

City of Port
Townsend



Adopted
2026
BUDGET

MAYOR & COUNCIL

David Faber

Mayor

Amy Howard Deputy

Deputy Mayor

Monica MickHager

Councilmember

Neil Nelson

Councilmember

Owen Rowe

Councilmember

Ben Thomas

Councilmember

Libby Urner Wennstrom

Councilmember

CITY MANAGER

John Mauro

DEPARTMENT DIRECTORS

Jodi Adams

Finance and Technology Services Director

Emma Bolin

Planning and Community Development
Director

Alexandra Kenyon 2025

Austin Watkins 2026

City Attorney

Steve King

Public Works Director

Shelly Leavens

Communications and Marketing Director

Tom Olson

Chief of Police

Cynthia Shaffer

Director of People and Performance

Melody Sky Weaver

Community Services Director

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INTRODUCTION



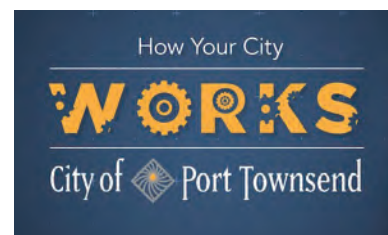
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MESSAGE FROM THE CITY MANAGER



I'm honored to work with a truly fantastic team to deliver this balanced budget for City Council consideration that provides core services that you expect and depend on, conveys consistent momentum, balances level of service with ability to pay, and plans responsibly for the future. This budget builds on previous years' efforts and looks out much further than 2026 with a grounding in financial sustainability principles.

How'd we get here? Development of our annual budget takes nearly half a year. Starting with the annual strategic workplan retreat in July, it includes input from departments and their budget requests, revenue estimates, review of policies, a grounding in our fiscal reality, and touchpoints and refinement with the community and City Council. For this budget, it also included a "budget roadshow" to local service clubs, community coffees, the PT Farmers Market, and on the radio – an attempt to better engage, inform, and reflect community priorities. We also rolled out a new budget video – watch and share here: youtube.com/@cityofporttownsend.



What's in the 2026 budget? With 36 individual funds across a broad range of services, City of Port Townsend budgets do not lack detail. This year, we aim to simplify and make the budget easier to understand by organizing it in line with the Government Finance Officers Association (GFOA) Distinguished Budget Presentation Awards program.

A few highlights from this year's budget:

- ◆ **Investing in Streets.** Our Streets program languished for years as state funding for local streets evaporated decades ago. With the voter-approved Transportation Benefit District and our streak of leveraging grants, we are building back from years of neglect. **Estimated* 2026 investment: \$8m.**
- ◆ **Investing in Housing.** A range of City resources support affordable/attainable housing, including development charge deferrals and permit fee waivers (estimated at \$150,000 in this budget), contributions to the City/Jefferson County Housing Fund Board for grants to housing providers (collectively allocating \$1.5m last year), housing grant support and code updates (estimated at \$195,000 in this budget), support for the Winter Welcoming Center, and subsidy for the Food Bank, among other investments. With the Comprehensive Plan complete as of 2025, implementation in 2026 and beyond will be a game-changer for more attainable and affordable housing. It also puts the City – and our community – on more stable economic footing in the long haul. **Estimated* 2026 investment: \$550,000.**
- ◆ **Investing in Water.** We are now four years into our agreement with the Port Townsend Paper Company that, for the first time in a century, sets aside needed funding for repair and replacement of the water line. While those funds wait to be invested in materials, they are being invested in the bank – and earning \$300,000 a year in interest. **Estimated* 2026 investment: \$4.4m.**
- ◆ **Investing in Parks.** Our Parks system has much to offer, but has been challenged by inconsistent funding and maintenance catch-up. Focused attention to parks planning and partnerships helped us secure our first state parks grant in 20 years, with a \$500,000 playground on the way in 2026. Bringing the library, parks, and arts together in 2025 into one department helps us build collective strength and efficiency. **Estimated* 2026 investment: \$2.3m**

- ◆ **Investing in Sewer.** While the Wastewater Treatment Plant won a record 27th straight year of awards, the pipe and pump system shows its age and years of deferred maintenance. Our rate model helps us make improvements, and grant funding and an income-based discount for customers helps offset rate impacts. **Estimated* 2026 investment: \$8.5m.**
- ◆ **Bolstering a New Rainy-Day Fund.** Created in 2025, the fund continues to build for that rainy day in order to keep momentum going when the economy tries to slow us down. Conservative revenue estimates also keep us from overextending on staff or projects and having to scale back. **Estimated* 2026 investment: \$100,000.**
- ◆ **Paying It Forward with Equipment Reserve.** Our City Fleets and Facilities are notoriously unpredictable, and budgeting maintenance and replacement from year to year equally so. Committing to a set-aside fund for fleets and another one for facilities allows us to get on a regular schedule of repair and replacement, significantly reducing unpredictable budget impacts. **Estimated* 2026 investment: \$1.24m (fleets, including \$490,000 reserve) and \$450,000 (facilities reserve)**

**Estimated: The investment numbers are preliminary estimates and, include grants received (but not grants anticipated). Also note that projects may either carry forward from 2025 into 2026 or from 2026 to 2027 which affects final numbers.*

We're on a multi-year journey to build back from underinvestment, gaining momentum by changing our practices and philosophy. After all, we can't predict exactly what 2026 or future years may hold, but we can ensure we're ready for almost anything with a balanced, smart, and fiscally prudent budget that puts us on stable footing for years to come.

