To date, the City Clerk has not received any notice that a referendum is being considered. The impact of this change is just under \$19,000 and has been included in the proposed budget.

**For non-elected positions**, the 2022 budget proposes a net increase of 2 positions. Police staffing increases by 1.5 officers if fully staffed and a Human Resources Generalist position has been budgeted as a full-time employee. Additionally, a project manager has been added to the Engineering staff budget related to increased capital project and development activity anticipated in 2022. A Finance & Budget Analyst position is included in the budget to support the efforts of the Financial Sustainability Task Force. During late 2021, the City contracted with the YMCA to provide aquatics services at the Mountain View pool. For 2022, all pool staff will be employed by the YMCA, resulting in a decrease of 4 positions as compared to the 2021 budget and an 8-position reduction compared to 2020's staff budget.

Total budgeted positions in 2022 are 95.6. The positions are outlined by position in the chart below:



**Employee groups include three sectors**, the Police Collective Bargaining Unit, General Collective Bargaining Unit, and non-represented personnel.

The Police Collective Bargaining Unit contract was extended through December 31, 2021, and negotiations for a new agreement started in mid-October. Assuming some vacancies in 2021, we budgeted 13.83 full time officers and 0.75 part-time reserve officers. For 2022, we are assuming full staffing which includes 15.0 full-time officers and 1.10 reserve/provisional officers. Recruiting and retaining officers continues to be a challenge for Port Townsend and nationally.

The General Collective Bargaining Unit expires December 31, 2021 and negotiations for the next agreement are currently underway.

With these collective bargaining agreements still in negotiations, wage rates for 2022 have not been finalized. The budget assumes a 2.0% wage increase for all staff, consistent with assumptions used in the City’s long-term financial plan.

A full list of authorized positions along with the position classification salary schedule, and more detailed budget assumptions is included in the Staffing and Compensation section of the Proposed Budget Book.

**Benefits offered to employees** include medical, dental, vision, long-term disability, life insurance and retirement. Medical costs for 2022 are forecast to increase by approximately 6.0% for the AWC benefit plan (general government non-represented employees), less the 2.0% WellCity discount. To achieve the discount, AWC employees participate in a variety of wellness activities that promote a healthy lifestyle.

The Teamsters Local 589 benefit plan, which covers both the Police and General Government union employees, is budgeted to increase 1.5% in 2022.

Retirement contributions for most employees (PERS) are funded at 10.25% of eligible employee wages. The PERS contribution dropped by 2.72% for 2022, resulting in a savings to the City of \$160,000. Police officers are covered by the LEOFF retirement system at a rate of 5.33% of eligible employee wages. This participation rate is mandated by the Washington State Retirement System. Employees also have the choice of enrolling in either the ICMA or Washington State deferred compensation program which is not employer funded.

**The 2022 budget includes Seasonal Staff** for Parks maintenance. Seasonal staff are typically hired between May and October and are budgeted at an equivalent to 0.72 full time employees for 2022. Seasonal staff support spring and summer clean-up efforts in parks as well as assist with weekend restroom and garbage collection.

**Washington State minimum wage** increases in 2022 to \$14.49 per hour, which is a \$0.80 per hour, or 5.9%, increase. This increase impacts seasonal wage rates. Additionally, the increase impacts higher level position through wage compression. Wage compression occurs when pay adjustments regardless of experience, skills or seniority increase the base wage and bring those wages closer to the wages of more senior, experienced, skilled positions. The Director of People & Performance will continue to monitor the impact of minimum wage adjustments on all City positions.

### Non-Labor

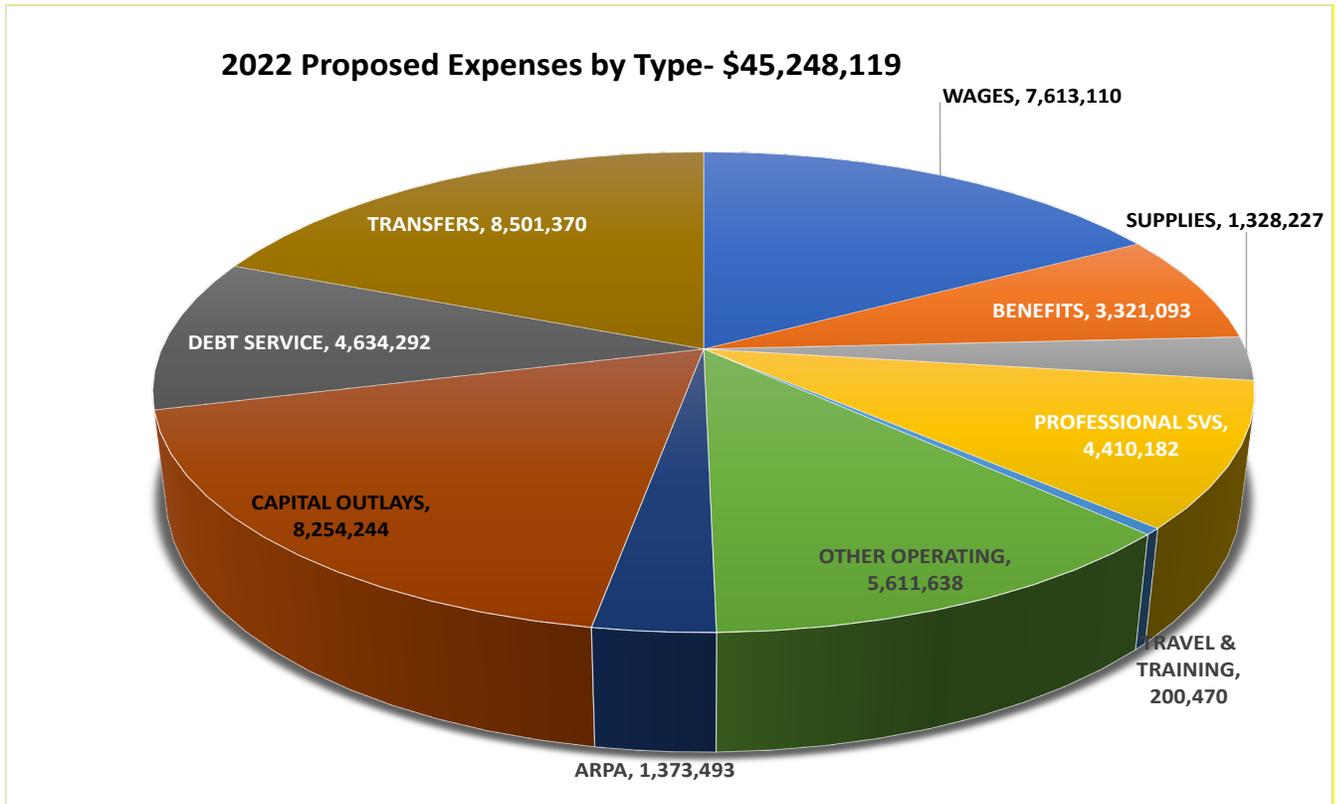
**Operating non-labor expenditures are budgeted to be \$538,414 or 4.9% more than 2021.** Below is a list of budget expense highlights as compared to the 2021 adopted budget:

#### Items Proposed for Addition in the 2022 Budget:

- \$30,000 – Multi-party Economic Development agreement with the EDC
- \$10,000 – Advertising – employment/open positions
- \$5,000 – Arts Commission funding (increase to a total funding of \$25,000)
- \$24,600 – Communications equipment – IT
- \$30,000 – Computers (restore purchases previously reduced in 2020 & 2021)
- \$8,400 – Fuel increase
- \$15,000 – Library digital media acquisitions
- \$10,000 – Volunteer support program
- \$15,000 – Police academy for 3 entry level police officers
- \$270,250 – YMCA Agreement (offset by reduction of salaries/benefits of \$300,000 with transfer of staff to the YMCA)
- \$19,500 – BERK consulting for financial sustainability project
- \$35,000 – Engineering consultant – OGWS meters
- \$20,000 – Engineering administrative support
- \$50,000 – Street striping (deferred from 2020 and 2021 budgets)

- \$8,000 – Keypad locks – Mountain View facility
- \$32,600 – Training & memberships – all departments
- \$30,000 – Replacement vehicle – IT
- \$12,600 – Red dot laser sites - Police
- \$10,000 – Office furniture – Police
- \$60,000 – Contribution towards excavator purchase (see ARPA funding section)

**2022 Proposed Total Expenditures of \$45,248,119** include all operating fund appropriations in addition to water, sewer, general and street capital funds. ARPA funds are \$1,373,493 for 2022.



### 2022 CAPITAL PROJECTS

The proposed 2022 budget has a variety of capital projects that add new infrastructure investment and improve aging infrastructure. A breakdown of planned projects is listed below and explained in more detail in the Capital Improvement Plan section of the budget document.

#### General Government and Street Capital Projects:

- Discovery Road improvements primarily funded by WSDOT grants

- Library windows & doors funded by 2017 bond proceeds
- Kitchen shelter, kiosks/signs and playground funded by banked capacity
- Kearney Street – WSDOT project
- Street & sidewalk projects funded by banked capacity

**Water/Sewer and Stormwater Utility Capital Projects** included in the 2022 capital budget:

- Golf course well
- 1mg Standpipe project
- Mill Road utility work
- Discovery Road utility work
- Pacific & Spruce utility work
- OGWS master meters
- OGWS Lords lake
- Water line replacements – funded with capital surcharge fees
- Sewer outfall project funded with System Development and Department of Ecology loans/grants
- Gaines Street Pump Station corrosion control funded with sewer capital surcharge fees and system development fund reserves
- CERB regional stormwater project funded with CERB loan funds and storm capital surcharge fees
- Discovery Road utility improvements primarily funded by capital surcharge fees
- Wastewater nutrient study
- General master plan for sewer
- Affordable Housing Utility project

### **2021 Supplemental Appropriation Budget Items**

Budget amendments addressing supplemental budget appropriations is required by state law if appropriations exceed those approved in the adopted budget. The City of Port Townsend authorizes budget spending at the fund level. Supplemental appropriations are needed for the funds listed below:

- **Street Fund - \$20,000**
  - **\$20,000** – Street tree removal and repairs related to storm damage
- **Community Services – \$164,455**
  - **\$20,000** – Pump & boiler repairs
  - **\$127,387** – Transfer of Parks donation to General Capital fund
  - **\$70,000** – Park repairs – skate park & Chetzemoka bridge
  - **\$155,550** – YMCA agreement and related pool repairs & equipment purchases offset by staff reductions
- **General Government Capital – \$1,227,082**
  - **\$1,415,500** – Purchase of land for affordable housing
- **Water/Sewer Operations Funds – \$875,648**

- **\$1,415,500** – Interfund loan to General Government Capital to purchase affordable housing property; to be repaid upon receipt of Washington State Department of Commerce grant funds and through a small transfer from the Affordable Housing Fund

The fund summaries for Supplemental Budget Appropriations #2 & 3 are included in the related section of this book.

# 2022 Budget Tied to 2022 Workplan

2022 Workplan workshopped in public session with City Council and Department Directors on 7/12/21

TASK	REFLECTED IN BUDGET	AMOUNT, IF APPLICABLE	DETAILS
<b>PARTNERSHIPS - strong strategic partnerships and investment across agencies</b>			
Implement ICG COVID-19 Recovery and Resilience Action Plan	Y		City Manager priority, staff time involvement and implementation of projects
ICG Initiative - phase 3 (unknown topic/focus)	Y	-	EDC agreement and City Manager priority involvement (plus some degree of public notice/clerk time)
Leverage NOLA and other partnerships to advance City's legislative agenda	Y	-	As part of EDC agreement (funded by EDC) and staffed by City Manager
2022 legislative agenda development	N		Staff time
Deliver on new EDC model	Y	\$30,000	As per above with EDC agreement (\$20k)
Relaunch new HTF/JOB approach for better, clearer and fairer collaboration with County in housing	N		Completed ILA, staff time
Envision and recalibrate Chamber relationship	N		Staff time
<b>PARTICIPATION - positive &amp; productive public participation, education, communication and engagement</b>			
Relaunch Engage PT for 2022	Y	?	Internal staffing primarily, but also some related advertising and events budgeted
Publish 2021 Annual Report	Y	?	Finance budget for preparation and publishing/dispersal
"How the City Works" initiative	Y	minimal	Internal resourcing from Library with possible materials/distribution costs
Volunteer program	Y	\$20,000	Kubota for staff use to leverage volunteer efforts/work
Dashboard project (see integrated software below)	N - but will be considered in future budget		Would have significant financial requirements; paused while Finance team members are recruited and potential ARPA tranche 2
Update Strategic Plan (2023 - 2026) - Shape PT project?	N		Need to update plan but not currently budgeted due to staffing limitations and workload as well as COVID limitations on process
<b>PROACTIVE (FINANCIAL) SUSTAINABILITY - long-term sustainability and viability of services &amp; operations</b>			
Financial Sustainability Project	Y	\$19,500	Staffing Task Force and BERK contract
Investing in Trails, Parks and Streets: Round 2 planning	N - but will be considered in future budget		Banked capacity levy for 2023 budget
ARPA - second stage proposal for spend before 12/2024	N - but will be considered in future budget		ARPA stage one in 2022 budget (\$1.373m)
Workplan and Budget 2023	N		Internal process, staff time

# 2022 Budget Tied to 2022 Workplan

2022 Workplan workshopped in public session with City Council and Department Directors on 7/12/21

TASK	REFLECTED IN BUDGET	AMOUNT, IF APPLICABLE	DETAILS
<b>PERFORMANCE - coordinated team excellence, continuous improvement, accountability: invest in staff</b>			
Monthly management meetings - training, practice, sharing	Y		Training budgets
Contract negotiations with police union	N - may be part of supplemental		Negotiations overlap with budget process and approval with unlikely conclusion until 2022 - so may be addressed in supplemental budget 2022
Retention strategy, including recognition program	Y	minimal	Under development
Performance evaluation process revision	N		Internal process, staff time
Recruitment strategy, with focus on PD	Y	\$25,000	Targeted recruitment with external resource/consultant assistance
Engagement survey/baseline	Y	\$40,000	New resource for engagement tool/product as well as follow up conversation support for managers
<b>PRIORITY PROJECTS - integrated successful delivery of strategic projects</b>			
Fort Worden PDA: reporting, accountability and collaboration	N		Finance and City Manager staff time
Infrastructure for Affordable Housing - the 3.1 project	Y	\$1.7m	\$1.4m in 2021 budget but may roll to 2022; 1.7m utility grant forthcoming and expected in 2022; possibly \$2.5m in federal funds expected in 2022
Homelessness issues and initiatives	Y		Utility costs at Pope Marine for warming shelter
Parks Strategy and Sustainability	Y	\$167,000	Temporary staffing and external engagement resource
2022 Banked Capacity Projects Construction (Parks and Streets) - if approved by Council	Y	600,000	Banked capacity levy
Integrated software - including dashboard, resource tracking, etc.	N - but will be considered in future budget		Would have significant financial requirements; paused while Finance team members are recruited and potential ARPA tranche 2
Affordable Housing Projects	Y		Fee waivers and deferrals plus City share of local authority funding dispersal and Cherry Street
Federal Funding Pursuit/Delivery	N - but may result in funding		Anticipation of Infrastructure Bill and other federal programs and opportunities

# 2022 Budget Tied to 2022 Workplan

2022 Workplan workshopped in public session with City Council and Department Directors on 7/12/21

TASK	REFLECTED IN BUDGET	AMOUNT, IF APPLICABLE	DETAILS
<b>ADDITIONAL DEPARTMENTAL PRIORITY PROJECTS</b>			
Comprehensive Streets Plan - implementation (New revenue procurement, Open Streets, Traffic Calming, Striping)	Y		Staff time/resource in deploying local traffic calming, possibly neighborhood match
Parking Management Strategy - if budgeted	Y		Parking study consultant and engagement costs
Large Construction Projects (Disc. Rd. & Gaines St)	Y		In capital program
General Sewer Plan (Rates Study, NPDES, Outfall)	Y		In capital program
Engineering Design Standards/Annual Code Updates	N		Staff resource
WSDOT Roundabouts	Y		In capital program
OGWS Projects (Lords Lake E. Dam, Cathodic Protection, Condition Assessment)	Y		In capital program
Annual Water & Wastewater Utility projects (Standpipe Coating, AMI, Pipe replacment, SCADA Design, Outfall, Maint. Holes)	Y		In capital program
Electronic permit submittals	Y	\$8,200	To deliver capability of electronic permit submittal
Code packages	N		Staff resource
IT Plan, including focus on security of Citywide systems and documentation of processes	N		Staff resource
Race and Social Justice Advisory Board launch	N		Staff resource
Hybrid meetings	Y	\$24,600	Communications equipment
Public record management (contract for historic clean-sweep if budgeted)	Y	\$50,000	External resource to digitize, index, publish, dedupe records to reduce # of requests that are made, delivering efficiency
Internal process review	Y	\$22,500	"Strategic Review" to drive internal efficiency and effectiveness
Circulation: stats, satisfaction	Y	\$15,000	Ongoing operations expense with additional digital media acquisition
Programming/Events: partnerships, programs: attendance, demand, feedback - lead new "How Your City Works" initiative	Y		Ongoing operations and staffing resourcing, events
Library staffing: training, ALL Staff Day, monthly meetings, conference attendance	Y		Ongoing operations and staffing resourcing, training
Comprehensive Facilities Plan - preventative maintenance, deferred maintenance, space planning (CH, PD, Parks, MTV)	N		Staffing resource
Alternative use for Golf Course public engagement/visioning (part of parks strategy and sustainability)	Y		Part of Parks Strategy funding
Mountain View Campus Master Plan (Incl. updated leases) (part of parks strategy and sustainability)	Y		Part of Parks Strategy funding
Sustainable parks and rec funding source (part of parks strategy and sustainability and financial sustainability)	Y		Part of Parks Strategy funding and Financial Sustainability Project
Sustainable pool operations - Annual Evaluation (part of parks strategy and sustainability)	Y	\$270,250	Part of Parks Strategy as well as YMCA contract
Annual Facilities Projects (may include Library )	Y		In capital program
Chief's Cabinet/Advisory Forum (and ongoing implementation of Ad Hoc Committee Report)	N		Staff resource
Strategic Planning - path to accreditation	N		Staff resource
Sustainable Staffing for Police team	Y		Covered in additional recruitment resource and staff time

**ORDINANCE NO. 3278**

**AN ORDINANCE OF THE CITY OF PORT TOWNSEND, WASHINGTON, ADOPTING  
2021 SUPPLEMENTAL #3 BUDGET APPROPRIATIONS**

**WHEREAS**, the City Council adopted an additional supplemental budget per Ordinance 3263 on April 19, 2021 and was set forth in the document entitled “City of Port Townsend Budget 2021 Supplemental #1 Fund Detail”; and

**WHEREAS**, the City Manager of the City of Port Townsend, Washington completed and filed an additional proposed supplemental budget for 2021 on November 1, 2021; and

**WHEREAS**, the City Council adopted an additional supplemental budget per Ordinance 3275 on November 22, 2021 and was set forth in the document entitled “City of Port Townsend Budget 2021 Supplemental #2 Fund Detail” and

**WHEREAS**, a significant storm event on November 15, 2021 caused damage to City streets and property that required City expenditures to recover from the storm and restore public property to usefulness; and

**WHEREAS**, the City could not have anticipated the storm at the time it prepared the 2021 budget; and

**WHEREAS**, the storm and the necessary expenditures constitute a “nondebtable emergency” pursuant to RCW 35A.33.080 which allows for the adoption of a supplemental budget without notice or hearing;

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

**Section 1.** The third supplemental budget for the City of Port Townsend, Washington, for the fiscal year 2021, is adopted as set forth in the document entitled “City of Port Townsend Budget 2021 Supplemental #3 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 #3 summary is attached as Exhibit A, making revenue and expenditure revisions.

**Section 2.** 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, by a vote of the majority of the City Council plus one, at a business meeting thereof, held this 6<sup>th</sup> day of December 2021.

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Michelle Sandoval  
Mayor

*Attest:*

*Approved as to legal form:*

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Joanna Sanders, MMC  
City Clerk

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Heidi Greenwood  
City Attorney

**Supplemental Budget Fund Summary - 2021****Supplemental Budget # 3 - Final**

	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	
	Beginning Fund Balance	Adopted Revenues	Ammended Revenues	Adopted Expenses	Amended Expenses	Adopted vs Exp	Rev vs Exp	Amended vs Exp	Rev vs Exp	Proposed Supplemental Appropriations	Ending Fund Balance
<b>GENERAL FUND</b>	<b>2,279,172</b>	<b>9,933,648</b>	<b>10,281,495</b>	<b>9,933,245</b>	<b>9,896,699</b>	<b>403</b>	<b>384,796</b>			<b>-</b>	<b>2,663,968</b>
<b>GENERAL FUND - ARPA</b>	<b>-</b>	<b>-</b>	<b>1,373,493</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,373,493</b>			<b>-</b>	<b>1,373,493</b>
Drug Enforc. / Contingency	201,716	500	150	-	-	500	150			-	201,866
Street	419,869	902,854	901,562	898,395	918,395	4,459	(16,833)			20,000	403,036
Library	366,497	1,148,585	1,158,122	1,125,766	1,079,791	22,819	78,331			-	444,828
Real Estate Excise Tax	468,587	510,900	610,300	510,000	510,000	900	100,300			-	568,887
Lodging Tax	178,655	324,627	420,150	321,133	305,883	3,494	114,267			-	292,922
Fire / EMS	7,277	20,000	7,000	20,000	7,000	-	-			-	7,277
Affordable Housing	41,438	95,749	95,683	92,896	82,896	2,853	12,787			-	54,225
Community Development Block Grant	191,957	10,401	40,150	69,000	69,000	(58,599)	(28,850)			-	163,107
Community Services	233,248	1,938,624	2,101,518	2,100,158	2,100,158	2,921	1,360			-	234,608
<b>TOTAL SPECIAL REV FUNDS</b>	<b>2,109,245</b>	<b>4,952,240</b>	<b>5,334,635</b>	<b>5,137,348</b>	<b>5,073,123</b>	<b>(20,653)</b>	<b>261,512</b>			<b>20,000</b>	<b>2,370,757</b>
<b>DEBT SERVICE FUND</b>	<b>97,548</b>	<b>1,704,704</b>	<b>1,705,625</b>	<b>1,704,467</b>	<b>1,703,757</b>	<b>237</b>	<b>1,868</b>			<b>-</b>	<b>99,416</b>
General Capital	428,597	129,733	1,577,461	1,766,212	1,766,212	(409,397)	(188,751)			-	239,846
Street Capital	(71,221)	2,181,262	1,004,262	1,975,267	818,266	205,995	185,996			-	114,775
<b>CAPITAL PROJECTS FUNDS</b>	<b>357,376</b>	<b>2,310,995</b>	<b>2,581,723</b>	<b>3,741,479</b>	<b>2,584,478</b>	<b>(203,402)</b>	<b>(2,755)</b>			<b>-</b>	<b>354,621</b>
Golf Course	6,251	7,213	9,200	10,785	10,785	(3,572)	(1,585)			-	4,666
System Development	1,105,953	310,314	460,800	567,424	422,243	(257,110)	38,557			-	1,144,510
Water / Sewer Operations	3,049,473	8,182,225	8,210,849	9,177,221	9,177,221	(119,348)	(966,372)			-	2,083,101
Water / Sewer Capital	3,101,983	3,517,603	2,096,110	4,038,186	1,918,005	(520,583)	178,105			-	3,280,088
Storm Operations	429,868	1,120,512	1,142,484	1,162,501	893,399	(41,989)	249,085			-	678,953
Storm Capital	(188,184)	1,491,871	1,301,871	1,299,368	1,109,368	192,503	192,503			-	4,319
<b>ENTERPRISE FUNDS</b>	<b>7,505,345</b>	<b>14,629,738</b>	<b>13,221,314</b>	<b>16,255,485</b>	<b>13,531,021</b>	<b>(750,099)</b>	<b>(309,707)</b>			<b>-</b>	<b>7,195,638</b>
Public Works Admin	53,403	509,790	509,729	509,667	493,437	123	16,292			-	69,695
IT Equipment O&M / Replacement	60,217	349,313	349,313	349,309	317,098	4	32,215			-	92,432
Fleet Equipment O&M / Replacement	1,725,488	776,823	794,467	594,079	562,860	182,744	231,607			-	1,957,095
Engineering Services	131,824	1,102,685	901,593	853,405	826,053	249,280	75,540			-	207,364
Unemployment Self-Insurance	25,591	103,605	34,025	103,540	34,000	65	25			-	25,616
<b>INTERNAL SERVICE FUNDS</b>	<b>1,996,522</b>	<b>2,842,216</b>	<b>2,589,127</b>	<b>2,410,000</b>	<b>2,233,448</b>	<b>432,216</b>	<b>355,679</b>			<b>-</b>	<b>2,352,201</b>
Firemen's Pension	277,706	34,905	34,435	29,143	15,340	5,762	19,095			-	296,801
Custodial / Refundable Deposits											
Memorial Fund	-	-	5,000	-	-	-	5,000			-	5,000
<b>FIDUCIARY FUNDS</b>	<b>277,706</b>	<b>34,905</b>	<b>39,435</b>	<b>29,143</b>	<b>15,340</b>	<b>5,762</b>	<b>24,095</b>			<b>-</b>	<b>301,801</b>
<b>GRAND TOTAL</b>	<b>14,622,914</b>	<b>36,408,446</b>	<b>37,126,847</b>	<b>39,211,167</b>	<b>35,037,866</b>	<b>(535,536)</b>	<b>2,088,981</b>			<b>20,000</b>	<b>\$16,711,895</b>

City of Port Townsend  
 2021 Supplemental Budget Amendment #3  
 Final

Description	Department	Ongoing vs one-time	2021 Expense Increase/ (Decrease)	Explanation
<b>- Supplemental Appropriations</b>				
Employee Appreciation Event	City Manager	one-time	2,500	Acknowledge staff for ongoing public service and work during the pandemic
<b>Total General Fund Appropriations</b>			<b>N/A</b>	<b>Increase in budgeted appropriations not required</b>
<b>General Fund - Supplemental Appropriations</b>				
Storm Clean up	Streets	one-time	20,000	Street tree and right of way tree removal from November storm; trees identified to need removal from an outside service
<b>Total Street Appropriations</b>			<b>20,000</b>	
<b>TOTAL ALL FUNDS - SUPPLEMENTAL APPROPRIATIONS</b>			<b>20,000</b>	

**ORDINANCE NO. 3275**

**AN ORDINANCE OF THE CITY OF PORT TOWNSEND, WASHINGTON, ADOPTING  
2021 SUPPLEMENTAL #2 BUDGET APPROPRIATIONS**

**WHEREAS**, the City Council adopted an additional supplemental budget per Ordinance 3263 on April 19, 2021 and was set forth in the document entitled “City of Port Townsend Budget 2021 Supplemental #1 Fund Detail”; and

**WHEREAS**, the City Manager of the City of Port Townsend, Washington completed and filed an additional proposed supplemental budget for 2021 on November 1, 2021; and

**WHEREAS**, the City Council reviewed the second supplemental budget and held a public hearing on November 1, 2021 and considered the matter further on November 15, 2021;

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

**Section 1.** The second supplemental budget for the City of Port Townsend, Washington, for the fiscal year 2021, is adopted as set forth in the document entitled “City of Port Townsend Budget 2021 Supplemental #2 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 #2 summary is attached as Exhibit A, making revenue and expenditure revisions.

**Section 2.** 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, by a vote of the majority of the City Council plus one, at a business meeting thereof, held this 15th day of November 2021.

\_\_\_\_\_  
Michelle Sandoval  
Mayor

*Attest:*

*Approved as to legal form:*

\_\_\_\_\_  
Joanna Sanders, MMC  
City Clerk

\_\_\_\_\_  
Heidi Greenwood  
City Attorney

**Supplemental Budget Fund Summary - 2021**

	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021
	Beginning Fund Balance	Adopted Revenues	Ammended Revenues	Adopted Expenses	Amended Expenses	Adopted vs Exp	Rev vs Exp	Proposed Supplemental Appropriations	Ending Fund Balance	
<b>GENERAL FUND</b>	<b>2,279,172</b>	<b>9,933,648</b>	<b>10,281,495</b>	<b>9,933,245</b>	<b>9,896,699</b>	<b>403</b>	<b>1,758,289</b>	-	<b>4,037,461</b>	
<b>GENERAL FUND - ARPA</b>	-	-	<b>1,373,493</b>	-	-	-	<b>1,373,493</b>	-	<b>1,373,493</b>	
Drug Enforc. / Contingency	201,716	500	150	-	-	500	150	-	201,866	
Street	419,869	902,854	901,562	898,395	884,617	4,459	16,945	-	436,814	
Library	366,497	1,148,585	1,158,122	1,125,766	1,079,791	22,819	78,331	-	444,828	
Real Estate Excise Tax	468,587	510,900	610,300	510,000	510,000	900	100,300	-	568,887	
Lodging Tax	178,655	324,627	420,150	321,133	305,883	3,494	114,267	-	292,922	
Fire / EMS	7,277	20,000	7,000	20,000	7,000	-	-	-	7,277	
Affordable Housing	41,438	95,749	95,683	92,896	82,896	2,853	12,787	-	54,225	
Community Development Block Grant	191,957	10,401	40,150	69,000	69,000	(58,599)	(28,850)	-	163,107	
Community Services	233,248	1,938,624	2,101,518	1,935,703	2,100,158	2,921	1,360	164,455	234,608	
<b>TOTAL SPECIAL REV FUNDS</b>	<b>2,109,245</b>	<b>4,952,240</b>	<b>5,334,635</b>	<b>4,972,893</b>	<b>5,039,345</b>	<b>(20,653)</b>	<b>295,290</b>	<b>164,455</b>	<b>2,404,535</b>	
<b>DEBT SERVICE FUND</b>	<b>97,548</b>	<b>1,704,704</b>	<b>1,705,625</b>	<b>1,704,467</b>	<b>1,703,757</b>	<b>237</b>	<b>1,868</b>	-	<b>99,416</b>	
General Capital	428,597	129,733	1,577,461	539,130	1,766,212	(409,397)	(188,751)	1,227,082	239,846	
Street Capital	(71,221)	2,181,262	1,004,292	1,975,267	818,266	205,995	186,026		114,805	
<b>CAPITAL PROJECTS FUNDS</b>	<b>357,376</b>	<b>2,310,995</b>	<b>2,581,753</b>	<b>2,514,397</b>	<b>2,584,478</b>	<b>(203,402)</b>	<b>(2,725)</b>	<b>1,227,082</b>	<b>354,651</b>	
Golf Course	6,251	7,213	9,200	10,785	10,785	(3,572)	(1,585)	-	4,666	
System Development	1,105,953	310,314	460,800	567,424	422,243	(257,110)	38,557	-	1,144,510	
Water / Sewer Operations	3,049,473	8,182,225	8,210,849	8,301,573	9,177,221	(119,348)	(966,372)	875,648	2,083,101	
Water / Sewer Capital	3,101,983	3,517,603	2,096,110	4,038,186	1,918,005	(520,583)	178,105		3,280,088	
Storm Operations	429,868	1,120,512	1,142,484	1,162,501	893,399	(41,989)	249,085		678,953	
Storm Capital	(188,184)	1,491,871	1,301,871	1,299,368	1,109,368	192,503	192,503		4,319	
<b>ENTERPRISE FUNDS</b>	<b>7,505,345</b>	<b>14,629,738</b>	<b>13,221,314</b>	<b>15,379,837</b>	<b>13,531,021</b>	<b>(750,099)</b>	<b>(309,707)</b>	<b>875,648</b>	<b>7,195,638</b>	
Public Works Admin	53,403	509,790	509,729	509,667	493,437	123	16,292		69,695	
IT Equipment O&M / Replacement	60,217	349,313	349,313	349,309	317,098	4	32,215		92,432	
Fleet Equipment O&M / Replacement	1,725,488	776,823	794,467	594,079	562,860	182,744	231,607		1,957,095	
Engineering Services	131,824	1,102,685	901,493	853,405	826,053	249,280	75,440		207,264	
Unemployment Self-Insurance	25,591	103,605	34,025	103,540	34,000	65	25		25,616	
<b>INTERNAL SERVICE FUNDS</b>	<b>1,996,522</b>	<b>2,842,216</b>	<b>2,589,027</b>	<b>2,410,000</b>	<b>2,233,448</b>	<b>432,216</b>	<b>355,579</b>	-	<b>2,352,101</b>	
Firemen's Pension	277,706	34,905	34,435	29,143	15,340	5,762	19,095		296,801	
Custodial / Refundable Deposits										
Memorial Fund	-	-	5,000	-	-	-	5,000		5,000	
<b>FIDUCIARY FUNDS</b>	<b>277,706</b>	<b>34,905</b>	<b>39,435</b>	<b>29,143</b>	<b>15,340</b>	<b>5,762</b>	<b>24,095</b>	-	<b>301,801</b>	
<b>GRAND TOTAL</b>	<b>14,622,914</b>	<b>36,408,446</b>	<b>37,126,777</b>	<b>36,943,982</b>	<b>35,004,088</b>	<b>(535,536)</b>	<b>3,496,182</b>	<b>2,267,185</b>	<b>\$18,119,096</b>	

City of Port Townsend  
2021 Supplemental Budget Amendment #2  
Updated on 10/23/2021

Description	Department	Ongoing vs one-time	2021 Expense Increase/ (Decrease)	Explanation
<b>Community Services - Supplemental Appropriations</b>				
Mountain View Repairs & Maintenance	Mt. View	one-time	20,000	Pump & boiler repairs
Transfers to Parks Capital (General Capital)	Parks	one-time	127,387	Transfer Donation for Chetzemoka Park to General Capital for Kitchen Shelter project
Parks Repairs & Maintenance	Parks	one-time	70,000	Skate Park repairs (offset by WCIA grant), Chetzemoka bridge repair
Pool Management Costs	Pool	one-time	155,550	Pool management costs paid to the YMCA plus pool repairs and equipment required to transition pool services to the YMCA
Pool Salaries & Benefits	Pool	one-time	(155,000)	Reduction in pool salaries & benefits related to reduced staffing (COVID closures & vacancies) and transition of staff in October to YMCA
Salaries & Benefits	All	one-time	(74,000)	Reduced staffing costs due to Director vacancy
Various Expense Reductions	All	one-time	20,518	Various small overages in repairs & maintenance, related supplies for repairs and fuel costs
<b>Total Community Services Appropriations</b>			<b>164,455</b>	
<b>General Government Capital - Supplemental Appropriations</b>				
Land purchase	General Capital	one-time	1,415,500	Purchase of land for affordable housing - Evans Vista; funded by interfund loan from water/sewer operations fund
Transfer Out to 2020 Bond Fund	General Capital	one-time	(95,209)	Transfer from 2017 bond proceeds for Library project will not occur until 2022
Library Windows & Bathroom Project	General Capital	one-time	(95,209)	Library projects postponed to 2022
City Hall improvements	General Capital	one-time	2,000	Remainder of front counter/customer service project costs from 2020
<b>Total General Capital Supplemental Appropriations</b>			<b>1,227,082</b>	
<b>Water/Sewer Operations - Supplemental Appropriations</b>				
Interfund Loan	Water/ Sewer Operations	one-time	1,415,500	Interfund loan to General Government Capital to fund land purchase for affordable housing project
Transfers out to Water/Sewer Capital	Water/ Sewer Operations	one-time	(295,000)	Discovery Road capital cost transfer will not occur until 2022 for both water & sewer transfers
Professional Services	Water/ Sewer Operations	one-time	(30,000)	Legal fee costs related to contracts not planned for 2021
Repairs & Maintenance	Water/ Sewer Operations	one-time	(35,000)	Reduction in planned repairs - WW Treatment
Other Improvements	Water/ Sewer Operations	one-time	(105,000)	Reduction in maintenance hole replacement/repairs & other various repairs
Salaries & Benefits	Water/ Sewer Operations	one-time	(47,000)	Staff vacancies; positions filled but one position still frozen
Other non labor expenses	Water/ Sewer Operations	one-time	(27,852)	Various favorable expense variances compared to adopted budget
<b>Total Enterprise Fund Supplemental Appropriations</b>			<b>875,648</b>	
<b>TOTAL ALL FUNDS - SUPPLEMENTAL APPROPRIATIONS</b>			<b>2,267,185</b>	

**ORDINANCE NO. 3277**

**AN ORDINANCE ADOPTING THE BUDGET FOR THE CITY OF PORT  
TOWNSEND, WASHINGTON, FOR THE FISCAL YEAR  
ENDING DECEMBER 31, 2022**

**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, 2022 (the “2022 Preliminary Budget”), and a notice was published that the City Council would conduct a public hearing on the 1st of November 2021 at 6:30 p.m., at City Hall for the purpose of receiving public testimony regarding the preliminary budget for the 2022 fiscal year; and

**WHEREAS**, the City Council held a public hearing on November 1, 2021 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 15, 2021 and December 6, 2021 to consider the 2022 Final Budget and receive further public comment, and made adoptions and changes, as it deemed necessary and proper; and

**WHEREAS**, the 2022 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 2022 Final Budget, and the estimated expenditures in each fund set forth in the 2022 Final Budget are all necessary to carry on the government of the City for fiscal year 2022, 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 2022, is hereby adopted at the fund level as set forth in the document entitled “City of Port Townsend Final Budget 2022,” 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 2022, 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 2022 budget year.

**Section 3.** The City Clerk is directed to transmit a certified copy of the City of Port Townsend Final Budget 2022 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 6th day of December 2021.

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Michelle Sandoval  
Mayor

*Attest:*

*Approved as to Form:*

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Joanna Sanders, MMC  
City Clerk

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Heidi Greenwood  
City Attorney

<b>CITY OF PORT TOWNSEND 2022 BUDGET FUND SUMMARY</b>					
	<b>2021</b>	<b>2022</b>	<b>2022</b>	<b>2022</b>	<b>2022</b>
	<b>Ending Fund Balance</b>	<b>Proposed Revenues</b>	<b>Proposed Expenses</b>	<b>Proposed Rev vs. Exp</b>	<b>Projected Ending Fund Balance</b>
<b>GENERAL FUND</b>	<b>2,661,468</b>	<b>10,997,510</b>	<b>10,911,373</b>	<b>86,137</b>	<b>2,747,605</b>
<b>GENERAL FUND - ARPA</b>	<b>1,373,493</b>	<b>1,373,493</b>	<b>1,373,493</b>	<b>-</b>	<b>1,373,493</b>
Drug Enforc. / Contingency	201,866	20,150	-	20,150	222,016
Street	403,036	933,923	961,984	(28,061)	374,975
Library	444,828	1,180,250	1,119,551	60,699	505,527
Real Estate Excise Tax	568,887	550,300	534,666	15,634	584,521
Lodging Tax	292,922	441,150	334,187	106,963	399,885
Fire / EMS	7,277	4,000	4,000	-	7,277
Affordable Housing	54,225	96,402	136,396	(39,994)	14,231
Community Development Block Grant	163,107	11,900	20,000	(8,100)	155,007
Community Services	234,608	1,851,151	1,840,881	10,270	244,878
<b>TOTAL SPECIAL REV FUNDS</b>	<b>2,370,757</b>	<b>5,089,226</b>	<b>4,951,665</b>	<b>137,561</b>	<b>2,508,318</b>
<b>DEBT SERVICE FUND</b>	<b>99,416</b>	<b>1,711,417</b>	<b>1,710,680</b>	<b>737</b>	<b>100,153</b>
General Capital	239,846	1,734,308	1,737,017	(2,709)	237,137
Street Capital	114,775	4,831,255	4,537,768	293,487	408,262
<b>CAPITAL PROJECTS FUNDS</b>	<b>354,621</b>	<b>6,565,563</b>	<b>6,274,785</b>	<b>290,778</b>	<b>645,399</b>
Golf Course	4,666	17,200	20,398	(3,198)	1,468
System Development	1,144,510	369,254	770,000	(400,746)	743,764
Water / Sewer Operations	2,083,101	9,796,139	9,054,008	742,131	2,825,232
Water / Sewer Capital	3,280,088	5,345,602	6,152,361	(806,759)	2,473,329
Storm Operations	678,953	1,150,482	1,200,477	(49,995)	628,958
Storm Capital	4,319	312,185	312,185	-	4,319
<b>ENTERPRISE FUNDS</b>	<b>7,195,638</b>	<b>16,990,862</b>	<b>17,509,429</b>	<b>(518,567)</b>	<b>6,677,071</b>
Public Works Admin	69,695	540,505	540,446	59	69,754
IT Equipment O&M / Replacement	92,432	394,540	394,540	-	92,432
Fleet Equipment O&M / Replacement	1,957,095	807,024	585,018	222,006	2,179,101
Engineering Services	207,364	1,259,967	977,628	282,339	489,703
Unemployment Self-Insurance	25,616	-	-	-	25,616
<b>INTERNAL SERVICE FUNDS</b>	<b>2,352,201</b>	<b>3,002,036</b>	<b>2,497,632</b>	<b>504,404</b>	<b>2,856,605</b>
Firemen's Pension	296,801	34,235	26,562	7,673	304,474
Memorial Fund	5,000	-	-	-	5,000
<b>FIDUCIARY FUNDS</b>	<b>301,801</b>	<b>34,235</b>	<b>26,562</b>	<b>7,673</b>	<b>309,474</b>
<b>GRAND TOTAL</b>	<b>16,709,395</b>	<b>45,764,342</b>	<b>45,255,619</b>	<b>508,723</b>	<b>17,218,118</b>

## 2021 BUDGET SUMMARIES BY FUND

<b>PAGE</b>	<b>FUND</b>
5	GENERAL FUND
6	DRUG ENFORCEMENT / CONTINGENCY FUND
7	STREET FUND
8	LIBRARY FUND
9	REAL ESTATE EXCISE TAX FUND
10	LODGING TAX FUND
11	FIRE / EMS FUND
12	AFFORDABLE HOUSING FUND
13	COMMUNITY DEVELOPMENT BLOCK GRANTS
14	COMMUNITY SERVICES FUND
15	GENERAL OBLIGATION DEBT SERVICE FUND
16	GENERAL CAPITAL PROJECTS
17	STREET CAPITAL PROJECTS
18	GOLF COURSE FUND
19	SYSTEM DEVELOPMENT CHARGES FUND
20	WATER/SEWER OPERATIONS FUND
21	WATER/SEWER CAPITAL PROJECTS
22	STORMWATER OPERATIONS FUND
23	STORMWATER CAPITAL PROJECTS
24	PUBLIC WORKS ADMINISTRATION
25	EQUIPMENT RENTAL & REPLACEMENT FUND
26	ENGINEERING FUND
27	UNEMPLOYMENT FUND
28	FIREMEN'S PENSION FUND