I encourage you to read through these pages and stay engaged in the budget process. Feel free also to reach out to me with your thoughts by email at jmauro@cityofpt.us, attend one of my coffee conversations each first Friday of the month (see e-newsletter or the City's Facebook page for details), or tune in to my regular show on KPTZ each Thursday at 12:30. Better yet, I invite you to explore and discover ways you might be able to get involved to help us deliver on our collective aspirations for a healthier, more resilient, more inclusive Port Townsend for us all.



John Mauro

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.

YOUR LOCAL GOVERNMENT

Mayor, Council, Boards, Community, and Council Committees

HOW OUR CITY GOVERNMENT WORKS

Port Townsend has a council-manager form of government, which is used by many cities across Washington. We are a code city, which means we follow a flexible set of state laws (RCW 35A.13) that allow for local control.

Here's how it works:

- ◆ The City Council is made up of seven members (6 members + Mayor), elected by the community. They make laws, set policies, and make major decisions for the city.
- ◆ The Council chooses a Mayor every two years from among themselves. They also select a Deputy Mayor, who serves during the same period.
- ◆ The Council hires a City Manager to run the day-to-day operations of the city. The City Manager is like the CEO, while the Council acts as the board of directors.

To stay organized, the Council follows a set of official rules (Port Townsend Municipal Code Chapter 2.04) for how meetings are run, how votes are taken, and how the public can participate.

WHEN THE CITY COUNCIL MEETS

- ◆ Regular Business Meetings: 1st and 3rd Mondays at 6:00 PM
- ◆ Workshop Meetings: 2nd Monday at 6:00 PM
- ◆ All meetings are held at City Hall Council Chambers, 250 Madison Street. All meetings are open to the public.

BOARDS & COMMITTEES – AT A GLANCE

The City of Port Townsend has several Boards, Commissions, and Committees. Some of the Boards, Commissions and Committees are required by state law, others were created by the Council to serve as advisory bodies to the City staff, and City Council. On the facing page is a list of the various Boards.

*Seat will be held by Fred Obee in 2026

Current Terms



Mayor
David Faber
Jan 2024 - Dec 2027



Deputy Mayor
Amy Howard
Jan 2024- Dec 2027



Councilmember
Libby Urner Wennstrom
Jan 2022-Dec 2025



Councilmember
Ben Thomas*
Jan 2022- Dec 2025



Councilmember
Monica MickHager
Jan 2024- Dec 2027



Councilmember
Neil Nelson
Aug 2024- Dec 2025



Councilmember
Owen Rowe
Jan 2024- Dec 2027

COMMITTEES AND COMMISSIONS

Standing Council Committees

These include three members of the council pursuant to City of Port Townsend Municipal Code (PTMC) Chapter 2.04 and Council rules.

COMMITTEE	FOCUS AREA
Finance & Budget	Budget, city finances, grants, fees
Culture & Society	Arts, libraries, community and cultural issues
Infrastructure & Development	Streets, parks, land use, utilities, trees, and city facilities

Boards, Commissions & Committees

NAME	PURPOSE
Civil Service Commission	Oversees hiring/promotions in the Police Dept.
Planning Commission	Guides land use policy and reviews long-range city plans
Lodging Tax Advisory Board	Recommends how lodging tax revenues are used

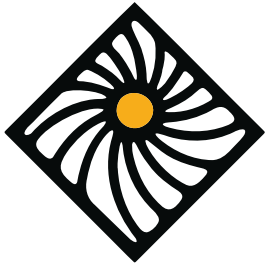
City-Created Advisory Bodies

NAME	PURPOSE
Arts Commission	Supports cultural programs and public art
Equity, Access & Rights Board	Promotes equity and inclusion in city policies
Climate Action Committee	Advises on climate change strategies and Greenhouse gas reductions
Historic Preservation Committee	Reviews and advises on projects affecting historic site
Library Advisory Board	Advises on library services, funding, and planning
Parks, Recreation, Trees & Trails Board	Advises on parks and open spaces management

Advisory bodies help shape city policy by providing input to the Council, Mayor, and City Manager.

Budgeting Takes a Village





RESIDENTS OF PORT TOWNSEND

CITY COUNCIL



CITY MANAGER

CITY ATTORNEY

COMMUNICATIONS
& MARKETING
DIRECTOR

DIRECTOR
OF PEOPLE &
PERFORMANCE

CLERKS

HUMAN
RESOURCES

PLANNING &
COMMUNITY
DEVELOPMENT
DIRECTOR

FINANCE &
TECHNOLOGY
SERVICES
DIRECTOR

PUBLIC WORKS
DIRECTOR

POLICE CHIEF

COMMUNITY
SERVICES
DIRECTOR

PLANNING

FINANCE

ENGINEERING

ADMINISTRATION

LIBRARY

BUILDING

IT

WATER RESOURCE

POLICE

PARKS

PERMITTING

PUBLIC RECORDS

WASTEWATER
TREATMENT/
COMPOST

FACILITIES

PUBLIC
EXPERIENCE
LIAISONS

STREETS/
STORMWATER

ARTS

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READERS GUIDE TO THE BUDGET

Government budget documents are often complex, using technical financial language and following a structured development process that can be difficult to navigate. To make the City's budget more accessible and easier to understand, the Reader's Guide to the Budget was created. This guide is designed to help readers understand the content, structure, and purpose of the budget document, and to assist them in locating specific information. Whether you're new to city budgeting or have prior experience, this guide aims to make the budget more informative, transparent, and user-friendly for all.

The following is a brief description of the contents of each section of the budget.

Section I: Introduction

- ◆ The City Manager's message, which highlights key elements of the budget and the perspective from which it was drafted.
- ◆ Your Local Government, this outlines leadership, committees, and departments that help guide policy making for the city.

Section II: Budget Overview

- ◆ The 2026 Budget Priorities and Strategic Plan are the City's guiding documents, outlining the mission, vision, decision principles, and internal values that drive decision-making during the budget creation process.
- ◆ The City's Financial Sustainability Initiative is a ten-year framework for creating the budget, financial policies, and projects each year.
- ◆ Port Townsend uses a Comprehensive Plan, called a "Comp Plan" for short, to chart how we want the city to grow over the next 20 years.
- ◆ The high-level fund summary, explaining the types of funds that City has and what they were adopted for.

Section III: Budget by Fund

- ◆ Department purpose.
- ◆ Major functions of the department and the number of staff assigned, with an organizational chart structure.
- ◆ Goal Statement, 2026 Key Goals, and 2026 Department Work Plans.
- ◆ 2026 Department Expenditures, Revenues, and One-Time Initiatives.

Section IV: Supplemental Information

- ◆ Detail about the City's budget process, including our budget calendar.
- ◆ Description about Government Cash Basis Accounting (the form of accounting the City uses).
- ◆ A community profile to provide context for the community, including statistical information about population demographics and economic climate.

Section V: Staffing

- ◆ A list of all Full Time Equivalent (FTE) staff, or budget positions within the 2026 Budget.
- ◆ 2026 Salary Schedule.
- ◆ Labor Relations.

Section VI: Appendix

- ◆ The Capital Improvement Plan.
- ◆ City policies and Purchasing Manual.
- ◆ The official budget adoption ordinance.
- ◆ A glossary and guide to abbreviations used in the budget document.

2026 BUDGET PRIORITIES



Visit cityofpt.us to learn more about our 2026 work plan!

INVEST IN OUR PEOPLE - Build and nurture the capacity of our staff, teams, volunteers, advisory board members, Councilmembers and partnerships and provide them the toolsets, skillsets, and mindsets to achieve more together.

2026 Core Focus: Deepen employee engagement through our all-employee engagement cycle and associated training

ENGAGE OUR COMMUNITY - Ground civic dialogue in equity and kindness and more deeply and inclusively engage our community in decisions that affect their lives and livelihoods.

2026 Core Focus: Conduct a community-wide survey to better understand community needs and gain insights into the diversity of opinions.

INNOVATE OUR SYSTEMS, STRUCTURES & PROCESSES - Set the City and community up for sustained success through process and structure improvements and optimization.

ENVISION OUR SUSTAINABLE FUTURE AND DELIVER OUR PRIORITY INITIATIVES

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

Implement Housing/Land Use Elements of the Comprehensive Plan

Implement Transportation Element of the Comprehensive Plan

Implement Parks Element of the Comprehensive Plan and Facilities/Library/Arts & Culture (Community Services) Initiatives

Other Priorities - Deliver on Water/Sewer/Storm Priorities

DELIVER THE BASICS - Provide consistent critical operations, ongoing statutory responsibilities, and core City functions.

Foster interagency collaboration, manage risks, and ensure the smooth operation of City government procedures, decision-making and public engagement (Legal/Clerk)

Deliver integrated, strategic and sustainable value from the City organization to the community by developing and leveraging partnerships, enhancing staff and team performance, providing clear direction, nurturing deep community participation and engagement and ensuring continuous delivery of quality services (City Manager's Office)

Deliver quality, efficient and customer-facing permitting, code enforcement, current and long-term planning to promote opportunity and quality of life in Port Townsend (Planning & Community Development)

Provide required and desired financial reporting and practices, steward preparation and collective oversight of balanced funds and budgets and information technology needs to ensure the success of all departmental and organizational activities. (Finance & Technology Services)

To uplift our community through reading, learning, connection and creativity (Library)

To work in partnership with our community to provide a safe and compassionate environment while reducing crime and the fear of crime (Police)

Develop and deliver innovative solutions that allow the City to make a positive leap forward in developing and investing in people and performance, driving coordinated team excellence, continuous improvement, and accountability (People & Performance/HR)

Provide quality and reliable infrastructure that underpin a healthy social, environmental and economic fabric and success of Port Townsend and our community (Public Works)

Engage and communicate with our community to build trust and confidence, productive partnerships, and a more civil civic dialogue to ensure our community is positively empowered to determine its own future. Effectively market our community to enable Port Townsend to receive positive benefits from more sustainable tourism. (Communications and Marketing)

FINANCIAL SUSTAINABILITY INITIATIVE

Port Townsend has embarked on a comprehensive Financial Sustainability Initiative aimed at ensuring the City's long-term fiscal health and its ability to meet evolving community needs. Recognizing the challenges posed by rising service costs, deferred infrastructure maintenance, and limited revenue growth, the City launched this multi-year effort to develop strategic solutions for sustainable service delivery. In 2022, a Financial Sustainability Task Force was established, comprising community members and city staff, to assess the city's financial position and recommend actionable strategies. Their work culminated in a report presented to the City Council in mid-2023, outlining options to balance revenues and expenditures while maintaining essential services.

The initiative's impact was further solidified when the City Council integrated the Task Force's recommendations into its multi-year strategic workplan. This led to the establishment of a Transportation Benefit District and the successful passage of a 0.3% sales tax for local transportation funding in the fall of 2023, with nearly 80% voter approval. Additionally, the city implemented changes to sewer rates and introduced a utility discount program, reflecting a commitment to equitable and sustainable financial practices.