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

General Fund	2019	2020	2021	2021	2022	Increase/Decrease 2022 Proposed vs 2021 Adopted
	Actual	Actual	Adopted	Supplemental	Proposed	
<b>Beginning Fund Balance</b>	<b>1,904,790</b>	<b>1,914,034</b>	<b>1,914,034</b>	<b>2,279,172</b>	<b>2,663,968</b>	
<b>Revenues</b>						
Taxes	7,405,087	7,085,093	7,250,816	7,495,059	8,333,126	14.9%
Licenses & Permits	477,260	322,974	389,500	409,442	417,442	7.2%
Intergovernmental Services	242,717	636,000	244,611	332,658	257,554	5.3%
Charges for Goods & Services	1,696,488	1,783,162	1,926,620	1,932,840	1,887,677	-2.0%
Fines & Penalties	45,583	29,490	37,080	26,000	29,300	-21.0%
Miscellaneous Revenue	148,366	113,394	85,021	84,987	72,411	-14.8%
Other Increases	116,549	9,151	-	210	-	
Other Financing Sources (inc. Transfers In)	43,580	54	-	300	-	
<b>Total Revenue</b>	<b>10,175,628</b>	<b>9,979,318</b>	<b>9,933,648</b>	<b>10,281,495</b>	<b>10,997,510</b>	<b>10.7%</b>
<b>Expenditures</b>						
Salaries & Wages	3,530,973	3,083,616	3,447,897	3,181,954	3,640,771	5.6%
Personnel Benefits	1,388,901	1,271,437	1,481,218	1,320,681	1,503,143	1.5%
Supplies	95,874	70,801	71,568	63,031	82,322	15.0%
Services	2,278,374	2,437,193	2,347,084	2,541,886	2,389,879	1.8%
Capital Outlays	315,388	8,533	33,291	71,291	55,401	66.4%
Debt Service - Principal	-	-	-	-	-	
Debt Service - Interest	-	-	-	-	-	
Other Financing Uses (inc. Transfers Out)	2,556,874	2,742,600	2,552,187	2,717,856	3,239,856	26.9%
<b>Total Expenditure</b>	<b>10,166,384</b>	<b>9,614,180</b>	<b>9,933,245</b>	<b>9,896,699</b>	<b>10,911,373</b>	<b>9.8%</b>
<b>Net Change in Fund Balance</b>	<b>9,244</b>	<b>365,138</b>	<b>403</b>	<b>384,796</b>	<b>86,137</b>	<b>21271.4%</b>
<b>Ending Fund Balance</b>	<b>1,914,034</b>	<b>2,279,172</b>	<b>1,914,437</b>	<b>2,663,968</b>	<b>2,750,105</b>	
<b>Fund Bal. 8-15 % of Revenue</b>	<b>18.8%</b>	<b>22.8%</b>	<b>19.3%</b>	<b>25.9%</b>	<b>25.0%</b>	<b>Meets Policy</b>
<b>General Fund - Expenditures by Department</b>						
Mayor & Council	111,101	115,409	114,588	118,167	98,401	-14.1%
City Manager	423,993	302,257	327,954	342,654	352,141	7.4%
City Attorney	646,670	482,775	559,273	558,691	571,799	2.2%
Human Resources	405,604	267,926	280,567	339,165	366,604	30.7%
Planning & Development Services	1,138,415	986,951	1,067,479	1,095,266	1,073,348	0.5%
Finance Department	288,547	409,265	450,950	452,555	448,923	-0.4%
Police Administration	673,956	554,879	607,284	617,065	633,382	4.3%
Police Operations	3,100,184	2,767,472	3,012,706	2,696,698	3,108,413	3.2%
Police Training	25,929	15,777	18,646	19,146	33,646	80.4%
City Clerk	279,053	265,988	296,865	294,478	289,717	-2.4%
Contracts & Intergovernmental	586,564	750,886	650,436	736,148	676,779	4.1%
PEG Access	2,784	1,550	9,000	10,500	9,000	0.0%
Non-Departmental (inc. Transfers Out)	2,483,584	2,693,043	2,537,497	2,616,166	3,228,666	27.2%
<b>Total Expenditures</b>	<b>10,166,384</b>	<b>9,614,179</b>	<b>9,933,245</b>	<b>9,896,699</b>	<b>10,890,819</b>	<b>9.6%</b>

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

Contingency Fund	2019	2020	2021	2021	2022	Increase/Decrease
	Actual	Actual	Adopted	Supplemental	Proposed	2022 Proposed vs 2021 Adopted
<b>Beginning Fund Balance</b>	182,490	185,867	185,867	201,716	201,866	
<b>Revenues</b>						
Taxes	-	-	-	-	-	
Licenses & Permits	-	-	-	-	-	
Intergovernmental Services	-	-	-	-	-	
Charges for Goods & Services	-	-	-	-	-	
Fines & Penalties	-	-	-	-	-	
Miscellaneous Revenue	2,877	849	-	150	150	
Other Increases	-	-	-	-	-	
Other Financing Sources (inc. Transfers In)	500	15,000	-	-	20,000	
<b>Total Revenue</b>	<b>3,377</b>	<b>15,849</b>	<b>-</b>	<b>150</b>	<b>20,150</b>	
<b>Expenditures</b>						
Salaries & Wages	-	-	-	-	-	
Personnel Benefits	-	-	-	-	-	
Supplies	-	-	-	-	-	
Services	-	-	-	-	-	
Capital Outlays	-	-	-	-	-	
Debt Service - Principal	-	-	-	-	-	
Debt Service - Interest	-	-	-	-	-	
Other Financing Uses (inc. Transfers Out)	-	-	-	-	-	
<b>Total Expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Net Change in Fund Balance</b>	<b>3,377</b>	<b>15,849</b>	<b>-</b>	<b>150</b>	<b>20,150</b>	
<b>Ending Fund Balance</b>	<b>185,867</b>	<b>201,716</b>	<b>185,867</b>	<b>201,866</b>	<b>222,016</b>	
<b>Fund Balance 2% of GF Rev</b>	<b>1.8%</b>	<b>2.0%</b>	<b>1.9%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>Meets Policy</b>

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

Street Fund	2019 Actual	2020 Actual	2021 Adopted	2021 Supplemental	2022 Proposed	Increase/Decrease 2022 Proposed vs 2021 Adopted
<b>Beginning Fund Balance</b>	260,855	320,221	320,221	419,870	403,036	
<b>Revenues</b>						
Taxes	-	-	-	-	-	
Licenses & Permits	462	231	-	231	-	
Intergovernmental Services	214,448	190,762	206,928	192,380	191,098	0.8%
Charges for Goods & Services	10,988	5,581	500	-	-	-100.0%
Fines & Penalties	-	-	-	-	-	
Miscellaneous Revenue	9,901	3,778	801	433	300	-88.5%
Other Increases	-	-	-	-	-	
Other Financing Sources (inc. Transfers In)	<u>637,395</u>	<u>654,100</u>	<u>694,625</u>	<u>708,518</u>	<u>742,525</u>	<u>8.3%</u>
<b>Total Revenue</b>	<b>873,194</b>	<b>854,453</b>	<b>902,854</b>	<b>901,562</b>	<b>933,923</b>	<b>5.5%</b>
<b>Expenditures</b>						
Salaries & Wages	131,172	115,865	113,226	109,000	115,308	-5.9%
Personnel Benefits	68,427	59,673	63,412	60,570	59,833	1.5%
Supplies	72,517	62,602	73,932	78,042	75,991	24.7%
Services	339,373	341,765	468,675	491,633	531,702	43.9%
Capital Outlays	27,439	-	-	-	-	
Debt Service - Principal	-	-	-	-	-	
Debt Service - Interest	-	-	-	-	-	
Other Financing Uses (inc. Transfers Out)	<u>174,900</u>	<u>174,900</u>	<u>179,150</u>	<u>179,150</u>	<u>179,150</u>	<u>2.4%</u>
<b>Total Expenditure</b>	<b>813,828</b>	<b>754,804</b>	<b>898,395</b>	<b>918,395</b>	<b>961,984</b>	<b>21.7%</b>
<b>Net Change in Fund Balance</b>	<b>59,366</b>	<b>99,648</b>	<b>4,459</b>	<b>(16,833)</b>	<b>(28,061)</b>	<b>-116.9%</b>
<b>Ending Fund Balance</b>	<b>320,221</b>	<b>419,870</b>	<b>324,680</b>	<b>403,036</b>	<b>374,975</b>	
<b>Fund Bal. 2-3 % of Expenditures</b>	<b>39.3%</b>	<b>55.6%</b>	<b>36.1%</b>	<b>43.9%</b>	<b>39.0%</b>	<b>Meets Policy</b>

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

Library Fund	2019 Actual	2020 Actual	2021 Adopted	2021 Supplemental	2022 Proposed	Increase/Decrease 2022 Proposed vs 2021 Adopted
<b>Beginning Fund Balance</b>	214,523	253,200	253,200	366,498	444,829	
<b>Revenues</b>						
Taxes	1,089,122	1,113,489	1,147,000	1,147,000	1,180,000	2.9%
Licenses & Permits	-	-	-	-	-	
Intergovernmental Services	-	16,064	-	8,400	-	
Charges for Goods & Services	-	-	-	-	-	
Fines & Penalties	1,466	189	-	226	-	
Miscellaneous Revenue	57,060	19,286	1,585	2,496	250	-84.2%
Other Increases	-	-	-	-	-	
Other Financing Sources (inc. Transfers In)	-	-	-	-	-	
<b>Total Revenue</b>	<b>1,147,648</b>	<b>1,149,028</b>	<b>1,148,585</b>	<b>1,158,122</b>	<b>1,180,250</b>	<b>2.8%</b>
<b>Expenditures</b>						
Salaries & Wages	428,312	366,897	451,661	401,000	446,594	-1.1%
Personnel Benefits	184,749	166,255	200,914	181,800	179,462	-10.7%
Supplies	87,514	86,380	81,393	81,393	104,976	29.0%
Services	405,953	404,942	389,798	392,598	386,519	-0.8%
Capital Outlays	2,444	4,129	2,000	23,000	2,000	0.0%
Debt Service - Principal	-	-	-	-	-	
Debt Service - Interest	-	-	-	-	-	
Other Financing Uses (inc. Transfers Out)	-	7,128	-	-	-	
<b>Total Expenditure</b>	<b>1,108,971</b>	<b>1,035,731</b>	<b>1,125,766</b>	<b>1,079,791</b>	<b>1,119,551</b>	<b>-0.6%</b>
<b>Net Change in Fund Balance</b>	<b>38,678</b>	<b>113,298</b>	<b>22,819</b>	<b>78,331</b>	<b>60,699</b>	<b>166.0%</b>
<b>Ending Fund Balance</b>	<b>253,200</b>	<b>366,498</b>	<b>276,019</b>	<b>444,829</b>	<b>505,528</b>	
<b>Fund Balance 5-8% of Tax Rev.</b>	<b>23.2%</b>	<b>32.9%</b>	<b>24.1%</b>	<b>38.8%</b>	<b>42.8%</b>	<b>Meets Policy</b>

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

REET	2019 Actual	2020 Actual	2021 Adopted	2021 Supplemental	2022 Proposed	Increase/Decrease 2022 Proposed vs 2021 Adopted
<b>Beginning Fund Balance</b>	380,285	453,932	453,932	468,588	568,888	
<b>Revenues</b>						
Taxes	577,446	522,565	509,900	610,000	550,000	7.9%
Licenses & Permits	-	-	-	-	-	
Intergovernmental Services	-	-	-	-	-	
Charges for Goods & Services	-	-	-	-	-	
Fines & Penalties	-	-	-	-	-	
Miscellaneous Revenue	6,201	2,090	1,000	300	300	-70.0%
Other Increases	-	-	-	-	-	
Other Financing Sources (inc. Transfers In)	-	-	-	-	-	
<b>Total Revenue</b>	<u>583,648</u>	<u>524,656</u>	<u>510,900</u>	<u>610,300</u>	<u>550,300</u>	<b>7.7%</b>
<b>Expenditures</b>						
Salaries & Wages	-	-	-	-	-	
Personnel Benefits	-	-	-	-	-	
Supplies	-	-	-	-	-	
Services	-	-	-	-	-	
Capital Outlays	-	-	-	-	-	
Debt Service - Principal	-	-	-	-	-	
Debt Service - Interest	-	-	-	-	-	
Other Financing Uses (inc. Transfers Out)	510,000	510,000	510,000	510,000	534,666	4.8%
<b>Total Expenditure</b>	<u>510,000</u>	<u>510,000</u>	<u>510,000</u>	<u>510,000</u>	<u>534,666</u>	<b>4.8%</b>
<b>Net Change in Fund Balance</b>	<b>73,648</b>	<b>14,656</b>	<b>900</b>	<b>100,300</b>	<b>15,634</b>	<b>1637.1%</b>
<b>Ending Fund Balance</b>	<b>453,932</b>	<b>468,588</b>	<b>454,832</b>	<b>568,888</b>	<b>584,522</b>	
<b>Sufficient to Meet Obligations</b>						<b>Meets Policy</b>

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

<b>Lodging Tax</b>	<b>2019 Actual</b>	<b>2020 Actual</b>	<b>2021 Adopted</b>	<b>2021 Supplemental</b>	<b>2022 Proposed</b>	<b>Increase/Decrease 2022 Proposed vs 2021 Adopted</b>
<b>Beginning Fund Balance</b>	<b>246,909</b>	<b>270,864</b>	<b>270,864</b>	<b>178,656</b>	<b>292,923</b>	
<b>Revenues</b>						
Taxes	564,314	339,547	324,000	420,000	441,000	36.1%
Licenses & Permits	-	-	-	-	-	
Intergovernmental Services	-	-	-	-	-	
Charges for Goods & Services	-	-	-	-	-	
Fines & Penalties	-	-	-	-	-	
Miscellaneous Revenue	3,811	1,082	627	150	150	-76.1%
Other Increases	-	-	-	-	-	
Other Financing Sources (inc. Transfers In)	-	-	-	-	-	
<b>Total Revenue</b>	<b>568,124</b>	<b>340,628</b>	<b>324,627</b>	<b>420,150</b>	<b>441,150</b>	<b>35.9%</b>
<b>Expenditures</b>						
Salaries & Wages	-	-	-	-	-	
Personnel Benefits	-	-	-	-	-	
Supplies	-	-	-	-	-	
Services	366,964	250,053	181,133	155,883	194,187	7.2%
Capital Outlays	52,205	57,783	15,000	25,000	15,000	0.0%
Debt Service - Principal	-	-	-	-	-	
Debt Service - Interest	-	-	-	-	-	
Other Financing Uses (inc. Transfers Out)	125,000	125,000	125,000	125,000	125,000	0.0%
<b>Total Expenditure</b>	<b>544,168</b>	<b>432,836</b>	<b>321,133</b>	<b>305,883</b>	<b>334,187</b>	<b>4.1%</b>
<b>Net Change in Fund Balance</b>	<b>23,956</b>	<b>(92,208)</b>	<b>3,494</b>	<b>114,267</b>	<b>106,963</b>	<b>2961.3%</b>
<b>Ending Fund Balance</b>	<b>270,864</b>	<b>178,656</b>	<b>274,358</b>	<b>292,923</b>	<b>399,886</b>	
<b>Sufficient to Meet Obligations</b>						<b>Meets Policy</b>

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

Fire/EMS	2019 Actual	2020 Actual	2021 Adopted	2021 Supplemental	2022 Proposed	Increase/Decrease 2022 Proposed vs 2021 Adopted
<b>Beginning Fund Balance</b>	4,622	7,242	7,242	7,278	7,278	
<b>Revenues</b>						
Taxes	2,403,048	15,813	20,000	7,000	4,000	-80.0%
Licenses & Permits	-	-	-	-	-	
Intergovernmental Services	-	-	-	-	-	
Charges for Goods & Services	-	-	-	-	-	
Fines & Penalties	-	-	-	-	-	
Miscellaneous Revenue	3,030	36	-	-	-	
Other Increases	-	-	-	-	-	
Other Financing Sources (inc. Transfers In)	-	-	-	-	-	
<b>Total Revenue</b>	<b>2,406,077</b>	<b>15,848</b>	<b>20,000</b>	<b>7,000</b>	<b>4,000</b>	<b>-80.0%</b>
<b>Expenditures</b>						
Salaries & Wages	-	-	-	-	-	
Personnel Benefits	-	-	-	-	-	
Supplies	-	-	-	-	-	
Services	2,403,458	15,813	20,000	7,000	4,000	-80.0%
Capital Outlays	-	-	-	-	-	
Debt Service - Principal	-	-	-	-	-	
Debt Service - Interest	-	-	-	-	-	
Other Financing Uses (inc. Transfers Out)	-	-	-	-	-	
<b>Total Expenditure</b>	<b>2,403,458</b>	<b>15,813</b>	<b>20,000</b>	<b>7,000</b>	<b>4,000</b>	<b>-80.0%</b>
<b>Net Change in Fund Balance</b>	<b>2,620</b>	<b>36</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Ending Fund Balance</b>	<b>7,242</b>	<b>7,278</b>	<b>7,242</b>	<b>7,278</b>	<b>7,278</b>	
<b>Sufficient to Meet Obligations</b>						<b>Meets Policy</b>

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

Affordable Housing	2019	2020	2021	2021	2022	Increase/Decrease
	Actual	Actual	Adopted	Supplemental	Proposed	2022 Proposed vs 2021 Adopted
<b>Beginning Fund Balance</b>	<b>21,080</b>	<b>31,184</b>	<b>31,184</b>	<b>41,438</b>	<b>54,225</b>	
<b>Revenues</b>						
Taxes	9,719	78,307	95,658	95,658	96,302	0.7%
Licenses & Permits	-	-	-	-	-	
Intergovernmental Services	-	-	-	-	-	
Charges for Goods & Services	-	-	-	-	-	
Fines & Penalties	-	-	-	-	-	
Miscellaneous Revenue	386	134	91	25	100	9.9%
Other Increases	-	-	-	-	-	
Other Financing Sources (inc. Transfers In)	-	-	-	-	-	
<b>Total Revenue</b>	<b>10,105</b>	<b>78,441</b>	<b>95,749</b>	<b>95,683</b>	<b>96,402</b>	<b>0.7%</b>
<b>Expenditures</b>						
Salaries & Wages	-	-	-	-	-	
Personnel Benefits	-	-	-	-	-	
Supplies	-	-	-	-	-	
Services	-	3,530	31,000	21,000	31,000	0.0%
Capital Outlays	-	-	-	-	-	
Debt Service - Principal	-	-	-	-	-	
Debt Service - Interest	-	-	-	-	-	
Other Financing Uses (inc. Transfers Out)	-	64,658	61,896	61,896	105,396	70.3%
<b>Total Expenditure</b>	<b>-</b>	<b>68,188</b>	<b>92,896</b>	<b>82,896</b>	<b>136,396</b>	<b>46.8%</b>
<b>Net Change in Fund Balance</b>	<b>10,105</b>	<b>10,253</b>	<b>2,853</b>	<b>12,787</b>	<b>(39,994)</b>	<b>-1501.8%</b>
<b>Ending Fund Balance</b>	<b>31,184</b>	<b>41,438</b>	<b>34,037</b>	<b>54,225</b>	<b>14,231</b>	
<b>Sufficient to Meet Obligations</b>						<b>Meets Policy</b>

**City of Port Townsend  
COMMUNITY DEVELOPMENT BLOCK GRANTS  
BUDGET SUMMARY**

CDBG	2019	2020	2021	2021	2022	Increase/Decrease 2022 Proposed vs 2021 Adopted
	Actual	Actual	Adopted	Supplemental	Proposed	
<b>Beginning Fund Balance</b>	176,617	192,350	192,350	191,956	163,106	
<b>Revenues</b>						
Taxes	-	-	-	-	-	
Licenses & Permits	-	-	-	-	-	
Intergovernmental Services	16,090	10,020	10,020	40,000	11,750	17.3%
Charges for Goods & Services	-	-	-	-	-	
Fines & Penalties	-	-	-	-	-	
Miscellaneous Revenue	2,958	897	381	150	150	-60.6%
Other Increases	-	-	-	-	-	
Other Financing Sources (inc. Transfers In)	-	-	-	-	-	
<b>Total Revenue</b>	<b>19,048</b>	<b>10,918</b>	<b>10,401</b>	<b>40,150</b>	<b>11,900</b>	<b>14.4%</b>
<b>Expenditures</b>						
Salaries & Wages	-	-	-	-	-	
Personnel Benefits	-	-	-	-	-	
Supplies	-	-	-	-	-	
Services	3,315	11,311	69,000	69,000	20,000	-71.0%
Capital Outlays	-	-	-	-	-	
Debt Service - Principal	-	-	-	-	-	
Debt Service - Interest	-	-	-	-	-	
Other Financing Uses (inc. Transfers Out)	-	-	-	-	-	
<b>Total Expenditure</b>	<b>3,315</b>	<b>11,311</b>	<b>69,000</b>	<b>69,000</b>	<b>20,000</b>	<b>-71.0%</b>
<b>Net Change in Fund Balance</b>	<b>15,733</b>	<b>(394)</b>	<b>(58,599)</b>	<b>(28,850)</b>	<b>(8,100)</b>	<b>-86.2%</b>
<b>Ending Fund Balance</b>	<b>192,350</b>	<b>191,956</b>	<b>133,751</b>	<b>163,106</b>	<b>155,006</b>	
<b>Sufficient to Meet Obligations</b>						<b>Meets Policy</b>

**City of Port Townsend  
COMMUNITY SERVICES FUND  
BUDGET SUMMARY**

Community Svcs	2019 Actual	2020 Actual	2021 Adopted	2021 Supplemental	2022 Proposed	Increase/Decrease 2022 Proposed vs 2021 Adopted
<b>Beginning Fund Balance</b>	101,007	116,120	116,120	233,249	234,608	
<b>Revenues</b>						
Taxes	605,129	581,684	583,428	591,999	596,499	2.2%
Licenses & Permits	-	-	-	-	-	
Intergovernmental Services	-	44,657	-	-	-	
Charges for Goods & Services	200,160	49,979	86,588	22,010	4,000	-95.4%
Fines & Penalties	-	-	-	-	-	
Miscellaneous Revenue	107,996	33,325	36,310	173,380	37,300	2.7%
Other Increases	111,527	7,700	2,000	5,600	2,000	0.0%
Other Financing Sources (inc. Transfers In)	<u>1,190,307</u>	<u>1,179,373</u>	<u>1,230,298</u>	<u>1,308,529</u>	<u>1,211,352</u>	<u>-1.5%</u>
<b>Total Revenue</b>	<b>2,215,119</b>	<b>1,896,718</b>	<b>1,938,624</b>	<b>2,101,518</b>	<b>1,851,151</b>	<b>-4.5%</b>
<b>Expenditures</b>						
Salaries & Wages	795,386	578,967	667,468	523,450	500,052	-25.1%
Personnel Benefits	383,002	307,532	371,537	289,775	239,403	-35.6%
Supplies	166,913	170,858	156,321	168,621	154,716	-1.0%
Services	797,822	654,251	679,777	929,125	914,410	34.5%
Capital Outlays	37,553	-	-	-	-	
Debt Service - Principal	-	30,000	30,000	30,000	30,000	0.0%
Debt Service - Interest	-	574	300	300	300	0.0%
Other Financing Uses (inc. Transfers Out)	<u>19,329</u>	<u>37,408</u>	<u>30,300</u>	<u>158,887</u>	<u>2,000</u>	<u>-93.4%</u>
<b>Total Expenditure</b>	<b>2,200,006</b>	<b>1,779,590</b>	<b>1,935,703</b>	<b>2,100,158</b>	<b>1,840,881</b>	<b>-4.9%</b>
<b>Net Change in Fund Balance</b>	<b>15,114</b>	<b>117,128</b>	<b>2,921</b>	<b>1,360</b>	<b>10,270</b>	<b>251.6%</b>
<b>Ending Fund Balance</b>	<b>116,120</b>	<b>233,249</b>	<b>119,041</b>	<b>234,608</b>	<b>244,878</b>	
<b>Fund Bal. 2-3 % of Expenditures</b>	<b>5.3%</b>	<b>13.1%</b>	<b>6.1%</b>	<b>11.2%</b>	<b>13.3%</b>	<b>Meets Policy</b>
<b>Community Services Fund - Expenditures by Department</b>						
City Facilities	621,778	635,815	623,098	606,931	598,937	-3.9%
Mountian View Facilities	225,572	165,507	174,201	190,850	195,101	12.0%
Parks Maintenance	715,715	538,908	604,494	764,409	601,228	-0.5%
Events	-	3,410	-	1,000	-	
Pool	613,596	368,902	480,485	484,988	387,190	-19.4%
Non-Departmental (inc. Transfers Out)	<u>23,345</u>	<u>67,047</u>	<u>53,425</u>	<u>51,980</u>	<u>58,425</u>	<u>9.4%</u>
<b>Total Expenditures</b>	<b>2,200,006</b>	<b>1,779,590</b>	<b>1,935,703</b>	<b>2,100,158</b>	<b>1,840,881</b>	<b>-4.9%</b>

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

<b>G.O. Debt Service</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2021</b>	<b>2022</b>	<b>Increase/Decrease</b>
	<b>Actual</b>	<b>Actual</b>	<b>Adopted</b>	<b>Supplemental</b>	<b>Proposed</b>	<b>2022 Proposed vs 2021 Adopted</b>
<b>Beginning Fund Balance</b>	<b>89,905</b>	<b>96,823</b>	<b>96,823</b>	<b>97,548</b>	<b>99,416</b>	
<b>Revenues</b>						
Taxes	398,293	401,976	402,000	402,000	402,000	0.0%
Licenses & Permits	-	-	-	-	-	
Intergovernmental Services	-	-	-	-	-	
Charges for Goods & Services	-	-	-	-	-	
Fines & Penalties	-	-	-	-	-	
Miscellaneous Revenue	7,976	1,638	237	237	237	0.0%
Other Increases	-	-	-	-	-	
Other Financing Sources (inc. Transfers In)	<u>1,283,900</u>	<u>4,060,250</u>	<u>1,302,467</u>	<u>1,303,388</u>	<u>1,309,180</u>	<u>0.5%</u>
<b>Total Revenue</b>	<b>1,690,169</b>	<b>4,463,864</b>	<b>1,704,704</b>	<b>1,705,625</b>	<b>1,711,417</b>	<b>0.4%</b>
<b>Expenditures</b>						
Salaries & Wages	-	-	-	-	-	
Personnel Benefits	-	-	-	-	-	
Supplies	-	-	-	-	-	
Services	5,800	-	-	3,000	2,500	
Capital Outlays	-	-	-	-	-	
Debt Service - Principal	895,000	3,685,896	1,054,035	1,053,485	1,087,123	3.1%
Debt Service - Interest	782,451	777,243	650,432	647,272	621,057	-4.5%
Other Financing Uses (inc. Transfers Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
<b>Total Expenditure</b>	<b>1,683,251</b>	<b>4,463,139</b>	<b>1,704,467</b>	<b>1,703,757</b>	<b>1,710,680</b>	<b>0.4%</b>
<b>Net Change in Fund Balance</b>	<b>6,918</b>	<b>725</b>	<b>237</b>	<b>1,868</b>	<b>737</b>	<b>211.0%</b>
<b>Ending Fund Balance</b>	<b>96,823</b>	<b>97,548</b>	<b>97,060</b>	<b>99,416</b>	<b>100,153</b>	
<b>Sufficient to Meet Obligations</b>						<b>Meets Policy</b>

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

General CIP	2019	2020	2021	2021	2022	Increase/Decrease 2022 Proposed vs 2021 Adopted
	Actual	Actual	Adopted	Supplemental	Proposed	
<b>Beginning Fund Balance</b>	<b>1,589,739</b>	<b>538,656</b>	<b>538,656</b>	<b>428,597</b>	<b>239,846</b>	
<b>Revenues</b>						
Taxes	-	-	-	-	-	
Licenses & Permits	-	-	-	-	-	
Intergovernmental Services	147,072	-	-	-	1,372,000	
Charges for Goods & Services	-	-	-	-	-	
Fines & Penalties	-	-	-	-	-	
Miscellaneous Revenue	70,567	-	-	50	-	
Other Increases	81,944	13,124	-	-	-	-100.0%
Other Financing Sources (inc. Transfers In)	<u>247,922</u>	<u>291,386</u>	<u>95,209</u>	<u>1,577,411</u>	<u>362,308</u>	<u>441.3%</u>
<b>Total Revenue</b>	<b>547,505</b>	<b>304,510</b>	<b>95,209</b>	<b>1,577,461</b>	<b>1,734,308</b>	<b>418.0%</b>
<b>Expenditures</b>						
Salaries & Wages	-	-	-	-	-	
Personnel Benefits	-	-	-	-	-	
Supplies	-	-	-	-	-	
Services	29,331	65,880	34,524	34,524	24,808	-47.6%
Capital Outlays	334,354	236,830	95,209	1,417,500	201,500	498.5%
Debt Service - Principal	-	60,000	-	-	1,415,500	-100.0%
Debt Service - Interest	-	1,742	-	-	-	-100.0%
Other Financing Uses (inc. Transfers Out)	<u>1,234,903</u>	<u>50,117</u>	<u>409,397</u>	<u>314,188</u>	<u>95,209</u>	<u>526.9%</u>
<b>Total Expenditure</b>	<b>1,598,588</b>	<b>414,569</b>	<b>539,130</b>	<b>1,766,212</b>	<b>1,737,017</b>	<b>326.0%</b>
<b>Net Change in Fund Balance</b>	<b>(1,051,083)</b>	<b>(110,059)</b>	<b>(443,921)</b>	<b>(188,751)</b>	<b>(2,709)</b>	<b>71.5%</b>
<b>Ending Fund Balance</b>	<b>538,656</b>	<b>428,597</b>	<b>94,735</b>	<b>239,846</b>	<b>237,137</b>	
<b>Sufficient to Meet Obligations</b>						<b>Meets Policy</b>
<b>General CIP Fund Breakdown:</b>						
	<u>2019 Change in</u>	<u>2020 Change in</u>		<u>2021 Change in</u>	<u>2022 Change in</u>	<u>2022 Ending</u>
	<u>Fund Balance</u>	<u>Fund Balance</u>		<u>Fund Balance</u>	<u>Fund Balance</u>	<u>Fund Balance</u>
301 - General Capital	144,314	(47,252)		125,387	92,500	237,100
315 - 2015 Bonds	(150,325)	-		-	-	-
350 - 2017 Bonds	(788,575)	(49,504)		-	(95,209)	37
355 - 2018 Bonds	(256,497)	(13,303)		(314,138)	-	-
360 - 2020 Bonds	-	-		-	-	-
<b>Total</b>	<b>(1,051,083)</b>	<b>(110,059)</b>		<b>(188,751)</b>	<b>(2,709)</b>	<b>237,137</b>

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

Street CIP	2019	2020	2021	2021	2022	Increase/Decrease 2022 Proposed vs 2021 Adopted
	Actual	Actual	Adopted	Supplemental	Proposed	
<b>Beginning Fund Balance</b>	<b>262,333</b>	<b>100,638</b>	<b>100,638</b>	<b>(71,221)</b>	<b>114,775</b>	
<b>Revenues</b>						
Taxes	-	-	-	-	-	
Licenses & Permits	-	-	-	-	-	
Intergovernmental Services	347,524	144,944	2,103,218	926,218	4,260,918	539.0%
Charges for Goods & Services	-	-	-	-	-	
Fines & Penalties	-	-	-	-	-	
Miscellaneous Revenue	27,075	362	-	-	-	-100.0%
Other Increases	47,583	5,869	-	-	-	-100.0%
Other Financing Sources (inc. Transfers In)	926,541	673,434	78,044	78,044	570,337	-88.4%
<b>Total Revenue</b>	<b>1,348,722</b>	<b>824,609</b>	<b>2,181,262</b>	<b>1,004,262</b>	<b>4,831,255</b>	<b>21.8%</b>
<b>Expenditures</b>						
Salaries & Wages	-	-	-	-	-	
Personnel Benefits	-	-	-	-	-	
Supplies	-	-	-	-	-	
Services	96,704	58,692	78,044	78,044	45,182	33.0%
Capital Outlays	1,306,549	362,724	1,897,223	740,222	4,492,586	104.1%
Debt Service - Principal	60,000	540,000	-	-	-	-100.0%
Debt Service - Interest	9,514	23,825	-	-	-	-100.0%
Other Financing Uses (inc. Transfers Out)	37,650	11,226	-	-	-	-100.0%
<b>Total Expenditure</b>	<b>1,510,418</b>	<b>996,468</b>	<b>1,975,267</b>	<b>818,266</b>	<b>4,537,768</b>	<b>-17.9%</b>
<b>Net Change in Fund Balance</b>	<b>(161,696)</b>	<b>(171,859)</b>	<b>205,995</b>	<b>185,996</b>	<b>293,487</b>	<b>-208.2%</b>
<b>Ending Fund Balance</b>	<b>100,638</b>	<b>(71,221)</b>	<b>306,633</b>	<b>114,775</b>	<b>408,262</b>	
<b>Sufficient to Meet Obligations</b>						<b>Meets Policy</b>
<b>Street CIP Fund Breakdown:</b>						
	<b>2019 Change in Fund Balance</b>	<b>2020 Change in Fund Balance</b>		<b>2021 Change in Fund Balance</b>	<b>2022 Change in Fund Balance</b>	<b>2021 Ending Fund Balance</b>
304 - Street Vacation Proceeds	37,308	816		-	-	69,970
305 - Street Capital Fund	(199,004)	(172,675)		185,996	293,487	338,291
<b>Total</b>	<b>(161,696)</b>	<b>(171,859)</b>		<b>185,996</b>	<b>293,487</b>	<b>408,261</b>

**City of Port Townsend  
EQUIPMENT RENTAL & REPLACEMENT FUND  
BUDGET SUMMARY**

ERR	(Internal Service Fund)	2019	2020	2021	2021	2022	Increase/Decrease
		Actual	Actual	Adopted	Supplemental	Proposed	2022 Proposed vs 2021 Adopted
<b>Beginning Fund Balance</b>		1,499,762	1,751,793	1,797,165	1,785,705	2,049,527	
<b>Revenues</b>							
Taxes		-	-	-	-	-	
Licenses & Permits		-	-	-	-	-	
Intergovernmental Services		-	-	-	-	-	
Charges for Goods & Services		1,179,432	1,179,731	1,121,991	1,133,741	1,170,399	4.3%
Fines & Penalties		-	-	-	-	-	
Miscellaneous Revenue		36,247	8,386	4,145	10,039	1,165	-71.9%
Other Increases		-	30,978	-	-	-	
Other Financing Sources (inc. Transfers In)		3,500	-	-	-	-	
<b>Total Revenue</b>		<b>1,219,179</b>	<b>1,219,095</b>	<b>1,126,136</b>	<b>1,143,780</b>	<b>1,171,564</b>	<b>4.0%</b>
<b>Expenditures</b>							
Salaries & Wages		284,362	329,588	243,608	249,500	248,530	2.0%
Personnel Benefits		127,272	153,780	118,625	124,943	116,480	-1.8%
Supplies		151,714	111,368	168,824	139,645	169,000	0.1%
Services		199,512	203,565	228,601	207,180	246,903	8.0%
Capital Outlays		204,289	386,882	143,690	143,690	168,645	17.4%
Debt Service - Principal		-	-	-	-	-	
Debt Service - Interest		-	-	-	-	-	
Other Financing Uses (inc. Transfers Out)		-	-	40,040	15,000	-	-100.0%
<b>Total Expenditure</b>		<b>967,148</b>	<b>1,185,183</b>	<b>943,388</b>	<b>879,958</b>	<b>949,558</b>	<b>0.7%</b>
<b>Net Change in Fund Balance</b>		<b>252,031</b>	<b>33,912</b>	<b>182,748</b>	<b>263,822</b>	<b>222,006</b>	<b>21.5%</b>
<b>Ending Fund Balance</b>		<b>1,751,793</b>	<b>1,785,705</b>	<b>1,979,913</b>	<b>2,049,527</b>	<b>2,271,533</b>	
<b>Sufficient to Meet Obligations</b>							<b>Meets Policy</b>
<b>ERR Fund Breakdown:</b>							
		<u>2019 Change in Fund Balance</u>	<u>2020 Change in Fund Balance</u>		<u>2021 Change in Fund Balance</u>	<u>2022 Change in Fund Balance</u>	<u>2022 Ending Fund Balance</u>
500 - ERR Fleet Replacement		155,970	(8,961)		199,543	222,467	2,068,781
510 - ERR Fleet O&M		66,773	11,943		32,064	(461)	110,319
520 - ERR I.T. O&M		21,949	(2,123)		32,215	-	52,041
525 - ERR I.T. Replacement		7,338	33,053		-	-	40,391
<b>Total</b>		<b>252,030</b>	<b>33,912</b>		<b>263,822</b>	<b>222,006</b>	<b>2,271,532</b>

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

Golf Course	2019 Actual	2020 Actual	2021 Adopted	2021 Supplemental	2022 Proposed	Increase/Decrease 2022 Proposed vs 2021 Adopted
<b>Beginning Fund Balance</b>	27,728	12,219	6,252	6,252	4,667	
<b>Revenues</b>						
Taxes	-	-	-	-	-	
Licenses & Permits	-	-	-	-	-	
Intergovernmental Services	-	-	-	-	-	
Charges for Goods & Services	-	-	-	-	-	
Fines & Penalties	-	-	-	-	-	
Miscellaneous Revenue	8,653	6,936	7,213	9,200	7,200	-0.2%
Other Increases	-	-	-	-	-	
Other Financing Sources (inc. Transfers In)	-	-	-	-	10,000	
<b>Total Revenue</b>	<b>8,653</b>	<b>6,936</b>	<b>7,213</b>	<b>9,200</b>	<b>17,200</b>	<b>138.5%</b>
<b>Expenditures</b>						
Salaries & Wages	-	-	-	-	-	
Personnel Benefits	-	-	-	-	-	
Supplies	3,961	1,691	1,500	1,500	10,000	566.7%
Services	20,201	11,212	9,285	9,285	10,398	12.0%
Capital Outlays	-	-	-	-	-	
Debt Service - Principal	-	-	-	-	-	
Debt Service - Interest	-	-	-	-	-	
Other Financing Uses (inc. Transfers Out)	-	-	-	-	-	
<b>Total Expenditure</b>	<b>24,162</b>	<b>12,903</b>	<b>10,785</b>	<b>10,785</b>	<b>20,398</b>	<b>89.1%</b>
<b>Net Change in Fund Balance</b>	<b>(15,509)</b>	<b>(5,967)</b>	<b>(3,572)</b>	<b>(1,585)</b>	<b>(3,198)</b>	<b>-10.5%</b>
<b>Ending Fund Balance</b>	<b>12,219</b>	<b>6,252</b>	<b>2,680</b>	<b>4,667</b>	<b>1,469</b>	
<b>Sufficient to Meet Obligations</b>						<b>Meets Policy</b>

**City of Port Townsend  
SYSTEM DEVELOPMENT CHARGES  
BUDGET SUMMARY**

SDCs	2019 Actual	2020 Actual	2021 Adopted	2021 Supplemental	2022 Proposed	Increase/Decrease 2022 Proposed vs 2021 Adopted
<b>Beginning Fund Balance</b>	912,674	970,680	1,105,953	1,105,953	1,144,510	
<b>Revenues</b>						
Taxes	-	-	-	-	-	
Licenses & Permits	-	-	-	-	-	
Intergovernmental Services	-	-	-	-	-	
Charges for Goods & Services	391,516	377,986	308,500	460,000	367,440	19.1%
Fines & Penalties	-	-	-	-	-	
Miscellaneous Revenue	15,145	4,595	1,814	800	1,814	0.0%
Other Increases	-	-	-	-	-	
Other Financing Sources (inc. Transfers In)	-	-	-	-	-	
<b>Total Revenue</b>	<u>406,661</u>	<u>382,581</u>	<u>310,314</u>	<u>460,800</u>	<u>369,254</u>	<b>19.0%</b>
<b>Expenditures</b>						
Salaries & Wages	-	-	-	-	-	
Personnel Benefits	-	-	-	-	-	
Supplies	-	-	-	-	-	
Services	-	-	-	-	-	
Capital Outlays	-	-	-	-	-	
Debt Service - Principal	-	-	-	-	-	
Debt Service - Interest	-	-	-	-	-	
Other Financing Uses (inc. Transfers Out)	348,655	247,309	567,424	422,243	770,000	35.7%
<b>Total Expenditure</b>	<u>348,655</u>	<u>247,309</u>	<u>567,424</u>	<u>422,243</u>	<u>770,000</u>	<b>35.7%</b>
<b>Net Change in Fund Balance</b>	<b>58,006</b>	<b>135,273</b>	<b>(257,110)</b>	<b>38,557</b>	<b>(400,746)</b>	<b>55.9%</b>
<b>Ending Fund Balance</b>	<b>970,680</b>	<b>1,105,953</b>	<b>848,843</b>	<b>1,144,510</b>	<b>743,764</b>	
<b>Sufficient to Meet Obligations</b>						<b>Meets Policy</b>

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

Water Sewer Op	2019 Actual	2020 Actual	2021 Adopted	2021 Supplemental	2022 Proposed	Increase/Decrease 2022 Proposed vs 2021 Adopted
<b>Beginning Fund Balance</b>	2,160,229	2,585,369	2,585,369	3,049,473	2,083,101	
<b>Revenues</b>						
Taxes	-	-	-	-	-	
Licenses & Permits	-	-	-	-	-	
Intergovernmental Services	-	931	-	-	-	
Charges for Goods & Services	6,708,661	6,494,639	6,832,674	6,835,798	7,036,335	3.0%
Fines & Penalties	-	-	-	-	-	
Miscellaneous Revenue	125,690	114,439	99,750	90,250	92,250	-7.5%
Other Increases	-	903	-	-	-	
Other Financing Sources (inc. Transfers In)	<u>1,143,775</u>	<u>1,177,755</u>	<u>1,249,801</u>	<u>1,284,801</u>	<u>2,667,554</u>	<u>113.4%</u>
<b>Total Revenue</b>	<b>7,978,126</b>	<b>7,788,668</b>	<b>8,182,225</b>	<b>8,210,849</b>	<b>9,796,139</b>	<b>19.7%</b>
<b>Expenditures</b>						
Salaries & Wages	1,508,635	1,523,578	1,538,774	1,564,293	1,593,640	3.6%
Personnel Benefits	750,142	740,230	782,529	771,321	746,326	-4.6%
Supplies	388,355	399,652	439,108	423,308	469,397	6.9%
Services	2,900,192	2,959,117	3,671,337	3,505,024	3,704,995	0.9%
Capital Outlays	276,717	129,759	100,700	700	156,700	55.6%
Debt Service - Principal	1,202,988	1,155,754	1,227,810	1,227,810	1,185,416	-3.5%
Debt Service - Interest	154,032	143,770	170,827	173,777	159,586	-6.6%
Other Financing Uses (inc. Transfers Out)	<u>371,925</u>	<u>272,704</u>	<u>370,488</u>	<u>1,510,988</u>	<u>1,037,948</u>	<u>180.2%</u>
<b>Total Expenditure</b>	<b>7,552,986</b>	<b>7,324,564</b>	<b>8,301,573</b>	<b>9,177,221</b>	<b>9,054,008</b>	<b>9.1%</b>
<b>Net Change in Fund Balance</b>	<b>425,139</b>	<b>464,104</b>	<b>(119,348)</b>	<b>(966,372)</b>	<b>742,131</b>	<b>-721.8%</b>
<b>Ending Fund Balance</b>	<b>2,585,369</b>	<b>3,049,473</b>	<b>2,466,021</b>	<b>2,083,101</b>	<b>2,825,232</b>	
<b>60 Days of Operating Expenses</b>	<b>125</b>	<b>152</b>	<b>108</b>	<b>83</b>	<b>114</b>	<b>Meets Policy</b>
<b>Water Sewer Fund - Expenditures by Department</b>						
Utility Billing	496,598	518,629	630,862	576,782	602,155	-4.6%
Water Distribution	2,343,271	2,223,368	2,351,757	2,247,834	2,504,710	6.5%
Water Quality / WTF	1,827,629	1,879,535	2,029,666	2,034,297	2,112,148	4.1%
Wastewater Treatment	1,443,972	1,481,480	1,710,385	1,500,190	2,301,326	34.6%
Wastewater Collection	969,440	769,048	1,036,197	855,427	1,000,981	-3.4%
Biosolids	472,077	452,504	542,706	547,190	532,688	-1.8%
Non-Departmental (inc. Transfers Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,415,500</u>	<u>-</u>	
<b>Total Expenditures</b>	<b>7,552,986</b>	<b>7,324,564</b>	<b>8,301,573</b>	<b>9,177,221</b>	<b>9,054,008</b>	<b>9.1%</b>