In recognition of these efforts, Port Townsend received the 2024 Award for Local Government Excellence in Community Sustainability from the International City/County Management Association (ICMA). This national award honors local government programs that demonstrate innovation and success in balancing social, economic, environmental, and cultural needs. City Manager John Mauro praised the collaborative effort behind the initiative, highlighting the dedication of the Task Force, city staff, and community members in achieving this milestone.

Port Townsend's Financial Sustainability Initiative serves as a model for proactive fiscal planning and community engagement, ensuring that the city remains resilient and responsive to the needs of its residents for years to come.



THE COMPREHENSIVE PLAN & THE BUDGET

Washington State's Growth Management Act (GMA) requires us to thoroughly review our Comprehensive Plan every 10 years. The periodic review is an opportunity for us to collectively look at the big picture, see connectivity, and share ideas. It is when we actively compare our current plans and policies with new legislation, ensuring our community is up-to-date, and when we work closely with our community to ensure we all have a voice in planning the future of Port Townsend. The last time we updated the Comp Plan was in 2016. Port Townsend uses a Comprehensive Plan, called a "Comp Plan" for short, to chart how we want the city to grow over the next 20 years. The Comp Plan goes under "Periodic Review" every 10 years and sets big goals and policies, like our land use zones. Development regulations, like height limits, and active plans, like the Urban Forestry Plan, are used to implement the goals and policies in the Comp Plan.

A Comp Plan's parts are called "elements" and can include:

- ◆ A Community Direction Statement
- ◆ Utilities and Capital Facilities Elements
- ◆ Land Use, Housing, and Transportation Elements
- ◆ Economic Development Element

The Comprehensive plan is the vision that guides us to PT's future. It includes our long-range plan and policies for land use, transportation, housing, and more. There are other related projects that will be drawn into the Comprehensive Plan. Those include:

- ◆ Climate resilience, with policies that ensure we anticipate and plan for the impacts of climate change by becoming more resilient.
- ◆ Active transportation plan, with strategies to make it easier and safer to move around PT without relying on a car.
- ◆ Housing, with zoning and development rules that help increase housing supply, focus on middle housing, and make living in PT more affordable for residents, workers, and families.

The City's comprehensive plan update is primarily funded by a state grant.



BUDGETING BY FUND

The City of Port Townsend follows Washington State Law, RCW 43.09.200, using the accounting and reporting guidelines for local governments prescribed by the Washington State Auditor's Office. The Auditor's Office publishes the Budgetary, Accounting, and Reporting System (BARS) manual and financial reporting package for cash basis cities, like the City of Port Townsend. This is a departure from traditional reporting, GAAP (Generally Accepted Accounting Practices), which is used for full accrual accounting. In cash basis reporting, expenditures and revenues are recognized as the cash is expended and received.

Government accounting systems are organized on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Each fund is treated as a separate unit. Each fund must meet criteria defined by State Laws as well as by the Auditor's Office. These rules dictate where the revenue comes from and what the revenue may be used for. The types and purposes of each of the City's funds are as follows:

GOVERNMENT FUNDS

PROPRIETARY FUNDS

FIDUCIARY FUNDS

Government Funds

General Fund-This fund is used to account for all financial resources except those required to be accounted for in another fund. The City identifies the General Fund as 010. The majority of this fund's revenue is made up of general property, sales, and utility taxes. These revenues are used to support several key services for the City such as: City Administration, City Council and Mayor, General Legal Services, Financial Services, City Building Maintenance, Parks, Police Services, Code Enforcement, Building, Inspection and Planning Services. Code 000

Special Revenue Funds-These funds are used to account for proceeds of externally restricted revenues which are only to be used for specific purposes. Code 100

General Capital Project Funds-These funds are supported by the general fund and are supplemented by other revenues, such as grants and impact fees. They are used to account for capital projects the city undergoes in these service areas. Code 300

Capital Projects Funds-Used to account for the acquisition or construction of major capital assets. Code 300

Debt Service Funds-These funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. Code 200

Proprietary Funds

Enterprise Funds-These funds are used to account for proprietary type activities for which the City charges a fee to operate the service. It may be used to report any activity for which a fee is charged to external users for goods or services.

Enterprise funds are required for any activity whose principal revenue sources meet any of the following criteria:

- ◆ Debt backed solely by a pledge of the net revenues from fees and charges.
- ◆ Legal requirement to recover cost. An enterprise fund is required to be used if the cost of providing services for an activity including capital costs (such as depreciation or debt service) must be legally

recovered through fees or charges.

- ◆ Policy decision to recover cost. It is necessary to use an enterprise fund if the government's policy is to establish activity fees or charges designed to recover the cost, including capital costs (such as depreciation or debt service). Code 400

Internal Service Funds-These funds account for activities which provide goods or services to other funds, departments, or agencies of the government, or to other governments, on a cost-reimbursement basis. Code 500