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

Water Sewer CIP	2019	2020	2021	2021	2022	Increase/Decrease
	Actual	Actual	Adopted	Supplemental	Proposed	2022 Proposed vs 2021 Adopted
<b>Beginning Fund Balance</b>	<b>2,315,963</b>	<b>2,855,710</b>	<b>2,855,710</b>	<b>3,101,984</b>	<b>3,280,089</b>	
<b>Revenues</b>						
Taxes	-	-	-	-	-	
Licenses & Permits	-	-	-	-	-	
Intergovernmental Services	400,230	-	-	50,000	90,000	
Charges for Goods & Services	1,240,858	1,355,769	1,461,329	1,461,329	1,461,329	0.0%
Fines & Penalties	-	-	-	-	-	
Miscellaneous Revenue	245,268	14,240	8,062	1,900	961,500	11826.3%
Other Increases	118,589	30,000	30,000	30,000	30,000	0.0%
Other Financing Sources (inc. Transfers In)	720,580	2,657,324	2,018,212	552,881	2,802,773	38.9%
<b>Total Revenue</b>	<b>2,725,526</b>	<b>4,057,333</b>	<b>3,517,603</b>	<b>2,096,110</b>	<b>5,345,602</b>	<b>52.0%</b>
<b>Expenditures</b>						
Salaries & Wages	-	-	-	-	-	
Personnel Benefits	-	-	-	-	-	
Supplies	-	-	-	-	-	
Services	107,081	182,365	82,882	82,882	72,309	-12.8%
Capital Outlays	679,286	515,626	1,926,424	521,243	3,798,525	97.2%
Debt Service - Principal	52,632	1,915,132	52,632	52,632	52,632	0.0%
Debt Service - Interest	58,706	51,218	1,447	1,447	1,316	-9.1%
Other Financing Uses (inc. Transfers Out)***	1,288,073	1,146,718	1,974,801	1,259,801	2,227,579	12.8%
<b>Total Expenditure</b>	<b>2,185,779</b>	<b>3,811,059</b>	<b>4,038,186</b>	<b>1,918,005</b>	<b>6,152,361</b>	<b>52.4%</b>
<b>Net Change in Fund Balance</b>	<b>539,747</b>	<b>246,274</b>	<b>(520,583)</b>	<b>178,105</b>	<b>(806,759)</b>	<b>55.0%</b>
<b>Ending Fund Balance</b>	<b>2,855,710</b>	<b>3,101,984</b>	<b>2,335,127</b>	<b>3,280,089</b>	<b>2,473,330</b>	
<b>Sufficient to Meet Obligations</b>						<b>Meets Policy</b>
<b>Water/Sewer CIP Fund Breakdown:</b>						
	<u>2019 Change in</u>	<u>2020 Change in</u>		<u>2021 Change in</u>	<u>2022 Change in</u>	<u>2022 Ending</u>
	<u>Fund Balance</u>	<u>Fund Balance</u>		<u>Fund Balance</u>	<u>Fund Balance</u>	<u>Fund Balance</u>
415 - Water / Sewer CIP	81,675	51,859		20,000	(24,895)	77,449
417 - 1956 Trans Line Fund	(30,965)	(57,969)		(44,923)	(267,114)	318,206
419 - 1978 Revenue Bond Fund	-	-		-	-	-
420 - 2020 Revenue Bond Fund	-	-		-	-	-
430 - Utility Debt Reserve Fund	446,746	252,384		203,028	(514,750)	2,077,674
<b>Total</b>	<b>497,456</b>	<b>246,274</b>		<b>178,105</b>	<b>(806,759)</b>	<b>2,473,329</b>

\*\*\* Operating Transfers include funding Water Capital Debt Service in the Water / Sewer Operating Fund

**City of Port Townsend  
STORMWATER OPERATIONS  
BUDGET SUMMARY**

<b>Stormwater</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2021</b>	<b>2022</b>	<b>Increase/Decrease</b>
	<b>Actual</b>	<b>Actual</b>	<b>Adopted</b>	<b>Supplemental</b>	<b>Proposed</b>	<b>2022 Proposed vs 2021 Adopted</b>
<b>Beginning Fund Balance</b>	<b>166,388</b>	<b>175,681</b>	<b>175,681</b>	<b>429,869</b>	<b>678,954</b>	
<b>Revenues</b>						
Taxes	-	-	-	-	-	
Licenses & Permits	-	-	-	-	-	
Intergovernmental Services	-	-	-	-	-	
Charges for Goods & Services	943,539	1,085,481	1,119,788	1,142,184	1,150,182	2.7%
Fines & Penalties	-	-	-	-	-	
Miscellaneous Revenue	2,874	1,181	724	300	300	-58.6%
Other Increases	-	-	-	-	-	
Other Financing Sources (inc. Transfers In)	-	-	-	-	-	
<b>Total Revenue</b>	<b>946,413</b>	<b>1,086,662</b>	<b>1,120,512</b>	<b>1,142,484</b>	<b>1,150,482</b>	<b>2.7%</b>
<b>Expenditures</b>						
Salaries & Wages	242,648	209,728	203,410	189,815	206,000	1.3%
Personnel Benefits	123,163	103,825	111,753	98,730	104,762	-6.3%
Supplies	39,738	39,076	44,188	39,188	39,468	-10.7%
Services	331,281	340,790	445,923	415,291	423,850	-4.9%
Capital Outlays	-	1,661	-	-	16,000	
Debt Service - Principal	34,593	46,399	47,792	47,791	49,225	3.0%
Debt Service - Interest	46,768	34,962	33,571	33,570	32,137	-4.3%
Other Financing Uses (inc. Transfers Out)	118,928	56,033	275,864	69,014	329,035	19.3%
<b>Total Expenditure</b>	<b>937,120</b>	<b>832,475</b>	<b>1,162,501</b>	<b>893,399</b>	<b>1,200,477</b>	<b>3.3%</b>
<b>Net Change in Fund Balance</b>	<b>9,293</b>	<b>254,188</b>	<b>(41,989)</b>	<b>249,085</b>	<b>(49,995)</b>	<b>19.1%</b>
<b>Ending Fund Balance</b>	<b>175,681</b>	<b>429,869</b>	<b>133,692</b>	<b>678,954</b>	<b>628,959</b>	
<b>60 Days of Operating Expenses</b>	<b>68</b>	<b>188</b>	<b>42</b>	<b>277</b>	<b>191</b>	<b>Meets Policy</b>

**City of Port Townsend  
STORMWATER CAPITAL  
BUDGET SUMMARY**

Stormwater CIP	2019	2020	2021	2021	2022	Increase/Decrease
	Actual	Actual	Adopted	Supplemental	Proposed	2022 Proposed vs 2021 Adopted
<b>Beginning Fund Balance</b>	1,776	(10,580)	(10,580)	(188,183)	4,320	
<b>Revenues</b>						
Taxes	-	-	-	-	-	
Licenses & Permits	-	-	-	-	-	
Intergovernmental Services	-	69,785	230,215	230,215	-	-100.0%
Charges for Goods & Services	-	-	-	-	-	
Fines & Penalties	-	-	-	-	-	
Miscellaneous Revenue	429	-	480,000	480,000	-	-100.0%
Other Increases	-	-	-	-	-	
Other Financing Sources (inc. Transfers In)	374,199	483,120	781,656	591,656	312,185	-60.1%
<b>Total Revenue</b>	<b>374,628</b>	<b>552,905</b>	<b>1,491,871</b>	<b>1,301,871</b>	<b>312,185</b>	<b>-79.1%</b>
<b>Expenditures</b>						
Salaries & Wages	-	-	-	-	-	
Personnel Benefits	-	-	-	-	-	
Supplies	-	-	-	-	-	
Services	-	-	9,014	9,014	22,185	146.1%
Capital Outlays	276,157	449,010	1,290,354	1,065,354	290,000	-77.5%
Debt Service - Principal	108,000	270,000	-	-	-	
Debt Service - Interest	2,826	11,499	-	-	-	
Other Financing Uses (inc. Transfers Out)	-	-	-	35,000	-	
<b>Total Expenditure</b>	<b>386,983</b>	<b>730,509</b>	<b>1,299,368</b>	<b>1,109,368</b>	<b>312,185</b>	<b>-76.0%</b>
<b>Net Change in Fund Balance</b>	<b>(12,355)</b>	<b>(177,603)</b>	<b>192,503</b>	<b>192,503</b>	<b>-</b>	<b>-100.0%</b>
<b>Ending Fund Balance</b>	<b>(10,580)</b>	<b>(188,183)</b>	<b>181,923</b>	<b>4,320</b>	<b>4,320</b>	
<b>Sufficient to Meet Obligations</b>						<b>Meets Policy</b>

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

PW Admin Service Fund)	(Internal	2019	2020	2021	2021	2022	Increase/Decrease
		Actual	Actual	Adopted	Supplemental	Proposed	2022 Proposed vs 2021 Adopted
<b>Beginning Fund Balance</b>		28,847	48,101	48,101	53,403	69,695	
<b>Revenues</b>							
Taxes		-	-	-	-	-	
Licenses & Permits		-	-	-	-	-	
Intergovernmental Services		-	-	-	-	-	
Charges for Goods & Services		526,602	477,425	509,669	509,669	540,445	6.0%
Fines & Penalties		-	-	-	-	-	
Miscellaneous Revenue		1,344	822	121	60	60	-50.4%
Other Increases		-	-	-	-	-	
Other Financing Sources (inc. Transfers In)		-	-	-	-	-	
<b>Total Revenue</b>		<b>527,946</b>	<b>478,247</b>	<b>509,790</b>	<b>509,729</b>	<b>540,505</b>	<b>6.0%</b>
<b>Expenditures</b>							
Salaries & Wages		306,614	269,179	304,487	305,500	309,998	1.8%
Personnel Benefits		114,108	108,620	127,568	117,425	116,678	-8.5%
Supplies		2,230	3,324	2,893	2,893	4,413	52.5%
Services		85,740	90,161	74,219	67,619	108,857	46.7%
Capital Outlays		-	1,661	500	-	500	0.0%
Debt Service - Principal		-	-	-	-	-	
Debt Service - Interest		-	-	-	-	-	
Other Financing Uses (inc. Transfers Out)		-	-	-	-	-	
<b>Total Expenditure</b>		<b>508,692</b>	<b>472,945</b>	<b>509,667</b>	<b>493,437</b>	<b>540,446</b>	<b>6.0%</b>
<b>Net Change in Fund Balance</b>		<b>19,254</b>	<b>5,303</b>	<b>123</b>	<b>16,292</b>	<b>59</b>	<b>-52.0%</b>
<b>Ending Fund Balance</b>		<b>48,101</b>	<b>53,403</b>	<b>48,224</b>	<b>69,695</b>	<b>69,754</b>	
<b>Sufficient to Meet Obligations</b>							<b>Meets Policy</b>

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

<b>Engineering Internal Service Fund</b>	<b>2019 Actual</b>	<b>2020 Actual</b>	<b>2021 Adopted</b>	<b>2021 Supplemental</b>	<b>2022 Proposed</b>	<b>Increase/Decrease 2022 Proposed vs 2021 Adopted</b>
<b>Beginning Fund Balance</b>	<b>159,548</b>	<b>55,593</b>	<b>55,593</b>	<b>131,823</b>	<b>207,363</b>	
<b>Revenues</b>						
Taxes 31	-	-	-	-	-	
Licenses & Permits 32	-	-	-	-	-	
Intergovernmental Services 33	-	-	-	-	-	
Charges for Goods & Services 34	778,244	808,438	1,102,493	901,493	1,259,867	14.3%
Fines & Penalties 35	-	-	-	-	-	
Miscellaneous Revenue 36	2,299	776	192	100	100	-47.9%
Other Increases 38	-	-	-	-	-	
Other Financing Sources (inc. Transfers In) 39	-	-	-	-	-	
<b>Total Revenue</b>	<b>780,543</b>	<b>809,214</b>	<b>1,102,685</b>	<b>901,593</b>	<b>1,259,967</b>	<b>14.3%</b>
<b>Expenditures</b>						
Salaries & Wages 1	492,174	402,244	468,849	457,000	546,729	16.6%
Personnel Benefits 2	218,787	175,089	201,432	196,229	229,746	14.1%
Supplies 3	7,926	5,912	6,928	6,928	8,315	20.0%
Services 4	156,484	149,739	174,696	164,396	180,338	3.2%
Capital Outlays 6	9,127	-	1,500	1,500	12,500	733.3%
Debt Service - Principal 7	-	-	-	-	-	
Debt Service - Interest 8	-	-	-	-	-	
Other Financing Uses (inc. Transfers Out) 0	-	-	-	-	-	
<b>Total Expenditure</b>	<b>884,498</b>	<b>732,983</b>	<b>853,405</b>	<b>826,053</b>	<b>977,628</b>	<b>14.6%</b>
<b>Net Change in Fund Balance</b>	<b>(103,956)</b>	<b>76,231</b>	<b>249,280</b>	<b>75,540</b>	<b>282,339</b>	<b>13.3%</b>
<b>Ending Fund Balance</b>	<b>55,593</b>	<b>131,823</b>	<b>304,873</b>	<b>207,363</b>	<b>489,702</b>	
<b>Sufficient to Meet Obligations</b>						<b>Meets Policy</b>

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

Unemployment Service Fund	Internal	2019 Actual	2020 Actual	2021 Adopted	2021 Supplemental	2022 Proposed	Increase/Decrease 2022 Proposed vs 2021 Adopted
<b>Beginning Fund Balance</b>		25,077	25,474	25,474	25,590	25,615	
<b>Revenues</b>							
	Taxes 31	-	-	-	-	-	
	Licenses & Permits 32	-	-	-	-	-	
	Intergovernmental Services 33	-	-	-	-	-	
	Charges for Goods & Services 34	-	-	-	-	-	
	Fines & Penalties 35	-	-	-	-	-	
	Miscellaneous Revenue 36	397	116	65	25	-	-100.0%
	Other Increases 38	-	-	-	-	-	
	Other Financing Sources (inc. Transfers In) 39	668	72,492	103,540	34,000	-	-100.0%
<b>Total Revenue</b>		<b>1,065</b>	<b>72,609</b>	<b>103,605</b>	<b>34,025</b>	-	<b>-100.0%</b>
<b>Expenditures</b>							
	Salaries & Wages 1	-	-	-	-	-	
	Personnel Benefits 2	668	72,492	103,540	34,000	-	-100.0%
	Supplies 3	-	-	-	-	-	
	Services 4	-	-	-	-	-	
	Capital Outlays 6	-	-	-	-	-	
	Debt Service - Principal 7	-	-	-	-	-	
	Debt Service - Interest 8	-	-	-	-	-	
	Other Financing Uses (inc. Transfers Out) 0	-	-	-	-	-	
<b>Total Expenditure</b>		<b>668</b>	<b>72,492</b>	<b>103,540</b>	<b>34,000</b>	-	<b>-100.0%</b>
<b>Net Change in Fund Balance</b>		<b>397</b>	<b>116</b>	<b>65</b>	<b>25</b>	-	<b>-100.0%</b>
<b>Ending Fund Balance</b>		<b>25,474</b>	<b>25,590</b>	<b>25,539</b>	<b>25,615</b>	<b>25,615</b>	
<b>Sufficient to Meet Obligations</b>							<b>Meets Policy</b>

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

<b>LEOFF 1 Fiduciary Fund</b>		<b>2019 Actual</b>	<b>2020 Actual</b>	<b>2021 Adopted</b>	<b>2021 Supplemental</b>	<b>2022 Proposed</b>	<b>Increase/Decrease 2022 Proposed vs 2021 Adopted</b>
<b>Beginning Fund Balance</b>		246,381	258,871	258,871	277,705	296,800	
<b>Revenues</b>							
Taxes	31	-	-	-	-	-	
Licenses & Permits	32	-	-	-	-	-	
Intergovernmental Services	33	-	-	-	-	-	
Charges for Goods & Services	34	-	-	-	-	-	
Fines & Penalties	35	-	-	-	-	-	
Miscellaneous Revenue	36	4,064	1,211	670	200	-	-100.0%
Other Increases	38	-	-	-	-	-	
Other Financing Sources (inc. Transfers In)	39	<u>34,235</u>	<u>34,235</u>	<u>34,235</u>	<u>34,235</u>	<u>34,235</u>	<u>0.0%</u>
<b>Total Revenue</b>		<b>38,299</b>	<b>35,446</b>	<b>34,905</b>	<b>34,435</b>	<b>34,235</b>	<b>-1.9%</b>
<b>Expenditures</b>							
Salaries & Wages	1	3,648	2,062	2,803	1,500	202	-92.8%
Personnel Benefits	2	20,309	13,326	25,000	12,500	25,000	0.0%
Supplies	3	-	-	-	-	-	
Services	4	1,852	1,224	1,340	1,340	1,360	1.5%
Capital Outlays	6	-	-	-	-	-	
Debt Service - Principal	7	-	-	-	-	-	
Debt Service - Interest	8	-	-	-	-	-	
Other Financing Uses (inc. Transfers Out)	0	-	-	-	-	-	
<b>Total Expenditure</b>		<b>25,809</b>	<b>16,612</b>	<b>29,143</b>	<b>15,340</b>	<b>26,562</b>	<b>-8.9%</b>
<b>Net Change in Fund Balance</b>		<b>12,490</b>	<b>18,834</b>	<b>5,762</b>	<b>19,095</b>	<b>7,673</b>	<b>33.2%</b>
<b>Ending Fund Balance</b>		<b>258,871</b>	<b>277,705</b>	<b>264,633</b>	<b>296,800</b>	<b>304,473</b>	
<b>Sufficient to Meet Obligations</b>							<b>Meets Policy</b>

## **CITY OF PORT TOWNSEND, WASHINGTON 2022 CAPITAL PLAN**

The City develops a six-year Capital Improvement Plan (CIP) at least once every 2 years consistent with the requirements of the Growth Management Act. The last six-year Capital Improvement Plan was adopted in 2020 for the years 2021 – 2026. The six-year Capital Improvement Plan will be updated in 2022 for the years 2023-2028. This plan includes capital projects that add new infrastructure to the City and those that replace and improve aging City infrastructure. The most significant capital projects planned in 2022 or those already underway are described below with project budget summaries to follow:

### **Transportation Projects**

The City is currently developing a Comprehensive Streets Program to prioritize and develop strategies to address the back-log of street maintenance needs. This will continue an aggressive grant program to help fund transportation improvements. The following two improvement projects are currently underway.

- Discovery Road Bikeway, Roadway and Sidewalk Project includes the planning, design and construction of a sidewalk on both sides of the street, a bicycle pathway on the south side of Discovery Road from Rainier Street to McClellan Street, along with stormwater improvements and reconstruction of the existing failed pavement. The project is funded by a Federal Surface Transportation Program (STP) grant, a State grant through WSDOT's Pedestrian & Bicycle Safety Program, Federal Surface Transportation Block Grant funds, a State of Washington Transportation Improvement Board grant, and City matching funds. The City went through a public stakeholder process for establishing the project design features in 2021. Construction is planned in 2022.
- The City secured STBG funds in 2021 to support the WSDOT Kearny Street Roundabout Project. These funds are intended to make improvements to City streets that abut the WSDOT project and enhance pedestrian and bicycle safety with additional project features.

### **Banked Capacity Projects**

The City Council approved increasing the property tax levy rate to fund approximately \$600,000 of parks and streets capital needs. Based on fiscal sustainability principles, the backlog of maintenance challenges, and the goal of making improvements that met a number of key criteria outlined below, the following projects were prioritized. These projects will be initiated in 2022 and completed by 2023 in anticipation of the possibility of continuing to levy additional funding for the backlog of capital needs in streets and parks.

PRIORITY	• Non-Motorized Transportation Plan		1
	• Street Preservation Plan		
	• Six Year TIP		
SCALE	• Total Cost < \$200K		1
SUSTAINABILITY	• Reduces Long Term Infrastructure Maintenance Costs		1
	• Reduces the Dependence on the Automobile		1
MATCH	• Leverages Match Funds in Hand		1
	• Gap Project - Completes or Extends a Previous Project		
EQUITY	• DASH Committee Priority Project List		1
	• Low Income / Subsidized Housing / Services		1
CREATIVITY	Key Connections	• School Route	1
		• i.e. Business Park, Post Office	
	Combined Solutions	•Traffic Calming	1
		• Shared-Use Street	
•Advisory Bike Lanes			
REACH	Will Attract High Levels of Use	• Arterial/Collector Street	1
		• Loop Trail	
DELIVERY	• On Time - Low Complexity and Permitting Requirements		1
	• Less than 2 years to complete and begin in 1 year		

*Banked Capacity Criteria Scoring for Transportation*

Project Type	Name	Project Cost
Street restoration/Non-motorized	Pacific Ave.	\$ 66,581
Non-motorized	Spruce Trail	\$ 21,300
Non-motorized	Lawrence & MTN View ADA Curb Ramps	\$ 60,000
Non-motorized	Sidewalks (9th St between McPherson & Hancock)	\$ 227,500
Parks	Chetzemoka Kitchen Shelter (\$50,000 Match)	\$ 100,000
Parks	Bishop Swingset (Hancock St. & Parkside Dr.)	\$ 30,000
Parks	Parks kiosks, Intepretive, and Trail Signage (Citywide)	\$ 61,000
	<b>Subtotal</b>	<b>\$ 566,381</b>
	<b>Contingency</b>	<b>\$ 38,619</b>
	<b>TOTAL</b>	<b>\$ 605,000</b>

*2022 Banked Capacity Projects*

## **Wastewater Project**

Several projects are planned in 2022 to improve the City's wastewater system. These projects include

- General Sewer Plan update and Nutrient Study. These two projects address the future of the wastewater system in order to prioritize investment in the system. This includes analyzing what upgrades are needed at the Wastewater Treatment Plant to address the forthcoming required reduction of nutrient discharges.
- The City will be rehabilitating the Gaines Street Lift Station in 2022. The project ensures that this critical sewer pump station is functional for the next 20 years by rehabilitating the wet well and associated pipes.
- The City is working through the permitting phase of replacing the Wastewater Treatment Plant outfall. Construction is anticipated in 2023 or 2024.

## **Water Projects**

The City will be working on the following water system improvements in 2022.

- Installation water meters on the Olympic Gravity Water System to support the new Mill agreement.
- The east dam of Lords Lake will be upgraded to address seismic stability concerns. In 2022, an engineering study of the dam will assess the scope of the work necessary.
- The golf course well is a conservation project to support irrigation of the golf course. This project was designed in 2021 and will be completed in 2022.
- Ahead of the SR 20/Mill Road Roundabout Project, the City will install carrier pipes across SR20 to allow for extension of water and sewer lines across the highway.
- The 1 million gallon steel reservoir (standpipe) is in need of repainting. Design will occur in 2022 with construction in 2023.

## **Facilities Projects**

The Port Townsend Library annex needs window replacement and rehabilitation of the restrooms. These projects are anticipated to be completed in 2022.

## **Affordable Housing Project**

While this project is not technically capital for the City, an affordable housing support project is underway utilizing State grant funds. These grant funds will allow the City to purchase property to be used for affordable and workforce housing as well as to expand the City's utilities to ensure adequate service to support housing development.

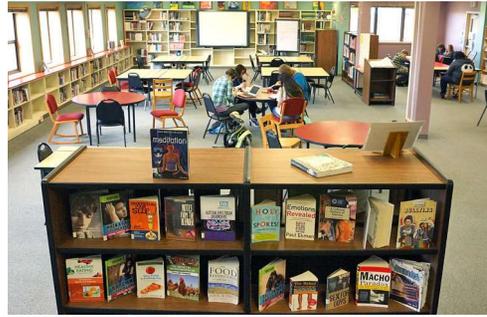
## **Economic Development Projects**

The City partnered with the Port of Port Townsend and the Jefferson County PUD to secure Jefferson County Public Infrastructure Funds for a project that achieves multiple objectives, primarily for safety and economic development. Approximately \$1.6 million of Port, PUD, and grant funds will expand the Boat Haven Boat Yard and underground the transmission power lines. This project will impact the Flats District and poplar trees along Sims Way. The City is contributing \$100,000 along with grant funds to replace the poplars and support the installation of a path along SR 20.

## **2021 Completed Projects**

The Rainier Corridor Regional Stormwater project was constructed and completed in 2021. The project was augmented by \$480,000 of funding from a housing developer which enabled an increase in the stormwater pond size. The project was funded by the Washington State Community Economic Revitalization Board (CERB) as well as the Jefferson County Public Infrastructure Funding Board.

# Library Windows Estimate



## Project Description

The 1989 addition to the Port Townsend Library has windows with frames that are beginning to rot due to moisture intrusion and window failure. This project replaces the windows for this portion of the library. The source of funds for this project are bond revenues as well as ARPA funds.

Revenue	Project Budget	Prior Year Revenues	2022 Budget General Government	2023 Budget	Total Revenues	Actuals To Date
Bond Fund Transfer In	\$ 62,209		62,209		62,209	
REET or ARPA	\$ 7,791		7,791		-	7,791
					-	
					-	
<b>Total Revenue</b>	<b>\$ 70,000</b>	-	70,000	-	<b>62,209</b>	7,791

Expense		Prior Year Expenditures	2022 Budget General Government	2023 Budget	Total Expenditures	Actuals to Date
<b>Design Engineering / Permitting</b>						-
Subtotal	\$ -					
<b>Construction</b>	<b>\$ 67,500</b>					
			67,500		67,500	
<b>Project Management</b>						
Design						
Admin	\$ 2,500		2,500		2,500	
Inspection						
Subtotal	\$ 2,500					
<b>Project Contingency</b>						
	\$ -					
<b>Total Expense</b>	<b>\$ 70,000</b>	-	70,000	-	<b>70,000</b>	-
<b>Excess (Deficit)</b>	\$ -					

## Library Restrooms Estimate



### Project Description

The library restrooms in the 1989 addition to the Library are in need of rehabilitating. The project includes: demolishing and replacing all fixtures, toilet partitions, all toilet accessories and finishes. Also included is: painting, tile removal, and rot repair in Men's and Women's restrooms. The source of funds for this project are bond revenue as well as ARPA funds.

Revenue		Project Budget	Prior Year Revenues	2022 Budget General Government	2023 Budget	Total Revenues	Actuals To Date
General Government		\$ 33,000		33,000		33,000	
						-	
<b>Total Revenue</b>		<b>\$ 33,000</b>	-	33,000	-	<b>33,000</b>	-
Expense			Prior Year Expenditures	2022 Budget General Government	2023 Budget	Total Expenditures	Actuals to Date
<b>Design Engineering / Permitting</b>							-
Subtotal		\$ -					
<b>Construction</b>		<b>\$ 30,500</b>		30,500		30,500	
<b>Project Management</b>							
Design							
Admin		\$ 2,500		2,500		2,500	
Inspection							
Subtotal		\$ 2,500					-
<b>Project Contingency</b>							
		\$ -					
<b>Total Expense</b>		<b>\$ 33,000</b>	-	33,000	-	<b>33,000</b>	-
<b>Excess (Deficit)</b>		\$ -					

# Chetzemoka Kitchen Shelter Estimate



## Project Description

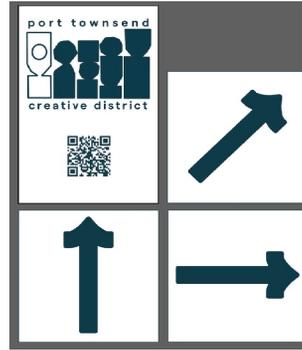
The Chetzemoka Kitchen Shelter is currently closed due to failing structural elements. The roof was rebuilt in recent years; however, the remaining elements of this historic structure need to be rehabilitated. This project uses a combination of banked capacity and a donation for Chetzemoka Park as revenue to fund the project.

Revenue	Project Budget	2022 Actual Revenues	2022 Budget	2023 Budget	Total Revenues	Actuals To Date
General Government Transfer In	\$ 50,000		7,500	42,500	50,000	-
Donations	\$ 50,000			50,000	50,000	-
					-	
<b>Total Revenue</b>	<b>\$ 100,000</b>	-	7,500	92,500	<b>100,000</b>	-

Expense		2022 Expenditures	2022 Budget Street	2023 Budget	Total Expenditures	Actuals to Date
<b>Design Engineering / Permitting</b>					-	-
					-	
Subtotal	\$ -				-	
<b>Construction</b>	<b>\$ 92,500</b>			92,500	92,500	
<b>Project Management</b>					-	
Design					-	
Admin	\$ 7,500		7,500		7,500	
Inspection					-	
<b>Subtotal</b>	<b>\$ 7,500</b>				-	-
<b>Project Contingency</b>					-	
	\$ -				-	
<b>Total Expense</b>	<b>\$ 100,000</b>	-	7,500	92,500	<b>100,000</b>	-
<b>Excess (Deficit)</b>	<b>\$ -</b>					

# Parks Kiosks and Signs



## Project Description

The Port Townsend 31 mile trail system does not generally have location identification signs. Additionally, all City parks, with the exception of Chetzemoka, do not have kiosks for information and map display. This project will install kiosks at all the parks and key trailhead as well as trail wayfinding signs. This project is made possible with banked capacity funding.

Revenue		Project Budget	2022 Actual Revenues	2022 Budget General Government	Total Revenues	Actuals To Date
General Government Transfer In	\$	61,000		61,000	61,000	-
					-	-
					-	-
					-	-
<b>Total Revenue</b>	<b>\$</b>	<b>61,000</b>	-	61,000	<b>61,000</b>	-
Expense			2022 Expenditures	2022 Budget General Government	Total Expenditures	Actuals to Date
<b>Design Engineering / Permitting</b>						-
Subtotal	\$	-				
<b>Construction</b>	<b>\$</b>	<b>58,000</b>		58,000	58,000	
<b>Project Management</b>						
Design						
Admin	\$	3,000		3,000	3,000	
Inspection						
Subtotal	\$	3,000				-
<b>Project Contingency</b>						
	\$	-				
<b>Total Expense</b>	<b>\$</b>	<b>61,000</b>	-	61,000	<b>61,000</b>	-
<b>Excess (Deficit)</b>	<b>\$</b>	<b>-</b>				

# Bishop Playground Estimate



## Project Description

Bishop Play Park is a relatively new park serving the neighborhood where many youth live. This project provides a new swing set for Bishop Play Park. Banked capacity funds make this project possible.

Revenue		Project Budget	2022 Actual Revenues	2022 Budget General Government	Total Revenues	Actuals To Date
General Government Transfer In		\$ 30,000		30,000	30,000	-
					-	-
					-	
<b>Total Revenue</b>		<b>\$ 30,000</b>	-	30,000	30,000	-
Expense			2022 Expenditures	2022 Budget General Government	Total Expenditures	Actuals to Date
<b>Design Engineering / Permitting</b>						-
Subtotal		\$ -				
<b>Construction</b>		<b>\$ 28,500</b>		28,500	28,500	
<b>Project Management</b>						
Design						
Admin		\$ 1,500		1,500	1,500	
Inspection						
Subtotal		\$ 1,500				-
<b>Project Contingency</b>						
		\$ -				
<b>Total Expense</b>		<b>\$ 30,000</b>	-	30,000	<b>30,000</b>	-
<b>Excess (Deficit)</b>		\$ -				

Pacific Spruce Estimate



**Project Description**

Pacific Street is currently a gravel street. The street also is part of the Valley Trail leading from Kah Tai to Fort Worden. This project includes the construction of a 16' wide asphalt shared-use street on Pacific Avenue between Tremont Street and Cedar Street. This will connect to and pave the Spruce Street trail easement between Cedar Street and Center Street. Banked capacity funds make this project possible.

Revenue		Project Budget	2022 Actual Revenues	2022 Budget Street	2022 Budget Water	2022 Budget Sewer	2022 Budget Storm	2023 Budget	Total Revenues	Actuals To Date
Street Transfer In General Fund	\$	87,881		15,000				72,881	87,881	-
Water	\$	75,000			75,000				75,000	-
Sewer	\$	60,000				60,000			60,000	
Stormwater	\$	25,000					25,000		25,000	
<b>Total Revenue</b>	<b>\$</b>	<b>247,881</b>	-	15,000	75,000	60,000	25,000	72,881	<b>247,881</b>	-
Expense			2022 Actual Expenditures	2022 Budget Street	2022 Budget Water	2022 Budget Sewer	2022 Budget Storm	2023 Budget	Total Expenditures	Actuals to Date
<b>Design Engineering / Permitting</b>										-
Subtotal	\$	-								
<b>Construction</b>	<b>\$</b>	<b>200,881</b>			60,000	49,000	19,000	72,881	200,881	
<b>Project Management</b>										
Design	\$	37,500		10,000	12,500	10,000	5,000		37,500	
Admin	\$	9,500		5,000	2,500	1,000	1,000		9,500	
Inspection									-	
Subtotal	\$	47,000							-	-
<b>Project Contingency</b>	<b>\$</b>	<b>-</b>							-	
<b>Total Expense</b>	<b>\$</b>	<b>247,881</b>	-	15,000	75,000	60,000	25,000	72,881	<b>247,881</b>	-
<b>Excess (Deficit)</b>	<b>\$</b>	<b>-</b>								

# 9<sup>th</sup> St Sidewalk Estimate



## Project Description

This project constructs a 6' wide sidewalk on 9th Street between McPherson Street and the recently finished Complete Streets sidewalk which ends at Hancock Street and connects to Sheridan Street. This project will connect the business park to Sheridan serving pedestrians in the neighborhood with a continuous sidewalk. Banked Capacity funding makes this project possible.

Revenue		Project Budget	2022 Actual Revenues	2022 Budget Street	2023 Budget	Total Revenues	Actuals To Date
Street Transfer In General Fund	\$	227,500		35,000	192,500	227,500	-
						-	-
						-	
<b>Total Revenue</b>	<b>\$</b>	<b>227,500</b>	-	35,000	192,500	<b>227,500</b>	-
Expense			2022 Actual Expenditures	2022 Budget Street	2023 Budget	Total Expenditures	Actuals to Date
<b>Design Engineering / Permitting</b>							
Subtotal	\$	-					
<b>Construction</b>	<b>\$</b>	<b>182,500</b>			182,500	182,500	
<b>Project Management</b>							
Design	\$	35,000		30,000	5,000	35,000	
Admin	\$	10,000		5,000	5,000	10,000	
Inspection							
Subtotal	\$	45,000					
<b>Project Contingency</b>	<b>\$</b>	<b>-</b>					
<b>Total Expense</b>	<b>\$</b>	<b>227,500</b>	-	35,000	192,500	<b>227,500</b>	-
<b>Excess (Deficit)</b>	<b>\$</b>	<b>-</b>					

ADA Lawrence St Estimate



**Project Description**

The Lawrence ADA project provides for improved accessibility to the existing sidewalk network. This project is a high priority for DASH and the City given the intensity of pedestrian activity in the center of Uptown and proximity to Farmers Market. This project is made possible with revenues from banked capacity.

Revenue		Project Budget	2022 Actual Revenues	2022 Budget Street	2022 Budget Storm	2023 Budget	Total Revenues	Actuals To Date
Street Transfer In General Fund		\$ 60,000		60,000			60,000	
Storm		\$ 15,000			15,000		15,000	
<b>Total Revenue</b>		<b>\$ 75,000</b>	-	<b>60,000</b>	<b>15,000</b>	-	<b>75,000</b>	-
Expense			2022 Actual Expenditures	2022 Budget Street	2022 Budget Storm	2023 Budget	Total Expenditures	Actuals to Date
<b>Design Engineering / Permitting</b>								
Subtotal		\$ -						
<b>Construction</b>		<b>\$ 50,000</b>						
				38,000	12,000		50,000	
<b>Project Management</b>								
Design		\$ 17,500		15,000	2,500		17,500	
Admin		\$ 2,500		2,000	500		2,500	
Inspection		\$ 5,000		5,000			5,000	
Subtotal		\$ 25,000						
<b>Project Contingency</b>								
		\$ -						
<b>Total Expense</b>		<b>\$ 75,000</b>	-	<b>60,000</b>	<b>15,000</b>	-	<b>75,000</b>	-
<b>Excess (Deficit)</b>		\$ -						

# Kearney St Estimate

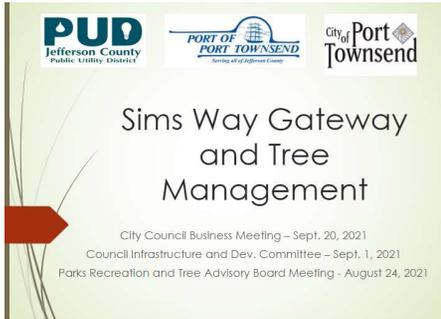


## Project Description

WSDOT is replacing signals at Mill Road/SR20 and Kearney/SR20 with compact roundabouts at each location. The City secured Federal Surface Transportation Block Grant funds through a competitive process administered by Jefferson County. The funds will be used to enhance the WSDOT project with improved pedestrian and bike facilities as well as work on the roundabout approaches. The project was approved by the City Council on August 16, 2021.

Revenue		Project Budget	2022 Actual Revenues	2022 Budget Street	2023 Budget	Total Revenues	Actuals To Date
STBG Funds		\$ 433,548		108,125	325,240	433,365	-
REET		\$ 67,664		16,875	50,760	67,635	-
						-	
<b>Total Revenue</b>		<b>\$ 501,212</b>	-	125,000	376,000	<b>501,000</b>	-
Expense			2022 Actual Expenditures	2022 Budget Street	2023 Budget	Total Expenditures	Actuals to Date
<b>Design Engineering / Permitting</b>		<b>\$ 100,000</b>					
Consultant (Funds Transfer to WSDOT)				100,000		100,000	-
Subtotal		\$ -				-	
<b>Construction</b>		<b>\$ 376,000</b>					
					376,000	376,000	
<b>Project Management</b>							
Design							
Admin		\$ 25,000		25,000		25,000	
Inspection							
Subtotal		\$ 25,000					-
<b>Project Contingency</b>		<b>\$ 212</b>					
		\$ -			212	212	
<b>Total Expense</b>		<b>\$ 501,212</b>	-	125,000	376,212	<b>501,212</b>	-
<b>Excess (Deficit)</b>		\$ -					

# Poplar Tree Replacement



## Project Description

The PUD, Port of Port Townsend, and the City are partnering to address safety issues associated with the poplar trees along Sims Way. Safety concerns are primarily related to the trees' proximity to overhead powerlines. This project also is an economic development project providing for the expansion of Boat Haven Boat Yard and preventing retraction of the boat yard due to safety risks around powerline and sailboat mast interference. The City's part of the project is to replace the poplar trees with a more appropriate tree type. Additionally, this project will address the long term need to remove poplars on the Kah Tai side of Sims Way due to impacts on the natural area. The cost to replace the Kah Tai trees is \$200,000 and the the replacement of the trees on the boat haven side is \$170,000. The City intends on using in-kind match for a portion of the project.

Revenue	Project Budget	2022 Actual Revenues	2022 Budget Street	2023 Budget	Total Revenues	Actuals To Date
General Funds Transfer In	\$ 100,000		100,000		100,000	-
Parks & Street Op Funds - In-kind	\$ 85,000			85,000	85,000	-
PIF	\$ 185,000			185,000	185,000	
<b>Total Revenue</b>	<b>\$ 370,000</b>	-	100,000	270,000	<b>370,000</b>	-

Expense		2022 Actual Expenditures	2022 Budget Street	2023 Budget	Total Expenditures	Actuals to Date
<b>Design Engineering / Permitting</b>	<b>\$ 100,000</b>					
Consultant			100,000		100,000	-
					-	
					-	
Subtotal	\$ -					
<b>Construction</b>	<b>\$ 265,000</b>					
				265,000	265,000	
<b>Project Management</b>	<b>\$ 5,000</b>					
Design						
Admin				5,000	5,000	
Inspection						
Subtotal	\$ -					-
<b>Project Contingency</b>	<b>\$ -</b>					
<b>Total Expense</b>	<b>\$ 370,000</b>	-	100,000	270,000	<b>370,000</b>	-
<b>Excess (Deficit)</b>	<b>\$ -</b>					



# Discovery Road

Improving Pedestrian and Bicycle Mobility

City of Port Townsend  
May 19, 2021



**Project Description**

The Discovery Road Project includes constructing a bicycle way, sidewalks, and curb ramps between the roundabout at Rainier Street and McClellan Street near Salish Coast Elementary School. The project will completely rebuild the failing pavement as well. The City received several grants to fund this large project. Discovery Road is an important arterial street connecting SR20 to Fort Worden. The City and stakeholders evaluated options for this project in the spring of 2021. City Council approved the concept design on May 17, 2021. Construction is anticipated in summer 2022.

Revenue		Project Budget	Prior Year Revenues	1025 - \$4,565,500		6033 - \$180,000		7033 - \$180,000		8017 - \$250,000		Total Revenues	Actuals To Date
				2022 Actual Revenues	2022 Budget Street	2022 Actual Revenues	2022 Budget Water	2022 Actual Revenues	2022 Budget Sewer	2022 Actual Revenues	2022 Budget Storm		
TIB - UAP	\$	2,629,618	78,485		2,551,133							2,629,618	
WSDOT	\$	1,442,082	-		1,442,082							1,442,082	
STP	\$	621,515	461,937		159,578							621,515	
Local - Street Funds	\$	270,000	270,000									270,000	
Water SDC	\$	180,000	-			180,000						180,000	
Sewer SDC	\$	180,000	-					180,000				180,000	
Storm Transfer In	\$	250,000	-							250,000		250,000	
												-	
<b>Total Revenue</b>	<b>\$</b>	<b>5,573,215</b>	810,422	-	4,152,793	-	180,000	-	180,000	-	250,000	<b>5,573,215</b>	-
Expense		Project Budget	Prior Year Expenditures	1025 - \$4,565,500		6033 - \$180,000		7033 - \$180,000		8017 - \$250,000		Total Expenditures	Actuals to Date
				2022 Actual Expenditures	2022 Budget Street	2022 Actual Expenditures	2022 Budget Water	2022 Actual Expenditures	2022 Budget Sewer	2022 Actual Expenditures	2022 Budget Storm		
<b>Design Engineering / Permitting</b>		<b>\$ 620,500</b>											
SCJ	\$	621,209	621,209									621,209	
Misc			1,286									1,286	
												-	
Subtotal	\$	621,209										-	
<b>Construction</b>		<b>\$ 4,252,715</b>											
Consultant Engineering					3,542,714		150,000		160,000		180,000	3,932,715	
					270,000						50,000	320,000	
<b>Project Management</b>		<b>\$ 480,000</b>	-										
Design													
Admin			283,133		126,867		20,000		10,000		20,000	410,000	
Inspection							10,000		10,000			70,000	
Subtotal												-	
<b>Project Contingency</b>	<b>\$</b>	<b>220,000</b>			218,005							218,005	
	<b>\$</b>	<b>-</b>										-	
<b>Total Expense</b>	<b>\$</b>	<b>5,573,215</b>	<b>905,629</b>	-	<b>4,157,586</b>	-	<b>180,000</b>	-	<b>180,000</b>	-	<b>250,000</b>	<b>5,573,215</b>	-
<b>Excess (Deficit)</b>	<b>\$</b>	<b>-</b>											

Golf Course Well Estimate



**Project Description**

The Golf Course currently uses domestic water for irrigation water. This is a costly use of domestic water and therefore, the city drilled a well at the Golf Course for irrigation purposes. This project equips the well with a pump and controls. The pump and controls will serve as a small back up source of water should it be needed.

Revenue	Project Budget	Prior Year Revenues	2022 Actual Revenues	2022 Budget Water	2023 Budget	Total Revenues	Actuals To Date
Water Operating Transfer In	\$ 218,784	68,784		150,000		218,784	68,784
						-	-
						-	-
						-	-
<b>Total Revenue</b>	<b>\$ 218,784</b>	68,784	-	f	-	<b>218,784</b>	68,784

Expense	Project Budget	Prior Year Expenditures	2022 Actual Expenditures	2022 Budget Water	2023 Budget	Total Expenditures	Actuals to Date
<b>Design Engineering / Permitting</b>	<b>\$ 14,000</b>						
Quadra	\$ 12,908						-
Misc	\$ 964						-
Subtotal	\$ 13,872	13,872				13,872	13,872
<b>Construction</b>	<b>\$ 199,784</b>					-	
Well pump	\$ 24,784	24,784				24,784	24,784
Pump panel	\$ 30,000	30,000				30,000	30,000
Assembly Contract	\$ 145,000			145,000		145,000	
							-
<b>Project Management</b>							-
Design							-
Admin	\$ 5,000			5,000		5,000	-
Inspection							-
Subtotal	\$ 5,000						-
<b>Project Contingency</b>							-
	\$ -						-
<b>Total Expense</b>	<b>\$ 218,784</b>	68,656	-	150,000	-	<b>218,656</b>	68,656
<b>Excess (Deficit)</b>	\$ -						

# 1 MG Standpipe Coating Estimate



## Project Description

The 1-million gallon steel standpipe needs periodic repainting to preserve the structure. The tank has not been recoated since it was constructed in 1995. Engineering and design for painting and corrosion protection is scheduled for 2022 and repainting in 2023. The project will require taking the standpipe offline for approximately 2 months to sandblast and recoat the tank.

Revenue		Project Budget	2022 Actual Revenues	2022 Budget Water	2023 Budget	Total Revenues	Actuals To Date
Water Operating Transfer In	\$	850,000		150,000	700,000	850,000	-
						-	-
						-	-
<b>Total Revenue</b>	<b>\$</b>	<b>850,000</b>	-	150,000	700,000	<b>850,000</b>	-
Expense			2022 Actual Expenditures	2022 Budget Water	2023 Budget	Total Expenditures	Actuals to Date
<b>Design Engineering / Permitting</b>	<b>\$</b>	<b>140,000</b>					
Consultant				140,000		140,000	-
Subtotal	\$	-					
<b>Construction</b>	<b>\$</b>	<b>690,000</b>					
					690,000	690,000	
<b>Project Management</b>	<b>\$</b>	<b>20,000</b>					
Design				10,000	10,000	20,000	
Admin							
Inspection							
Subtotal	\$	-					-
<b>Project Contingency</b>	<b>\$</b>	<b>-</b>					
<b>Total Expense</b>	<b>\$</b>	<b>850,000</b>	-	150,000	700,000	<b>850,000</b>	-
<b>Excess (Deficit)</b>	<b>\$</b>	<b>-</b>					

# Mill Road Crossing Estimate



## Project Description

The City needs to cross SR20 at Mill Road with both water and sewer utilities. The City would like to install the water and sewer infrastructure before WSDOT builds a roundabout at this intersection. The project will consist of installing up to 3 carrier pipes across SR20.

Revenue		Project Budget	2022 Actual Revenues	2022 Budget Water	2022 Budget Sewer	2023 Budget	Total Revenues	Actuals To Date
Water SDC		\$ 100,000		100,000			100,000	-
Sewer SDC		\$ 100,000			100,000		100,000	-
							-	-
							-	-
<b>Total Revenue</b>		<b>\$ 200,000</b>	-	100,000	100,000	-	<b>200,000</b>	-
Expense			2022 Actual Expenditures	2022 Budget Water	2022 Budget Sewer	2023 Budget	Total Expenditures	Actuals to Date
<b>Design Engineering / Permitting</b>								-
Subtotal		\$ -						
<b>Construction</b>		<b>\$ 157,500</b>		80,000	77,500		157,500	
<b>Project Management</b>								
Design		\$ 30,000		15,000	15,000		30,000	
Admin		\$ 5,000		2,500	2,500		5,000	
Inspection		\$ 7,500		2,500	5,000		7,500	
Subtotal		\$ 42,500						-
<b>Project Contingency</b>								
		\$ -						
<b>Total Expense</b>		<b>\$ 200,000</b>	-	100,000	100,000	-	<b>200,000</b>	-
<b>Excess (Deficit)</b>		\$ -						

OGWS Master Meters Estimate



**Project Description**

Accurate metering is necessary to ensure equitable water system cost sharing for the Olympic Gravity Water System operations and asset replacement. Port Townsend Municipal and the Mill water consumption will be individually metered at the point of delivery, located at the intersection of Mill Road and South 8th Street. Engineering and design for the metering is underway in 2021 and installation of the meters will occur in March 2022 during the annual paper mill maintenance shutdown.

Revenue	Project Budget	2022 Actual Revenues	2022 Budget Water	2023 Budget	Total Revenues	Actuals To Date
Water - OGWS	\$ 155,000		150,000	5,000	155,000	-
						-
<b>Total Revenue</b>	<b>\$ 155,000</b>	-	150,000	5,000	<b>155,000</b>	-

Expense		2022 Actual Expenditures	2022 Budget Water	2023 Budget	Total Expenditures	Actuals to Date
<b>Design Engineering / Permitting</b>	<b>\$ 42,500</b>		42,500		42,500	
						-
Subtotal	\$ -					
<b>Construction</b>	<b>\$ 107,500</b>		107,500		107,500	
<b>Project Management</b>						
Design						
Admin	\$ 5,000		5,000		5,000	
Inspection						
Subtotal	\$ 5,000					-
<b>Project Contingency</b>						
	\$ -					

<b>Total Expense</b>	<b>\$ 155,000</b>	-	155,000	-	<b>155,000</b>	-
<b>Excess (Deficit)</b>	\$ -					

Lords Lake

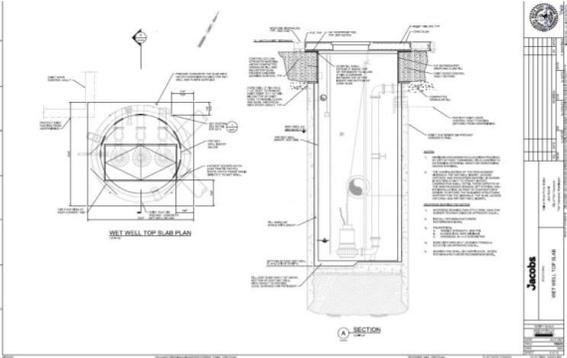


**Project Description**

As a result of the 2020 Dam Safety Office findings, the City is required to retain an engineering consultant to develop alternatives for improving East Dam stability during possible seismic events. The alternatives will also examine minimizing earthquake-induced embankment deformations which can lead to uncontrolled release of reservoir contents. The City is applying for a High Hazard Potential Dams Grant in 2021 in order to conduct the engineering study in 2022.

Revenue		Project Budget	2022 Actual Revenues	2022 Budget Water	2023 Budget	Total Revenues	Actuals To Date
Water - OGWS	\$	100,000		100,000		100,000	-
							-
<b>Total Revenue</b>	<b>\$</b>	<b>100,000</b>	-	100,000	-	<b>100,000</b>	-
Expense			2022 Actual Expenditures	2022 Budget Water	2023 Budget	Total Expenditures	Actuals to Date
<b>Design Engineering / Permitting</b>							-
Subtotal	\$	-					
<b>Construction</b>	<b>\$</b>	<b>95,000</b>		95,000		95,000	
<b>Project Management</b>							
Design							
Admin	\$	5,000		5,000		5,000	
Inspection							
Subtotal	\$	5,000					-
<b>Project Contingency</b>	<b>\$</b>	<b>-</b>					
<b>Total Expense</b>	<b>\$</b>	<b>100,000</b>	-	100,000	-	<b>100,000</b>	-
<b>Excess (Deficit)</b>	<b>\$</b>	<b>-</b>					

Gaines Street Estimate



**Project Description**

The Gaines Street Pump Station collects wastewater from the downtown area and pumps it to the sewer trunk leading to the wastewater treatment plant. The pump station has experienced degradation due to the corrosive nature of the wastewater. The repair will require removing the pump station from service with a temporary bypass and installing a fiberglass reinforced liner inside the station.

Revenue		Project Budget	Prior Year Revenues	2021 Projected Revenues	2021 Budget	2022 Budget	Total Revenues	Actuals To Date
Sewer Operating Transfer	\$	1,508,000	87,232	137,243	230,000	1,283,525	1,508,000	129,634
						-	-	-
						-	-	-
<b>Total Revenue</b>	<b>\$</b>	<b>1,508,000</b>	<b>87,232</b>	<b>137,243</b>	<b>230,000</b>	<b>1,283,525</b>	<b>1,508,000</b>	<b>129,634</b>
Expense			Prior Year Expenditures	2021 Projected Expenditures	2021 Budget	2022 Budget	Total Expenditures	Actuals to Date
<b>Design Engineering / Permitting</b>	<b>\$</b>	<b>250,000</b>						
Jacobs Engineering - Contract	\$	145,651	84,522	107,600		57,878	250,000	123,136
Amendment	\$	106,234					-	-
							-	-
Subtotal	\$	251,885					-	-
<b>Construction</b>	<b>\$</b>	<b>1,030,000</b>						
Construction Contract ICI	\$	947,855			200,000	1,030,000	1,030,000	
							-	-
<b>Project Management</b>	<b>\$</b>	<b>133,000</b>						
City Staff Time			3,357	29,643	30,000	100,000	133,000	7,145
<b>Project Contingency - 10%</b>	<b>\$</b>	<b>95,000</b>				95,000	95,000	
<b>Total Expense</b>	<b>\$</b>	<b>1,508,000</b>	<b>87,879</b>	<b>137,243</b>	<b>230,000</b>	<b>1,282,878</b>	<b>1,508,000</b>	<b>130,281</b>
<b>Excess (Deficit)</b>	<b>\$</b>	<b>-</b>						

# Sewer Outfall Estimate



## Project Description

7/31/2021

This project includes permitting, design and construction to replace or rehabilitate the off-shore portion of the existing wastewater treatment plant outfall system with a new outfall and diffuser. The City has secured Department of Ecology loans to help construct this project.

Revenue		Project Budget	Prior Year Revenues	2021 Projected Revenues	2022 Budget Sewer	2023 Budget	2024 Budget	Total Revenues	Actuals To Date
ECY Loan/Grant	\$	408,000	408,000					408,000	408,000
ECY Loan	\$	3,330,000		50,000	90,000	90,000	3,100,000	3,330,000	-
Sewer SDC	\$	200,000	92,576				107,424	200,000	92,576
Sewer Operating Transfer	\$	170,000			10,000	10,000	150,000	170,000	-
<b>Total Revenue</b>	<b>\$</b>	<b>4,108,000</b>	500,576	50,000	100,000	100,000	3,357,424	<b>4,108,000</b>	500,576
Expense			Prior Year Expenditures	2021 Projected Expenditures	2022 Budget Sewer	2023 Budget	2024 Budget	Total Expenditures	Actuals to Date
<b>Design Engineering / Permitting</b>	<b>\$</b>	<b>805,000</b>							
Consultant			389,251	50,000	80,000	80,000	254,528	803,779	389,251
Misc			1,221					1,221	1,221
Subtotal	\$	-							
<b>Construction / Construction Management</b>	<b>\$</b>	<b>2,710,000</b>					2,710,000	2,710,000	
<b>Project Management</b>									
Design									
Admin	\$	403,000	88,245	5,000	20,000	20,000	269,755	403,000	91,054
Inspection									
Subtotal	\$	403,000							-
<b>Project Contingency</b>	<b>\$</b>	<b>190,000</b>					190,000	190,000	91,054
	\$	-							
<b>Total Expense</b>	<b>\$</b>	<b>4,108,000</b>	478,717	55,000	100,000	100,000	3,424,283	<b>4,108,000</b>	572,581
<b>Excess (Deficit)</b>	\$	-							

# General Sewer Plan Estimate



## Project Description

The General Sewer Plan for the City was last updated in 2000. This update involves a significant review of the entire sanitary sewer system to plan for the next 20 years. The City selected RH2 Engineering in 2021 to complete the plan update in 2022. The plan will result in an updated Capital Plan as well as project operational needs for operating the sewer system.

Revenue		Project Budget	2022 Actual Revenues	2022 Budget Sewer	2023 Budget	Total Revenues	Actuals To Date
Sewer SDC	\$	210,000		210,000		210,000	-
						-	-
						-	-
						-	-
<b>Total Revenue</b>	<b>\$</b>	<b>210,000</b>	-	210,000	-	<b>210,000</b>	-
Expense			2022 Actual Expenditures	2022 Budget Sewer	2023 Budget	Total Expenditures	Actuals to Date
<b>Design Engineering / Permitting</b>	<b>\$</b>	<b>180,000</b>					
Consultant Contract - RH2	\$	180,000		180,000		180,000	-
Misc						-	6,280
Subtotal	\$	180,000					
<b>Construction</b>							
<b>Project Management</b>							
Design							
Admin	\$	30,000		30,000		30,000	5,779
Inspection							
Subtotal	\$	30,000					-
<b>Project Contingency</b>							
	\$	-					
<b>Total Expense</b>	<b>\$</b>	<b>210,000</b>	-	210,000	-	<b>210,000</b>	12,059
<b>Excess (Deficit)</b>	<b>\$</b>	<b>-</b>					

Wastewater Nutrient Study Estimate



**Project Description**

The City's Wastewater Treatment Plant does an exceptional job removing nutrients from the waste stream before reclaimed water is released into the Strait of Juan De Fuca. In order to reduce nutrient loading to the Puget Sound, the Department of Ecology is expected to place new limits on the City's NPDES permit. The City will receive a grant to perform a study of the plant to determine what upgrades are necessary to comply with the new permit.

<b>Revenue</b>		2022 Actual Revenues	2022 Budget Sewer	2023 Budget	Total Revenues	Actuals To Date
ECY Nutrient Grant	\$ 160,000		160,000		160,000	-
					-	-
					-	-
					-	-
<b>Total Revenue</b>	<b>\$ 160,000</b>	-	160,000	-	<b>160,000</b>	-
<b>Expense</b>		2022 Actual Expenditures	2022 Budget Sewer	2023 Budget	Total Expenditures	Actuals to Date
<b>Design Engineering / Permitting</b>	<b>\$ 155,000</b>					
Consultant			155,000		155,000	-
Subtotal	\$ -					
<b>Construction</b>						
<b>Project Management</b>	<b>\$ 5,000</b>					
Design						
Admin			5,000		5,000	
Inspection						
Subtotal	\$ -					-
<b>Project Contingency</b>						
	\$ -					
<b>Total Expense</b>	<b>\$ 160,000</b>	-	160,000	-	<b>160,000</b>	-
<b>Excess (Deficit)</b>	<b>\$ -</b>					

# Affordable Housing Utilities Estimate

Supporting Affordable Housing with  
Infrastructure

Development  
Option: 14 Acres at Evans Vista Street

COUNCIL INFRASTRUCTURE AND DEVELOPMENT  
COMMITTEE

SEPTEMBER 1, 2021



## Project Description

The City received two grants for affordable housing in 2021. An additional Federal Grant is anticipated in late 2021 as well. The funding is directed to create land available for affordable housing through acquisition of property and the construction of sewer infrastructure to support full development of the land. An interfund loan will provide cashflow until reimbursement from the State is received for the acquisition of property.

Revenue		Prior Year Revenues	2022 Actual Revenues	2022 Budget Sewer	2023 Budget	Total Revenues	Actuals To Date
Federal Grant (Anticipated)	\$ 2,500,000			800,000	1,700,000	2,500,000	-
State Utility Grant	\$ 1,700,000				1,700,000	1,700,000	-
State Affordable Housing Grant	\$ 1,372,000	1,372,000				1,372,000	1,372,000
Interfund Utility Loan	\$ 1,415,500					-	-
City Funds	\$ 43,500	43,500				43,500	43,500
Payback Interfund Loan	\$ (1,415,500)						
<b>Total Revenue</b>	<b>\$ 5,615,500</b>	1,415,500	-	800,000	3,400,000	<b>5,615,500</b>	1,415,500
Expense		Prior Year Expenditures	2022 Actual Expenditures	2022 Budget Sewer	2023 Budget	Total Expenditures	Actuals to Date
<b>Design Engineering / Permitting</b>	<b>\$ 2,072,000</b>						
Design Engineering / Permitting	\$ 700,000			700,000		700,000	-
Land Purchase	\$ 1,415,500	1,415,500				1,415,500	
Subtotal	\$ 2,115,500					-	-
<b>Construction</b>	<b>\$ 3,400,000</b>						
	\$ 3,400,000				3,400,000	3,400,000	
<b>Loan Payback</b>	<b>\$ (1,415,500)</b>						
	\$ 1,415,500					-	
	\$ 43,500					-	
Subtotal	\$ 43,500					-	
<b>Project Management</b>							
Design						-	
Admin	\$ 100,000			100,000		100,000	
Inspection						-	
Subtotal	\$ 100,000					-	-
<b>Project Contingency</b>							
	\$ -					-	-
<b>Total Expense</b>	<b>\$ 5,615,500</b>	<b>1,415,500</b>	<b>-</b>	<b>800,000</b>	<b>3,400,000</b>	<b>5,615,500</b>	<b>-</b>
<b>Excess (Deficit)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

# CITY OF PORT TOWNSEND, WASHINGTON

## FINANCIAL POLICIES

The City Council adopted updated “Finance and Budget Policy Guidelines” on October 21, 2019 (Resolution 19-085). These policy guidelines lay the framework for fund reserves, revenue policies, transfers and inter-fund 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 enough working capital and to weather emergencies or unexpected revenue declines. The 2022 budget was developed to ensure that ending fund balance amounts would align with the City Council Fund Balance Reserve Policy.

Along with Fund Reserve requirements, our financial policies provide that, in general, operating revenues should cover operating expenditures. For 2022, the following funds have expenditures in excess of revenues: Street Operations, Affordable Housing, Community Development Block Grant, General Capital, Golf Course, Water/Sewer CIP, and Storm Operations. Below are additional details on the activity in these funds:

- Street Operations – Striping and other maintenance projects were deferred during the pandemic due to budget reductions. The 2022 budget includes \$50,000 for these expenditures. Despite the deficit, Street Operations exceeds its fund balance reserve requirements.
- Affordable Housing – The 2022 budget includes a \$43,500 transfer to the General CIP program to assist with funding for the Evans Vista housing project.
- Community Development Block Grant – Revenues are reflective of the anticipated payments on outstanding block grant loans. The reserve balance remains adequate to fund new projects.
- General Capital – Included in General Capital is the draw-down of the remaining 2017 bond funds to partially fund window and restroom projects at the Library.
- Golf Course – The Golf Course’s revenues do not cover the operational expenditures. Additionally, in order to have a positive fund balance, the 2022 budget includes a transfer to this fund from the General Fund.
- System Development Charges & Water/Sewer Capital – Funding from System Development Charges of \$770,000 and transfers from Water/Sewer Debt Reserve Fund of \$1,000,525 and OGWS fund of \$250,000. These transfers are being funded largely from the reserve balance in these funds to pay for projects identified in the capital budget. Additional transfers from the Water/Sewer Operating fund total \$1,058,000.
- Storm Operations – The 2022 budget includes a transfer from Storm Operations to Storm Capital for the Discovery Road project.

## Fund Balance Reserve Summary:

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 July, 2018)	2018 Actual Fund Reserve %	2019 Actual Fund Reserve %	2020 Actual Fund Reserve %	2021 Estimated Fund Reserve %	2022 Budget Fund Reserve %
<b>General Operating Fund</b>						
General Fund (excluding ARPA funds)	8- 15% of operating revenue	20.4%	20.4%	23.2%	25.9%	25.0%
<b>Special Revenue Funds</b>						
Contingency Fund	No less than 2% of estimated operating revenue	2.1%	2.0%	2.0%	2.0%	2.0%
Street Fund	2- 3% of expenditures	47.1%	26.3%	55.6%	43.9%	39.0%
Library Fund	5- 8% of property tax revenue	23.2%	20.1%	31.9%	38.4%	42.8%
Real Estate Excise Tax Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets	Meets
Lodging Tax Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets	Meets
Fire & EMS Services Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets	Meets
Affordable Housing Trust Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets	Meets
Community Development Block Grant Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets	Meets
Community Services Fund	2- 3% of expenditures	4.6%	5.0%	13.1%	11.2%	13.3%
<b>General Obligation Debt Service Fund</b>						
G.O. Debt Service Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets	Meets
<b>Capital Projects Funds</b>						
General Capital Improvement Funds	Sufficient to meet obligations	Meets	Meets	Meets	Meets	Meets
Street Vacation Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets	Meets
Street Capital Improvement Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets	Meets
2015 Bond Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets	Meets
2017 Bond Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets	Meets
<b>Enterprise Funds</b>						
System Development Charges Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets	Meets
Water Sewer Operating Fund	60 days of operating expenses	226	102	150	83	114
Water Sewer Capital Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets	Meets
Stormwater Operating Fund	60 days of operating expenses	137	81	106	277	191
Stormwater Capital Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets	Meets
Transmission Line Replacement Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets	Meets
78 Water Sewer Revenue Bond Fund	Sufficient to meet obligations	Meets	Meets	N/A	N/A	N/A
Utility Debt Reserve Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets	Meets
Golf Course Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets	Meets
<b>Internal Service Funds</b>						
Public Works Admin Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets	Meets
Equipment Rental & Replacement Fund	Sufficient to meet obligations	under review		Meets	Meets	Meets
Engineering Service Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets	Meets
Self-Insurance Unemployment Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets	Meets
<b>Fiduciary Funds</b>						
Firemen's Pension Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets	Meets
Refundable Deposits Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets	Meets
Agency Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets	Meets
Memorial Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets	Meets
<b>GO Debt Service as a % of General Government Revenue</b>						
		2018 Actual	2019 Actual	2020 Actual	2021 Estimated	2022 Budget
Annual Debt Service as % of Revenue	Less than 15%	10.4%	10.6%	12.2%	11.5%	11.1%
<b>Parks &amp; Pool Fees</b>						
		2018 Actual	2019 Actual	2020 Actual	2021 Estimated	2022 Budget
Operating revenues 50% or more than pool operating expenses		43.6%	32.9%	12.8%	3.3%	N/A

**OVERHEAD INDIRECT COST RECOVERY POLICY**

The City adopted a policy that allocates the indirect overhead costs, from the General Fund to other funds. Consistent with the prior four 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 2021 allocation was based on 2019 historical costs and the 2022 budget allocation was based on 2020 historical costs and activities.

Allocations to funds are based on pre-determined allocation factors. The chart below represents the City-wide overhead costs for 2022 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), increase in total expenditures, or an increase in department related council agenda bills will receive a greater share of the overhead allocation. Conversely, funds that use less administrative resources receive a smaller portion of allocated costs. Allocation statistics are reviewed each year for appropriateness and updated as necessary.

<b>Budget 2022 - Indirect Cost Pools and Allocation Factors</b>			
<b>Indirect cost pools</b>		<b>Total Citywide Allocable Costs</b>	<b>Allocation Factor</b>
011	Mayor & Council	\$ 74,208	Council Bills
012	City Manager	302,257	50/50 Split: Actual Expenditures & FTEs
013	City Attorney - Civil	282,912	33/33/33 Split: Actual Expenditures, FTEs, & Council Bills
041	Finance - General	364,113	Actual Expenditures
041	Finance - AP	66,765	AP Invoices
015	Payroll	152,574	FTEs
015	Human Resources	211,815	FTEs
080	City Clerk - Council Support	135,821	Council Bills
080	City Clerk - General Other	81,424	Vehicle Insurance
080	City Clerk - Records Management	44,700	Records Count
FD 199	Community Services - City Facilities	635,815	Square Feet by Building
	Liability Insurance	490,819	FTEs
	Property Insurance	81,119	Value of Insured Property
	Vehicle Insurance	5,268	# of Vehicles
	<b>TOTAL</b>	<b>\$ 2,929,610</b>	

A comparison of the 2021 and 2022 overhead allocation charged to funds is shown on the following table:

<b>Funds Charged with Overhead / Indirect Costs</b>				
<b>City Department</b>		<b>Adopted Cost Recovery Budget 2021</b>	<b>2022 Proposed Overhead Allocation Charges</b>	<b>Increase / (Decrease)</b>
FD 110	Street	\$ 69,478	\$ 75,971	\$ 6,493
FD 120	Library	\$ 218,385	\$ 190,192	\$ (28,193)
FD 150	Lodging Tax	\$ 15,833	\$ 19,507	\$ 3,674
FD 199	Community Services	\$ 266,464	\$ 200,850	\$ (65,614)
FD 301	General CIP Projects	\$ 34,524	\$ 24,808	\$ (9,716)
FD 305	CIP Street	\$ 78,044	\$ 45,182	\$ (32,862)
FD 411	Water Sewer Fund (excl. Utility Billing)	\$ 497,269	\$ 537,493	\$ 40,224
FD 411	Finance - Utility Billing	\$ 45,371	\$ 64,298	\$ 18,927
FD 412	Storm Fund	\$ 102,211	\$ 85,965	\$ (16,246)
FD 414	Storm Fund Capital	\$ 9,014	\$ 22,185	\$ 13,171
FD 415	Water Sewer CIP	\$ 41,409	\$ 24,895	\$ (16,514)
FD 417	1956 Trans Line Replacement	\$ 6,473	\$ 12,414	\$ 5,941
FD 423	Golf Course	\$ 7,785	\$ 10,398	\$ 2,613
FD 510	Equipment Rental - Fleet	\$ 49,758	\$ 69,359	\$ 19,601
FD 520	Equipment Rental - IT	\$ 38,971	\$ 46,835	\$ 7,864
FD 540	Public Works Administration	\$ 42,325	\$ 48,552	\$ 6,227
FD 555	Engineering Services	\$ 116,040	\$ 112,445	\$ (3,595)
FD 610	Firemen's Pension and Relief	\$ 1,340	\$ 1,360	\$ 20
<b>Total Overhead Charged to Funds</b>		<b>\$ 1,640,694</b>	<b>\$ 1,592,709</b>	<b>\$ (47,985)</b>
<b>Total Calculated Overhead</b>				
		<b>\$ 2,808,458</b>	<b>\$ 2,807,196</b>	<b>\$ (1,262)</b>

The total calculated overhead for 2022 is \$2,807,196 or \$1,262 less than the 2021 overhead. Some funds without sustainable resources (e.g. the CDBG Fund and the Affordable Housing Fund) are not charged overhead and the General Fund does not recover overhead from itself. For 2022, the overhead allocation recovered by the General Fund decreased by \$47,985 largely due to a decrease in overhead charges to the Library, Community Services, Street CIP, and Water/Sewer funds which had decreased council bills, property valuations, and expenditures related to utility debt service costs in 2020 as compared to 2019. The General Fund transfers funds to support the overhead allocation for both the Community Services Fund and the General and Street Capital Project Funds. The net result of the changes in the overhead allocation received by the General Fund in 2022 is \$60,210 more than the amount received in 2021.

City of  
Port Townsend  
  
Comprehensive  
Financial  
Management  
Policy Guidelines

Adopted October 21, 2019

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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 guide 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. These policies will be reviewed and/or updated no less than every three years.

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, grant, federal & state funding compliance, purchasing administration, as well as policy advice to the City Manager and Council.

The Department Heads are responsible to the City Manager for department operations, budget observance, capital project management, 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 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 and budgeting 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 in value that have an anticipated life of one year or more. Capital assets are tracked by the Finance Department as a fixed asset

inventory . Items that are no longer needed or no longer functional will be disposed according to the City surplus policy (PTMC 3.44.030) 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, personal computers 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 (Resolution 16-022). The Finance and Administrative Services Director has oversight responsibility for this policy and the associated inventory of these items.

**Auditing** – The Washington 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 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.
- The Finance & Administrative Services Director (Finance Director) serves as the investment officer of the City of Port Townsend. The Finance Director is authorized to oversee the investment program and to develop operating procedures to administer the program. The Finance Director may delegate the authority to conduct investment transactions and manage the operation of the investment portfolio to one or more subordinates as outlined in the investment program operating procedures. All participants in the City’s investment process shall act responsibly as custodians of the public trust.

- 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 fund balances on a periodic basis.

See **APPENDIX A** for Full Investment Policy.

#### **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*)** – The annual 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 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 8%. The Council Reserve is a budgeted appropriation expected to be specifically allocated at the Council's discretion. Unspent council reserves will not carry over to the next fiscal year.

**SPECIAL REVENUE FUNDS (101-199)** -- These funds account for revenues derived from special taxes, grants or other restricted sources designed to finance particular

activities defined when the fund is established or outlined by state law. 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 target will be equivalent to 2-3% of fund expenditures. The Library Fund reserve target 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 estimated operating revenues. If the contingency falls below 2% of estimated 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 and to balance the funds.

**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, and Stormwater).

The Ending Fund Balances of the operating 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 or maintain 60 days of operating expenditures, additional rate increases or surcharges may be adopted by Council.

Included as Enterprise Funds are the Utility Debt Service Reserve Funds, Utility Capital Project Funds, Olympic Water Gravity System (Transmission Line) Fund, the System Development Fund, and Golf Course Fund; however these funds are not required to maintain 60 days of operating expenditures due to the nature of the funds.

Revenue bonds may be issued by the Enterprise Funds. Investors may require additional lending requirements or covenants (such as a pledge of future revenue streams from the fund). 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, Public Works Administration and internal Engineering Services). The purpose of a reserve in an internal service fund is to ensure that the fund is able to continue to provide the service without interruption. 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
- 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 estimated operating revenue
- Debt Service ..... Sufficient to meet obligations
- General and Enterprise Capital Funds Sufficient to meet obligations
- Enterprise Operating Funds..... 60 days of operating expenditures
- Internal Service..... Sufficient to meet obligations
- 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.

Reserves above the target can be used for new expenditures, with emphasis placed on one time uses that achieve future operating cost reductions.

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-term fluctuations in any one revenue source and ensure its ability to provide ongoing service. The revenue portfolio will strive to draw resources from the community that is perceived as fair and equitable.

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.

Non-recurring and excess yield on volatile revenues (sometimes considered “one-time” revenues) should support one-time expenditures. Examples of acceptable uses of non-recurring and excess yield on volatile revenue include paying down debt, building up reserve balances, special projects and capital equipment.

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 operating funds will be operated in a manner that generates sufficient revenues to maintain a minimum ending fund balance that is not less than 60 days of operating expenditures.

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.

The Utility will conduct a study of its user rates no less than every 5 years to ensure rates are adequate to fund operations and meet future needs.

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

Fees and charges for services will generally be set to recover the actual cost of service delivery. Fees that are set lower than the cost of service delivery will be reviewed at least every other year to determine if those fees are still appropriate based on City finances and the community needs.

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. Fees related to the rental of City properties may be waived only through approval of the City Manager. The waiver of fees will only be provided if the purpose of the rental or its associated event will benefit the community at large.

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 direct 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 Washington 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 City’s annual budget will be developed in accordance with the policies and priorities set forth in the comprehensive plan, the City Council’s strategic plan, City Council goals and priorities, the needs of the community, and federal and state laws.

In general, budgeted operating revenues must meet or exceed budgeted operating appropriations each year. Current year operating expenses, maintenance costs and direct and indirect costs of services provided will be covered by current year operating 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 proposed at a level that will be supported by ongoing annual operating revenues. The city will strive to a level of expenditures sufficient to ensure the ongoing health, safety and welfare of the community.

**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 according to the Fleet Equipment Rental and Replacement Fund and Fleet Operations and Maintenance Fund Policies (**EXHIBIT A**) and the Information Technology(I.T.) Equipment Rental and Replacement Fund and I.T. Operations and Maintenance Fund Policy (**EXHIBIT B**).

In general, The Fleet Equipment Rental and Replacement Committee is responsible for planning, directing, managing, coordinating and supervising programs for the acquisition, assignment, maintenance and repair, rental, replacement of the City Fleet. This committee will meet at least annually to recommend fleet purchases for the upcoming budget year. Fleet replacement rates (if applicable to Funds) will be evaluated at least once per year and recommended to council for appropriation in the annual budget.

Fleet maintenance rates will be adjusted to recover 100% of the actual direct and indirect costs. Fleet maintenance rates will be reviewed mid-year. Current year rates, if necessary, will be adjusted through an adopted supplemental budget request, and rates for the upcoming budget year will be established and adopted by City Council with the annual budget appropriations.

In general, the Technology Services Department, in collaboration with the Finance Department, will be responsible for planning, directing, managing, coordinating and

supervising programs for acquisition, assignment, maintenance and repair, rental, replacement and disposal of the City's I.T. equipment. I.T. replacement rates will be evaluated at least once per year and recommended to council for appropriation in the annual budget.

I.T. maintenance rates will be adjusted to recover 100% of the actual direct and indirect costs. I.T. maintenance rates will be reviewed mid-year. Current year rates will be adjusted through an adopted supplemental budget request, if necessary, and rates for the upcoming budget year will be established and adopted by City Council with the annual budget appropriations.

**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 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 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 & Administrative Services Director will monitor unanticipated needs or emergency expenditures and prepare budget amendments in compliance with State Law. Department Heads will be responsible for maintaining budgetary discipline and analyzing

all over and under spending. Explanations for variances in spending to authorized appropriations will be provided by the Department Director to the Finance and Administrative Services Director in a timely manner.

## **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. A capital project over \$15,000 with a minimum of a five-year anticipated life will be included in the CIP.

The city should weigh the full lifecycle costs of proposed projects in relation to funding sources and strategic plans and determine the availability of funding sources. If debt financing is needed, the cost of the debt should be analyzed against the city's debt capacity and debt management policies before being incorporated in the CIP.

The CIP should include the following:

- Project description

- Identify anticipated funding sources

- Outline the project's proposed timing and scope

## **XI. DEBT MANAGEMENT POLICY**

**Statement of Purpose** – The debt financing policy statement sets forth comprehensive guidelines for the financing of capital expenditures. It is the objective of the policy that (1) the City obtain financing only when necessary, (2) the process for identifying the timing and amount debt or other financing be as efficient as possible, (3) the most favorable interest rate and other related costs be obtained, and (4) when appropriate, future financial flexibility be maintained.

The Finance and Administrative Services Director is charged with carrying out the policy and developing recommendations for financing.

**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. Public Works Trust Fund, Federal Housing Administration, State Revolving Fund), 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 capital improvement projects identified in the capital improvement planning process 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 or ongoing 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).

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 emergencies.

**Short Term Debt** – Short-term debt is used to cover the gap in long-term financing or to finance short lived assets. Short-term debt financing instruments may be considered if the transaction costs plus interest of the short-term debt are less than the cost of internal financing and / or if it is more practical to use than committing available operating and working capital cash. Before issuing short-term debt, there should be a reasonable certainty that a known revenue source will be received to repay the debt, unless there is a clear financial emergency.

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

**Bond Anticipation Notes (BANS)** are used when capital projects begin before long-term bond proceeds have been received. **Tax / Revenue Anticipation Notes (TRANS)** are used to cover operating expenditures when tax revenues are received in large lump sums later in the year (Example: Property Taxes).

Tax anticipation debt will be retired annually, and bond anticipation notes should be retired within twelve (12) months of the completion of the project or prior to maturity. 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.)

**Transfers** – 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. Operating transfers result in a change in fund equity. 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 Purchasing Policy and Procedure Manual (**EXHIBIT C**), and the Washington 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.

In General, the City Manager and Department Heads will purchase goods and services at a reasonable cost, using an open, fairly documented and competitive process whenever reasonable and possible. Actions of city employees, when purchasing supplies and services, should be fair and impartial and not be used for personal gain or benefit. Employees may not willfully circumvent purchasing and procurement policies and procedures to enter into contracts, or purchase goods and services except as allowed by state statutes.

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 purchases 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 department 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.

The City Council Adopted Federal Awards Standards, Procurement Policy and Code of Conduct Policy for all Federal Loans and Grants on July 10, 2017. Standards for federal awards are detailed in **APPENDIX B**.

#### **APPENDIX A: INVESTMENT POLICY –**

To the extent possible, funds not needed for operations should be invested in approved investment vehicles. Investments shall be made with judgment and care, under circumstances then prevailing, that persons of prudence, discretion and intelligence in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

The standard of prudence to be used by investments officials shall be the prudent person standard and shall be applied in the context of managing the overall portfolio. Investment officers acting in accordance with written procedures and the investments policy and exercising due diligence shall be relieved of personal responsibility for an individual’s security’s credit risk of market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

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 following objectives:

- 1) Legality: Funds of the City will be invested in accordance with the Revised Code of Washington (RCW), the BARS manual, these policies and any applicable administrative procedures.
- 2) Safety: Investments of the City will be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is

required in order that potential losses on individual securities do not exceed the income generated by other investments.

3) Liquidity: The City's investments will remain sufficiently liquid to enable the city to meet all operating requirements that might be reasonably anticipated.

4) Yield: The City's investments will be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the City's investment risk constraints and cash flow characteristics.

The Finance & Administrative Services Director will approve financial institutions to be eligible to conduct investment business with the City, in accordance with Washington State Law.

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.

## **APPENDIX B- CITY OF PORT TOWNSEND FEDERAL AWARDS STANDARDS, PROCUREMENT POLICY & CODE OF CONDUCT**

### **CITY OF PORT TOWNSEND FEDERAL AWARD STANDARDS:**

#### **PURPOSE**

Establish and maintain internal controls that provide reasonable assurance that Federal awards are being managed in compliance with all federal regulations and with the terms and conditions of the award. The City of Port Townsend will follow the Uniform Guidance, the Local Agency Guidelines (LAG) distributed by The Washington State Department of Transportation (WSDOT), and the City of Port Townsend's Comprehensive Financial Management Policy Guidelines.

#### **INTERNAL CONTROLS**

The City of Port Townsend will maintain effective internal control over the Federal award providing reasonable assurance that the City of Port Townsend is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

- Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.
- Take reasonable measures to safeguard protected personally identifiable information and other information the Federal awarding agency or pass-through entity designates as sensitive.

#### **ADVANCE PAYMENTS AND REIMBURSEMENTS**

Payment methods must minimize the time elapsing between the transfer of funds from

the United States Treasury or the pass-through entity and the disbursement by the City of Port Townsend whether the payment is made by electronic funds transfer, or issuance or redemption of checks, warrants, or payment by other means.

- Advanced payments must be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the City of Port Townsend to carry out the purpose of the approved program or project. Any advanced payments must be consolidated to cover anticipated cash needs.
- The City of Port Townsend shall minimize the time elapsed between receipt of federal aid funds and subsequent payment of incurred costs.

**ALLOWABLE COSTS**

Federal awards will meet the following general criteria to be allowable except where otherwise authorized by statute:

- Be necessary and reasonable for the performance of the Federal award;
- Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items;
- Be consistent with policies and procedures that apply uniformly to both Federally- financed and other activities of the City of Port Townsend;
- Be accorded consistent treatment;
- Not be included as cost or used to meet cost sharing or matching requirements of any other Federally-financed program in either the current or a prior period;
- Be adequately documented.

**PROCUREMENT**

When procuring property and services under a Federal award, the City of Port Townsend will follow 2 CFR §200.318 General procurement standards through §200.326 Contract provisions or City of Port Townsend purchasing procedures whichever is more restrictive. The following table outlines procurement requirements when using Federal funds.

<b>Procurement Method</b>	<b>Goods</b>	<b>Services</b>
Micro-Purchase - No required quotes. However, must consider price as reasonable, and, to the extent practical, distribute equitably among suppliers.	\$5,000 or less  <i>Must use</i> more restrictive City threshold instead of \$10,000 federal threshold	\$5,000 or less  <i>Must use</i> more restrictive City threshold instead of \$10,000 federal threshold
Small Purchase Procedures	\$5,000 - \$40,000 (Single trade); \$3,000 -	\$5,000 - \$40,000 (Single trade); \$5,000 - \$65,000

<p>(Informal) - Obtain/document quotes from a reasonable number of qualified sources (at least three).</p>	<p>\$65,000 (Multi trade); \$5,000 - \$50,000 (Non-Public Works projects)</p> <p><b>Must use</b> more restrictive City threshold instead of \$250,000 Federal threshold</p>	<p>(Multi trade); \$5,000 - \$50,000 (Non-Public Works projects)</p> <p><b>Must use</b> more restrictive City threshold instead of \$250,000 Federal threshold</p>
<p>Sealed Bids / Competitive Bids (Formal)</p>	<p>\$40,000 or more (Single trade); \$65,000 or more (Multi trade); \$50,000 or more (Non-Public Works Projects)</p> <p><b>Must use</b> more restrictive City threshold instead of \$250,000 Federal threshold</p>	<p>\$40,000 or more (Single trade); \$65,000 or more (Multi trade); \$50,000 or more (Non-Public Works Projects)</p> <p><b>Must use</b> more restrictive City threshold instead of \$250,000 Federal threshold</p>
<p>Competitive proposals</p>	<p>Used when conditions are not appropriate for the use of sealed bids.</p> <ul style="list-style-type: none"> <li>• Must publicize request for proposals soliciting from an adequate number of qualified sources</li> <li>• Maintain written method for conducting technical evaluations</li> <li>• Contract must be awarded to the responsive and responsible firm whose proposal is most advantageous to the program</li> </ul>	
<p>Non-competitive proposals</p>	<p>Appropriate only when:</p> <ul style="list-style-type: none"> <li>• Available only from a single source; or</li> <li>• Public emergency; and</li> <li>• Expressly authorized by awarding or pass-through agency in response to written request from the City of Port Townsend; or</li> <li>• After soliciting a number of sources, competition is deemed inadequate.</li> </ul>	

Contracts for more than the simplified acquisition threshold currently set at \$250,000 must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate.

Contracts and sub-grants of amounts in excess of \$250,000 require that the City of Port Townsend will comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act and the Federal Water Pollution Control Act.

The City of Port Townsend will monitor procurements to avoid duplicative purchases, and exhaust all mandated sources before soliciting new sources. The City will also continue to enter into inter-entity agreements to realize cost savings for shared goods and services when possible.

The City will verify and document that vendors are not suspended or debarred from doing business with the Federal government.

**SINGLE AUDIT ACT**

The City of Port Townsend, as a recipient of Federal funds, shall adhere to the Federal regulations outlined in 2 CFR §200.501 as well as all applicable Federal and State statutes and regulations.

**CLOSURE**

*A project agreement end date will be established in accordance with 2 CFR §200.309. Any costs incurred after the project agreement end date are not eligible for Federal reimbursement.*

## **CITY OF PORT TOWNSEND CODE OF CONDUCT:**

### **PURPOSE**

The purpose of the Code of Conduct is to ensure the efficient, fair and professional administration of federal grant funds in compliance with 2 CFR §200.112, 2 CFR §200.318 and other applicable federal and state standards, regulations, and laws.

### **APPLICATION**

This Code of Conduct applies to all elected officials, employees or agents of the City of Port Townsend engaged in the award or administration of contracts supported by federal grant funds.

### **REQUIREMENTS**

No elected official, employee or agent of the City of Port Townsend shall participate in the selection, award or administration of a contract supported by federal grant funds if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when any of the following has a financial or other interest in the firm selected for award:

- The City employee, elected official, or agent; or
- Any member of their immediate family; or
- Their partner; or
- An organization which employs, or is about to employ any of the above.

The City of Port Townsend's elected officials, employees or agents shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, potential contractors or subcontractors.

### **REMEDIES**

To the extent permitted by federal, state or local laws or regulations, violation of these standards may cause penalties, sanctions or other disciplinary actions (up to and including employment or contract termination) to be taken against the City of Port Townsend's elected officials, employees or agents, or the contractors, potential contractors, subcontractors or their agents. Any potential conflict of interest will be disclosed in writing to the Federal awarding agency or pass-through entity in accordance with applicable Federal awarding agency policy.

EXHIBIT A



**Fleet Equipment Rental & Replacement Fund and  
Fleet Operations & Maintenance Fund**

**Policy**

November 2018

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## II. Overview

### A. Purpose:

The purpose of this document is to establish and specify the City of Port Townsend's (City) policy governing asset and fund management, including rental, replacement, and maintenance services for motorized vehicles and wheeled equipment (Fleet) (See separate policy for I.T. Equipment Rental & Replacement and I.T. Operations & Maintenance).

### B. General Policy:

1. It is the policy of the City to provide for centralized management of its Fleet. Management activities include fund management and asset purchase, rental, maintenance and repair, replacement and disposal.
2. The City Manager has delegated responsibility for implementing the provisions of this policy to the Public Works Department. The Public Works Department in collaboration with the Finance Department shall be responsible for ensuring uniform application and interpretation of the policy. Proposed exceptions to the policy will be considered for maximum benefit of the City.
3. The Public Works Department shall be responsible for planning, directing, managing, coordinating and supervising programs for the acquisition, assignment, maintenance and repair, rental, replacement and disposal of the City Fleet. To provide for administrative ease and operational flexibility this responsibility is further delegated to the Equipment Rental & Replacement Committee (ERRC), which consists of the Public Works Director, Public Works Operations Manager, a representative of the Finance Department, and up to two at-large city employee members.

### C. Funds Purpose:

The purpose of the Fleet Equipment Rental & Replacement Funds (FERRF) and the Fleet Operations & Maintenance Fund (FOMF) is to manage replacement and maintenance funds to ensure sufficient monies are available when needed. This allows the City to focus on using maintenance and efficiency indicators when making asset equipment replacement decisions. Additionally, FERRF is designed to rent FERRF owned equipment to other funds.

### D. Services:

The FERRF and FOMF are designated as an Internal Service Fund with three major functions. The Replacement function supports the process to provide for replacement of assets. The Administration function supports asset and operations management. The operations function supports maintenance, fuel, motor pool, and intergovernmental activities.

### III. Replacement Reserve Management

#### A. Donation of Equipment to FERRF:

Departments that participate in replacement will donate all eligible assets to its own FERRF, where they will be considered FERRF owned Assets.

#### B. Replacement Reserves for FERRF Owned Equipment:

During the budget process, the ERRC will establish reserves for the replacement of assets.