Fiduciary Funds

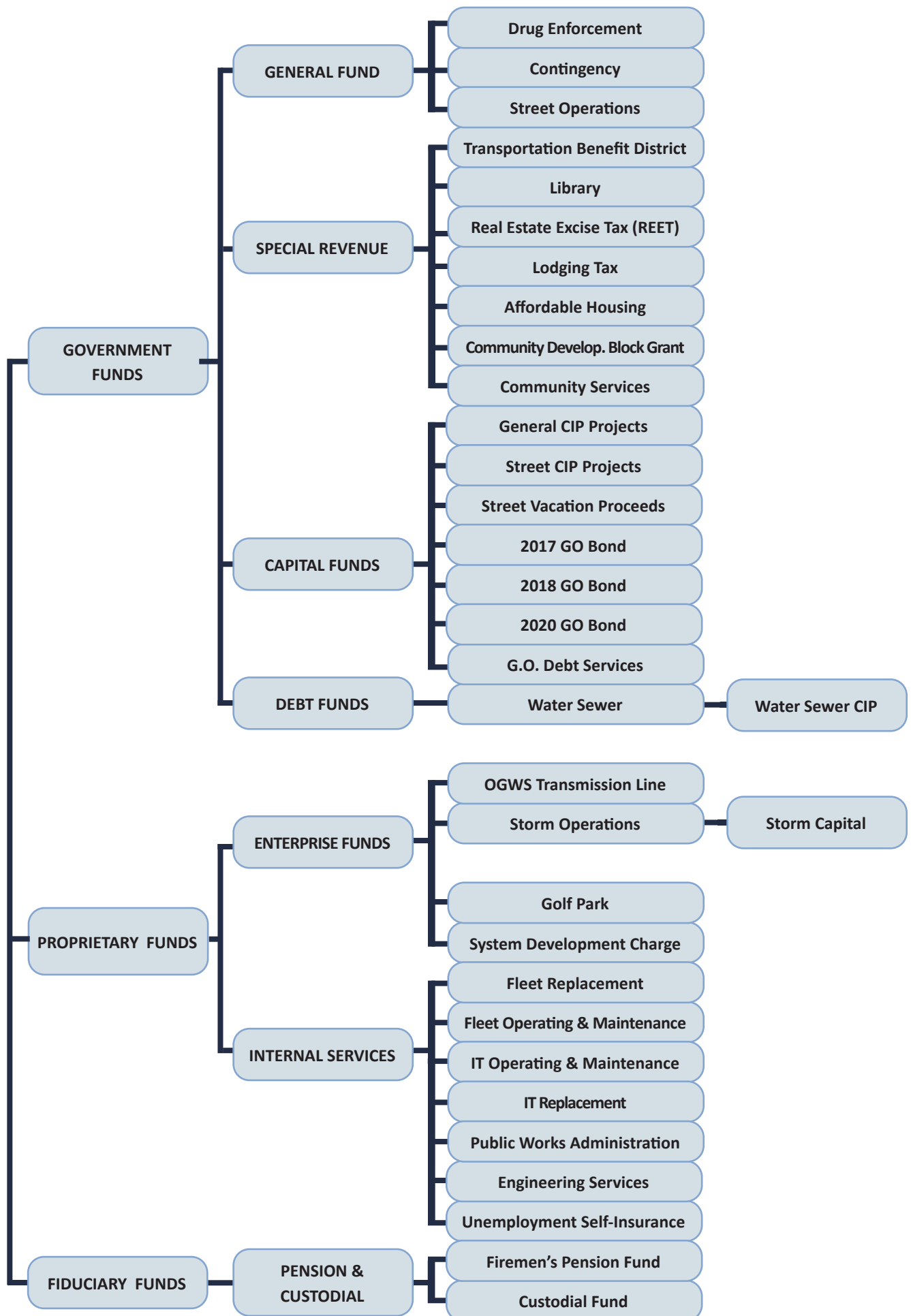
Fiduciary Funds – should be used to account for assets, including capital assets, held by a government in a trustee capacity or as a custodian for individuals, private organizations, other governmental units, and/or other funds. These include (a) investment trust funds, (b) pension (and other employee benefit) trust funds, (c) private-purpose trust funds, and (d) custodial funds. Code 600

Pension (and Other Employee Benefit) Trust Funds- should be used to report fiduciary activities from the external portion of investment pools and individual investment accounts that are held in a trust that meets the following criteria: the assets are (a) administered through a trust in which the government itself is not a beneficiary, (b) dedicated to providing benefits to recipients in accordance with the benefit terms, and (c) legally protected from the creditors of the government. Code 610-619

Custodial Funds – should be used to report all fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds or private purpose trust funds. The external portion of the investment pools that are not held in trust that meets criteria listed above should be reported in a separate external investment pool fund column under the custodial funds classification, as stated below. Code 630-698



ALL FUNDS



Budget by Fund



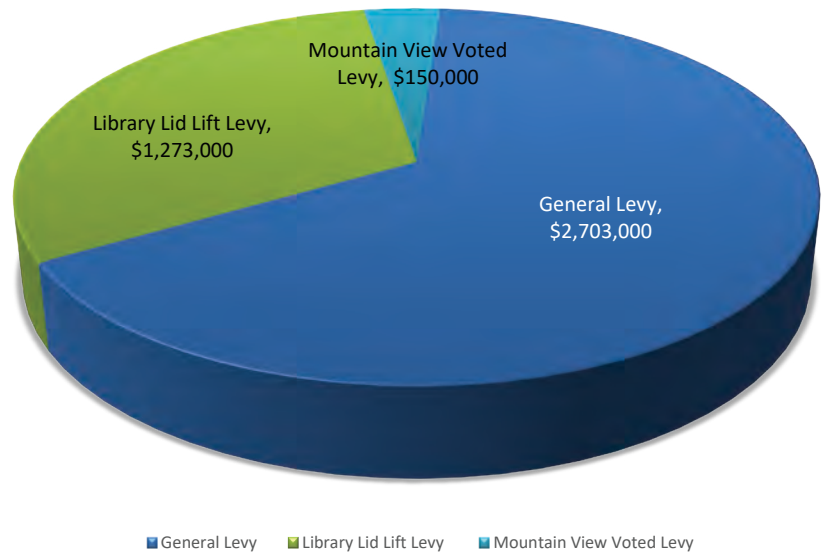
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BUDGET OVERVIEW

KEY REVENUE ASSUMPTIONS

The City's Property Tax Levy for 2026 is proposed at \$4,126,000, 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 \$12,495 for the Library levy and \$26,649 for the general fund for 2026. 2025 Assessed values for 2026 taxes are estimated at \$2.990 Billion. The assessed values total \$3,151,095,345. 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 \$1,273,000 and is to be used for library operations.