1. Replacement charges are generally calculated based on each individual asset's original cost, its useful life, salvage value, the regional inflationary rate, and the anticipated replacement value. Replacement rates are sometimes adjusted for special purposes. All charges will be accumulated in the FERRF. A calculation model, such as the Excel model provided by FCS Group, shall be used to track each individual asset and determine the appropriate replacement charge.
2. Capital additions made to increase the asset's useful life will be added to the total cost of the asset, and the replacement calculation will be recomputed over the new useful life of the asset.
3. Replacement rates may be adjusted when the useful life of an asset is changed, or the cost of the replacement asset is significantly higher or lower than the norm.
4. Assets acquired for service by means other than purchase (e.g. lease) will have a replacement rate established like a purchased asset and will require Finance approval for replacement at the time of acquisition.

#### C. Prohibited uses of Reserves:

1. FERRF replacement reserves will not be used to fund construction projects, purchase non-capital equipment (unless part of a system), or purchase capital items that are not authorized to have a replacement schedule.
2. FERRF replacement reserves will not be permanently transferred to other funds unless directed by Council.

#### D. Purpose and Uses of Reserves:

The FERRF is designed to ensure replacement of an asset with a "like" item. The FERRF exists to accumulate monies based on the replacement cost of an asset.

1. True-up Process: During the semi-annual review process the annual reserve need will be re-evaluated, compared with the actual annual reserve contributions, and any excess/deficit will be refunded to or contributed by the appropriate fund as required. If the new estimate is within 5% (+/-) of the actual annual reserve contribution, then no action is required.
2. Like-for-Like Baseline: When computing funds available for replacement, the ERRC determines the estimate by comparing the equipment being replaced to an identical piece of equipment in today's marketplace.

3. Equipment Improvements: If there are changes in equipment technology that either make the old asset obsolete, antiquated or not match generally accepted industry trends, this will be considered a like-for-like replacement.
4. Upgrades: New equipment technology that is not an Equipment Improvement will be considered an upgrade. Upgrades are acceptable if there is enough money available using the like-for-like formula. If there is a need for additional funds, the department must fund the difference with their department's budget.
5. Rebuilds: There is an option to use the FERRF monies to rebuild equipment if it extends the useful life and it is more cost-effective than the replacement option.
6. Legal and Safety Requirements: If a mandated legal or safety requirement occurs and there is a cost increase, the department must fund with their department's operating budget.
7. Early Replacement: If it is determined by the ERRC that an asset has failed before the end of its useful life, the FERRF will pay for this (pending availability of funds). To collect the shortfall, an increased rate of replacement, which will include the funds still to be collected on the original asset, shall be charged on the newly replaced asset.
8. Combining Assets or Obtaining Multiple Assets: It is permissible to combine assets to obtain a single asset or to obtain more than one asset when replacing a single asset. In both cases, if there is a shortage of funds (based on the like-for-like formula), the department must fund the difference from their department's operating budget.

## IV. Replacement Rules

### A. FERRF Owned Assets:

All assets placed in the FERRF must have the following basic criteria as determined by the ERRC. The ERRC can change the minimum criteria to match the City's standards and approve exceptions on a case-by-case basis. These criteria must be met to have a replacement schedule created:

1. Useful life be more than two years.
2. Minimum individual value is \$10,000. *Please note that this value may change from time to time to account for inflation.*
3. Asset must be a motorized vehicle or a wheeled piece of equipment.

### B. Useful Life:

The useful life is established based on industry standards and the normal life expectancy of similar assets. Asset classes generally affect large groups of similar assets; however, special applications and unique items may have separate lives. Normally the useful life is changed when actual average disposal age deviates by more than one year at replacement. Useful life can also be changed because of technological changes or ERRC determination.

### C. Acquisition and Disposal of Assets:

The ERRC reviews all assets to determine those that should be replaced, retained or disposed of. The ERRC meets with the operating departments to agree on the selection of items to be

replaced and to discuss new acquisitions. The formal budget approval for acquisition of assets occurs when Council approves the budget and disposal of assets must follow the City's Disposal and Surplus Policy.

## V. Operations & Maintenance

### A. Maintenance Rates:

The ERRC will establish rates for various operational costs and services provided by the approved budget of the Fleet Services operations. A separate fund will be used to account for maintenance operation charges. All departments will share one FOMF.

1. FOMF maintenance rates will be established to recover 100% of the actual direct and indirect costs (e.g. Salaries, operational expenses, inventory, fuel, etc.). Rates will be adjusted during the budget process and mid-year review based on the fund balance if revenue exceeds or is below needs.
2. Each department, including departments not participating in the FERRF will be direct charged based on the actual maintenance and repair costs tracked by Fleet Services plus an indirect cost allocation calculated by the model.

### B. Maintenance and Services:

Fleet Services will maintain all FERRF assets except specialty equipment that has specifically been delegated to other departments. Fleet Services may perform maintenance and provide services on equipment not assigned to FERRF.

1. Fleet Services will track all direct costs of repairs for each individual asset including fuel and outside repairs. These costs will be used to determine each department's portion of the maintenance & operations annual charge.

## VI. Appendix

### A. Acronyms:

1. ERRC - Equipment Rental & Replacement Committee
2. FERRF – Fleet Equipment Rental & Replacement Fund
3. FOMF - Fleet Operations & Maintenance Fund

### B. Roles and Responsibilities:

1. Operating Departments
  - a) Work with the ERRC to identify FERRF asset needs and provide all pertinent information for any asset owned and maintained by the FERRF and FOMF. This is particularly important for specialty equipment.
  - b) Assist in identifying cost increases in existing equipment that exceeds inflation. Working with the ERRC to develop budgetary proposals ensuring proper funds are available in FERRF and FOMF.
  - c) Provides prudent use, care, and stewardship of FERRF owned assets.

- d) Manages all non-owned FERRF equipment.
  - e) Provides feedback on asset management policies.
2. Public Works Department: Fleet Services
- a) Manages all FERRF assets in accordance with this policy.
  - b) Manages the budget and financial operations of the FERRF and FOMF.
  - c) Maintains all titles for City owned licensed vehicles and equipment.
  - d) Prepares the asset replacement plan and recommends new purchases.
  - e) Prepares purchase requisitions for all new FERRF assets.
  - f) Represents Fleet Services on the operating budget and financial issues.
3. Public Works Department: ERRC
- a) Establishes and administers the funds policies in collaboration with the Finance Department.
  - b) Manages all FERRF assets in accordance with this policy.
  - c) Determines equipment that will be maintained by FOMF.
  - d) Establishes the useful life, replacement schedules and rates for all asset classes, and makes changes to the useful life based on actual experience.
  - e) During the budget process develops FERRF and FOMF financial plans for the budget period.
  - f) Sets maintenance, replacement, and estimated fuel charges to user departments.
  - g) Works with the Finance Department to estimate reserve needs, compare them with actual annual reserve contributions, and determines if there is any excess/deficit to be refunded to or contributed by the appropriate fund as required. If the new estimate is within 5% (+/-) of the actual annual reserve contribution, then no action is required.
  - h) Determines when surplus assets are retained and rented beyond their expected disposal date.
  - i) Provides financial services to Fleet Services including assistance in the development and review of financial policies, budgets and rates.
  - j) Assists the Fleet Services manager in budget monitoring.
4. Finance Department
- a) Working with the ERRC establishes and administers the funds policies.
  - b) Analyzes and makes recommendations to the Leadership Team on FERRF and FOMF financial plans for the budget period, including: asset replacement plan, proposed new asset purchases, and total charge allocations by department.
  - c) Works with the ERRC to analyze reserve needs, compares them with actual annual reserve contributions, and determines if there is any excess/deficit to be refunded to or contributed by the appropriate fund as required. If the new estimate is within 5% (+/-) of the actual annual reserve contribution, then no action is required.
  - d) Processes FERRF and FOMF department billings and prepares FERRF and FOMF financial statements.
  - e) Ensures City property and equipment is disposed of in accordance with State and City regulations.

- f) Invests fund money in accounts for interest in accordance with the City's Financial Policy.
- 5. Leadership Team
  - a) During the budget process approves the FERRF and FOMF financial plans for the budget period.
  - b) Approves exceptions to established policies on a case-by-case basis.
- 6. City Council
  - a) Adopts the appropriations and operating budgets for FERRF and FOMF during the budget process.

C. Chronology of Significant Events:

1. RCW 32.21.088 address the creation and guidelines of the Equipment Rental Fund.
2. The Equipment Rental & Replacement Fund (ERRF) was created July 2, 1974 by Ordinance No. 1712.
3. Original ERRF created by Ordinance No. 1712 is repurposed effective January 1, 2019 through Ordinance No. 3218.
4. New Fleet Equipment Rental Operating and Maintenance Fund (FOMF) effective January 1, 2019 by Ordinance No. 3218.

D. Common Audit Issues shared by the State Auditor's Office:

1. Failure to maintain a current list of assets and lack of the performance of physical inventories. (This is the most common condition observed.)
2. Failure to retain adequate records for support of expenditures.
3. Failure of the ER&R fund to bill departments for use of equipment and supplies.
4. Submitting replacement cost estimates for reimbursement with grant money.

EXHIBIT B



**I.T. Equipment Rental & Replacement Fund and I.T  
Operations & Maintenance Fund**

**Policy**

November 2018

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## II. Overview

### A. Purpose:

The purpose of this document is to establish and specify the City of Port Townsend's (City) policy governing asset and fund management, including rental, replacement, and maintenance services for equipment related to Information Technology (I.T.) (See separate policy for Fleet Equipment Rental & Replacement and Fleet Operations & Maintenance).

### B. General Policy:

1. It is the policy of the City to provide for centralized management of its computer and I.T. equipment. Management activities include fund management and asset purchase, rental, maintenance and repair, replacement and disposal.
2. The City Manager has delegated responsibility for implementing the provisions of this policy to the Information Technology Services Department. The Information Technology Services Department in collaboration with the Finance Department shall be responsible for ensuring uniform application and interpretation of the policy. Proposed exceptions to the policy will be considered for maximum benefit of the City.
3. The Information Technology Services Department shall be responsible for planning, directing, managing, coordinating and supervising programs for the acquisition, assignment, maintenance and repair, rental, replacement and disposal of the City's I.T. equipment.

### C. Funds Purpose:

The purpose of the I.T. Equipment Rental & Replacement Fund (ITERRF) and the I.T. Operations & Maintenance Fund (ITOMF) is to manage replacement and maintenance funds to ensure sufficient monies are available when needed. This allows the City to focus on using maintenance and efficiency indicators when making asset equipment replacement decisions.

### D. Services:

The ITERRF and ITOMF are designated as Internal Service Funds with three major functions. The Replacement function supports the process to provide for replacement of assets. The Administration function supports asset and operations management. The operations function supports maintenance and intergovernmental activities.

## III. Replacement Reserve Management

### A. Donation of Equipment to ITERRF:

Departments that participate in replacement will donate all eligible assets to the ITERRF, where they will be considered ITERRF owned Assets.

## B. Replacement Reserves for ITERRF Owned Equipment:

During the budget process, the Information Technology Services Department will establish reserves for the replacement of assets.

1. Replacement charges are generally calculated based on the estimated cost of each equipment category, its useful life, and the anticipated replacement value. Replacement rates are sometimes adjusted for special purposes. All charges will be accumulated in the ITERRF. A calculation model, such as the Excel model provided by FCS Group, shall be used to track each individual asset and determine the appropriate replacement charge.
2. Replacement rates may be adjusted when the useful life of an asset is changed, or the cost of the replacement asset is significantly higher or lower than the norm.
3. Assets acquired for service by means other than purchase (e.g. lease) will have a replacement rate established like a purchased asset and will require Finance approval for replacement at the time of acquisition.

## C. Prohibited Uses of Reserves:

1. ITERRF replacement reserves will not be used to fund construction projects, purchase non-capital equipment (unless part of a system), or purchase capital items that are not authorized to have a replacement schedule.
2. ITERRF replacement reserves will not be permanently transferred to other funds unless directed by Council.

## D. Purpose and Uses of Reserves:

The ITERRF is designed to ensure we can replace an asset with a “like” item. The ITERRF exists to accumulate monies based on the replacement cost of an asset.

1. True-up Process: During the semi-annually review process the annual reserve need will be re-evaluated, compared with the actual annual reserve contributions, and any excess/deficit will be refunded to or contributed by the appropriate fund as required. If the new estimate is within 5% (+/-) of the actual annual reserve contribution, then no action is required.
2. Like-for-Like Baseline: When computing funds available for replacement, the Information Technology Services Department determines the estimate by comparing the equipment being replaced to an identical piece of equipment in today’s marketplace.
3. Equipment Improvements: If there are changes in equipment technology that either make the old asset obsolete, antiquated or not match generally accepted industry trends, this will be considered a like-for-like replacement.
4. Upgrades: New equipment technology that is not an Equipment Improvement will be considered an upgrade. Upgrades are acceptable if there is enough money available using the like-for-like formula. If there is a need for additional funds, the department must fund the difference with their department’s operating budget.
5. Rebuilds: There is an option to use the ITERRF monies to rebuild equipment if it extends the useful life and it is more cost-effective than the replacement option.
6. Legal and Safety Requirements: If a mandated legal or safety requirement occurs and there is a cost increase, the department must fund with their department’s operating budget.

7. Early Replacement: If it is determined by the Information Technology Services Department that an asset has failed before the end of its useful life, the ITERRF will pay for this (pending availability of funds). To collect the shortfall, an increased rate of replacement, which will include the funds still to be collected on the original asset, shall be charged on the newly replaced asset.
8. Combining Assets or Obtaining Multiple Assets: It is permissible to combine assets to obtain a single asset or to obtain more than one asset when replacing a single asset. In both cases, if there is a shortage of funds (based on the like-for-like formula), the department must fund the difference from their department's budget.

## IV. Replacement Rules

### A. ITERRF Owned Assets:

All assets placed in the ITERRF must have the following basic criteria as determined by the Information Technology Services Department. The Information Technology Services Department can change the minimum criteria to match the City's standards and approve exceptions on a case-by-case basis. These criteria must be met to have a replacement schedule created:

1. Useful life be more than one year.
2. Minimum individual value is \$500. Please note that this value may change from time to time to account for inflation.
3. Assets such as tablets and cellular devices will not be included in the ITERRF. These assets will be purchased directly out of the respective department's operating budget as needed or replaced.

### B. Useful Life:

The useful life is established based on industry standards and the normal life expectancy of similar assets. Asset classes generally affect large groups of similar assets; however, special applications and unique items may have separate lives. Normally the useful life is changed when actual average disposal age deviates by one year or more at replacement. Useful life can also be changed because of technological changes or the Information Technology Services Department's determination.

### C. Acquisition and Disposal of Assets:

Information Technology Services Department reviews all assets to determine those that should be replaced and those that should be retained. The Information Technology Services Department meets with the operating departments to agree on the selection of items to be replaced and to discuss new acquisitions. Approval for acquisition of assets is decided during the Budget process with Council's approval and disposal of assets must follow the City's Disposal and Surplus Policy.

## V. Operations & Maintenance

### A. Maintenance Rates:

The Finance Department and Information Technology Services Department will establish rates for various operational costs and services provided by the approved budget of the Information Technology Services Department. The ITOMF will be used to account for operations and maintenance charges.

1. ITOMF maintenance rates will be established to recover 100% of the actual direct and indirect costs (e.g. Salaries, operational expenses, etc.). Rates will be adjusted during the budget process and mid-year review based on the fund balance if revenue exceeds or is below needs.
2. Each department will be charged based on the number of pieces of I.T. equipment assigned to them in the ITERRF, along with an allocation for citywide shared equipment. The allocation will be calculated by the model.

### B. Maintenance and Services:

The Information Technology Services Department will maintain all ITERRF assets. The Information Technology Services Department may perform maintenance and provide services on equipment not assigned to ITERRF.

## VI. Appendix

### A. Acronyms:

1. ITERRF – I.T. Equipment Rental & Replacement Fund
2. ITOMF – I.T. Operations & Maintenance Fund

### B. Roles and Responsibilities:

1. Operating Departments
  - a) Work with the Information Technology Services Department to identify ITERRF asset needs and provide all pertinent information for any asset owned and maintained by the ITERRF and ITOMF. This is particularly important for specialty equipment.
  - b) Work with the Information Technology Services Department to develop budgetary proposals ensuring proper funds are available in the ITERRF and ITOMF.
  - c) Provides prudent use, care, and stewardship of ITERRF owned assets.
  - d) Provides feedback on asset management policies.
2. Information Technology Services Department
  - a) Establishes and administers the funds policies in collaboration with the Finance Department.
  - b) Manages all ITERRF assets in accordance with this policy.
  - c) Manages the budget and financial operations of the ITERRF and ITOMF.
  - d) Prepares the asset replacement plan and recommends new purchases.
  - e) Prepares purchase requisitions for all new ITERRF assets.

- f) Represents I.T. on the operating budget and financial issues.
  - g) Determines equipment that will be maintained by ITOMF.
  - h) Establishes the useful life, replacement schedules and rates for all asset classes, and makes changes to the useful life based on actual experience.
  - i) During the budget process develops ITERRF and ITOMF financial plans for the budget period.
  - j) Sets maintenance and replacement to user departments.
  - k) Works with the Finance Department to estimate reserve needs, compare them with actual annual reserve contributions, and determines if there is any excess/deficit to be refunded to or contributed by the appropriate fund as required. If the new estimate is within 5% (+/-) of the actual annual reserve contribution, then no action is required.
3. Finance Department
- a) Working with the Information Technology Services Department establishes and administers the funds policies.
  - b) Analyzes and makes recommendations to the Leadership Team on ITERRF and ITOMF financial plans for the budget period, including: asset replacement plan, proposed new asset purchases, and total charge allocations by department.
  - c) Works with the Information Technology Services Department to analyze annual reserve needs, compares them with actual annual reserve contributions, and determines if there is any excess/deficit to be refunded to or contributed by the appropriate fund as required. If the new estimate is within 5% (+/-) of the actual annual reserve contributions, then no action is required.
  - d) Processes ITERRF and ITOMF department billings and prepares ITERRF and ITOMF financial statements.
  - e) Ensures City property and equipment is disposed of in accordance with State and City regulations.
  - f) Invests fund money in accounts for interest in accordance with the City's Financial Policy.
4. Leadership Team
- a) During the budget process approves the ITERRF and ITOMF financial plans for the budget period.
  - b) Approves exceptions to established policies on a case-by-case basis.
5. City Council
- a) Adopts the appropriations and operating budgets for ITERRF and ITOMF during the budget process.
- C. Chronology of Significant Events:
- 1. RCW 32.21.088 address the creation and guidelines of the Equipment Rental Fund.
  - 2. The Equipment Rental & Replacement Fund (ERRF) was created July 2, 1974 by Ordinance No. 1712.
  - 3. Original ERRF created by Ordinance No. 1712 is repurposed effective January 1, 2019 through Ordinance No. 3218.

4. New ITERRF and ITOMF effective January 1, 2019 with Ordinance No. 3218. All departments will participate in the new ITERRF and ITOMF.

D. Common Audit Issues shared by the State Auditor's Office:

1. Failure to maintain a current list of assets and lack of the performance of physical inventories. (This is the most common condition observed.)
2. Failure to retain adequate records for support of expenditures.
3. Failure of the ER&R fund to bill departments for use of equipment and supplies.
4. Submitting replacement cost estimates for reimbursement with grant money.

EXHIBIT C



# Purchasing Policies and Procedures Manual

250 Madison Street  
Port Townsend, WA 98368  
[cityofpt.us](http://cityofpt.us)

## PURCHASING MATRIX – BID LIMITS & SIGNING AUTHORIZATION

(Always include applicable sales tax when determining dollar amounts)

Purchase of Goods & Equipment	Bidding Process	Contract and Payment Requirements	Authorization
Under \$500	No requirement	Payment off signed invoice (or use purchase card if within limits)  No contract required  Employee personal reimbursement if approved by supervisor  W-9	Department head or designee
\$500-\$7,500	No requirement, but three estimates recommended  May use MRSC Vendor Roster, State contract, or interlocal agreement  Select lowest qualified vendor	Payment off signed invoice (or use purchase card if within in limits)  W-9	Department head or designee
\$7,501-\$15,000	Obtain three telephone and/or written quotations or use formal bidding  May use MRSC Vendor Roster, State contract, or interlocal agreement  Select lowest qualified vendor	Purchase order if >\$10,000  Requisition form & signed invoice  W-9	Department head (if within budget appropriations)
\$15,001-\$29,999	<u>Must</u> either: formally bid, use State contract, or interlocal agreement  Select lowest qualified vendor	Purchase order  Requisition form & signed invoice  W-9	City Manager (if within budget appropriations)
\$30,000 or more	<u>Must</u> either: formally bid, use State contract, or interlocal agreement  Select lowest qualified vendor	Purchase order  Requisition form & signed invoice  W-9	Council approval <sup>1</sup>  Contract and/or invoice signed by City Manager

Public Works Projects	Bidding Process	Contract and Payment Requirements	Authorization
\$5,000 or less	<p>Required to have three estimates</p> <p>May use MRSC Small Works Roster</p> <p>Award to lowest qualified contractor</p> <p>Alternatively, may use day labor (City staff)</p>	<p>Small public works contract</p> <p>Insurance</p> <p>W-9</p> <p>Prevailing wage (<i>Contractor may use Combined Intent/Affidavit Form for projects \$2,500 or less</i>)</p> <p>5% retainage or retainage bond, unless waived in advertisement by City Manager, department head, or designee</p> <p>Performance and payment bonds, unless waived in advertisement by City Manager, department head, or designee</p>	Department head or designee
<p>Less than \$50,000</p> <p><u>Limited</u> Small Public Works process</p>	<p>Obtain estimates from at least <u>three</u> contractors on MRSC Small Works Roster<sup>2</sup></p> <p>Award to lowest qualified contractor</p> <p>Alternatively, may use formal bidding or day labor (City staff)</p>	<p>Small public works contract</p> <p>Insurance</p> <p>W-9</p> <p>Prevailing wage</p> <p>5% retainage or retainage bond, unless waived in advertisement by City Manager</p> <p>Performance and payment bonds, unless waived in advertisement by City Manager</p> <p>Contractor may choose to have 10% retainage held instead of providing performance and payment bonds</p> <p>Purchase order (encumbrance) if &gt;\$10,000, except capital projects</p>	<p>City Manager for less than \$20,000 single trade or \$35,000 multiple trades<sup>3</sup></p> <p>Contracts over these limits require Council approval</p> <p>Contract signed by City Manager</p>
<p>\$350,000 or less</p> <p>Small Public Works Roster process</p>	<p>Obtain estimates from at least <u>five</u> contractors on MRSC Small Works Roster</p> <p>All contractors in applicable roster category</p>	<p>Small public works contract</p> <p>Insurance</p> <p>W-9</p>	<p>Council approval (see above)</p> <p>Contract signed by City Manager</p>

	<p><u>must</u> be given opportunity to submit estimate before any contractor can be solicited again</p> <p><i>If project total is between \$250,000-\$350,000, <u>all</u> contractors in applicable category must be notified that project is being bid</i></p> <p>Recommend bid deposits for projects &gt;\$40,000</p> <p>Alternatively, may use formal bidding or may use day labor (City staff) for single trade projects \$75,500 or less and multiple trade projects \$116,155 or less</p> <p>Award to lowest qualified contractor</p>	<p>Prevailing wage</p> <p>5% retainage or retainage bond, unless waived in advertisement by City Manager <sup>4</sup></p> <p>Performance and payment bonds</p> <p>Contractor may choose to have 10% retainage held instead of providing performance and payment bonds for projects \$150,000 or less</p> <p>Purchase order (encumbrance), except for capital projects approved in CIP</p>	
Projects over \$350,000	<p><u>Must</u> use publicly advertised formal bid process</p> <p>5% bid deposit required</p>	<p>Public works contract</p> <p>Insurance</p> <p>W-9</p> <p>Prevailing wage <sup>5</sup></p> <p>5% retainage or retainage bond <sup>4</sup></p> <p>Performance &amp; payment bonds</p> <p>Purchase order [except Capital Projects approved in CIP]</p>	<p>Council approval</p> <p>Contract signed by City Manager</p>
<b>Services [not including Architecture &amp; Engineering]</b>	<b>Bidding Process</b>	<b>Contract and Payment Requirements</b>	<b>Authorization</b>
Under \$5,000	<p>No requirement, but three estimates recommended</p> <p>Check requirements if using federal funding</p>	<p>No contract required</p> <p>Payment off signed invoice</p> <p>W-9</p> <p>Prevailing wages may be required for certain services (e.g., landscaping)</p>	<p>Department head or designee</p>

\$5,000-\$9,999	<p>No requirement, but recommend <u>at least three</u> estimates from firms on the MRSC Consultant Roster</p> <p>Request price quotes, schedule, qualifications</p> <p>Check requirements if using federal funding</p> <p>Contract with lowest qualified vendor</p>	<p>Professional services agreement</p> <p>Insurance</p> <p>W-9</p> <p>Purchase order (encumbrance) if requested</p> <p>Prevailing wages may be required for certain services (e.g., landscaping)</p>	City Manager
\$10,000-\$19,999	<p>Request proposals or estimates from <u>at least three</u> firms on the MRSC Consultant Roster</p> <p>Request price quotes, schedule, and qualifications</p> <p>Check requirements if using federal funding</p> <p>Contract with lowest qualified vendor</p>	<p>Professional services agreement</p> <p>Insurance</p> <p>W-9</p> <p>Purchase order (encumbrance)</p> <p>Prevailing wages may be required for certain services (e.g., landscaping)</p>	<p>Council approval <sup>6</sup></p> <p>Contract signed by City Manager</p>
\$20,000 or more	<p>Formal, advertised <u>RFP or RFQ</u> process recommended</p> <p>Check requirements if using federal funding</p> <p>Contract with lowest qualified vendor</p>	<p>Professional services agreement</p> <p>Insurance</p> <p>W-9</p> <p>Purchase order (encumbrance)</p> <p>Prevailing wages may be required for certain services (e.g., landscaping)</p>	<p>Council approval <sup>6</sup></p> <p>Contract signed by City Manager</p>
<b>Architecture, Engineering, Landscape Architecture, &amp; Surveying</b>	<b>Bidding Process</b>	<b>Contract and Payment Requirements</b>	<b>Authorization</b>
Any dollar amount	<p>Must publish need for services in advance</p> <p>May use MRSC Consultant Roster</p>	<p>Professional services agreement</p> <p>Insurance, including professional liability</p> <p>W-9</p>	<p>City Manager if less than \$10,000 <sup>6</sup></p> <p>\$10,000 or more requires Council approval</p>

	<p>Firms submit statement of qualifications</p> <p>Award based on qualifications, not price</p> <p><i>Some A/E contractor funding agencies may require their own contract and/or contract language placed into the city contract. Verify with funding agency.</i></p>	<p>Purchase Order if &gt; \$10,000</p>	
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- <sup>1</sup> The City Manager may sign contracts for purchase of goods greater than \$30,000 if they specifically implement the annual budget and result from the aggregation of approved budgetary programs and services for the current year (PTMC 3.46.110(A)(1)).
- <sup>2</sup> For projects under \$50,000, you may use the Limited Small Public Works process, which requires estimates from at least three contractors on the roster.
- <sup>3</sup> The City Manager may sign public works contracts up to \$65,000 for multiple trades if the contract is time-sensitive and a delay in bringing the matter before Council would cost the City time and money.
- <sup>4</sup> Retainage is not required for federally funded transportation projects through the Federal Highway Administration. Check grant documents for specific requirements. If the local government waives retainage, they assume liability of contract non-payments but do retain the right of recovery from the contractor.
- <sup>5</sup> Federally funded or assisted public works projects over \$2,000 require payment of Davis-Bacon wage rates determined by the U.S. Department of Labor.
- <sup>6</sup> The City Manager may sign professional services contracts, including architectural, engineering, legal, or consulting services, up to \$25,000 if the contract is time-sensitive and delay in bringing the matter before Council would cost the City time and money.

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## Sources

- [City of Port Townsend Municipal Code](#)
- [Washington State RCW's](#)
- [Municipal Research and Services Center](#)
- [The Bidding Book](#)

# 1.0 Introduction

## 1.1 Purpose of the Manual

The Purchasing Policies and Procedures Manual guides and assists City staff with basic procurement and contracting requirements as set forth in the City of Port Townsend Municipal Code (PTMC) Chapter 3.46 and Washington State statutes.

This manual establishes policy guidelines and clarifies the procedures for purchasing supplies and materials, public works construction, and contracting for services by the City of Port Townsend. The procedures set forth in subsequent sections of this manual are designed to assure the citizens, the City Council, and City administrative staff that the City is receiving maximum value for each tax and utility dollar expended and to ensure fiscal responsibility in the procurement process. All employees and City representatives must follow these policies and procedures.

All references to the Revised Code of Washington (RCW) and City Ordinances and Resolutions shall be incorporated as part of this manual, including all future amendments. In cases where these policies conflict with any City Ordinance or State or Federal Law or Regulations, the terms of that law or regulation prevail. In all other cases, these policies apply.

## 1.2 Contact Information

Name	Responsibility
Finance Director/Manager	Fiscal control, policy, & budget
Finance – Accountant	Grants & capital improvement program
City Attorney/Legal Asst.	Contracts and bidding process
Finance Technician III	Accounts payable & vendors; ordinary purchases of supplies, materials, maintenance, and equipment; surplus & disposition of assets; purchasing cards

### 1.3 Code of Ethics ([RCW 42.23](#))

This section of the manual should be interpreted in tandem with the City of Port Townsend [Personnel Policy Manual](#) Chapter 2.1 (Code of Conduct) and [PTMC Chapter 2.80](#). Please also refer to [RCW 42.23](#) (Code of Ethics for Municipal Officers – Contract Interests). A municipal officer includes all elected officials, advisory board members, and City employees.

City employees are expected to represent the City in a professional and accountable manner that is courteous, helpful, and efficient.

Employees shall conduct their public and private actions and financial dealings in a manner that shall present no conflict of interest between the public trust and their private interest.

Actions of City employees, when purchasing supplies and services, should be fair and impartial and not be used for personal gain or benefit. Public employment shall not be used for personal gain, and City employees may neither solicit, accept, nor agree to accept any compensation, gratuity, or reward for themselves, their families, or others that results in their personal gain or which may affect their impartiality in making decisions on the job. Discounts or concessions realistically available to the general population, items received that do not result in personal gain, and samples for general City use are examples of items that are not gratuities. Personal judgment should be used, and questions regarding particular situations should be referred to the employee's supervisor or department head.

#### **Personal gifts or gratuities that might influence or give the appearance of influencing purchases of goods or services must be declined.**

Employees may not willfully circumvent purchasing and procurement policies and procedures to enter into contracts or purchase goods and services. Any contract made in violation of this policy manual, City code, or State statutes will be considered null and void, and the employee or officer may be subject to discipline or dismissal. Willful disregard of these policies and statutes when purchasing goods and services may also be subject to discipline and/or dismissal from service. Please see [PTMC 2.80.060](#) (Penalties) for reference.

### 1.4 Conflict of Interest

No City staff or Council member may undertake consulting, professional practice, or other assignments that would result in a conflict of interest. Any

City employee or Council member who recommends or approves a purchase and has any financial interest in the firm involved in the purchase shall disclose his or her interest prior to recommending or approving the purchase.

No city staff or Council member may participate in the selection, award, or administration of a contract supported by a Federal award if they have a real or apparent conflict of interest. Such a conflict of interest would arise when the City employee or Council member, any member of their immediate family, their partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. Any willful violation will be subject to disciplinary action according to [PTMC 2.80.060](#).

## **1.5 Unauthorized Purchases**

PURCHASES FOR PERSONAL USE ARE NOT ALLOWED. The person ordering the unauthorized and unjustified purchase is personally liable for the costs of the purchase or contract and may be subject to disciplinary action, up to and including termination of employment. If the purchase was made without proper authorization but is in fact a justified purchase, then the department head has the option to approve the purchase after the fact.

When representing the City through purchasing goods and services, employees are prohibited from doing the following:

- “Bid Splitting” – A capital (public work) project means a complete project. The project may not be split into units or classes of work to avoid the restriction on work that may be performed by day labor or other bid rules.
- Purchase breakup – Purchases that exceed authorization limits or exceed the quote requirements should not be split up to circumvent the purchasing policies and procedures.
- Purchasing alcohol or personal entertainment goods and services.
- Generating a purchase order. Only the Legal Department or Finance Department have the authority to generate a purchase order (encumbrance).
- Purchasing controlled commodities without prior approval including the following:
  - Cell phones, telephone equipment, pagers, etc.
  - Computers and related equipment, fax machines, printers, scanners, copiers, software, or systems

## Speaking the Same Language

The following terms are often used interchangeably. We typically use these terms as described below:

### **Purchasing, Procurement**

Purchasing is the act, function and responsibility for the acquisition of equipment, materials, supplies and services. The term describes the process of buying.

Procurement includes all functions that pertain to the acquisition, including description of requirements, selection and solicitation of sources, preparation and award of contract and all phases of contract administration.

- Anything that IT staff is requested or required to install, connect, service, maintain, or support
- Anything purchased using Equipment Rental and Revolving Funds
- Using a City-issued purchase card for cash advances or professional services

## 1.6 Sustainable Purchasing

The City shall acquire its goods and services in a manner that complies with all federal, State, and City laws and other requirements (e.g., City resolutions).

Environmental factors to consider in selecting products include:

- Pollutant releases, especially persistent bio-accumulative toxins (PBTs)
- Waste generation
- Greenhouse gas emissions
- Recycled content [recommend using 30% recycled paper]
- Energy consumption
- Depletion of natural resources
- Potential impact on human health and the environment

Social equity factors that should be considered include but are not limited to:

- Use of local businesses when allowable under bid rules
- Use of small, minority, and women-owned businesses
- Ergonomic and human health impacts

Fiscal factors to be considered include but are not limited to:

- Lowest total cost
- Leveraging our buying power
- Impact on staff time and labor
- Long-term financial/market changes
- Technological advances in a rapidly changing market

## 1.7 What This Manual Covers

The process of selecting vendors and managing contracts shall embody the value of stewardship of public resources by providing the greatest levels of both quality and value.

The goals are to ensure that the purchase process:

## Speaking the Same Language

The following terms are often used interchangeably. We typically use these terms as described below:

### Vendor, Contractor, and Consultant:

Vendor is typically used when referring to a supplier of goods, materials, or supplies.

Contractor is typically used when referring to a construction or maintenance company. Can also apply to an individual or business having a contract with the City.

Consultant is typically used when working on a Professional Service Contract. The term means a person with education and/or experience which uniquely qualifies them to perform some specialized services.

- **Practices ethical behavior and conduct:** Create purchasing processes that are fair, open, and at least cost of public funds.
- **Obtains value with public funds:** Purchase goods and services that are fiscally responsible, reduce resource consumption and waste, perform adequately, promote advantages to lessor advantaged segments of the community, and promote health and well-being.
- **Acts with integrity and ensures open and effective communication:** Be impartial in fact, as well as in appearance.

### From Start to Finish...

Before any purchase is made, the following questions should be answered:

- **Define the need** – What kind of purchase is this?
- **Determine the cost** – How much will it cost?
- **Process** – How do I procure it?
- **Protecting the City** – How do we properly protect the City from liability?
- **Authority** – Who must approve it?
- **Contract administration** – What are my responsibilities?

## 1.8 Define the Need

The first question that should be answered is “What type of purchase is this?” The major categories of purchases include:

### **Public Works:** [\(RCW 39.04.010\)](#)

Includes all work, construction, alteration, repair, or improvements other than ordinary maintenance executed at the cost of the City:

*Examples: demolition, remodeling, renovation, road construction, building construction, and utilities construction.*

Ordinary maintenance is generally considered to include work not performed by contract and performed on a regular basis to service, check, or replace items that are not broken. For purposes of prevailing wage

## Speaking the Same Language

*The following terms are often used interchangeably. We typically use these terms as described below:*

### **Bid, Estimate/Quote, Proposal**

Bid is an offer submitted by a contractor or vendor in response to an invitation to bid (ITB) or advertisement

Estimate or quote is a statement of prices, terms of sale, and description of goods or services offered by a vendor or contractor to the City. Commonly used in more informal solicitations.

Proposal is the document submitted by the offeror in response to an RFP/RFQ. Proposals allow contract award based on factors other than cost and may result in negotiations.

requirements, public works includes ordinary maintenance when performed by contract. See Section 3.2.

### **Materials, Supplies, and Equipment:**

Materials, supplies, and equipment are considered tangible items, which are manufactured and are moveable at the time of purchase. It is important to distinguish materials, supplies, and equipment used in public works contracts from those in non-public works contracts, as different bidding requirements apply to each.

*Examples: office supplies, off-the-shelf software, hardware, trucks, copy machines, auto parts, gravel, janitorial supplies, food, and beverages.*

### **Services:**

Distinguishing between services and public works is important, as services have different bidding requirements. Services require the labor, time, or effort of a human being and can include intellectual or physical work.

*Examples: accountants, attorneys, elevator maintenance, instructors, technology consulting, engineers, and land surveyors.*

## **1.9 Determine the Cost**

Once the need has been defined, the estimated cost of the goods or services will generally determine what competitive selection process you follow. Estimated project costs for competitive bidding purposes must include:

- All construction-related work (except for engineering or architectural design fees)
- All phases of the project
- Any permitting costs of the project
- All labor and materials required for the project
- All applicable sales and use taxes

The cost estimate should not include donated materials, labor, supplies, etc.

## **1.10 Determine Contract Value**

Contract value refers to the total aggregate value of the contract, including potential renewal periods. Examples of contract value are as follows:

- Example #1: A three-year contract for \$40,000 per year is considered a \$120,000 contract.
- Example #2: A one-year, \$8,000 professional services contract is renewed for an additional year at \$8,000. The aggregate value of

## Acronyms

**SOQ** – Statement of Qualifications

**RFQ** – Request for Qualifications

**RFP** – Request for Proposal

**ITB** – Invitation to Bid (Formal Bid)

**ITQ** – Invitation to Quote (Small Works)

**MWDBE** – Minority, Women, and Disadvantaged Business Enterprise

**CIP** – Capital Improvement Plan

the contract becomes \$16,000, which requires City Council approval.

### 1.11 Exemptions to the Competitive Bidding Process

Exemptions to this policy must be approved in writing by the City Manager when within his or her signing authority; otherwise, exemptions shall be approved by City Council. Exemptions should make good business sense and be in the best interest of the City. In all cases, it is the City’s responsibility to conduct a good faith review of all available providers.

Exemptions to competitive bidding requirements as provided in [RCW 39.04.280\(1\)](#) and [PTMC 3.46.090](#):

Type	Examples and Notes
<b>Sole source</b>	<ul style="list-style-type: none"> <li>Licensed or patented goods or services</li> <li>Specialized items that are compatible with existing equipment or systems (i.e. water treatment plant filters)</li> <li>Meets City standards (i.e. meters)</li> <li>Factory-authorized warranty services</li> <li>Meets a specialized need of the City</li> </ul>
<b>Purchases involving special facilities or market conditions</b>	<ul style="list-style-type: none"> <li>Items of special design, shape, or manufacture that match or fit existing equipment, inventory, systems, programs, or services</li> <li>Items offered at highly favorable price that will be sold before City can follow bidding process</li> </ul>
<b>Auctions, closeout, &amp; bankruptcy sales</b>	<ul style="list-style-type: none"> <li>Only when items can be purchased below market cost</li> </ul>
<b>Emergency purchases or public works</b>	<ul style="list-style-type: none"> <li>See Section 1.12</li> </ul>
<b>Purchases of insurance or bonds</b>	<ul style="list-style-type: none"> <li>Competitive bidding is not required for insurance or bond purchases</li> </ul>
<b>Real property</b>	<ul style="list-style-type: none"> <li>The City Manager, upon approval by City Council, may proceed to acquire real property through negotiation</li> <li>Negotiations must be based upon an independent appraisal of the property</li> <li>The City will not pay more than market value</li> <li>If purchased with federal funds, the acquisition shall comply with the Uniform Real Property Acquisition and Relocation Assistance Act of 1970, as amended</li> </ul>
<b>Surplus property</b> ( <a href="#">RCW 39.33.010</a> )	<ul style="list-style-type: none"> <li>The City may by agreement acquire, sell, or exchange surplus property to or from another government without the use of bids</li> </ul>

## Tips & FAQs

**Q:** *The garage door at Public Works is stuck closed. The door must be fixed immediately. What do we do?*

**A:** Although this is an urgent need, it does not present a real, immediate threat to life or property, so regular contracting processes must be followed. The Legal Department can assist with developing a contract quickly once a contractor has been chosen.

**Q:** *Our City water tank has been badly damaged and water pressure is threatened. Is this an emergency?*

**A:** This is not a natural disaster, but does “present a real, immediate threat” and makes competitive bidding impractical. This would be treated as a declared emergency. Follow the declared emergency process.

**Note:** Emergencies involving FEMA reimbursements or work in critical areas may have different or additional requirements. Please contact the City Attorney or Finance Department for assistance with either emergency.

<b>Interlocal agreements (Piggybacking)</b> <a href="#">(RCW 39.34.030)</a>	<ul style="list-style-type: none"><li>• See Section 2.4</li></ul>
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### Exemption Process:

Complete a written request to the City Manager or City Council (depending on signing authority) explaining why this option is the only option, makes good business sense, and is in the best interest of the City. Explain what features, knowledge, or qualifications the vendor can provide that are not available from other sources. Outline steps taken to verify that this is the only vendor available, which could include:

- (1) internet search
- (2) calls to vendors or contractors on MRSC rosters
- (3) advertisement in paper with a “Notice of Intent to Contract”
- (4) advice from expert consultant in service area

This request should be signed by the requestor. Use the ***Sole Source Justification Form*** if applicable.

## 1.12 Declared Emergency

For purposes of this section “emergency” means unforeseen circumstances beyond the control of the City that either: (a) present a real, immediate threat to the proper performance of essential functions, or (b) will likely result in material loss or damage to property, bodily injury, or loss of life if immediate action is not taken. Competitive bidding may be waived subject to the following process:

1. Staff (usually a department head) identifies an urgent need and requests that the City Manager declare an emergency.
2. Upon approval from the City Manager, the department authorizes work and/or equipment procurement required to address the emergency.
3. Department drafts a memorandum explaining the basis for the emergency and the selection of the particular vendor. This memorandum should be included in the contract file.
4. Request that the Legal Department draft a contract.
5. Department schedules the contract award on next City Council agenda. City Attorney and department head prepare materials necessary to ratify the emergency declaration finding.

## Tips & FAQs

### Tax revenue from purchases:

The City may factor in tax revenues generated by a purchase of supplies, materials, and equipment, including those from local sales tax or from gross receipts business and occupation tax. If these tax revenues are considered, the City must consider the taxes it would receive from suppliers located both within and without its boundaries (RCW 39.30.040).

### Preference for recycled products:

The City may allow for preferential purchase of products made from recycled materials or products that may be recycled or reused (RCW 39.30.040).

## 2.0 New Procurement

### 2.1 Initiate a New Procurement

The City makes many small and large purchases over the course of the year and must comply with State and local laws for each type of procurement, based on type of work, dollar limits, and level of risk involved.

See the matrix at the beginning of this manual for a summary of the types of new procurements typically performed at the City of Port Townsend. City staff may also initiate new procurements through purchasing card purchases (see Section 6.0) and by requesting reimbursement for purchases made with the employee's personal funds. It is recommended that employees use a purchasing card for small purchases whenever practicable and allowed by City policy.

### 2.2 Purchases of Goods, Supplies, & Equipment

#### 2.2 (a) SMALL Purchases of Goods, Supplies, & Equipment (\$7,500 or less)

Small purchases of goods, supplies, materials, and equipment **\$7,500 or less** can be made using one of the following processes:

Process	Dollar Limit	Allowed Uses	Non-Allowed Uses
<p><b>Purchasing Card</b> (see Section 6.0)</p> <p><i><b>It is strongly recommended you use a City purchasing card vs. personal credit card</b></i></p> <p><i>All receipts must be retained and turned into supervisor for approval.</i></p>	<p>Contact Finance if you need to know your limits.</p> <p>Sample limits: \$500 single purchase; \$1500 monthly billing cycle limit</p> <p><i>Exceptions may be made with the Finance Director's approval</i></p>	<p>Business-related purchases of goods and services (i.e., subscriptions, seminars, meeting supplies, maintenance, repair, operations, office supplies, computer peripherals, software subscriptions)</p>	<p>Alcohol, capital equipment, cash advances, consulting services, personal items, professional services, meals while traveling</p>

## Tips & FAQs

When purchasing telecommunications and data processing (computer) equipment or software, the City may follow a “competitive negotiation” process as an alternative to the bid process (RCW 39.04.270). This process requires, at a minimum:

- A request for proposals (RFP) published in the newspaper of general circulation at least 13 days before the submission deadline.
- The RFP identifies significant evaluation factors, including price, and their relative importance.
- The City provides reasonable procedures for technical evaluation of the proposals, identification of qualified sources, and selection for awarding the contract.
- The award must be made to the qualified bidder whose proposal is “most advantageous” to the City. The City may reject all proposals for good cause and request new proposals.

<b>Personal/employee Reimbursement</b>	Up to \$1,000 <i>Personal credit card use must be approved by dept. head.</i>	Incidentals such as postage, ferry tolls, parking fees, hotel fees, CDL license, etc.	Regular business-related goods and services
<b>Vendor Invoice</b>	\$7,500 <i>All invoices MUST be addressed and/or shipped to the City of Port Townsend and have an invoice number, date of purchase, and description of item purchased.</i>	Contracted supplies  Goods at low risk and not otherwise covered under a contract or purchase order	Capital expenditures

Although there are no bidding requirements for goods purchases **between \$500 and \$7,500**, it is recommended that City staff obtain estimates from three vendors, preferably off the MRSC Vendor Roster. Staff may also use a State contract or interlocal agreement (“piggybacking”). The applicable department head or designee has invoice signing authority.

Purchases of goods **under \$500** do not require quotes, but staff may solicit estimates from the MRSC Vendor Roster or use a State contract or interlocal agreement (“piggybacking”). The applicable department head or designee has invoice signing authority.

*All payments made by a check issued by the Finance Department require a W-9 from the vendor.*

### 2.2 (b) INTERMEDIATE Purchases of Goods, Supplies, & Equipment (\$7,501-\$15,000)

Purchases of goods, supplies, materials, and equipment **from \$7,501 to \$15,000** should be made using a purchase order if over \$10,000 and a vendor invoice for payment. Purchases in this category could also be made using a State contract, interlocal agreement, or formal sealed bidding.

Employees may not use a purchase card or personal payment for reimbursement unless previously approved by their department head and within card limits.

When making purchases **from \$7,501 and \$15,000**, staff should obtain at least three telephone or written quotations from vendors on the MRSC

Vendor Roster. The applicable department head has invoice signing authority.

A purchase order or written agreement may be required. Check with the Finance Department for additional requirements.

*All purchases in this category require a W-9 from the vendor.*

## **2.2 (c) LARGE Purchases of Goods, Supplies, & Equipment (\$15,001 or more)**

Per [RCW 35.23.352\(8\)](#), any purchase of material, supplies, and equipment with a cost **exceeding \$15,000** requires formal, competitive bidding or the use of a State contract or interlocal agreement.

### **Formal Bidding Process:**

	<b>Task</b>	<b>Action</b>
1.	Identify grants or federal funds as applicable	Notify Accountant in Finance
2.	Prepare bid documents	Include: <ul style="list-style-type: none"><li>• Invitation to bid</li><li>• Instructions and information for bidders</li><li>• Bid proposal template</li><li>• Bid bond template</li><li>• Bidder's statement of qualifications template</li><li>• Sample contract</li><li>• Insurance requirements</li></ul> Contact Legal Dept. to review prior to finalization of bid package
3.	Prepare product specifications	Considerations: warranties, delivery, liquidated damages
4.	Advertise, publish, and notify	Advertise in official newspaper  Publish bid on Builder's Exchange  Email notification to recommended roster participants (if any)
5.	Addenda required?	Department to write addenda, notify plan holders, and post online
6.	Schedule & conduct bid opening	Department to schedule conference room and open and read sealed bids

7.	Bid Award	<p>Determine the lowest, responsible, responsive bidder</p> <p>Prepare Council agenda materials if \$30,000 or more</p> <p>Prepare purchase contract (or contact Legal Department if needed)</p> <p>Obtain vendor signature and forward to Legal Assistant</p> <p>Give Legal Assistant or Finance BARS code and request purchase order/encumbrance. Obtain W-9 for Accounts Payable</p> <p>Do not notify non-selected bidders about award until contract is fully signed</p>
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The City Manager has signing authority for purchases less than \$30,000. All purchases totaling \$30,000 or more require City Council approval. Consider the entire cost of the purchase for all years (for example, maintenance costs) involved when determining the approval level. Contact the Finance or Legal Department with questions on total contract value.

*All purchases in this category require a W-9 from the vendor.*

## 2.3 Food and Beverage Purchases

Generally, consuming food and beverages at public expense will be discouraged. The consumption of nourishment is ordinarily regarded as private and personal and not a public activity. (This includes light snacks.) In the occasion where food and beverages are approved for purchase, **in all circumstances the department head and/or the City Manager must pre-approve the purchase(s) and the department must have adopted budget appropriations.**

The following outlines circumstances when the City will provide for the consumption of food and beverages:

1. Meal reimbursements while in travel status. Please refer to the City of Port Townsend Personnel Policy Manual, Section 5.7 for meal per diem policies.
2. Light refreshments and/or meals may be purchased by the City when:

## Tips & FAQs

**Q:** *My department is having a regular staff meeting. I want to treat my staff for a job well done. Can I use City funds to purchase pizza for my staff and serve it at our regular meeting?*

**A:** The quick answer is NO, if the meeting is scheduled during regular business hours at the place of business. Although the purpose of the meeting is to discuss City business, providing pizza is not an integral part of the meeting.

Some exceptions may be made. For example, if the Dept. Head has budgeted staff recognition in the annual budget and the appropriations were approved by City Council, then it would be appropriate to buy pizza for staff.

As noted in the first paragraph of Section 2.12, consuming food and beverages at public expense is discouraged.

- Employees or officials attend a special meeting, training, or similar circumstance where the purpose of the event is to discuss City business, **AND**
  - It provides benefit to the City, **AND**
  - The refreshments are an integral (necessary) part of the meeting or training session for the employee or official to receive the full benefit of the meeting and/or training. (e.g., a working breakfast, lunch, or dinner), **AND**
  - The meeting or training session takes place away from the employee or official's regular workplace, **AND**
  - Receipts for actual costs of the refreshments/meals are kept with documentation of who was in attendance and the purpose of the meeting or training session.
3. In emergency situations when a department head determines that employees or intergovernmental employees performing critical City functions must remain at their workplaces, providing refreshments/meals will be allowed if the department head pre-approves the purchase.
  4. Meals and/or refreshments for employee, official, volunteer, wellness, public, or occasional appreciation events when:
    - The City Manager and/or department head has approved the purchase(s) in advance and documentation of such is evident, **AND**
    - Receipts for actual costs are kept with documentation of who was in attendance and the purpose of the event, **AND**
    - The meal/refreshment purchases for the event is approved through budgeted appropriations.

Prohibited purchases of refreshments include the following circumstances and will not be reimbursed by the City:

1. Meals and/or refreshments that were not pre-approved by the department head and/or the City Manager.
2. Meals and/or refreshments that were not approved in budgeted appropriations.
3. Purchase of alcoholic beverages.

## Tips & FAQs

**Q:** How do I find what contracts the State has available to use?

**A:** Visit the Department of Enterprise Services' website: <http://www.des.wa.gov/services/ContractingPurchasing/CurrentContracts/Pages/default.aspx>

### Tip

Some vehicles and heavy equipment purchased through the State require a State PO prior to purchase.

### Tip

State contracts typically have good pricing. However, keep in mind that they may not always be the lowest cost option. These contracts offer a good starting point in the quote process.

### Tip

#### Advertising:

Advertising requirements are found in the following codes:

[RCW 39.80.030](#) – Architectural and Engineering Services

[RCW 35.23.352\(1\)](#) – Public Works

[RCW 39.04.155\(2\)\(a\)](#) – Public Works Small Works Roster

## 2.4 Piggybacking (State Contracts and Interlocal Purchasing Agreements)

### State Contract Piggybacking Process

The City has signed a master contract with the Washington State Department of Enterprise Services (DES) to use the State's contracts for goods and services. When using a State contract, we are "piggybacking" off their competitive process, eliminating the need to perform our own. The City encourages the use of these contracts whenever possible.

	Task	Action
1.	Review State contract website for piggybacking requirements	Contact Finance Department with process questions
2.	Contact vendor to verify they will honor State contract pricing	Obtain details regarding all aspects of purchase, including invoicing, availability, delivery, etc.
3.	Contact Finance Dept.	Finance or Legal Asst. will develop a purchase order for the good/service if contract value > \$10,000 or otherwise required by the vendor
3.	Contact buyer to place order  <i>It is highly recommended that all agreements to use the State pricing are documented in writing</i>	Place order and process invoice for payment.  Provide Finance Department with BARS and State contract number for purchase order

State contracts include standard terms and conditions. When piggybacking off a State contract, all State contract terms and conditions apply. Contact the Legal Department if any contract terms do not suit the City's needs. Only certain particulars can be changed, such as quantity and delivery terms.

### Interlocal Purchasing Agreements

The process described above for State contracts can also be used to purchase goods and services through other agencies' contracts. However, the following additional steps must be taken by City staff:

1. Read the other agency's contract carefully to confirm that it allows other agencies to use it.
2. Document that the purchase was made according to the other agency's bidding requirements and our bidding requirements. Contact the Legal Department for assistance. This is best done by

## Tips & FAQs

**Q:** *What is a public work?*

**A:** According to the American Public Works Association, “public work” is the combination of physical assets, management practices, policies and personnel necessary for government to provide and sustain structures and services essential to the welfare and acceptable quality of life for its citizens. The projects are financed and constructed by and/or for the government.

**Q:** *What is ordinary maintenance?*

**A:** According to WAC 296-127-010(7)(b)(iii), ordinary maintenance is defined as work not performed by contract that is performed on a regularly scheduled basis (e.g., daily, weekly, monthly, seasonally, semiannually, but not less frequently than once per year), to service, check, or replace items that are not broken; or work not performed by contract that is not regularly scheduled but is required to maintain the asset so that repair does not become necessary.

**Q:** *A contractor has requested a deposit or advance before starting work. Is this okay?*

**A:** The City can only pay for work that has been completed. We cannot advance a contractor funds to purchase materials for a public works project.

requesting and retaining copies of all bid documents from the other agency.

3. Confirm that the City has a current interlocal purchasing agreement with the agency before making the purchase.
4. If we do not have an agreement, contact the purchasing coordinator at the other agency to request one. Contact the Legal Department for assistance in processing the agreement.

*Note: Be particularly careful about documentation when piggybacking off a contract from an out-of-state agency or a different type of agency (for example, a school district or port district). The authorization limits shown on the matrix at the beginning of this manual apply to purchases through State contracts and Interlocal Agreements.*

## 2.5 Public Works

### **Bid Limit:**

According to [RCW 35.23.352](#), a second-class city, such as Port Townsend, may construct a public work by contract or by day labor (City staff) without calling for bids when the estimated cost of the work will not exceed \$116,155 if more than one trade is involved or \$75,500 if a single trade is involved. When the cost of a public work exceeds these figures, the project should be done by contract through formal sealed bidding, except that the City may use the small works roster process for projects up to \$350,000.

### **Determining the Cost of a Public Work:**

The total construction cost of each project must be estimated in order to correctly apply bid limit dollar amounts to determine if a public works project must be competitively bid. This estimate may be prepared by an outside third party; however, the final cost estimate must be validated by the City. The total construction cost (estimated as if the project were to be bid) should include materials, supplies, equipment, and labor for that project AND applicable sales and use taxes. However, the value of volunteer labor, donated materials, or donated equipment need not be included in the cost estimate for a public works project, as these are not a cost to the City.

For projects completed by any means other than a contract or small works roster process (for example, using City workers) having an estimated cost exceeding \$25,000, the City must publish a description of the project and its estimated cost in the official newspaper at least fifteen days before beginning work, as required by [RCW 39.04.020](#).

## Tips & FAQs

**Q:** *The contractor I'm hiring doesn't want to use our contract form. Is this okay?*

**A:** You can forward a contractor-provided contract to the Legal Department for review; however, we prefer to use City forms whenever possible. In some cases, such as formally bid projects, we must use the contract form provided to bidders with the solicitation.

### Developing Scope of Work:

Things to consider when developing your scope:

- Hold the contractor accountable.
- Be precise. Avoid ambiguity.
- Use the active voice (i.e., "The Contractor will or shall").
- Due dates & deliverables.

Other considerations when developing the contract:

- Term of contract or period of performance.
- Compensation and payment.
- Payment terms.

### Duration of Contracts:

Every City contract should state the start and end dates. End dates for some public works contracts will be based off the Notice to Proceed date.

### Bid Splitting:

[RCW 35.23.352\(1\)](#) prohibits the division of a project into units of work or classes of work to avoid the restriction on work that may be performed by day labor on a single project.

### Small Works Roster:

When the estimated cost of a public works project is \$350,000 or less, the City may follow the small works roster process for construction of a public work or improvement as an alternative to the general competitive bidding requirements, in accordance with [RCW 39.04.155](#). The City of Port Townsend has contracted with the [Municipal Research and Services Center of Washington \(MRSC\)](#) for use of its statewide electronic database for small public works contractors, vendors, and consultants.

### Publication:

At least once a year, on behalf of the City, MRSC publishes notice in local newspapers of the existence of the rosters and solicits the names of contractors for the rosters. Responsible contractors can be added to the appropriate MRSC roster(s) at any time that they submit a written request and necessary records. The City may require contracts to be signed when project awards are made using a small works roster.

## 2.6 Limited Small Works Process (Public Works Projects under \$50,000)

If a public work, construction, alteration, repair, or improvement project is estimated to cost **less than fifty thousand dollars (\$50,000)**, the City may use the limited public works process instead of formal, competitive bidding, as provided in [RCW 39.04.155\(3\)](#).

### Process:

1. Develop a scope of work describing the nature of the work to be performed and materials and equipment to be furnished. Detailed plans and specifications need not be included in the invitation.
2. Solicit **at least three contractors** on the MRSC Small Works Roster for the applicable category or categories. Requests for estimates should include the date, time, and location to return the estimate. Notify contractors that:
  - a. they must pay prevailing wage;
  - b. the City must equitably distribute opportunities among contractors in the geographic area;
  - c. the City will require a performance bond and a payment bond, each for the total cost of the project; and

## Tips & FAQs

### Equitable Distribution:

“Equitably distribute” means that the City may not favor certain contractors on the roster over other contractors on the roster who perform similar services.

### Projects \$250,000-\$350,000:

If the estimated cost of the work is \$250,000 to \$350,000, the City may choose to solicit estimates from less than all appropriate contractors on the roster but must notify the remaining contractors on the roster that estimates on the work are being sought. The City can choose to do this by:

Publishing notice in a legal newspaper in the general circulation in the area where the work is to be done

Mailing a notice to these contractors; or

Sending a notice to these contractors by email.

**Access to the Small Works Roster is available:**  
<http://www.mrscrosters.org/>

- d. the City will hold 5% retainage until releases are received from the State ([RCW 60.28.011](#)), unless waived by staff member with contract signing authority.

*Note: The City staff member with contract signing authority may waive the bond and retainage requirements; however, contractors must be notified about this waiver in the request for estimates and/or advertisement for the project.*

*Note: If payment and performance bonds are required, the contractor may choose to have 10% retainage held instead of obtaining bonds.*

3. Determine the lowest responsive, responsible bid.
4. Send the Legal Assistant copies of all estimates or a list of all contractors contacted and their bid amounts. *(We are required by law to maintain a list of contractors contacted under the limited public works process.)*
5. The Legal Assistant will make sure the contractor meets all bidder criteria and will draft a contract.
6. If project total is over staff signing authority, contact the City Clerk to schedule contract approval on an upcoming City Council agenda.
7. After Council approval, send the draft contract to the contractor along with a request for items identified by the Legal Assistant *(for example, W-9 and proof of insurance)*.

*Note: All projects require a W-9 from the contractor.*

### Alternative to Process:

Local governments may waive retainage but must assume liability of contractors for non-payment. The local government has the right of recovery from the contractor.

## 2.7 Small Works Roster Process (Public Works Projects \$350,000 or less)

If a work, construction, alteration, repair, or improvement project is estimated to cost **\$350,000 or less**, the small public works process may be used instead of formal, competitive bidding, as allowed by [RCW 39.04.155\(1\)](#).

### Process:

1. Develop a scope of work describing the nature of the work to be performed and materials and equipment to be furnished. Detailed plans need not be included in the invitation.

## Tips & FAQs

### Deadlines for estimates:

The statutory requirement of 13 days' advertising for a public works project in a formal bid process does not apply to small works roster or limited public works process; advertising is not required. However, depending on the complexity of the project, it is suggested that at least 7 to 14 days be allowed for contractors to submit a proposal, so they have adequate time to research the specifications

### Contractor requirements for formal bidding at time bid is submitted:

- Bids must be sealed when submitted to City
- Bids should be labeled on the envelope with the bidder's name and project identification
- Bid must include a 5% deposit in the form of a cashier's check, postal money order, or surety bond
- Include all applicable taxes in bid amount
- Complete and sign bid proposal
- Meet all responsible bidder criteria in RCW 39.04.350
- Meet all supplemental bidder criteria, if any
- If project is \$1 million or more, provide a list of all subcontractors for HVAC, plumbing, and electrical work within one hour of bid opening (RCW 39.30.060)

*Note: For projects totaling \$250,000-\$350,000, all contractors in the applicable category must be notified that the project is being bid, even if they are not invited to bid.*

2. Contact **at least five contractors** on the MRSC Small Works Roster for the applicable category or categories. Requests for estimates should include the date, time, and location to return the estimate. Notify contractors that:
  - a. they must pay prevailing wage;
  - b. the City will require a payment bond and a performance bond, each for the total cost of the project; and
  - c. the City will hold 5% retainage until releases are received from the State ([RCW 60.28.011](#)).

*Note: The City staff member with contract signing authority may waive retainage requirements; however, contractors must be notified about this waiver in the request for estimates and/or advertisement for the project.*

*Note: For projects totaling \$150,000 or less, the contractor may choose to have 10% retainage held instead of obtaining bonds.*

*Note: The city will retain the right of recovery from the contractor if retainage is waived.*

3. Determine the lowest responsive, responsible bid.
4. Send the Legal Assistant or Engineering staff (for capital projects) the estimate for the lowest bid and expected project dates. (The City's "Small Works less than \$350,000 Documentation Form" may be used.)
5. The Legal Assistant or Engineering staff will make sure that the contractor meets all bidder criteria and will draft a contract.
6. Contact the City Clerk to schedule the contract approval for an upcoming City Council meeting.
7. Draft agenda bill and resolution, if applicable, and send to City Attorney for review.
8. After Council approval, send the draft contract to the contractor along with a request for items identified by the Legal Assistant or Engineering staff, such as proof of insurance and a W-9.

## 2.8 Formal, Competitive Bid Process (Required for Public Works Projects over \$350,000)

Formal, competitive bidding must be used for **all public works projects over \$350,000**; however, it may also be used for any projects below this threshold. Competitive bidding is designed to prevent favoritism in awarding public work contracts and to enable local governments to obtain

## Tips & FAQs

### Contractor requirements after selection as lowest bidder:

- Pay prevailing wage
- Obtain performance bond on City-issued form for 100% contract price
- Obtain payment bond on City-issued form for 100% contract price
- Provide proof of insurance and endorsement naming City as additional insured
- Have an Intent to Pay Prevailing Wage approved by L&I before the City will make any payments
- Have an Affidavit of Wages Paid approved by L&I before the City will make final payment.
- Pay all applicable taxes
- Provide all required information on the project to the Department of Labor & Industries, Employment Security Department, and Department of Revenue.

#### Tip

If a project uses federal highway funding, check the grant agreement carefully for all requirements. These projects require that the notice to bid be published at least 21 days before the bid deadline.

#### Tip

If federal funds are involved, all bid specifications and contracts shall include the Davis-Bacon Act.

the best work or supplies at the most reasonable prices. It is also designed to provide a fair forum for bidders and to protect the public interest.

### Bidding process:

1. Coordinate with Accountant in Finance if using grant or federal funds.
2. Draft or work with consultant to draft bid package and send to City Attorney for review.
3. Draft a notice to bid, stating the nature of the work.
4. Notify bidders that bids must be sealed, and a 5% bid deposit is required, in the form of a cashier's check, postal money order, or surety bond.
5. Have the notice to bid published in the City's official newspaper (currently *The Leader*) at least 13 days prior to the date bids are due. Staff may choose to publish notice in additional newspapers, such as the *Daily Journal of Commerce*.
6. Post the bid on *Builder's Exchange*.
7. City Administration receives and date and time stamps sealed bids.
8. Hold a public bid opening after the bid deadline closes.
9. Identify the lowest responsive, responsible bidder.  
*Note: If the contract is not awarded to the lowest bidder, a full and complete statement of the reasons for selecting another bidder must be prepared, approved by the City Manager, and retained in the file. See [RCW 35.23.352\(2\)](#) or Section 2.15.*
10. Notify the City Clerk to add approval of the project contract to an upcoming City Council agenda.
11. Draft an agenda bill and resolution, if applicable. Ask the City Attorney to review.
12. Following Council approval, ask the Engineering Dept. (capital projects) or Legal Assistant (other projects) to draft a contract.
13. Send draft contract to contractor with request for additional items identified by Engineering staff or the Legal Assistant.
14. After the contract has been fully signed, send a copy to the contractor and return all bid bonds, except for the one submitted by the successful bidder.

## 2.9 Equipment Purchases Including Installation

[RCW 35.23.352\(1\)](#) prohibits the division of a public works project into units of work or classes of work to avoid the restriction on work that may be performed by day labor on a single project.

Occasionally projects include the direct purchase of equipment separate from the installation. For example, the City purchases equipment for

## Tips & FAQs

### Determining the total cost for an equipment purchases with installation:

Equipment & materials cost  
+ Cost of installation =  
Total project cost

#### Tip

All public works, including maintenance, when performed by contract, shall comply with [RCW 39.12.020](#) as it pertains to prevailing wage requirements. According to [RCW 39.04.010 \(4\)](#), there are clearly two categories of work that must comply with prevailing wage requirements: (1) public works and (2) maintenance when performed by contract.

#### Tip

When the City executes any public work by any means other than by contract or small works roster, it must keep a full, true, and accurate account and record of the costs of executing such work as prescribed in RCW 39.04.070.

Prior to commencement of the public work project, the Legal Assistant, upon request, will create an encumbrance number (purchase order number) for use in coding all costs associated with the project.

\$50,000 off a State contract, and the installation is estimated to cost \$25,000.

### How do we bid this project?

Because we cannot split public works into units to avoid the bidding process, we must combine the cost of the two purchases and treat them as one to establish the “project cost.” In this example, the cost of the entire project is \$75,000 (equipment @ \$50,000 + installation @ \$25,000), which exceeds the City’s limited public works bid threshold of \$50,000. Therefore, the public work installation must be awarded using the small works process or formally bid (*see Sections 2.7 and 2.8 above*). The purchase of the equipment can be made using the State contract (*see Section 2.4 above*).

### What kind of contract do we use?

For this project, because the public works installation is under \$350,000, we would use a small public works contract. Usual contract requirements that apply to small public works projects apply to this project. Because the total project cost is \$75,000, this contract would have to go to City Council for approval.

There are so many variables to this type of purchase that it would be difficult to highlight every possible scenario. Please contact the Finance Department or Legal Department for assistance.

### Approval Process:

Refer to the Public Works section of the matrix at the beginning of this manual.

## 2.10 Unit Priced Contracts

[RCW 35.23.352](#) allows the City to use unit priced (or on-call) contracting for public work projects that are expected to happen on a recurring basis, such as tree trimming, road resurfacing, or public facility maintenance. Unit priced contracts means a competitively bid contract in which public works are anticipated on a recurring basis to meet the business or operational needs of the city or town, under which the contractor agrees to a fixed period indefinite quantity delivery of work, at a defined unit price for each category of work. Whenever possible, the city must invite at least one proposal from a certified minority or women contractor who otherwise qualifies.

Unit priced contracts must be executed for an initial contract term not to exceed three years, with the city or town having the option of extending or renewing the unit priced contract for one additional year.

Invitations to bid for these contracts shall include, for purposes of the bid evaluation, estimated quantities for the anticipated types of work and specify how

## Tips & FAQs

### Examples of general services:

- Customized accounting software and ongoing support
- Landscaping, building, and grounds maintenance
- Snow and ice removal
- Garbage collection and disposal (Solid waste collection and disposal contracts do not have to be bid. An RFQ/RFP process as noted in [RCW 35.21.156](#) can be used.)
- Office equipment maintenance
- Official newspaper

### Formal competitive bidding for general services:

1. Prepare a formal solicitation document, including description of project requirements and proposal evaluation criteria.
2. Publish legal notice in newspaper.
3. Develop bidder's list of firms responding to solicitation.
4. Develop score sheets to be used by evaluators (if applicable).
5. Send the solicitation to at least five firms or individuals.
6. Provide answers to bidder's questions via addenda.
7. Require sealed bids and a public bid opening. Date and time stamp all bids received.
8. Evaluate proposals according to score sheet.
9. Negotiate contract with lowest responsive, responsible bidder.

the City will issue or release work assignments, work orders, or task authorizations based on the hourly rates or unit prices bid by the contractor. Contracts must be awarded to the lowest responsive, responsible bidder.

Unit priced contractors shall pay prevailing wages and update rates annually. Intents and affidavits for prevailing wages paid must be submitted annually for all work completed within the previous twelve-month period of the unit-based contract.

*Note: The City is also allowed (by [RCW 39.10.420](#)) to obtain public works services by job order contracts; however, these contracts are for a broader scope than unit priced contracting and require that 90% of the work be performed by subcontractors. Please consult with the City Attorney for more information.*

## 2.11 Services

There are three types of services that the City may need to obtain:

1. **Professional services** (also called personal services) are provided by independent contractors with specialized knowledge, advanced education, professional licensing, or certifications; the primary service provided is mental or intellectual, involving the consistent exercise of judgment and discretion.
2. **General services** (also known as purchased services) include all service-related work not considered a public work or professional service. Most often these are routine in nature (i.e. yearly, monthly, weekly, etc.). Examples include courier services, weeding, and vehicle inspection services. State law does not require a competitive process for the selection of general services, with the exception of the City newspaper.
3. Architectural, engineering, land surveying, and landscape architecture services (A&E) are addressed in Section 2.12 below. Section 2.11 does not apply to A&E services.

The City uses MRSC's Consultant Roster, which distinguishes architectural and engineering services as defined in [RCW 39.80.020](#) from other consulting services. Consultants can be added to the appropriate roster when they submit a written request and necessary records to MRSC. The City reserves the right to publish an announcement on each occasion when professional or other services are required.

To ensure a more competitive process, the City has adopted tighter standards for selection of service providers than required by State law. Unless the City Manager approves in writing an exemption based on the best interests of the City, staff shall follow these guidelines for selection of professional or general services:

## Tips & FAQs

### Examples of Professional Services:

Programmers, accountants, attorneys, physicians, consultants, graphic artists

### Examples of A&E Services:

Engineers, land surveyors, architects & landscape architects

### A&E Requests for Proposals (RFPs) must, at a minimum, include:

1. Statement of need (scope)
2. Estimated schedule
3. Evaluation criteria
4. Proposal elements
5. Submittal deadline
6. Standard terms & conditions

### Advertising:

Advertising requirements are found in the following codes:

RCW 39.80.030 – Architectural and Engineering Services

RCW 35.23.352(1) – Public Works

RCW 39.04.155(2)(a) – Public Works Small Works Roster

- **Under \$5,000** – No competitive process required. It is still incumbent on the department to ensure that the price is reasonable, and the provider is qualified. It is recommended to request prices, schedules, and qualifications from three consultants on the MRSC Consultant Roster.
- **\$5,000 to \$9,999** – It is highly recommended to request prices, schedules, and qualifications from at least three consultants on the MRSC Consultant Roster.
- **\$10,000 to \$19,999** – Request proposals from at least three consultants on the MRSC Consultant Roster (with one having a MWDBE classification when possible) or use an RFP/RFQ process.
- **\$20,000 or more** – Formal advertised RFP or RFQ process recommended.

*Note: Some general services, such as landscaping work, require payment of prevailing wages. Contact the Legal Department with questions.*

### Contract Award Process:

1. Develop scope of work.
2. Determine budget amount for work.
3. If grant funds are involved, check the grant agreement requirements.
4. Obtain proposals or conduct formal bidding as required above.
5. Evaluate the proposals and negotiate a contract with the lowest qualified, responsible bidder.
6. If Council approval is required, contact City Clerk for meeting date. Draft agenda bill and resolution, if applicable, and send to City Attorney for review.
7. After Council approval (if required), contact the Legal Assistant with a copy of the estimate and other relevant information, such as project start and end dates.
8. Legal Assistant will prepare a draft Professional Services Agreement.
9. Send contract to service provider for review and signature, along with request for documents identified by Legal Assistant, such as W-9.
10. Forward signed contract and additional documents to Legal Assistant for processing.
11. Forward fully signed contract to contractor and arrange for project start.

### Approval Limits:

For the approval limits, refer to the Services section of the Purchasing Matrix at the beginning of this manual.

## Tips & FAQs

**Q:** *What is the difference between an RFP and an RFQ?*

**A:** An RFP will typically focus on a specific project and includes price as one of the submittal requirements and evaluation factors.

An RFQ does not have price/cost considerations and is dependent on qualifications only. An RFQ is commonly issued for architects and engineers per RCW 39.80. An RFQ can be used for specific projects when hiring an A&E firm but will not include price/cost as one of the evaluation factors.

### **Sample evaluation criteria for RFPs:**

1. Experience with project type
2. Quality of previous performance
3. Ability to meet contract deadlines
4. Responsiveness to solicitation requirements
5. Compliance with laws relating to contracts or services
6. References
7. Availability for the project
8. Financial capacity
9. Licensing and certification
10. History of errors and omissions
11. Construction change order history

## 2.12 Purchases of Architectural & Engineering Services

Architectural, engineering, land surveying, and landscape architecture services (frequently referred to as “A&E”) are to be acquired under the authority and procedures outlined in chapter [RCW 39.80](#).

[RCW 39.80.030](#) requires that the City publish advance notice of its need for A&E services. The City may comply with this section by (1) publishing an announcement on each occasion when professional consultant services are required or (2) announcing generally to the public its projected requirements for any category or type of professional service.

A&E consultants are initially selected based upon their qualifications, rather than price (see [RCW 39.80.050](#)). The City will negotiate a contract with the most qualified firm at a price that the City determines is fair and reasonable. In making its determination, the City shall consider the estimated value of the services to be rendered, as well as the scope, complexity, and professional nature of the project. If the City is unable to negotiate a satisfactory contract with the selected firm for a price the City determines to be fair and reasonable, negotiations shall be terminated, and the City shall begin negotiations with the next highest qualified firm. There are two ways to select an A&E firm based upon their qualifications:

1. Roster statement of qualifications (SOQ) review – Select three or more consultants from the MRSC Consultant Roster in the relevant service category and evaluate their qualifications. Documentation of the three reviews is required. Minority-owned, women-owned, and veteran-owned firms must be given the maximum practicable opportunity to compete for these contracts.
2. Project-specific request for proposals (RFP) – Use the MRSC Consultant Roster to send out an RFP and request for qualifications (RFQ) to consultants in the relevant service category. Minority-owned, women-owned, and veteran-owned firms must be given the maximum practicable opportunity to compete for these contracts.

### **Contract Award Process:**

1. Develop scope of work
2. Determine budget amount for work
3. If grant funds are involved, check the grant agreement requirements
4. Public advance notice of need for services, if not already done
5. Obtain proposals or conduct formal solicitation, as described above
6. Evaluate proposals and/or statements of qualifications and select the most highly qualified firm
7. Negotiate final project scope and fees with selected firm

## Tips & FAQs

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**Q:** State law does not require any formal competition for services. Why do I have to do an RFP/RFQ?

**A:** Its true, State law does not require competition for services. However, City policy is more restrictive than that of the State.

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8. If project total is over City Manager signing authority, contact City Clerk to add contract approval to upcoming City Council agenda
9. After Council approval (if applicable), request that Legal Assistant draft professional services agreement
10. Obtain consultant's signature on agreement, along with proof of insurance, professional certification (if applicable), and W-9
11. Send documents to Legal Assistant for City signatures and processing

### **Approval Limits:**

Refer to the matrix at the beginning of this manual.

## **2.13 RFPs and RFQs**

### **Request for Proposals:**

A Request for Proposals (RFP) is a method of soliciting competitive proposals for a defined scope of work. The proposals would normally include factors to measure qualifications, delivery, and service reputation, as well as price.

An RFP is a formal invitation from the City to a company to submit an offer to provide a solution (or proposal) to a problem or need that the City has identified. The supplier's experience, qualifications, and solution may take precedence over the cost proposal to the City.

### **Elements of an RFP:**

1. Purpose of RFP (brief description of project)
2. Project background
3. Scope of work or statement of need
4. Goals and objectives
5. Minimum qualifications
6. Technical requirements (if any)
7. Schedule
8. Estimated project budget & request for cost proposal
9. Submittal requirements, including deadline
10. Evaluation process and criteria
11. Insurance requirements
12. Funding sources (if applicable)

Evaluation criteria for the submitted proposals should relate to the project's scope of work and stated objectives and should be clearly communicated with the proposers.

### **Request for Qualifications:**

A Request for Qualifications (RFQ) is a method of soliciting competitive proposals that considers and evaluates companies on the basis of demonstrated competency and qualification rather than price. This process

is typically used for architectural and engineering services where price is not a consideration. An RFQ will generally result in negotiations.

**Elements of an RFQ:**

1. Project background and scope of services
2. Project budget and source of funding
3. Schedule
4. Minimum qualifications
5. Submittal requirements, including deadline
6. Selection process/evaluation criteria.

Information request of the respondents may include list of principals, previous projects, number of employees, and licenses or certifications.

Depending upon the complexity of the project, a typical RFP or RFQ takes around 6-8 weeks to complete.

**Process for RFPs or RFQs:**

	Task	Action
1.	Identify need	Develop scope of services
2.	Determine the estimated cost	Confirm sufficient budget exists and identify funding source(s)
3.	Identify grants or federal funds	Notify Finance Dept. (Accountant)
4.	Develop draft RFP/RFQ	Considerations: <ul style="list-style-type: none"> <li>• Schedule</li> <li>• Scope of services</li> <li>• Qualifications</li> <li>• Selection process &amp; evaluation criteria</li> <li>• Submittal requirements &amp; deadline</li> <li>• Proposal validity period</li> <li>• Term of contract</li> </ul>
5.	Finalize RFP/RFQ	Contact City Attorney for review, then finalize RFP/RFQ
6.	Identify appropriate roster category	Identify roster category and companies
7.	Advertise, publish, and notify	<ul style="list-style-type: none"> <li>• Advertise</li> <li>• Publish RFP on City's website</li> <li>• Email notification to recommended roster participants</li> </ul>
8.	Evaluate proposals	Department to identify selection committee
9.	Conduct interviews	Department to schedule
10.	Identify "apparently successful proposer"	Seek management approval to negotiate with "apparently successful proposer"

11.	Negotiate contract	Goal: reach a mutually advantageous position on issues of concern while fulfilling requirements of contract
12.	Award contract	Prepare council agenda materials, if applicable, and contact Engineering or Legal Assistant for draft contract when approved

## 2.14 Bid Opening Process

### Bid Due Dates

Time is of the essence. It is important to make the bid submittal deadline clear in the bid documents. For example: “The bid form will be received up to 3:00 p.m. on April 27, 2020. Bids received after that date and hour, based on the time on our atomic clock, will not receive consideration.” For example, if a bid is due at 2:00 P.M., a bid received at:

- 1:59 p.m. is on time
- 2:00 p.m. is on time
- 2:00:01 p.m. is late

If a bidder insists on submitting a bid after the deadline and leaves it, do not open it. Make a photocopy of the bid envelope with the time stamp and immediately return the bid by certified mail, return receipt requested.

### Equal Treatment of Bidders

Avoid giving bidders an advantage to include: permitting bidders use of private offices and conference space for finalizing bid prices, providing envelopes for bidders to use in sealing the bid, or permitting bidders to use the agency’s telephone, computer, fax, or photocopier. Avoid disclosing the names of bidders or the total number of bidders until the bid opening.

### Receiving Bids Checklist

- Is the bid in writing? Do not accept bids by fax, email, telephone or orally unless the bid solicitation allows for it (generally not allowed for formal, competitive bidding).
- Did the bidder attend the mandatory pre-bid meeting, if applicable?
- Is the bid envelope sealed? Offer tape if not sealed.
- Is the correct information on the envelope?
- Is the time stamp clear?
- Is the time stamp prior to deadline?
- All received bids should be kept in a secure and centralized location not accessible to other bidders.

### **Withdrawal & Modification of Bids**

- A request to withdraw or modify the bid in advance of the deadline may be received verbally or in writing. If unfamiliar with the bidder, ask for identification.
- Make a photocopy of the face of the bid envelope, ensuring the bid receipt time shows up on the copy.
- Have the bidder sign the photocopy with the following “Received by (signature, printed name, date, time).”
- Keep the original signed photocopy.
- Remove the bid receipt stamp or cross it out on the face of the bid envelope.
- Return the bid to the bidder, notifying the bidder that if they choose to resubmit the bid, it must be received prior to the bid submittal deadline and stamped in again with a new time and date stamp prior to the deadline.

### **Modifying Bids from a Distance**

The bidder may submit additional information modifying a previously submitted bid if the modification is:

- Received in writing.
- Signed by an authorized representative of the bidder.
- Received prior to the bid receipt deadline.
- In a sealed envelope.
- Clear in stating what prices are being changed.

### **Subcontractor’s List**

Due either with the bid or within one hour of the bid submittal deadline ([RCW 39.30.060](#)).

### **Opening the Bids**

Bids should be opened in a public meeting. Read each bid before opening the next one. Consider using one person to open the bids and a second person to read. The project manager staff should record the prices on a bid tabulation form. The bid reader should state publicly all the information noted in looking at the bid, without passing judgment whether it is responsive or non-responsive, to include:

- Name of bidder
- Is bid form signed?
- Bid amount
- Is bid guaranty included?
- Are addenda acknowledged?
- Is subcontractor’s list included?

The bids will be evaluated for responsiveness after the bid opening. If a contractor wishes to review the bids after the bid opening, allow only one contractor at a time to review the bids in a monitored environment.

## **2.15 No Bids or Non-Responsive/Responsible Bids or Submittals**

### **No Bids or Submittals Received:**

As provided in [RCW 35.23.352\(1\)](#), in the event the City does not receive any bids or submittals on the first call, the City has three options: (1) re-advertise and make a second call, (2) enter into a contract with any qualified contractor, or (3) purchase the supplies, materials, or equipment and perform such work and improvement by day labor (City staff).

Before determining which option would best fit, the department should conduct a survey of the registered bidders or proposers or any other known interested parties to determine: 1) why they didn't they submit, 2) whether the City's document too restrictive or too complex, 3) if there ample time to submit, and 4) if there too many open questions before the due date. The City Attorney may be consulted for additional assistance in determining the best option.

### **Determining Lowest Responsible Bidder:**

The City should award the contract for a public works project to the lowest responsible bidder, unless the lowest bid is above the budget for the project. In that case, all bids may be rejected, and the City may call for new bids.

A responsible bidder shall be a registered and/or licensed contractor who meets the mandatory bidder responsibility criteria established by [RCW 39.04.350](#) and who meets any supplementary criteria established by the City.

According to [RCW 35.23.352\(2\)](#), the City may award a contract to the second lowest bidder if: (1) the bid is within five percent of the lowest bid, (2) the second lowest bidder meets the same criteria as the lowest bidder, **AND** (3) the City has issued a written finding to the lowest bidder within the last three years that the lowest bidder was late, over budget, or did not meet specifications, and the City has not found in writing that the lowest bidder has shown how they would improve performance.

### **Non-Responsive and/or Not-Responsible:**

The City shall draft bidder responsibility criteria that are based upon clear business reasons, and the criteria must not be overly restrictive of the bidding pool. Note that in Washington State, a bidder who objects to the

supplemental bidder responsibility criteria may request that the City modify the criteria before the bid submittal deadline.

Bids may be rejected as non-responsive for a multiple of material factors, including lack of subcontractor's list when required (for contracts in excess of \$1M or contracts of three or more trades), insufficient bid guarantees, bids submitted after the deadline, qualified bids, and/or lack of acknowledgement of addenda. In general, a material irregularity is required before the bid may be deemed non-responsive (defined as any variance which provides "a bidder substantial advantage or benefit not enjoyed by others"). In the event the City receives a bid or submittal on the first call that is deemed non-responsive or non-responsible, the department shall consult with the City Attorney to determine whether it is a material or immaterial irregularity. Each project will be evaluated on a case-by-case basis.

**Bid Protest:**

The City follows the bid protest guidelines established in [RCW 39.04.105](#).

## **2.16 Contracting 101**

A contract is a written agreement between two or more people or entities to accomplish a specific outcome. In a public purchasing context, a contract is an agreement by a vendor or contractor to provide goods or services to the City in return for receiving payment from the City. The following is an overview of the contract process:

**Invitation:**

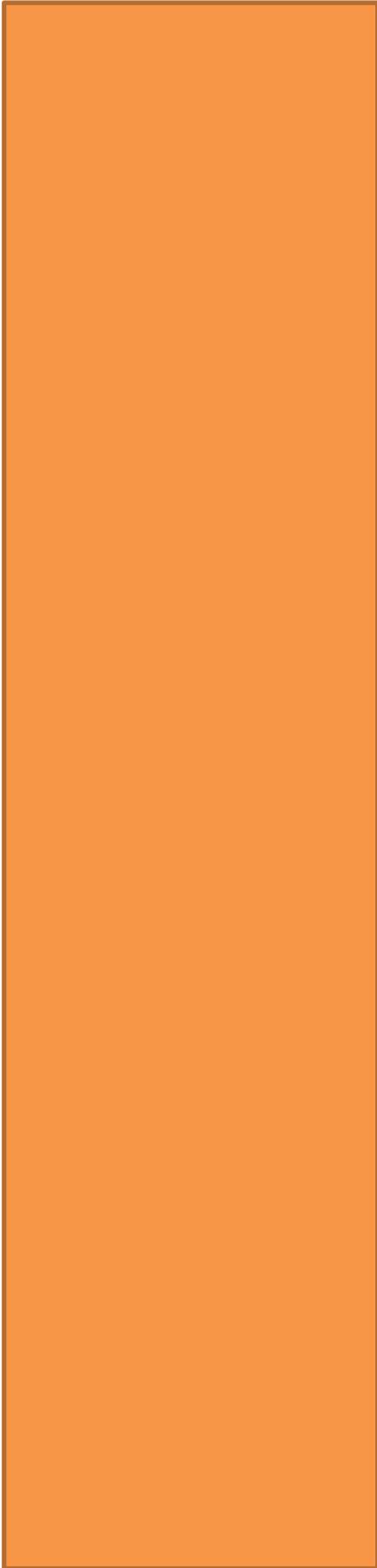
- A solicitation (ITB, ITQ, or RFP) is an invitation to a contractor to make an offer.
- These are most often directed at multiple parties and outline the needs of the City.

**Offer:**

- The contractor's returned quote/bid/proposal is their offer to the City to perform the work, outlining **what** and **how much**.
- The offer shows that the contractor is willing to agree to specific terms.
- The offer is given to a particular party.
- The contractor has made an offer to do what the City requested for a specific price.

**Acceptance:**

- The City must now accept one of the offers.



- The acceptance is a communication showing agreement to the exact terms of the offer or a **contract**.
- Contracts must show that the offer made by the contractor has been accepted, usually by attaching the contractor's estimate or scope of work and fee schedule.

## Tips & FAQs

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**Q:** *Does the exemption from the sales and use tax for labor and services on a City street project apply if a private contractor does the work?*

**A:** Yes. It makes no difference, for the purposes of the exemption, whether the City does the work, or has it done by someone else.