2026 Property Tax Levys
\$4,126,000



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 had \$908,724 of banked levy capacity related to the annexation of City fire services into the East Jefferson Fire District service area. The City Council adopted a post-annexation policy which allowed the City to levy the banked capacity incrementally over a 3-year period.

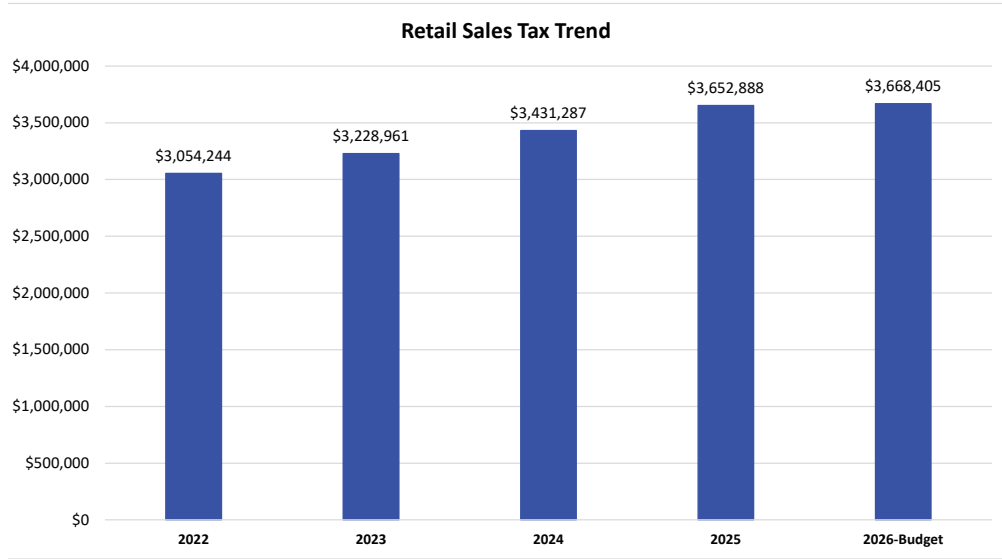
- ◆ In 2020, the City Council adopted post-annexation policy allowing the City to levy the first 33% of the banked capacity. Due to the economic conditions during the pandemic, the Council chose not to levy the banked capacity in 2020 for 2021 taxes
- ◆ In 2021, the City Council adopted post-annexation policy allowed the City to levy 66%, or \$602,610 of the banked capacity in 2021 for 2022 taxes
- ◆ In 2022, the City Council adopted post-annexation policy that would allow the City to levy the remaining 34%, or \$306,114 of this banked capacity in 2022 for 2023 taxes

The 2022 and 2023 allocations of banked capacity funds for specific projects will be fully expended by the end of 2026. These projects are included in the Capital Improvement Project section of the budget book.

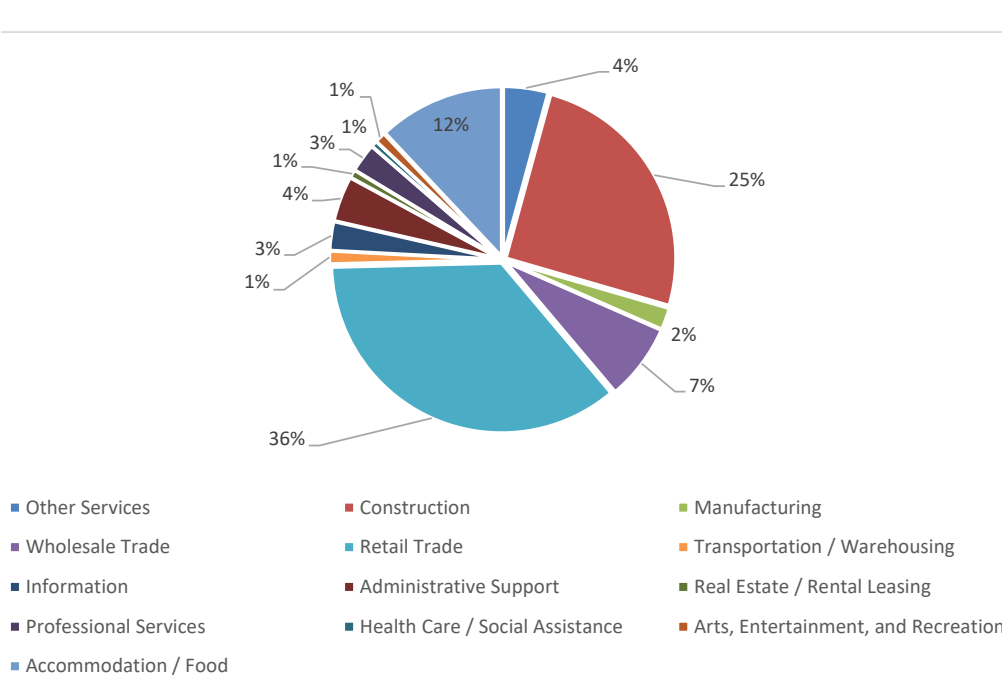
The post-annexation policy restricted the use of these funds from 2020 through 2023 for specific uses. The restricted banked capacity funds from both 2022 and 2023 property taxes have been set aside for specific purposes as outlined in the post-annexation policy. As per the policy and agreement, funds are unrestricted beginning in 2024.

The 2024 budget did not allocate funds specifically for projects and instead was included in the General Fund budget as part of the property tax levy. Increases in general fund expenses and streets have put banked capacity funds to work for the benefit of the community. For example, since 2020, the street fund budget has increased by approximately \$600,000. Additional details are provided in the Capital Improvement Projects section of the budget book.

Retail Sales Taxes in 2026 are projected to maintain the same as the 2025 adopted budget. A year-over-year comparison for the year-to-date period through September of sales tax data indicates that all sectors showed improvement and continued to trend high due to large projects in the city. With the completion of the hospital project, and Madrona Ridge continuing to build out, we expect sales tax to remain on track for 2026, but anticipate it may trend down in future years.



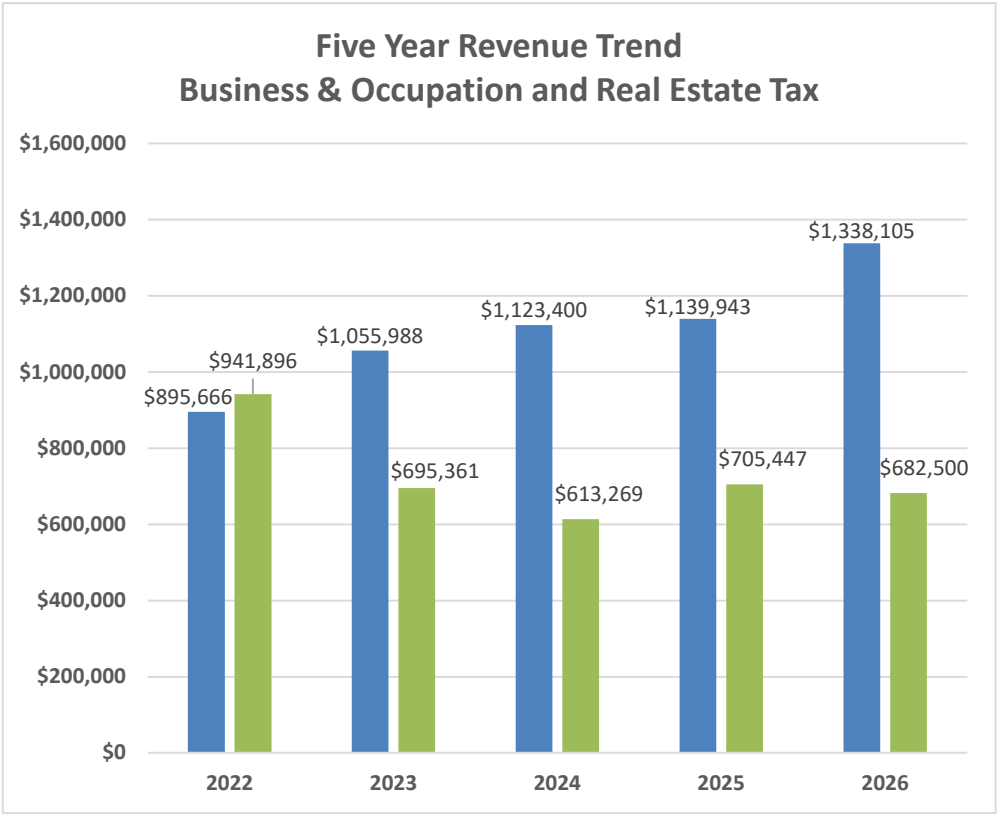
At left is a chart demonstrating the trend of retail sales taxes over the last five years showing the forecasted growth experienced in 2025 with expected little growth in 2026. 2025 numbers are year end estimates. Retail Trade, Construction, and Accommodation/Food are the main sources of sales tax.



State Shared Tax 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 2025 listed by the Office of Financial Management as 10,632, and increase of 102 residents over 2024. 2026 projected state shared revenue is \$481,531.

Business & Occupation Taxes are projected to be above the budgeted amount of \$918,000 by 30% for 2025. The 2026 amount is forecast to increase by 12% of 2025 actuals to \$1,338,105.

Real Estate Excise Taxes (REET) 2026 REET revenues are budgeted at \$682,500 based on the 2025 trends. 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.



Overhead Cost Recovery is general, fixed, and variable administrative expenses that support multiple city functions or services but are not directly attributable to any single one. Cities develop a formal cost allocation plan or policy to document how these indirect costs are calculated and fairly distributed among the various departments or services that benefit from them. This ensures compliance with accounting principles and local regulations. The City’s cost allocation plan provides cost recovery for the general fund by spreading administrative service costs that benefit the entire city such as payroll, accounts payable, or attorney services across all funds. The allocation model looks back two years to recover overhead costs occurring in 2024 for 2026 and recovers approximately \$1.5 million in cost recovery for the general fund in 2026.

Utility Tax revenues in the proposed 2026 budget are based on all City water, sewer, storm water and garbage services. The City imposes an 18% tax on the revenues of the City’s storm and surface water, water system and sewer utilities. The City also imposes a 22% utility tax on the revenues of the City’s solid waste utility. The 2026 budget is forecasted based on the continuation of the tax.

Total public utility tax forecasted for 2026 is \$2,625,482 and is intended to support all the general services of the City.

Garbage service is required within the City. Garbage utility tax is slated to increase at the monthly service rate increase of approximately 2.7% (contracted CPI adjustment), or \$649,885.

Private utility tax rates are 6% of the private utility revenue. The 2024 telephone and electric private utility taxes are estimated to be \$1,1099,703.