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## 3.0 Other Considerations

### 3.1 Rule 171 – Sales Tax Exemptions

Normally sales tax applies to every sale of tangible personal property (and some services) to all persons, including cities. Thus, for bid limit purposes, the tax must be included when determining the cost of a public work or when calculating the cost of materials, supplies, and equipment purchases separately from a public work.

However, there are some sales and use tax exemptions for certain public work projects. The exemptions include:

1. Labor and services rendered for the building, repairing, or improving of any street, place, road, highway, easement, right-of-way, mass public transportation terminal or parking facility, bridge, tunnel, or trestle owned by a city or town which is used primarily for pedestrian or vehicle traffic ( [RCW 82.04.050\(10\)](#). See also [WAC 458-20-171](#), nicknamed “Rule 171.”) Materials used in constructing these projects are not exempt from the sales and use tax.
2. Labor and services for the processing and handling of sand, gravel, and rock taken from City pits and quarries when the material is for publicly-owned road projects ( [RCW 82.08.0275](#) and [WAC 458-20-171](#) ).

### 3.2 Prevailing Wages

**What are prevailing wages?** The **Department of Labor and Industries** (L&I) requires that workers be paid prevailing wages when employed on **all** public works, public building service maintenance, and contracted maintenance, based upon the classification of labor performed.

Prevailing wages are defined as the hourly wage, usual benefits, and overtime paid in the largest city in each county, to the majority of workers, laborers, and mechanics. Prevailing wages are established by the Department of Labor and Industries for each trade and occupation

## Tips & FAQs

**Q:** Do I have to include prevailing wage rates in the contract specifications as an attachment or can I just put in a link to the L&I website?

**A:** Per [RCW 39.12.030](#) all bid specifications and contracts shall include a list of the applicable wage rates.

employed in the performance of public work. They are established separately for each county and are reflective of local wage conditions.

### **What are the responsibilities of the City when contracting for public works?**

The City, in awarding a contract, must make the determination of whether that contract involves “public work” and communicate it to contractors in the bid specifications and contracts.

**What provisions must be made for prevailing wage?** Awarding agencies must stipulate in bid specifications and contracts for public work that workers shall receive the prevailing rate of wage. Those documents must either contain a list of the applicable prevailing wage rates or a link to the rates on L&I’s website. If including a link, print the current rates and keep with the project file.

### **What are the public building service maintenance contract requirements?**

Public building service maintenance (janitorial) contracts of more than one-year duration must include wage language recognizing the potential for future variance in applicable prevailing wages each year after the first year of the contract.

### **What are awarding agency requirements when disbursing public funds?**

Agencies may not make any payments where contractors have not submitted an *Intent to Pay Prevailing Wage* form that has been approved by L&I. Agencies may not release final payment until all contractors have submitted an *Affidavit of Wages Paid* form that has been certified by L&I. The requirement to submit these forms should also be stated in the contract.

### **What are the contractor’s filing requirements?**

Public work contracts require that each and every contractor and subcontractor on the project file the “Statement of Intent to Pay Prevailing Wages” and “Affidavit of Wage Paid” forms.

### **Is there a minimum contract amount for a contractor to file?**

There is no minimum dollar contract amount. Intent and Affidavit forms are required for every public works contract regardless of the size of the contract.

### **When does the contractor file an Intent?**

The Intent form is filed immediately after the contract is awarded and before work begins, if that is possible.

### **When does the contractor file an Affidavit?**

The Affidavit form is not filed until after all the work is complete.

### 3.3 Retainage

**What is the purpose of retainage?** The City retains a portion of the contract amount for public works contracts as a trust fund to pay any claims associated with the contract and/or for payment of amounts due by the contractor to the Department of Labor and Industries, the Employment Security Department, and the Department of Revenue ([RCW 60.28.011](#)).

**What level of retainage is required?** The City generally retains 5% of the contract amount. However, for contracts awarded by the small works roster process and totaling less than \$150,000, contractors may opt to have 10% retained in lieu of obtaining a performance bond. The City may alternatively choose to waive retainage requirements for any small works roster contracts. Retainage is not held for projects funded by federal transportation funds.

**What are the retainage options?** The City retains the funds in a City fund, unless otherwise requested by the contractor. A contractor may choose to have the funds deposited by the City into an interest-bearing account or placed by the City in escrow with a bank or trust company. If the escrow option is selected, contact the City Attorney for an escrow agreement.

**When can retainage be released?** Retained funds will be released after final acceptance of the project and after the City has received all releases from the [Department of Revenue](#), the [Department of Labor and Industries](#), and the [Employment Security Department](#). Upon receipt of all releases, the project manager should notify the Legal Assistant to release the funds. For projects under \$35,000, the retained funds will be released when the Department of Labor and Industries has approved the contractor's Affidavit of Wages Paid.

**Is the City liable for payment of project costs to subcontractors if waiving retainage?** Local governments may waive retainage but must assume liability of the contractor's non-payment. The Local government does retain the right to recovery from the contractor.

## 4.0 Contract Administration

### 4.1 Risk Management Considerations

The City enters into numerous contracts throughout the year. These contracts involve risk. City property can be damaged. Employees of the City, contractors, subcontractors, and suppliers can be injured. Members of the public can be harmed. These and other accidental losses can arise during and as a result of the activities during the contract fulfillment process. The City seeks to transfer responsibility to such events to those with whom it contracts.

The City's approach to contracting is designed and managed to avoid undue exposure to risk with exceptions where it makes good business sense. Certificates of insurance and endorsements naming the City as an additional insured are required from all contractors and consultants who contract with the City. Verification of appropriate insurance requirements shall be completed prior to signing of the contract by the City. Any waiver of insurance requirements requires the approval of the person with signing authority for the contract (generally the City Manager). Contact the City Attorney with questions about insurance requirements or for advice on the risk of a requested waiver.

### 4.2 Payment Options

Prior to contract award, payment terms should be identified to determine the most effective compensation method. The most common include:

#### **Hourly/Time and Materials:**

The City pays a fixed hourly rate and pays for the cost of certain specific services and/or materials. For certain professions, such as consultants, this is the standard option. Time and materials contracts should have a ceiling amount or a not to exceed amount included. This type of payment term may be used if the City is unable to clearly define the level of effort required to accomplish the objectives. A time and materials contract places most of the risk on the City and little on the contractor and provides no positive profit incentive to the contractor for cost control or labor efficiency. Frequent contract monitoring is required to ensure that the number of hours is kept to a reasonable level.

#### **Fixed or Lump Sum:**

The contractor receives a fixed amount or lump sum payment based on terms established in the contract. Typically, payment is tied to a completion of agreed upon performance achievements. Other alternatives are possible, such as progress payments made to compensate for activities conducted over the specific period of the contract. This type of contract should generally establish a minimum allowable level of compensation. With this method of compensation, the City may not be required to pay if specific terms in the contract are not met and thus the risk is placed on the contractor.

#### **Cost Reimbursement:**

A cost reimbursement method of compensation has a higher risk for the City because it reimburses the contractor for all costs incurred under the terms of the contract. To prevent overpayment, allowable cost provisions should be clearly identified. Contract managers should consider including a contract provision for a maximum allowable compensation level for the contract period and budget. Cost reimbursement contracts generally require more fiscal pre-planning and monitoring than other methods.

#### **Performance Based:**

These contracts are based on attainment of a specific outcome. The rate of compensation is generally negotiated based on cost information provided by the contractor. Generally, performance-based contracts identify the maximum allowable compensation. This allows the City to define the quality of services in terms of performance standard and pay accordingly. Performance based contracts differ from time and materials or fixed price contracts in that if the quantifiable quality of service is low, the payment may be reduced or withheld. This requires a higher level of reporting from the contractor to the City. The contractor primarily assumes the risk because the City does not pay if performance levels are not met.

### **4.3 Contract Execution & Administration**

#### **Contract Execution:**

The contract is fully executed when all authorized parties have signed it. Upon execution, signed copies of the contract should be provided to all interested parties including, at a minimum, the contractor and Legal Assistant.

#### **Contract Administration:**

Contract administration means any activity related to contracting, including the decision to contract, contractor screening, contractor selection, contract

preparation, contract monitoring, auditing and post contract follow up. Typical responsibilities of the project manager include:

- Understanding the contract, including the specific contract obligations and performance indicators by which performance will be monitored.
- Assessing the risks related to the project before soliciting proposals and contracting to determine the extent of the monitoring required.
- Ensuring the contractor has a clear understanding of how the contract will be managed and monitored.
- Providing the contractor with guidance and technical assistance, as needed, to promote effective contract performance.
- Identifying the extent and source of funding for services provided.
- Monitoring the contractor's activities to ensure quality service delivery. Ensuring funding is used only for authorized purposes.
- Reviewing invoices and verifying that delivery of services is rendered.
- Resolving issues or problems that arise during the contract.
- Measuring and tracking satisfaction with contractor performance.
- Complying with State and City rules and regulations.
- Documenting the contract to validate that effective contract management has occurred.

**Project managers need to be mindful not to do the following:**

- Instructing the contractor to begin work before the contract is executed and approved.
- Changing the description, scope, period of performance, or cost of the contract without processing a written amendment.
- Directing the contractor to do work that is not specifically described in the contract.
- Signing a contractor's contract form (some exceptions apply)
- Authorizing payment to the contractor for any work not performed satisfactorily.
- Paying for the same or similar services more than once.

## **4.4 Contract Monitoring - Performance**

**Monitoring Contract Performance:**

Monitoring means any planned, ongoing, or periodic activity that measures and ensures contractor compliance with the terms, conditions, and requirements of a contract. The level of monitoring should be based on a risk assessment of the contractor's role in delivering the services and the contractor's ability to deliver under the terms of the contract.

### **The purpose of monitoring is to ensure the contractor is:**

- Complying with the terms and conditions of the contract and applicable laws and regulations.
- In compliance with the contract through identifying and resolving potential problems and providing constructive, timely feedback.
- Adhering to the project schedule and making appropriate progress toward the expected results and outcomes.
- Providing the quality of service expected.

### **Monitoring Activities May Include:**

- **Periodic contractor reporting** – Require the contractor to submit progress reports or other appropriate data or reports, based on pre-defined criteria, and review the contractor's reports for verification of services provided and adherence to the contract. Substandard performance should be identified and addressed timely and appropriately.
- **Invoice review** – Compare billings with the terms agreed upon in the contract. Ensure the costs being charged are within the contract parameters.
- **Other periodic contact with contractor** – On-site visits to maintain contact with the contractor to review progress on a regular basis. Good contract monitoring includes a continuous dialogue with the contractor.

## **4.5 Contract Monitoring - Payment**

### **Reviewing Invoices for Payment:**

Contract payment is the process by which the contractor submits invoices for reimbursement for services and receives payments. The contract manager must carefully review the contractor's request for payment to verify the accuracy of all charges.

### **Considerations:**

- Are the hours/costs commensurate with the services or deliverables received?
- Is the service period identified on the invoice and were the services rendered prior to contract expiration?
- Do the rates invoiced match the rates stated in the contract?
- Has the necessary documentation been included to verify charges accurately? Is there enough money remaining on the contract?
- Reimbursable expenses. Below are the recommended reimbursable expenses:
  - Travel
  - Mileage

## Tips & FAQs

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### Renewals vs. Year-to-Year Contracts:

Keep in mind that including additional periods or renewal language in your solicitation or contract provides for greater continuity with terms and conditions such as pricing, scope, and availability. More often than not, contractors will give discounts for longer term contracts.

To enter into a series of year-to-year (or standalone) contracts, opens up the terms and conditions for contractors to modify their price and availability. Standalone contracts require a competitive process at each contract period and therefore may result in higher costs to the city.

However, if a contract includes “options to renew” language, the contract must be routed to include all future renewals of the “potential value” of the contract.

### Documented Benefit to City:

All contract amendments must have consideration for any additional time or funds. This means that the amendment must state what benefit the contractor will provide to the City in exchange for the increased time or payment amount. Contact the City Attorney with questions.

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- Food
- Miscellaneous expenses

If charges are acceptable, the contract manager submits a claim approval form for payment. Payment terms are 30 days from date of invoice.

## 4.6 Amendments & Change Orders

### Amendments:

Amendments are changes to service contracts.

Changes to contracts may be processed as amendments, rather than new contracts, but only if the changes are within the general scope of the original contract.

### Change Orders:

A change order is the formal document that alters some condition of the contract documents. The change order may alter the contract price, schedule of payments, completion date, terms and conditions, or the plans and specifications. Change orders are changes to public works contracts and reflect unforeseen conditions that must be addressed to meet the contract requirements and without which the work requested in the original contract could not be completed. Minor modifications that do not materially affect the scope or cost of the contract, such as address changes or staff changes, do not require a formal change order but should be documented in writing.

These situations should be distinguished from extra work that could stand on its own and is outside and independent of the contract, in which case a new competitive bid process is required. Appropriate uses of change orders include:

**Scope** – Scope changes may include adding, modifying, or deleting tasks, services, or deliverables or revising specifications. Changes to scope should be well documented and include any additional costs associated with these changes.

Changes that are outside the general scope of the contract or bid request are not appropriate to award through contract change orders. Such changes would have the effect of making the work performed substantially different from the work defined at the time the original contract was awarded.

**Terms and Conditions** – Changed conditions could include price variations in commodities.

**Cost** – If the cost of the contract is increased or decreased, document reasons for change (e.g.: scope changes, changes to unit price items).

**Period of Performance** – An extension to the contract end date is the most common change to the period of performance. Minor modifications that do

not materially affect the scope or cost of the contract, such as address changes or staff changes do not require a formal change order but should be documented in writing.

**Amendment and Change Order Approval:**

- Amendments and change orders that do not change the total value of the agreement contract (i.e.: a new expiration date) may be signed by the City Manager or designee.
- Accumulated cost changes up to 10% of the original agreement or contract amount may be approved by the City Manager or designee, if there is budget capacity and available revenues.
- Accumulated cost changes greater than 10% of the original agreement or contract amount must be approved by the City Council. Such approval establishes a new agreement or contract amount against which the above percentages apply for subsequent amendments or change orders.
- The City Council may pass a resolution on an individual project giving the City Manager the authority to sign all amendments and change orders within the allotted project budget, superseding the 10% limit.

**To protect the City’s interests, all amendments or change orders shall be executed in writing prior to the end of the contract period of performance and before the contractor begins work as authorized by the amendment.**

## **4.7 Contract Close-Out & Termination**

**Contract Termination:**

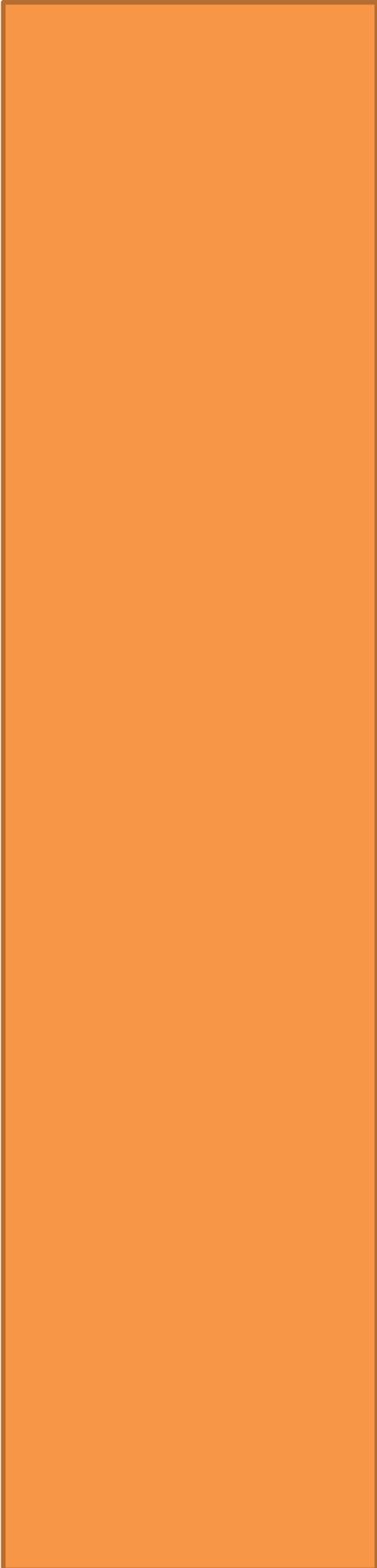
Contracts may be terminated prior to the completion date of the contract either for convenience of the parties or for cause. Contact the City Attorney’s Office for guidance when considering a contract termination.

Contract termination should be done in writing and follow the process described in the contract or as advised by the City Attorney.

**Contract Close-Out Process:**

Once the contract is complete, it is critical that the project manager complete the close-out process in a timely manner and stay on a schedule.

- 1) **Notice of Completion of Public Works Contract.** Required for projects totaling \$35,000 or more. The project manager should complete and file a “*Notice of Completion of a Public Works Contract*” form with the Department of Revenue, Department of Labor and Industries, and Employment Security Department. This form is available on L&I’s website.

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- 2) **Receive release letters** from Employment Security Department, Department of Revenue, and Department of Labor & Industries. These letters will be sent either by mail or through that department's web portal.
  - 3) **Release retainage.** Once the above-mentioned letters are received, the project manager should request that the Finance Department release retainage by a memo or coversheet along with a copy of the letters received.
    - a) **Release retainage bond.** If the contractor provided a bond instead of having the City hold retainage, the project manager should contact the bond issuer to release the bond.
    - b) **Escrow release.** If the contractor requested that the City hold retainage in an escrow account, the project manager should provide a written release to the bank.

### **Liens**

Whenever a valid lien has been filed against the retainage, the City may only release that amount of the retainage in excess of the total amount of the valid lien claims and an amount sufficient to defray the costs and attorney's fees of the claimants in foreclosing the liens.

### **Invoices Submitted after Close-Out Process**

Invoices that are submitted after contract expiration may still be paid if the following conditions apply:

- Invoice or pay estimate clearly shows that services were performed prior to contract expiration.
- Sufficient funds existed prior to close-out.

Every effort should be made to process invoices in a timely manner to eliminate delays and extra steps in payment processing

## Tips & FAQs

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Surplus is any City property and/or asset that is no longer deemed valuable or of use to the City now or in the foreseeable future.

Estimated value of property should be the amount of money or interest a third party would be willing to pay. Estimating values may be determined through obtaining an estimate, an official appraisal, an offer from another agency, *Kelly Blue Book* value, or other sources.

# 5.0 Surplus and Disposition of Assets

## 5.1 General Information

It is the policy of the City of Port Townsend to provide the best possible stewardship and management of municipal assets in the best interests of the residents of Port Townsend.

[PTMC Chapter 3.44](#) sets forth the City's processes for disposition of surplus property and long-term leases. The information in this policy manual is intended summarize the code requirements.

## 5.2 Declaring Surplus

A department head or operations manager may recommend that personal or real property under his or her control is deemed no longer to have any value and may desire to surplus that property.

- If the property has an estimated value under \$10,000, the City Manager may declare that it is surplus.
- All personal property with an estimated value greater than \$10,000, and any real property must be declared surplus by the City Council.
- All personal property acquired with utility funds may be transferred to and used by a non-utility department if the property is of de minimis monetary value. Disposition of utility assets must have an administrative hearing by the City Manager.

Criteria for declaring surplus is based on one or more of the following:

- The City has or soon will have no practical, efficient, or appropriate use for the property, nor will it have such a use for the property in the near future.
- The purpose served by the property can be accomplished by use of a better, less costly, or more efficient alternative;
- The purpose served by the property no longer exists as determined by a change of policy evidenced by an ordinance or resolution of the City Council;
- The property is damaged, worn out, or otherwise inoperable and the cost of repairing the same is unwise or impractical.

## 5.3 Disposition of Personal Property

Departments that determine they have surplus property should first make these items or equipment available to other City departments when reasonable. If the item is no longer of value to the City, staff may do the following:

- Sell or transfer the item(s) to another government agency, subject to the public notice and hearing requirements of [RCW 39.33.020](#) for items with a value in excess of \$50,000.
- Auction the item(s). The originating department will be responsible for all costs associated with this option. Finance will coordinate the auction with the department representative.
- Sell the item through a sealed bid process.
- Trade the item(s) in for new replacement equipment.
- Send the item(s) to the State surplus program.
- Donate the item(s) to a non-profit that serves or benefits low-income persons or persons with disabilities. *(Be sure to obtain a receipt for record retainage.)*
- Dispose of the item(s) in the most cost effective, efficient manner.

A department head or designee that is responsible for the disposition of property or assets. They should sign the “Declaring Surplus Memo” to the City Manager. The memo should be a detailed statement of the item(s), where the asset is located, the estimated value and the recommended disposition procedure. Send the memo to the Finance Department to coordinate obtaining the City Manager’s or Council’s approval.

Once approval has been granted to dispose of the property, the receiving individual or organization must sign an **“As-Is/Where-Is” Statement and/or Liability Waiver**. The signed form must be forwarded to the Finance Department for record retainage.

Within 24 hours of receipt, proceeds from any sale and sales tax collected will be forwarded to the Finance Department to be deposited. Sales tax will be remitted to the *Department of Revenue* on the next reporting cycle.

Prior to sale, remove all City logos or other markings identifying the item(s) as City property from any vehicles and or equipment prior to sale.

## Tips & FAQs

Be mindful of your budget appropriations when using your purchasing card as a method of payment.

### 5.4 Seizure Items ([RCW 69.50.505](#))

The Port Townsend Police Department follows their Asset Forfeiture Policy (Policy 601) in regards to the authority and procedures for the seizure, forfeiture and liquidation of property associated with designated offenses.

### 5.5 Surplus of Real Property (Land)

The City Council shall make all decisions that relate to surplusage of real property in accordance with [Chapters 35.94](#) and [39.33 RCW](#) and whether property should be designated to meet affordable housing needs and surplused or retained for that purpose. Because real property should perform a valuable public function, the City Council should consider both current use and any foreseeable future use when surplusizing real property.

Pursuant to [PTMC 3.44](#), affordable housing needs will be considered before surplusizing public lands.

The City Council shall hold a duly-noticed public hearing prior to disposing of real property or designating that the property may meet affordable housing needs and be surplused or retained for that purpose. All procedural guidelines shall be followed in accordance with the code.

## 6.0 Purchasing Cards

### 6.1 Purchasing Cards as a Method of Payment

In accordance with [RCW 43.09.2855](#), local governments are authorized to use credit cards or procurement cards for official government purchases and acquisitions.

The City of Port Townsend's purchasing card program has been established to provide a convenient, efficient means to purchase commodities and services from vendors and reduce the costs associated with a purchasing process. The City has obtained purchasing card participation in the statewide contract with US Bank as administered by the Washington State Department of Enterprise Services (DES). A benefit of using the contract is that it allows the City to earn a quarterly rebate based on the volume spent and timely payment.

## Tips & FAQs

CDL licenses and renewals and work boots should be purchased initially by the employee. The receipt for these items should be submitted to the employee's manager for reimbursement.

The program is designed to empower employees to purchase items needed for operational City business. It is a method used to pay for purchases and is not meant to circumvent the purchasing policies or bidding procedures.

### 6.2 Purchasing Card Administration

Purchasing cards (p-cards) are administered by the Finance Department. The purchasing card program administrator maintains the accounts and is authorized to make necessary changes and updates, corresponds with the bank to resolve issues, orders p-cards, reconciles purchases made during the billing cycle to the bank statement, verifies accuracy of supporting documents and signatures, maintains records, and assures timely payment.

All purchasing cards will have the "City of Port Townsend" embossed on the card with the cardholder's name. **It is not permitted to allow anyone other than the cardholder to use a card to make purchases.**

Approval to participate in the purchasing card program will be determined by the applicable department head. **It is recommended that employees complete their initial probationary period before being eligible to have a purchasing card issued to them. (Exceptions to this may be made with authorization from the Finance Manager).** Prior to releasing the purchasing card to the employee, the cardholder will:

1. Attend training to cover the City's purchasing policies and procedures.
2. Attend training to cover p-card procedures for US Bank Online purchasing card transaction management.
3. Acknowledge they have received, read and understood the City's Purchasing Policy and Procedures Manual by signing a **Cardholder's Agreement Form.**

Department heads or their designees will ensure employees approve their charges and submit the proper supporting documentation, assign correct fund and account numbers (BARS Codes) and descriptive information for each charge, approve the charges online, print activity statements, and submit paperwork to the program administrator in Finance within five days of the billing cycle close date. **Failure to comply with these policies and procedures may result in suspension of an employee's privilege of using a City issued purchasing card. Improper use of the p-card may result in disciplinary action up to and including termination of employment.**

## 6.3 Authorized Charges and Uses

As authorized, employees will use their p-cards at time of purchase for operational materials, supplies, small equipment, postage, subscription services, professional memberships, ordinary maintenance, services, CDL physicals, and authorized business travel expenditures. (Please see the City's Guidelines for Employee Travel for detail on authorized travel expenditures).

Purchasing cards may be used at any vendor that accepts VISA credit.

When making a purchase:

- The cardholder must obtain a vendor's register receipt or invoice (Proof of Purchase). Packing slips and statements are not substitutes for receipts or invoices.
- Register receipts and invoices should include transaction detail such as date of purchase, a description of each item, tax, shipping, and total. If the vendor does not issue a detailed receipt, it is the employee's responsibility to write a description of the purchase(s) on the receipt.
- If a receipt is lost or the cardholder is unable to obtain a receipt, a **"Declaration of Lost Invoice" Form** must accompany the reconciled statement in place of the receipt. Employees who routinely do not submit actual invoices/receipt may have their purchasing card benefits suspended.
- Follow the purchasing requirements outlined in the Purchasing Policies and Procedures Manual.

## 6.4 Unauthorized Purchases

Cardholders must comply with the State bidding and purchasing laws and the City's Purchasing Policies when using a purchasing card.

Examples of unauthorized uses and purchasing include:

- Personal purchases of any kind
- Cash advances through ATMs or banks
- Cash refunds for returned items
- Items restricted by City policy or State law, such as alcohol, tobacco, and entertainment
- Any items from vendors restricted by the Finance Department, a department head, or the City Manager

Examples of inappropriate uses:

- Any purchase in which the purchasing card is used to circumvent City or State policies, bid limits, or a cardholders personal purchasing limit.
- Any purchase made on a cardholder's account by someone other than the cardholder.

## 6.5 Returns and Exchanges

Cardholders are responsible for contacting the vendor when supplies, equipment, and services purchased with the p-card are not acceptable (incorrect, damaged, defective, not received) and for arranging a return for credit or exchange.

- If items are returned for credit, the cardholder is responsible for obtaining a credit receipt from the vendor to include in the monthly purchasing card reconciliation.
- If items need to be exchanged, the cardholder is responsible for returning the items to the vendor and obtaining a replacement as soon as possible.
- If items are disputed, the cardholder is responsible for resolving any disputes directly with the vendor. If resolution is not possible, contact the Program Administrator.

## 6.6 Account Maintenance

### **Online account maintenance:**

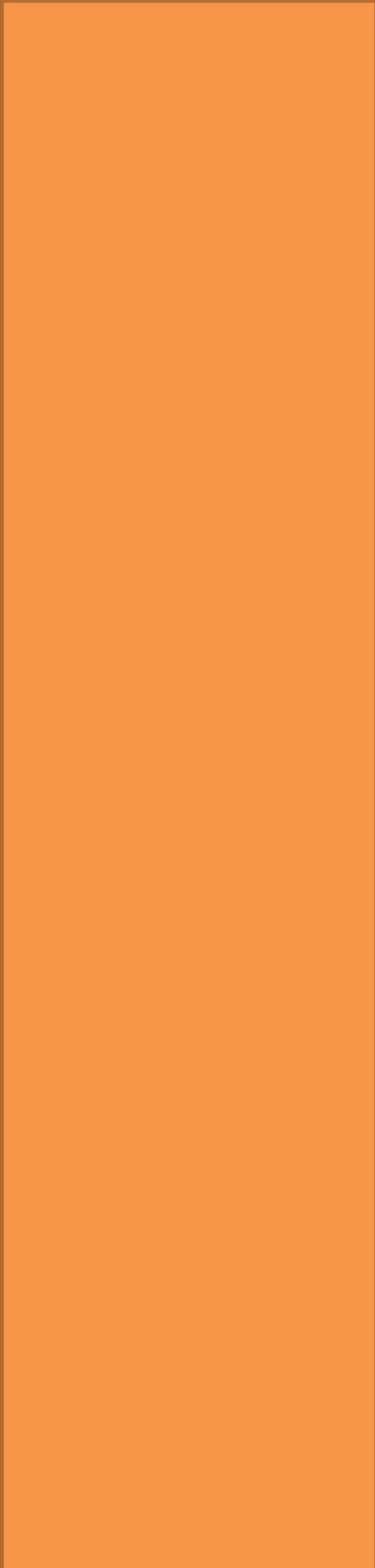
US Bank Online account maintenance is the responsibility of the cardholder. If an employee is locked out of their account, they should contact US Bank directly. The customer support number is listed on the back of the purchasing card. Please see the **US bank Purchasing Card Instruction Guidelines** for online account maintenance or call the purchasing card administrator in the Finance Department.

### **Name changes:**

Changes to a cardholder's name should be reported to the program administrator. A new card will be issued in the employee's name. The cardholder should surrender the old p-card to his or her department head or to the program administrator.

### **Lost or stolen card or fraud detection:**

Cardholders are responsible for their own card security. In the event the cardholder loses their card, suspects fraudulent activity on the card, or the card is stolen, they should contact US Bank immediately. In addition, the cardholder should contact the program administrator.



**Termination of employment or revocation of purchasing card privilege:**

Cardholders must turn in their purchasing card to their department head, Human Resources, or the program administrator in the event they terminate their employment with the City, or they have had their purchasing card privileges revoked.

**Spending Limits:**

Spending limits will be requested by the applicable department head and approved by the Finance Department. In general, authorized spending limits will be established as follows (single transaction limit/monthly cycle limit):

- \$5,000/\$5,000 – department heads and purchasing card program administrator
- \$2,500/\$5,000 – department managers, supervisors, department purchasing designees
- \$1,000/\$2,500 – maintenance and operator staff
- \$500/\$1,500 – others as assigned.

*Exceptions to these general guidelines will be reviewed at the request of the applicable department head.*

## 7.0 Definitions and Acronyms

**A&E:** Architectural and engineering services; includes land surveyors and landscape architects.

**Appropriation:** City Council authorization to expend funds for a specific purpose.

**Bid:** A written proposal submitted by a vendor or contractor to furnish supplies, materials, equipment, or services in conformity with the City's specifications included in a request for bids by the City.

**Bidding:** Procedure used to solicit quotations on price from various prospective providers of supplies, materials, equipment, or services.

**Bid Evaluation:** A review of bids/proposals received as a result of a competitive process to determine bidders' responsibility, responsiveness to requirements, and to determine the successful bidder(s).

**Bid Opening:** The official process in which sealed bids are opened, usually in the presence of one or more witnesses, at the time and place specified in the invitation for bid. Each bid is logged, and bids are made available for public inspection only after award of the contract. The bid opening must be open to the public.

**Bid Deposit** (also called a bid bond): A deposit in the form of a cashier's check, postal money order, or surety bond equal to 5% of the amount of the bid. Required for all formally bid public works projects.

**Bid Splitting:** Breaking a public work project or purchase into segments. The City may not split a project or purchase to avoid compliance with bidding statutes ([RCW 35.23.352\(1\)](#)).

**Capital Equipment:** Equipment of the City having an initial value of one thousand (\$1,000) or more and an estimated useful life of three or more years.

**Change Order:** An amendment to a public works contract, signed by both parties and outlining the mutually agreed upon changes to contract time, payment amount, or scope of work, as applicable.

**Contract:** A legally binding and enforceable written agreement between two or more parties stating the terms and conditions for an exchange of something of value (usually money, goods, or services) between parties. The Legal Department should be contacted if there is uncertainty as to the need for a written contract and how to go about it.

**Contractor:** Individual, company, corporation, firm, or combination, with whom the City develops a contract for the procurement of goods and services.

**Cooperative Purchasing (also called piggybacking):** The action taken when two or more entities combine their requirements to obtain advantages of volume purchases including administrative savings and other benefits.

**DES:** Washington State Department of Enterprise Services.

**Delivery Terms:** Conditions in a contract relating to freight charges, place of delivery, time of delivery, or method of transportation.

**Effective Date of Contract:** The date on which the contract starts.

**Emergency:** Unforeseen circumstances beyond the control of the agency that present a real, immediate, and extreme threat to the proper performance of essential functions or which may reasonably be expected to result in excessive loss or damage to property, bodily injury, or loss of life.

**Emergency Purchase:** A purchase in which the normal competitive purchasing procedures have been waived by a declaration of emergency issued by the City Council or City Manager.

**Encumbrance:** Interchangeable with “purchase order.”

**Equitably distribute opportunities:** Means that the local government may not favor certain contractors on the appropriate small works roster over other contractors on the same roster who perform similar services.

**Formal Competitive Bid:** The process of advertising and receiving sealed written bids from prospective vendors or contractors. The selection of the vendor or contractor is primarily based on the lowest cost from a responsible vendor.

**General Services:** Interchangeable with “purchased services.”

**Goods and Services:** Material, supplies, services, and equipment offered for purchase by a vendor or contractor and required by an agency to accomplish continuing and necessary functions.

**Informal Solicitations:** Price quotes from vendors that are obtained using a variety of mediums such as phone, fax, email, or writing. Results must be documented and submitted to the Finance Department to obtain a purchase order (encumbrance). The selection of the vendor is based on lowest cost from a responsible vendor.

**Interlocal Agreements:** The exercise of governmental powers in a joint or cooperative undertaking with another public agency.

**L&I:** Washington State Department of Labor and Industries.

**MRSC:** Municipal Resources and Services Center. A Washington-based non-profit that provides information and educational services to local government agencies. The City of Port Townsend uses MRSC's vendor, consultant, and small public works rosters.

**Ordinary Maintenance:** Defined by [WAC 296-127-010](#) as: “ work not performed by contract and that is performed on a regularly scheduled basis (e.g., daily, weekly, monthly, seasonally, semiannually, but not less frequently than once per year), to service, check, or replace items that are not broken; or work not performed by contract that is not regularly scheduled but is required to maintain the asset so that repair does not become necessary.”

**Personal Services:** Interchangeable with “professional services.”

**Prevailing Wage Rate:** The rate of hourly wage, usual benefits, and overtime paid in the locality to the majority of workers, laborers, or mechanics in the same trade or occupation; required to be paid on all public works and public building service maintenance contracts. These rates are set by L&I.

**Professional Services:** Services that involve technical expertise provided by a consultant to accomplish a specific study, project, task, or other work. These activities and products are mostly intellectual in nature and do not include architectural and engineering (A&E) services. Examples of personal services include accounting, legal, comprehensive planning, and real estate services.

**Proposal:** An offer to perform a contract to supply goods or services in response to a request for proposal (RFP).

**Purchase:** The buying, leasing, renting or lease-purchasing of goods or services.

**Purchase Order (also called encumbrance):** A form issued by the Finance Department or Legal Assistant, which reserves the purchase amount in the applicable fund and can sometimes serve as a written request to a vendor to provide the item being purchased.

**Purchased Services (also called general services):** Services that are generally routine, repetitive, or mechanical in nature and support the City’s day-to-day operations. Purchased services include janitorial, debt collections, equipment service agreements, machine repair, or delivery services.

**Public Work:** A project including all work, construction, alteration, repair, or improvement other than ordinary maintenance executed at the cost of the City. Public work projects include the related materials, supplies, and equipment to complete the project.

**Purchase Order (Encumbrance):** Official document used in authorizing the encumbrance of City funds toward a purchase.

**Quotation:** An offer, including price, to perform a contract to supply goods and/or services in response to a request for quotation.

**Request for Proposals (RFP):** A process that requests interested firms to submit a statement of their proposal for completing a project. Proposals are evaluated based on suitability, practicality, quality of the proposal, experience, and cost.

**Request for Qualifications (RFQ):** a request for only a firm’s general capabilities, including a list of principals, previous projects, number of employees, and licenses. An RFQ doesn’t not including pricing information.

**Requisition Form:** A standard form providing detail information as to quantity, description, estimated price, vendor, fund account, signature, and other information necessary to make a purchasing decision.

**Responsible Bidder:** Contractor, supplier, or vendor who is determined to be qualified to provide services or goods to the City based on the criteria in [RCW 39.04.350](#).

**Responsive Bidder:** An entity whose bids conforms in all material respects to the terms and conditions, the specifications, and other requirements of a solicitation.

**Sealed Bid (Formal Bid):** An advertised solicitation for a requirement in which the cost exceeds the bid limit. The bids are opened during a public opening.

**Sole Source (also called a single source purchase):** An exception to competitive bidding. A purchase of goods or services that is clearly and legitimately limited to a single source of supply in which the purchase price may be best established by direct negotiation.

**Solicitation:** Notification to prospective bidders about a future project or purchase, with a request for competitive bids, quotes, or proposals.

**Splitting:** The separation of continuing/repetitive requirements for the same good or service into several purchases to avoid dollar limitations or competition.

**Small Works Roster:** List of contractors by work category who have registered with MRSC and requested to be notified by the City about upcoming projects or purchases and bid opportunities.

**Specification:** A clear, complete, and accurate statement of the technical requirements descriptive of a material, item, or service.

**State Contract:** Contracts for goods or services administered by the Department of Enterprise Services on behalf of agencies. The contract document will identify the conditions under which usage by agencies is allowed.

**Subcontractor:** A person or business that is, or will be, providing or performing an essential aspect of a contract under the direction and responsibility of the primary contractor.

**Supplier:** A vendor of purchased goods and services.

**Surplus Property:** Personal property belonging to the City for which the City has no further use.

**Vendor:** A provider of materials, supplies, goods, or equipment.

# CITY OF PORT TOWNSEND, WASHINGTON, GENERAL GOVERNMENT, UTILITY & INTERGOVERNMENTAL DEBT AND INTERFUND LOANS

The City issues long-term debt instruments to finance large capital project investments. These debt instruments may include tax-exempt bonds, intergovernmental loan programs and inter-fund 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 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's total non-voted debt will have an outstanding balance of \$15,487,969 as of January 1, 2022. Principal payments on the outstanding non-voted debt for 2022 are \$882,123, due on December 1, 2022.

In 2020, the City refinanced its outstanding 2010 LTGO bonds, which were callable on December 1, 2020, through a private placement bond with Kitsap Bank. The 2020 financing refunded the 2010 bonds at a lower interest rate resulting in a significant savings in interest cost. The 2010 bonds carried an average interest rate of 5% for the remaining 10 years (2020 through 2030). The refinanced bonds carry a term of 10 years at a rate averaging 1.54%, resulting in a gross savings of \$555,947 over the 10-year period, a net present value savings of 18.48%. The City also financed an additional \$900,000 over a 20-year term at an average interest rate of 2.02%. These additional funds were used to repay the outstanding balance on the 2019 Bond Anticipation Note (BAN) Line-of-Credit due to mature in June 2021, providing permanent financing for the following projects:

- Mt. View Phase III Improvements
- Water Street Overlay Street & Stormwater Projects
- Complete Streets Projects
- Discovery Road Pedestrian Improvement Project

Currently the City has four outstanding councilmanic (non-voted) bond issues:

1. **Series 2012** Limited Tax General Obligation Refunding bond issue, refunded 1999 bonds and a portion of the 2002, 2003 and 2005 general obligation bonds. *Outstanding balance as of January 1, 2022 - \$1,660,000.*

2. **Series 2017 (Series A & B)** Limited Tax General Obligation bonds issued to refund the Series 2008 bonds and to finance road and sidewalk improvements, tourism, infrastructure and waterfront access improvements. *Outstanding balance as of January 1, 2022 - \$10,215,000.*
3. **Series 2018** Limited Tax General Obligation bond issued to fund the Homeward Bound/Cherry Street affordable housing project. *Outstanding balance as of January 1, 2022 - \$781,069.*
4. **Series 2020** Limited Tax General Obligation bonds issued to refund the Series 2010 bonds and finance sidewalk, street and stormwater improvements (previously financed through a short term line of credit). *Outstanding balance as of January 1, 2022 - \$3,356,900.*

*Voted Debt* - 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 annual debt service will be \$300,550 in 2022. The City will levy property taxes in the amount of \$150,000 and the remainder of the debt service will be funded by Special Purpose Sales Tax receipts. *Outstanding balance as of January 1, 2022 - \$2,440,000*

### **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 May 2019 to finance capital improvements to city streets and facilities. The line of credit with Cashmere Valley Bank matured on June 1, 2021. This line of credit was not renewed.

### **Inter-fund Loans**

The City will have two outstanding inter-fund loans at the end of 2021. One is a loan from the Transmission Line Fund to the Community Services Fund for \$90,000 to be repaid over a 3-year term at an interest rate equal to the average LGIP investment interest rate for the loan term. The loan provided the Community Services Fund the ability to contract with BERK Consulting, Inc. to perform a comprehensive park study in 2019. Annual payments are made from the reduction in the annual Mountain View lease, beginning in 2020. By the end of 2021, the outstanding balance of the interfund loan will be \$30,000. The final payment for the interfund loan is scheduled to be made by the end of 2022.

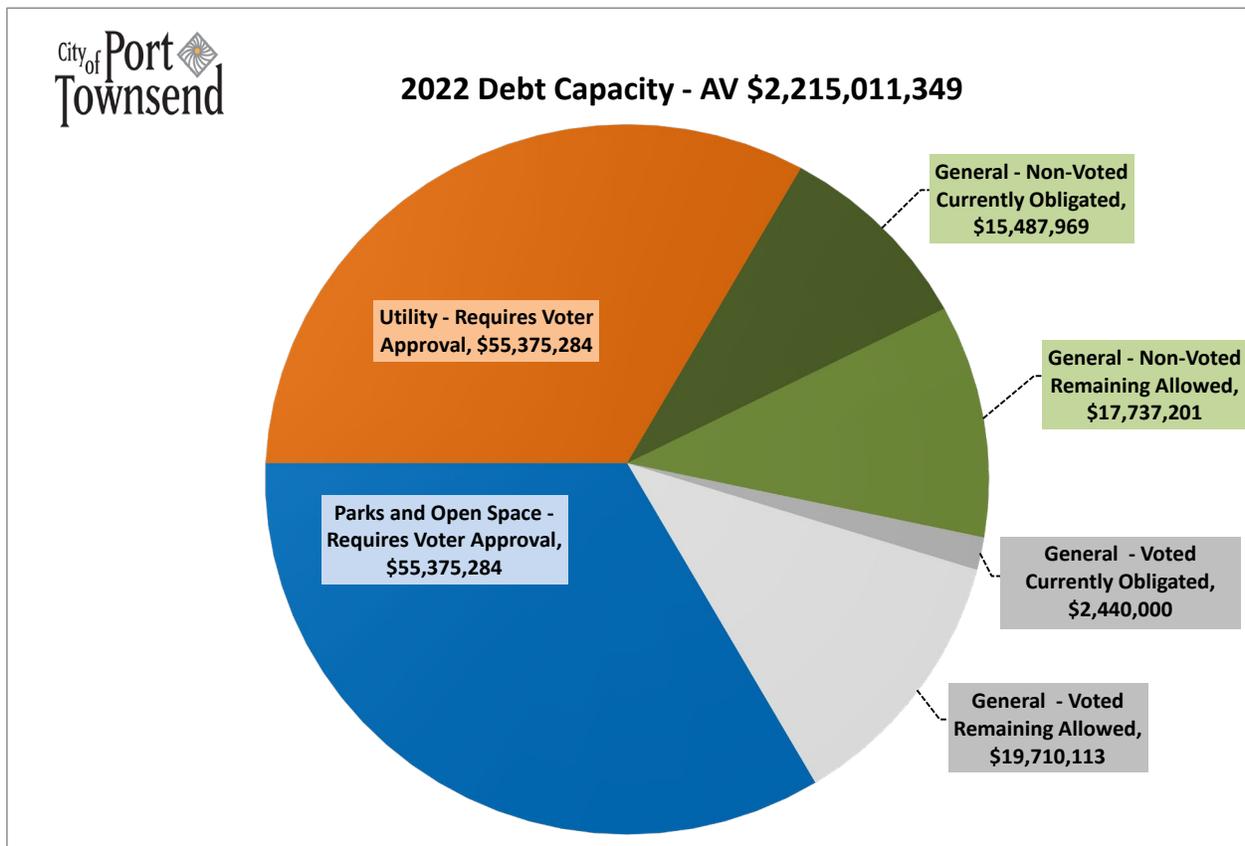
A new interfund loan was proposed in late 2021 for the purchase of property to be used for affordable housing. The loan amount is anticipated to be \$1,415,500 and will be made from the Water/Sewer operating fund. The loan will be repaid prior to the end of 2022 and will include interest at a rate equal to the average LGIP investment interest rate for the period of time the loan is outstanding. This loan will be repaid from a grant from Washington State Department of Commerce in the amount of \$1,372,000 and a contribution from the Affordable Housing Fund of \$43,500.

## 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. The 2022 ratio is projected at 11.1% and complies with the Council's financial policies.

GO Debt Service as a % of General Government Revenue		2018	2019	2020	2021	2022
		Actual	Actual	Actual	Estimated	Budget
Annual Debt Service as % of Revenue	Less than 15%	10.4%	10.6%	12.2%	11.5%	11.1%

The following chart and table reflect the current general obligation *non-voted* and *voted* bond debt capacity based on the Jefferson County Assessor's 2020 preliminary assessed values for 2021 taxes; preliminary assessed values increased by approximately 7.9%, consequently, increasing the City's available debt capacity:



<b>2021 Assessed Valuation (1)</b>	<b>\$ 2,215,011,349</b>
<b>General Purposes - Non-Voted</b>	
Non-voted General Obligation Debt Capacity (1.50% of AV)	\$ 33,225,170
Less: Outstanding Non-voted General Obligation Debt (2)	\$ (15,487,969)
Less: Outstanding Line of Credit Balance (3)	<u>\$ -</u>
Remaining Non-Voted General Obligation Debt Capacity	<b>\$ 17,737,201</b>
Percent of Non-Voted Debt Capacity Remaining	53.38%
<b>General Purposes - Requires Voter Approval</b>	
Voted General Obligation Debt Capacity (1.00% of AV)	\$ 22,150,113
Less: Outstanding Voted General Obligation Debt	\$ (2,440,000)
Less: Outstanding Line of Credit Balance (3)	<u>\$ -</u>
Remaining Voted General Obligation Debt Capacity	<b>\$ 19,710,113</b>
Percent of Voted Total Debt Capacity Remaining	88.98%
<b>Parks and Open Space Purpose - Requires Voter Approval</b>	
Voted General Obligation Debt Capacity (2.50% of AV)	\$ 55,375,284
Less: Outstanding Voted Debt for Parks	<u>\$ -</u>
Remaining Voted Debt Capacity for Parks	<b>\$ 55,375,284</b>
<b>Utility Purpose - Requires Voter Approval</b>	
Voted General Obligation Debt Capacity (2.50% of AV)	\$ 55,375,284
Less: Outstanding Voted General Obligation Debt for Utility Purpose	<u>\$ -</u>
Remaining Voted Debt Capacity for Utility Purpose	<b>\$ 55,375,284</b>
<b>Notes:</b>	
(1) Estimate from County Assessor's Preliminary Valuations 2021 Assessments for 2022 Taxes	
(2) Includes only LTGO Bonds issued through 2021. Other general obligation debts may count against debt capacity. Includes principal payments through 12/31/2021.	
(3) Line of credit for \$1,500,000 authorized by Council on 11/3/14; renewed 11/6/17 & 5/13/19; no outstanding amount as of 1/1/2022.	

**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. Loan payments for 2022 for utility debt are budgeted at approximately \$1,480,312 for principal and interest combined. Currently, the outstanding principal on utility debt at the end of 2021 is \$16,995,734.

In January 2017, the City's new drinking water treatment facility and reservoir, estimated cost of approximately \$24 million, were placed in service. Public Works Trust Fund Loans and Drinking Water State Revolving fund a significant portion of this

project. The City's contribution for this project was approximately \$2,500,000 and was funded through transfers from the System Development Fund and reserves in the Water/Sewer Operating and Capital funds.

Repayment of the 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 2021, the debt reserve fund is estimated to have a fund balance of approximately \$2,077,674.

In late 2020, the City issued a Water and Sewer Revenue Bond in the principal amount of \$1,914,980, through a private placement with Kitsap Bank. This bond allowed the City to pay off the utility line of credit with Kitsap Bank and provide permanent financing for the City's share of the Water Treatment Facility and the Big Quilcene Diversion Dam capital improvement projects. The bond will carry a term of 20 years at an average interest rate of 2.16%.

### **Utility Line of Credit**

The City Council authorized the City Manager to execute an agreement with Kitsap Bank to provide a line of credit for \$3,000,000 in February 2016. This line of credit is used to fund vendor payments in advance of receiving loan/grant funding from state or federal agencies or to provide interim financing while permanent financing options are reviewed. The line of credit matured in March 2018 and the City subsequently renewed the line of credit through March 1, 2021. This line of credit was paid off in 2020 through the issuance of private placement revenue bonds with Kitsap Bank (see details above). The utility line of credit was not renewed once it matured in 2021.

## **CITY OF PORT TOWNSEND, WASHINGTON**

### **STAFFING AND COMPENSATION SUMMARY**

The City of Port Townsend employs approximately 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 temporary/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. The two bargaining units are currently in negotiations with City staff on new contractual agreements. For budgeting purposes, the City has elected to include rate increases at a rate of 2.0%, consistent with broad assumptions utilized in the City’s long term financial model. However, the actual negotiated agreements may include additional rate and/or benefit increases or decreases that are not reflected in the budget under consideration for adoption. The impact of final agreements may create the need for supplemental budget appropriations for 2022.

Changes to Council members’ compensation were considered by an independent Salary Commission during the fall of 2021. Council compensation had not been changed since 2007. Five commission members were appointed to determine whether and what changes were necessary to monthly salaries for these elected officials. The commissioners considered multiple points of data including cost of living changes during the period of 2007-2021, salaries for officials in comparable communities, time required to carry out the functions of the office, and salaries received by members of other governing boards in Jefferson County. Individual interviews with council members were conducted by the commission to better assess time commitment to the position. The commission’s binding decision on compensation was presented to the City Clerk on November 9, 2021. Based on the commission’s determination, compensation levels for 2022-3 are as follows:

- Effective January 1, 2022 – the Mayor’s monthly salary will be \$1,025.
- Effective January 1, 2022 – each Council member’s monthly salary will be \$700.

Salaries will be increased by \$25-\$50 per month every two years between now and 2028 when a subsequent Salary Commission consideration is statutorily required. The binding decision can be challenged by referendum within 30 days. To date, the City Clerk has not received any notice that a referendum is being considered.

The 2022 budget reflects a total of 95.6 full time equivalents (FTEs) excluding council members. While the FTE count is nearly identical to the 2021 budgeted positions, some position changes have been made in the 2022 budget.

In the third quarter of 2021, the City contracted with the YMCA to manage City pool operations. All pool employees transitioned to employment with the YMCA, resulting in a reduction of 4.0 FTEs from last year's budgeted position count. The reduction has been offset with the addition of several key positions to further the City workplan.

Additions include:

- Finance & Budget Analyst – Addition of an analyst to support the work around financial sustainability and long term forecasting for the City's key Financial Sustainability initiative for 2022.
- Police Operations – Full complement of commissioned police officers, adding 1.5 FTEs to the 2022 budget. In 2021, the FTE count in the budget was reduced by staggering the proposed hiring of police officer positions. With retirements and turnover, the City still has 4 open police officer positions, which is not a sustainable level of staffing.
- Parks & Recreation Strategy Director – Addition of a limited duration director to lead strategic planning and community engagement efforts around several related issues (future of the Golf Course, future of aquatics, master planning Mountain View Campus) and to identify a long-term sustainable funding solution for Parks & Recreation. This position will be funded as part of the American Rescue Plan Act funds received in 2021 and 2022.
- Project Manager – The project manager position for the Engineering Department will provide oversight to the capital projects that are identified in the 2022 capital budget, many of which will continue into 2023.
- Operations Manager – Facilities & Parks – This manager position will replace the Parks, Recreation & Community Services Director position and will provide day to day operational oversight of the parks and facilities teams.

Despite these additions, City staffing is still not back to 2019 and 2020 staffing levels. Service requests from our community often exceed our staff's capacity to respond; setting service level expectations and matching the City's ability to fund these service levels will be a key topic in discussions with the Financial Sustainability Task Force.

Details on the assumptions used in preparation of the 2022 salary and benefit budget, including details regarding the proposed staff reductions, are provided below.

### **2022 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 defines the pay scales, seniority rates and annual inflationary adjustments to salaries for this group of employees. The proposed 2022 budget was prepared by reviewing each employee's position and seniority as compared to the wage charts, as well as including a rate increase of 2.00%, consistent with rate increases included in the City's long range forecast.

Full time employees receive a full benefit package that includes health, life, dental and retirement benefits. The current contract calls for employees in this group to contribute 10% of the total cost of the medical benefit costs for themselves and any covered dependents, which is how the City budgeted these costs. Teamster benefit rates are budgeted to increase 1.5% in 2021.

### **2022 Budget Assumptions for Police Agreement**

The Police Agreement with the Teamsters defines the pay scales, compensated hours, seniority rates and cost of living adjustments to salaries for police officers and sergeants. The two-year agreement with the Police bargaining unit was set to expire on December 31, 2020, however, a one-year extension was executed in June 2020.

2022 Budget assumptions are forecasted with an hourly rate increase of 2.0%, consistent with rate increases included in the City's long range forecast. Full-time employees receive a full benefit package that includes health, life, dental and retirement benefits. Employees contribute 10% of the medical benefit costs for themselves and any covered dependents. Teamster benefit rates are budgeted to increase 1.5% in 2022.

### **2022 Budget Assumptions for Non-represented employees**

The non-represented employee group is made up of management and professional level staff, part-time pool staff, library staff, and confidential/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. Medical benefit rates are forecasted to increase 5.8% which is partially offset by a 2.0% discount for WellCity designation. Employees may choose from two dental plans. The dental premiums are budgeted for no increases in 2021. There are no increases forecasted for vision benefit rates.

A classification scale and compensation policy for non-represented employees was approved by the City Council in 2015 to formalize wages and establish a predictable compensation system. Due to today's competitive recruitment and retention environment, a comprehensive review of both represented and non-represented compensation will be conducted in 2022.

The 2022 budget includes a wage adjustment for non-represented employees of 2.0%.

**Minimum Wage** - For 2022, the minimum wage increased \$0.80 or 5.9% to \$14.49 per hour. This increase impacts library and seasonal wage rates. Additionally, the increase begins to impact higher level position through wage compression. Wage compression occurs when pay adjustments regardless of experience, skills or seniority increase the base wage and bring those wages closer to the wages of more senior, experienced,

skilled positions. The Director of People & Performance will continue to monitor the impact of minimum wage adjustments on all City positions.

### **Recruiting Staff, Succession Planning and Best Practices**

The City continues to strive to foster a healthy City organization through investing in leadership development and training and adopting and implementing best employment practices.

In 2021, the City Manager restructured the Human Resources Department by hiring a Director of People & Performance. This position reports directly to the City Manager and will be a key member of the City's leadership team. This position will be supported by a full time Human Resource Specialist/Generalist. The new Director will focus on recruitment, retention and development of City staff. Development of career pathing and City-wide training opportunities for growth will enhance the City's ability to retain valued employees and set standards for a high-performance culture. The 2022 budget adds resources for staff training and education that were significantly reduced during the pandemic.

In 2022, the budget includes funding for the police department to contract with MCS Counseling for one full time Navigator. The Navigator assists police with the increasing number of calls for service for individuals with mental health and/or substance abuse disorders. The Navigator has made a positive impact in the community, linking at risk individuals with services for mental health care, substance abuse treatment, housing, medical care, food, transportation and other needs. The services provided by the Navigator help extend the police staff through the consulting service; the Navigator position is not included in the total number of authorized staff positions.

The 2022 budget does include 0.72 FTEs of seasonal help for Parks & Recreation or Streets/Stormwater/Wastewater. These positions are critical to assist with managing fast growing vegetation during the spring and summer months, among other assignments.

A total of 95.6 positions are included in the budget for 2022, not including volunteer hours or accrued leave payouts. Volunteer hours amount to approximately 3.36 FTEs and assist with police operations, library operations, and parks maintenance.

A chart below shows the trend by department of authorized staffing over the last five years:

**CITY OF PORT TOWNSEND - AUTHORIZED POSITIONS \***

Department/Division	2017	2018	2019	2020	2021	2022	2022 vs 2021
<b>General Government</b>							
City Manager	2.0	2.0	2.0	2.0	1.0	1.0	0.0
City Attorney	3.6	3.6	3.6	2.6	2.0	2.0	0.0
Development Service & Planning	8.3	8.3	8.3	8.3	8.0	8.0	0.0
Finance & Utility Billing (UB)	6.4	6.0	6.3	7.5	9.0	9.0	0.0
Police Admin & Operations	19.0	19.8	20.0	19.8	18.6	20.1	1.5
City Clerk/Human Resources	5.0	5.0	5.0	4.0	3.6	4.0	0.4
City Events, Facilities & Restrooms	3.5	3.5	3.5	4.0	3.5	3.5	0.0
Street	2.1	2.2	2.2	1.9	1.7	1.7	0.0
Parks Maintenance & Recreation	4.2	4.2	4.5	4.0	3.5	5.2	1.7
Pool	7.7	7.9	8.3	8.0	4.0	0.0	-4.0
Library	9.6	9.6	9.6	8.9	8.9	8.8	0.0
Equipment Rental	4.3	4.3	4.0	4.0	3.0	3.0	0.0
<b>Total General Government</b>	<b>75.7</b>	<b>76.4</b>	<b>77.3</b>	<b>75.1</b>	<b>66.8</b>	<b>66.3</b>	<b>-0.4</b>
<b>Public Works &amp; Utilities (excl UB)</b>							
Public Works Administration	3.2	3.3	4.2	4.2	2.5	2.5	0.0
Public Works Engineering	5.9	7.8	6.7	5.4	5.9	6.5	0.6
Utilities							0.0
Water Distribution	5.0	5.8	5.5	5.5	5.0	5.0	0.0
Water Quality & Resource	3.0	3.8	3.5	3.5	4.0	4.0	0.0
Wastewater Collection	2.5	2.7	2.5	2.6	2.2	2.2	0.0
Wastewater Treatment	3.5	3.5	3.8	3.6	3.5	3.5	0.0
Biosolids	2.5	2.5	2.5	2.5	2.5	2.5	0.0
Stormwater	3.5	3.6	3.3	3.5	3.1	3.1	0.0
<b>Total Public Works &amp; Utilities</b>	<b>29.1</b>	<b>33.0</b>	<b>31.9</b>	<b>30.8</b>	<b>28.7</b>	<b>29.3</b>	<b>0.6</b>
<b>TOTAL CITY FTES</b>	<b>104.9</b>	<b>109.3</b>	<b>109.2</b>	<b>105.9</b>	<b>95.5</b>	<b>95.6</b>	<b>0.2</b>
Percentage Change						0.1%	
<b>Positions not currently counted as FTES</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>		
Mayor/Council	7.0	7.0	7.0	7.0	7.0		

**CITY OF PORT TOWNSEND  
NON-BARGAINING EMPLOYEE POSITION CLASSIFICATION SALARY SCHEDULE  
BUDGET 2022**

<b>Elected Officials</b>			
<b>Classification</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Positions</b>
Mayor	\$ 12,300.00	\$ 12,300.00	1.00
Councilmembers	\$ 8,400.00	\$ 8,400.00	6.00
<b>Non Represented Employees</b>			
<b>Classification</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Positions</b>
City Manager	\$ 133,952	\$ 174,673	1.00
Public Works Director	\$ 123,486	\$ 151,119	1.00
City Attorney	\$ 121,101	\$ 145,321	1.00
Chief of Police	\$ 112,019	\$ 142,744	1.00
Finance and Administrative Services Director	\$ 108,990	\$ 139,267	1.00
Planning Director - Development Services	\$ 108,990	\$ 133,210	1.00
Parks & Recreation Strategic Director	\$ 108,990	\$ 133,210	1.00
Deputy Police Chief	\$ 99,013	\$ 120,671	0.00
Deputy Public Works Director/City Engineer	\$ 99,013	\$ 120,671	1.00
Parks, Recreation & Community Services Director	\$ 99,013	\$ 120,671	0.00
Director of People & Performance	\$ 99,013	\$ 120,671	1.00
Assistant City Engineer II	\$ 90,871	\$ 113,984	0.00
Assistant City Engineer I	\$ 87,798	\$ 110,130	0.00
Library Director	\$ 87,798	\$ 108,990	1.00
Human Resources Manager	\$ 87,193	\$ 108,989	0.00
Prosecuting Attorney/Assistant City Attorney	\$ 84,295	\$ 103,648	0.00
Planning Manager	\$ 84,295	\$ 103,648	1.00
Building Official	\$ 83,257	\$ 99,907	1.00
Public Works Operations Manager WW/Bio	\$ 83,257	\$ 99,907	1.00
Public Works Operations Manager - Water Resources	\$ 83,257	\$ 99,907	1.00
Public Works Operations Manager - Streets/Sewer/Stormwater	\$ 83,257	\$ 99,907	1.00
City Clerk	\$ 80,471	\$ 104,526	1.00
Operations Manager - Parks, Recreation & Facilities	\$ 78,715	\$ 108,990	1.00
Finance Manager	\$ 78,715	\$ 105,358	1.00
Civil Engineer III	\$ 76,883	\$ 106,034	1.00
Senior Planner	\$ 75,858	\$ 96,965	1.00
Finance & Budget Analyst	\$ 75,858	\$ 96,965	1.00
Project Manager	\$ 75,858	\$ 96,965	1.00
Library Manager - Public and Technical Services	\$ 66,479	\$ 78,259	1.00
Library Manager - Youth Services	\$ 66,479	\$ 78,259	1.00
Civil Engineer EIT	\$ 62,127	\$ 80,302	1.00
Deputy City Clerk	\$ 59,391	\$ 78,615	1.00
Executive Assistant to City Manager	\$ 59,391	\$ 78,615	0.00
Human Resources Specialist	\$ 59,391	\$ 78,615	1.00
Legal Assistant/Deputy Clerk	\$ 59,391	\$ 78,615	1.00
Legal Assistant	\$ 59,391	\$ 78,615	0.00
Payroll and Benefits Administrator	\$ 59,391	\$ 78,615	0.00
Executive Assistant to Chief of Police	\$ 56,091	\$ 74,290	0.00
<b>Hourly Part-Time Positions</b>			
Library Associate	\$ 23.11	\$ 24.76	0.50
Library Assistant	\$ 15.84	\$ 18.68	3.51
Library Assistant Substitute		\$ 15.84	0.54
Library Courier, Library Page	\$ 14.49	\$ 16.31	1.30
<b>Total Non-Represented Employees</b>			<b>33.85</b>

**CITY OF PORT TOWNSEND  
UNION/REPRESENTED EMPLOYEE POSITION CLASSIFICATION SALARY SCHEDULE  
BUDGET 2021**

<b>Union/Represented Employees</b>			
<b>Classification</b>	<b>Minimum/hr</b>	<b>Maximum/hr **</b>	<b>Positions</b>
Accountant	\$ 34.98	\$ 39.69	0.00
Administrative Assistant	\$ 22.87	\$ 25.98	0.00
Assistant Planner	\$ 30.29	\$ 34.41	0.00
Associate Planner	\$ 33.76	\$ 40.84	0.00
Building Inspector	\$ 31.73	\$ 36.05	1.00
Code Compliance Officer	\$ 31.73	\$ 36.05	1.00
Community Services Officer	\$ 23.65	\$ 27.04	1.00
Crew Chief	\$ 33.11	\$ 37.61	1.00
Crew Chief Apprentice	\$ 30.80	\$ 34.99	1.00
Equipment Operator	\$ 28.76	\$ 32.54	12.00
Finance Specialist	\$ 30.29	\$ 34.41	1.00
Finance Tech II	\$ 23.65	\$ 27.04	1.00
Finance Tech III	\$ 25.93	\$ 29.45	1.00
GIS Coordinator	\$ 32.50	\$ 36.96	1.00
IT Network Administrator	\$ 40.56	\$ 46.05	1.00
IT Technical Support	\$ 32.50	\$ 36.96	0.00
Land Use Specialist	\$ 30.29	\$ 34.41	1.00
Lead Equipment Operator	\$ 30.81	\$ 34.99	4.00
Lead Operator	\$ 30.81	\$ 34.99	2.00
Maintenance Worker	\$ 23.65	\$ 27.04	7.00
Mechanic	\$ 29.42	\$ 33.39	0.00
Parks, Rec & Community Services Admin Support Spec	\$ 24.09	\$ 27.27	0.00
Permit Tech	\$ 23.65	\$ 27.04	2.00
Police Clerk	\$ 25.93	\$ 29.45	2.00
Police Officer	\$ 33.69	\$ 38.65	12.00
Sergeant	\$ 43.30	\$ 47.36	3.00
Reserve Police Officers		\$ 18.00	1.10
Project Accounting Specialist	\$ 30.29	\$ 34.41	1.00
Public Experience Liaison	\$ 24.09	\$ 27.27	3.00
Public Works Inspector	\$ 31.73	\$ 36.05	1.00
Public Works/Engineering Support Specialist III	\$ 25.93	\$ 29.45	0.00
Public Works/Engineering Support Specialist II	\$ 23.65	\$ 27.04	0.00
Purchasing/Contracts Specialist	\$ 30.29	\$ 34.41	0.00
Public Works Administrative Assistant			0.00
Seasonal Workers		\$ 18.00	0.72
<b>Total Union/Represented Employees</b>			<b>61.82</b>
<i>**max pay does not include longevity or other premiums as may be applicable</i>			
<b>TOTAL CITY POSITIONS (Excluding Elected Officials)</b>			<b>95.67</b>

## 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.

In early October, the Jefferson County Assessor provides the City's assessed value (AV) for use in computing the levy rates for the following tax year. The City's 2021 AV grew by 10.1% from the 2020 AV. New construction in the City was \$17,274,288 for 2021 which adds to the City's tax base.

In February 2019, the voters of the City of Port Townsend authorized a measure to annex the City of Port Townsend into Jefferson County Fire Protection District #1 (EJFR). The measure was approved by 69.28% of the voters, resulting in a merge of the geographic area of Port Townsend into the service area of District #1. With this approval, the City no longer levies property taxes for the Fire Levy Lid Lift or Emergency Management Services, as these services will now be provided by EJFR. EJFR will now levy taxes for these services. The City's General Fund Levy had previously supplied additional funding to EJFR, with the funding amount for 2019 estimated at \$908,724. The City retained the authority to levy the \$908,724.

While Washington state does not allow the property tax levy to be reduced through a vote once it has been established, the City Council may adjust the amount to be levied. The City put together a means to limit its property tax levy authority for a period of five years.

The Council has adopted an enforceable policy that limits the Council's tax authority in December 2018. The policy is accessible on the City's website at: <https://cityofpt.us/administration/page/post-annexation-property-tax-policy-qa>. This policy provides that the City will not assess any of the \$908,724 increase in 2020 (the first year it would go into effect if annexation is approved). Thereafter starting in 2021 through 2023 the Council will have limited authority as provided for by the policy. The policy requires that any amount of the \$908,724 be phased in at a rate not to exceed 33% per each year starting in 2021. Further, it restricts what the money can be used for as outlined in the adopted policy.

For 2022, the policy allows 66% of the \$908,724 to be levied. In 2022 the City proposes to levy \$602,610 of the banked capacity for certain projects – street or parks/trails capital projects, housing trust fund contributions or utility tax relief. Projects to be funded with this banked capacity amount include pavement restoration project (Pacific Avenue), Spruce Trail project, ADA curb ramps at Lawrence and Mountain View, 9<sup>th</sup>

Street sidewalk project, updates to Chetzemoka kitchen shelter, Bishop park swingset, and updated parks kiosks and signage.

This banked capacity will be available for the City to use for any purpose in the future but not during the 2020-2023 period covered in the policy agreement.

The total proposed property tax levy for the City General 2021 property tax levy for 2022 taxes is \$3,352,000, or approximately \$1.50821 per \$1,000 AV. This levy includes the Library lid lift which provides funds to pay for operating expenses for the Carnegie Library and Pink House.

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 in 2021 for 2022 taxes. This excess levy amount is approximately \$0.06895 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 2021 new construction additions or refunds/changes 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									
	2013 for 2014 taxes	2014 for 2015 taxes	2015 for 2016 taxes	2016 for 2017 taxes	2017 for 2018 taxes	2018 for 2019 taxes	2019 for 2020 taxes	2020 for 2021 taxes	2021 for 2022 taxes
Assessed Valuation (000's)	1,219,761	1,299,381	1,340,801	1,442,618	1,524,264	1,653,040	1,869,815	2,011,668	2,215,011
Levy Rate - General	1.73897	1.66940	1.63449	1.56531	1.52015	1.42554	0.79604	0.75491	0.97903
Levy Rate - Library Lid Lift	0.80908	0.77421	0.76037	0.72350	0.70654	0.66291	0.59529	0.56418	0.52918
Levy Rate - Fire Lid Lift	0.53429	0.51206	0.50217	0.48254	0.46682	0.43799	-	-	-
City of PT Total General Levy	3.08234	2.95567	2.89703	2.77135	2.69351	2.52644	1.39133	1.31909	1.50821
Levy Rate - EMS	0.50000	0.50000	0.50000	0.50000	0.49598	0.46823	-	-	-
Excess Levy Rate - Mountain View	-	-	0.05093	0.10595	0.10595	0.09261	0.08173	0.07596	0.06895
<b>Total City Tax Levy Rate</b>	<b>3.58234</b>	<b>3.45567</b>	<b>3.44796</b>	<b>3.37730</b>	<b>3.29544</b>	<b>3.08728</b>	<b>1.47306</b>	<b>1.39505</b>	<b>1.57715</b>
BUDGET ALLOCATIONS									
	2014	2015	2016	2017	2018	2019	2020	2021	2022
General	740,000	750,000	770,329	811,808	850,146	884,670	867,107	912,107	1,549,107
Contingency	4,000	4,000	-	-	-	-	-	-	-
Community Services	408,000	412,000	412,000	412,000	412,000	412,000	412,000	412,000	412,000
General Government Debt Service	102,000	102,000	102,000	102,000	102,000	102,000	102,000	102,000	102,000
Firemen's Pension	35,000	35,000	39,245	35,245	34,235	34,235	34,235	34,235	34,235
Housing Trust Fund	10,000	10,000	10,000	10,000	10,000	10,000	74,658	74,658	74,658
Library Fund	989,000	1,006,000	1,019,185	1,043,224	1,076,951	1,095,824	1,124,000	1,147,000	1,180,000
EMS Levy	610,000	655,000	675,000	742,000	765,000	774,000	-	-	-
Fire/EMS General Levy	1,511,598	1,542,721	1,559,047	1,583,723	1,620,276	1,637,574	-	-	-
Mountain View Levy	-	-	67,012	150,000	150,000	150,000	150,000	150,000	150,000
<b>Total</b>	<b>4,409,598</b>	<b>4,516,721</b>	<b>4,653,818</b>	<b>4,890,000</b>	<b>5,020,608</b>	<b>5,100,303</b>	<b>2,764,000</b>	<b>2,832,000</b>	<b>3,502,000</b>

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/refunds and other valuation adjustments.

**ORDINANCE NO. 3276**

**AN ORDINANCE OF THE CITY OF PORT TOWNSEND, WASHINGTON, FIXING AND ADOPTING 2022 PROPERTY TAX LEVIES FOR THE GENERAL LEVY WITH A TOTAL INCREASE OF ONE PERCENT (1.00%), LEVY OF \$602,610 OF BANKED CAPACITY WITH AN INCREASE OF THIRTY-NINE AND 5/10 PERCENT (39.50%) AND A VOTER-APPROVED TAX LEVY FOR THE MOUNTAIN VIEW COMMONS CAPITAL IMPROVEMENTS OF \$150,000 FOR THE UNLIMITED TAX GENERAL OBLIGATION BONDS**

**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 1, 2021, to consider the City of Port Townsend's General Fund, Contingency Fund, Library Fund, Affordable Housing Fund, Community Services Fund, Debt Service Fund and Firemen Pension Fund budget for the 2022 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 30<sup>th</sup> 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**, at the February 12, 2019 special election, the citizens of Port Townsend and the East Jefferson Fire Protection District No. 1 approved the annexation of the City of Port Townsend into the East Jefferson Fire Protection District No. 1; and

**WHEREAS**, per the fire annexation agreement, the City Council reduced its 2021 property tax levy by \$908,724, which represents the approximate amount the City's general fund would have paid for fire protection services by the East Jefferson Fire Protection District and is considered "banked capacity" for the City of Port Townsend; and

**WHEREAS**, as a result of the fire annexation, responsibility for levying the EMS levy and the Fire/EMS levy lid lift transfers to East Jefferson Fire Protection District No. 1; and

**WHEREAS**, the City intends to levy "banked capacity" of \$602,610 to fund infrastructure for local roads and parks and trail projects; 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 1.0%, 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 and the addition of \$602,610 of banked capacity, is hereby authorized for the 2022 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 2022, the sum of \$3,294,017 as a general tax levy, which is a percentage increase of 1.0% (\$26,648) and an increase of 39.5% (\$602,610) of banked capacity from the previous year, 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.

**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 2022, 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 \$0.068945 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 15<sup>th</sup> day of November 2021.

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Michelle Sandoval  
Mayor

*Attest:*

*Approved as to form:*

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Joanna Sanders, MMC  
City Clerk

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Heidi Greenwood  
City Attorney

**CITY OF PORT TOWNSEND PROPERTY TAX LEVY**

**ASSESSED VALUE & LEVY RATES - BY TAX YEAR**

	2012 for 2013 taxes	2013 for 2014 taxes	2014 for 2015 taxes	2015 for 2016 taxes	2016 for 2017 taxes	2017 for 2018 taxes	2018 for 2019 taxes	2019 for 2020 taxes	2020 for 2021 taxes	2021 for 2022 taxes
Assessed Valuation (000's)	1,469,136	1,219,761	1,299,381	1,340,801	1,442,618	1,524,264	1,653,040	1,869,815	2,011,668	2,215,011
Levy Rate - General	1.42529	1.73897	1.66940	1.63449	1.56531	1.52015	1.42554	0.79604	0.75491	0.97903
Levy Rate - Library Lid Lift	0.66400	0.80908	0.77421	0.76037	0.72350	0.70654	0.66291	0.59529	0.56418	0.52918
Levy Rate - Fire Lid Lift	0.43708	0.53429	0.51206	0.50217	0.48254	0.46682	0.43799	-	-	
City of PT Total General Levy	2.52637	3.08234	2.95567	2.89703	2.77135	2.69351	2.52644	1.39133	1.31909	1.50821
Levy Rate - EMS	0.50000	0.50000	0.50000	0.50000	0.50000	0.49598	0.46823	-	-	
Excess Levy Rate - Mountain View	-	-	-	0.05093	0.10595	0.10595	0.09261	0.08173	0.07596	0.06895
<b>Total City Tax Levy Rate</b>	<b>3.02637</b>	<b>3.58234</b>	<b>3.45567</b>	<b>3.44796</b>	<b>3.37730</b>	<b>3.29544</b>	<b>3.08728</b>	<b>1.47306</b>	<b>1.39505</b>	<b>1.57715</b>

**BUDGET ALLOCATIONS**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General	682,899	740,000	750,000	770,329	811,808	850,146	884,670	867,107	912,107	1,549,107
Contingency	39,689	4,000	4,000	-	-	-	-	-	-	-
Community Services	399,242	408,000	412,000	412,000	412,000	412,000	412,000	412,000	412,000	412,000
General Government Debt Service	99,823	102,000	102,000	102,000	102,000	102,000	102,000	102,000	102,000	102,000
Firemen's Pension	34,000	35,000	35,000	39,245	35,245	34,235	34,235	34,235	34,235	34,235
Housing Trust Fund	6,235	10,000	10,000	10,000	10,000	10,000	10,000	74,658	74,658	74,658
Library Fund	967,644	989,000	1,006,000	1,019,185	1,043,224	1,076,951	1,095,824	1,124,000	1,147,000	1,180,000
EMS Levy	673,319	610,000	655,000	675,000	742,000	765,000	774,000	-	-	
Fire/EMS General Levy	1,474,972	1,511,598	1,542,721	1,559,047	1,583,723	1,620,276	1,637,574	-	-	
Mountain View Levy	-	-	-	67,012	150,000	150,000	150,000	150,000	150,000	150,000
<b>Total</b>	<b>4,377,823</b>	<b>4,409,598</b>	<b>4,516,721</b>	<b>4,653,818</b>	<b>4,890,000</b>	<b>5,020,608</b>	<b>5,100,303</b>	<b>2,764,000</b>	<b>2,832,000</b>	<b>3,502,000</b>

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/refunds and other valuation adjustments.

**City of Port Townsend Property Tax Calculation - 2022**

<b>CITY OF PORT TOWNSEND - PROPERTY TAX ESTIMATE FOR 2021 BUDGET</b>	<b>GENERAL LEVY</b>	<b>LIBRARY LEVY</b>	<b>MTN VIEW LEVY</b>	<b>TOTAL</b>
2020 for 2021 Assessed Value	\$ 2,011,668,041	\$ 2,011,668,041	\$ 1,979,751	
2021 Levy Rate	0.758373	0.566279	0.075997	1.400649
2021 Actual Levy Amount	\$ 1,525,595	\$ 1,136,165	\$ 150,000	\$ 2,832,000
Increase of 1%	\$ 15,256	\$ 11,362	\$ -	\$ 26,618
Banked Capacity	\$ -	\$ -	\$ -	\$ -
2022 New Construction Estimate	\$ 13,386	\$ 9,898	\$ 1,328	\$ 24,612
2022 Refunds Estimate	\$ 5,677	\$ 3,764	\$ 1,008	\$ 10,449
Total Calculated Levy Estimate	\$ 1,559,914	\$ 1,161,189	\$ 150,000	\$ 2,893,679
Add: Bank Capacity Levied (\$908,724)	\$ 602,610	\$ -	\$ -	\$ 602,610
Adjusted Calculated Levy Estimate	\$ 2,162,524	\$ 1,161,189	\$ 150,000	\$ 3,496,289
<b>2021 for 2022 Assessed Value</b>	<b>\$ 2,215,011,349</b>	<b>\$ 2,215,011,349</b>	<b>\$ 2,175,652,388</b>	
<b>2022 Levy Rate</b>	<b>0.976304</b>	<b>0.524236</b>	<b>0.068945</b>	<b>1.569485</b>
<b>Budget Amount</b>	<b>\$ 2,172,000</b>	<b>\$ 1,180,000</b>	<b>\$ 150,000</b>	<b>\$ 3,502,000</b>
<b>ALLOCATION</b>				
GENERAL FUND	\$ 1,549,107			
CONTINGENCY FUND	-			
COMMUNITY SERVICES	412,000			
GO DEBT SERVICE	102,000			
FIREMEN'S PENSION	34,235			
HOUSING TRUST FUND	74,658			
LIBRARY FUND	1,180,000			
<b>TOTAL</b>	<b>3,352,000</b>			
MTN VIEW LEVY	\$ 150,000			
<b>TOTAL CITY LEVY BUDGET</b>	<b>\$ 3,502,000</b>			

## CITY COUNCIL 2021

Name	Public Phone	Email	Term Expires
Michelle Sandoval	360-379-2980	msandoval@cityofpt.us	12/31/21 Pos. 1
Ariel Speser	360-379-2980	aspeser@cityofpt.us	12/31/21 Pos. 2
Monica MickHager	360-379-2980	mmickhager@cityofpt.us	12/31/23 Pos. 3
Owen Rowe	360-379-2980	orowe@cityofpt.us	12/31/23 Pos. 4
Pamela Adams	360-379-2980	padams@cityofpt.us	12/31/21 Pos. 5
Amy Howard	360-379-2980	ahoward@cityofpt.us	12/31/23 Pos. 6
David Faber	360-379-2980	dfaber@cityofpt.us	12/31/23 Pos. 7

Fax Number for all Council members is the Admin fax line: 360-385-4290

# COUNCIL COMMITTEE ASSIGNMENTS

## Updated August 27, 2021

### COUNCIL STANDING COMMITTEES

Infrastructure and Development (1<sup>st</sup> Wed. 3pm Virtual/Chambers)-----DF, MS, AH  
 Culture and Society (2<sup>nd</sup> Wed. at 4:30pm, Virtual/Chambers) -----PA, OR, AS  
 Rules Committee (2<sup>nd</sup> Thurs. 9am Virtual/Chambers)-----AH, AS (chair), OR  
 Finance and Budget (3<sup>rd</sup> Wed. 3pm / Virtual/Chambers)-----MS, AH (chair), MM  
 Intergovernmental Collaborative Group (Board of Commissioners)----- Council of the Whole

### CITY BODIES WITH COUNCIL REPRESENTATIVES

Alternative Electric Management Committee ----- Unassigned  
 Lodging Tax Advisory Committee (LTAC) -----PA

### OUTSIDE BODIES WITH COUNCIL REPRESENTATIVES

#### Economic Development

North Olympic Peninsula Resource Conservation & Development Council (NODC)MS (MM alt.)

#### Health

Jefferson County Board of Health -----PA  
 Jefferson County Developmental Disabilities Advisory Board ----- OR  
 Jefferson County Clean Water District Advisory Council-----MM  
 Jefferson County Behavioral Health Committee-----AS

#### Housing

Affordable Housing Task Force ----- MS  
 Joint Oversight Board of Affordable Housing Task Force----- MS

#### Infrastructure

Public Infrastructure Board ----- MS

#### Law and Justice

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

#### Transportation

Jefferson Transit Authority Board ----- AS, DF  
 Peninsula Regional Transportation Planning Organization Executive Board-----AS (DF Alt)  
 Surface Transportation Block Grant (STBG) Selection Committee-----DF

#### Other

Climate Action Committee -----PA  
 Fort Worden Advisory Committee ----- OR  
 Jefferson County/City of Port Townsend LEOFF I Retirement/Disability Board -----DF  
 JeffCom Administrative Board -----AS  
 OlyCAP Board of Directors ----- AH  
 Joint Growth Management Steering Committee----- MS, DF, MM  
 Jefferson County FEMA funds (Dove House Advocacy Services, administrative agency)-----AS  
 Port Townsend Main Street HUD Loan Committee-----PA  
 Creative District ----- OR  
 Fort Worden Public Development Authority ----- MS  
 Jefferson Broadband Action Team -----MM  
 Association of Washington Cities Nominating ----- AH

<b>PARKS, RECREATION &amp; TREE ADVISORY BOARD (5-7)</b>		
<b>Council Liaison: David Faber</b>		
Meets Bi-monthly 4:30pm 4th Tuesday at City Hall		
Pos.	Name & Experience	Exp.
1	Sean Koomen	5/1/22
2	Jim Todd	5/1/23
3	Jennifer Rotermund	5/1/24
4	John Nowak	5/1/22
5	VACANT	5/1/22
6	Brenda McMillan	5/1/24
7	Deborah Jahnke, Chair	5/1/24

<b>HISTORIC PRESERVATION COMMITTEE (5-7)</b>		
<b>Council Liaison: Monica MickHager</b>		
Meets 3:00pm 1st Tuesday at City Hall		
Pos.	Name	Exp.
1	Kathleen Knoblock	5/1/23
2	Michael D'Alessandro	5/1/23
3	George Randels	5/1/23
4	Walt Galitzki	5/1/24
5	Richard Berg, Chair	5/1/24
6	Craig Britton, Vice Chair	5/1/22
7	Kathleen Croston	5/1/22

<b>LODGING TAX ADVISORY COMMITTEE (11 voting)</b>		
<b>Council Liaison: None</b>		
Meets 3:00pm quarterly 2nd Tuesday at City Hall		
Pos.	Name & Role	Exp.
1	Pam Adams, Chair (Elected Official)	N/A
2	Sherri Hanke (At Large Position)	5/1/23
3	VACANT (At Large Position)	5/1/22
4	Karen Clemens (Recipient)	5/1/22
5	Barb Trailer (Recipient)	5/1/24
6	Janette Force (Recipient)	5/1/22
7	Denise Winter (Recipient)	5/1/22
8	Cindy Finnie (Collector)	5/1/22
9	VACANT (Collector)	5/1/20
10	Natalie Maitland, Fort Worden PDA Designee (Collector)	5/1/23
11	Nathan Barnett (Collector)	5/1/24
12	Main Street Designee (Nonvoting)	5/1/24
13	Arlene Alen (Nonvoting)	5/1/23
14	VACANT (Nonvoting)	5/1/20

<b>ARTS COMMISSION (9 max.)</b>		
<b>Council Liaison: Michelle Sandoval</b>		
Meets 3:00pm 1st Wednesday at City Hall		
Pos.	Name	Exp.
1	Nan Toby Tyrrell	5/1/23
2	VACANT	5/1/23
3	Jason Victor Serinus, Chair	5/1/23
4	Diane Walker	5/1/24
5	VACANT	5/1/22
6	VACANT	5/1/22
7	Joe Gillard	5/1/24
8	Dan Groussman	5/1/22
9	Nhattaleah Nichols	5/1/24

<b>LIBRARY ADVISORY BOARD (5-7)</b>		
<b>Council Liaison: Owen Rowe</b>		
Meets Bi-monthly 1:00pm 2nd Monday at the LLC		
Pos.	Name	Exp.
1	Ann Raymond	5/1/22
2	Ellie Mathews	5/1/21
3	Jacqueline Mention, Chair	5/1/21
4	Kathy Ryan	5/1/23
5	VACANT	5/1/23
6	VACANT	5/1/23
7	VACANT	5/1/21

<b>PEG ACCESS COORDINATING COMMITTEE (8)</b>		
Meets 3:30pm 2nd Tuesday at the Gael Stuart Building		
Name		
_____, City Council (Chair)		
Joanna Sanders, City Clerk		
Melody Eisler, Library Director		
John Polm, School District Superintendent		
_____, School District Video Instructor		
Richard Durr, School District Representative		
VACANT, Video Professional		
_____, Citizen Representative		
VACANT, Student Representative		
VACANT Producers Group Representative (Optional)		
VACANT Education Group Representative (Optional)		

<b>CLIMATE ACTION COMMITTEE (15)</b>		
Meets even months on 4th Wednesday		
Pos.	Name	Exp.
1	Jefferson County BoCC ( Kate Dean)	N/A
2	City Council (Pam Adams)	N/A
3	JeffPUD (Jeff Randall - <i>Vice Chair</i> )	N/A
4	Jefferson County Public Health (Laura Tucker)	N/A
5	Jefferson Healthcare (Chris O'Higgins)	N/A
6	Jeff. Transit (John Bender)	N/A
7	Port of PT ( Eric Toews/Jim Pivarnik)	N/A
8	PT Paper Corp. (Sam Jones)	N/A
9	Cindy Jayne - <i>Chair</i>	12/31/20
10	Shelley Jaye	12/31/21
11	David Wilkinson (atmospheric/agriculture/envIRON. mgmt.)	12/31/22
12	Diane McDade	12/31/21
13	Cara Loriz	12/31/21
14	Kate Chadwick (Policy)	12/31/20
15	Dave Seabrook	12/31/21

<b>PLANNING COMMISSION (7)</b>		
Meets 6:30pm 2nd & 4th Thursday at City Hall		
Pos.	Name	Exp.
1	Paul Rice	12/31/21
2	Neil Nelson	12/31/23
3	Rick Jahnke	12/31/21
4	Viki Sonntag	12/31/23
5	Lois Stanford, Vice Chair	12/31/22
6	Robert Doyle	12/31/22
7	Aislinn Palmer, Chair	12/31/22

<b>CIVIL SERVICE COMMISSION (3)</b>		
Meets as needed		
Pos.	Name	Exp.
1	Gail Ryan	12/31/25
2	VACANT	12/31/21
3	Richard Knight, Chair	12/31/23

<b>FORT WORDEN PDA (9-11)</b>		
Council Liaison: Michelle Sandoval		
Meets at Fort Worden Commons B		
Pos.	Name	Exp.
1	Brad Mace	10/24/22
2	Celeste Tell	10/24/22
3	David King	10/24/23
4	Eva Weber	10/24/23
5	John Begley	10/24/24
6	Rodger Schmitt	10/24/24
7	Victoria Brazitis	10/24/24
8	Naushard Cader	10/24/22
9		10/24/25
10		10/24/25
11		10/24/25