Utility Revenues (Water, Sewer and Stormwater) are budgeted at the adopted rate increases outlined in the rate tables in Ordinance 3332. 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. A sewer and stormwater rate study was completed in early 2024 with new rates effective January 1 of each year. A new rate study will be completed in 2026.

As of December 2025, the City has a total of 5,569 water/sewer accounts with 390 of those as commercial accounts, 4,860 Residential (Including Duplex & Multi-Family) and 319 “other” connections. Other connections are made up of irrigation, government, fire tap, and stormwater only connections. Connections are expected to increase by 0.5% in 2026.

A rate study was completed in 2024 and the water, sewer, and stormwater rate model projects revenues for 2026 at \$5,115,272, \$4,284,000, and \$1,835,060 respectively. Total water/sewer/stormwater revenue is forecasted to be \$11,234,332. As noted earlier, this represents scheduled rate increases in ordinance 3332, and 1% account growth. Raw water sales are made to both the City and the Paper Mill. The OGWS fund expects raw water sales to total \$5,371,323 in 2026 to fund the operations of the system and capital sinking fund.

Capital Revenues provide substantial funding for general government, street and utility projects through state and federal grants, Public Works Board, 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 the budget document.

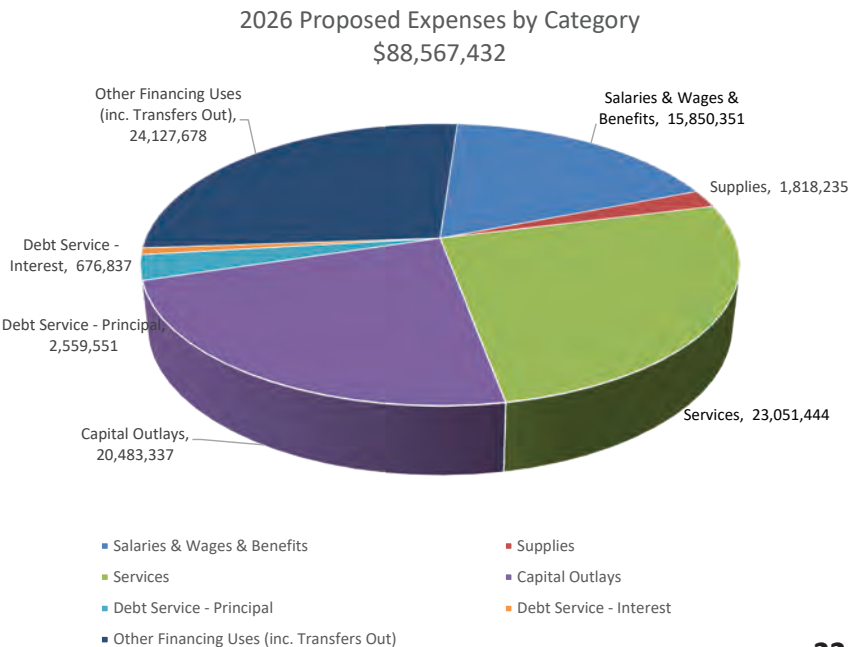
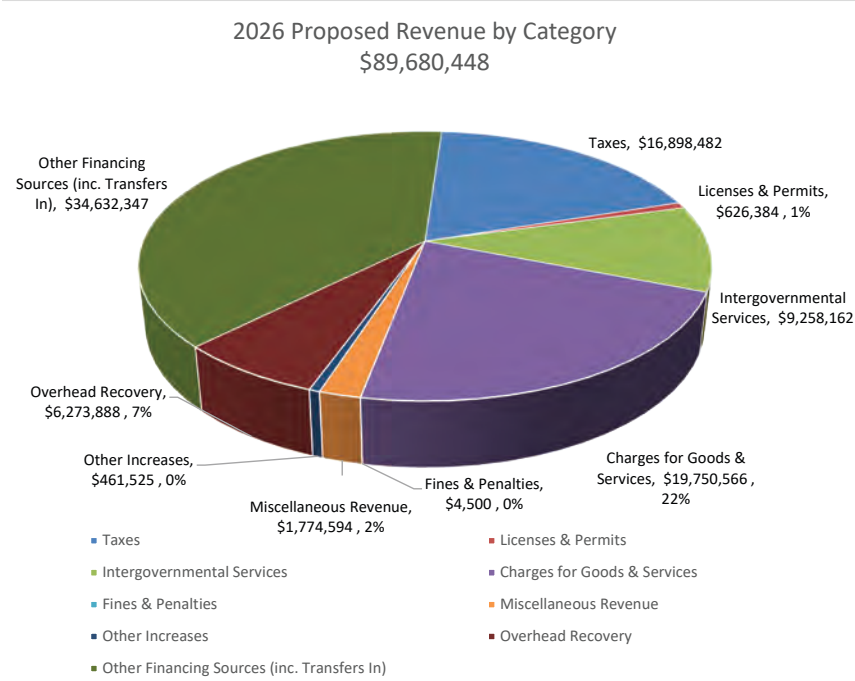
Total Revenues budgeted for 2026 are \$89,680,448 and include all anticipated revenue for capital funding, operating funding, and fiduciary funds.

KEY EXPENDITURE ASSUMPTIONS

Total 2026 Expenditures Budgeted are \$88,567,432 and include all operating fund appropriations in addition to water, sewer, general and street capital funds.

2026 CAPITAL PROJECTS

The 2026 budget has a variety of capital projects that add new infrastructure investment and improve aging infrastructure. A breakdown of planned projects is listed in the Capital Project section of the budget.



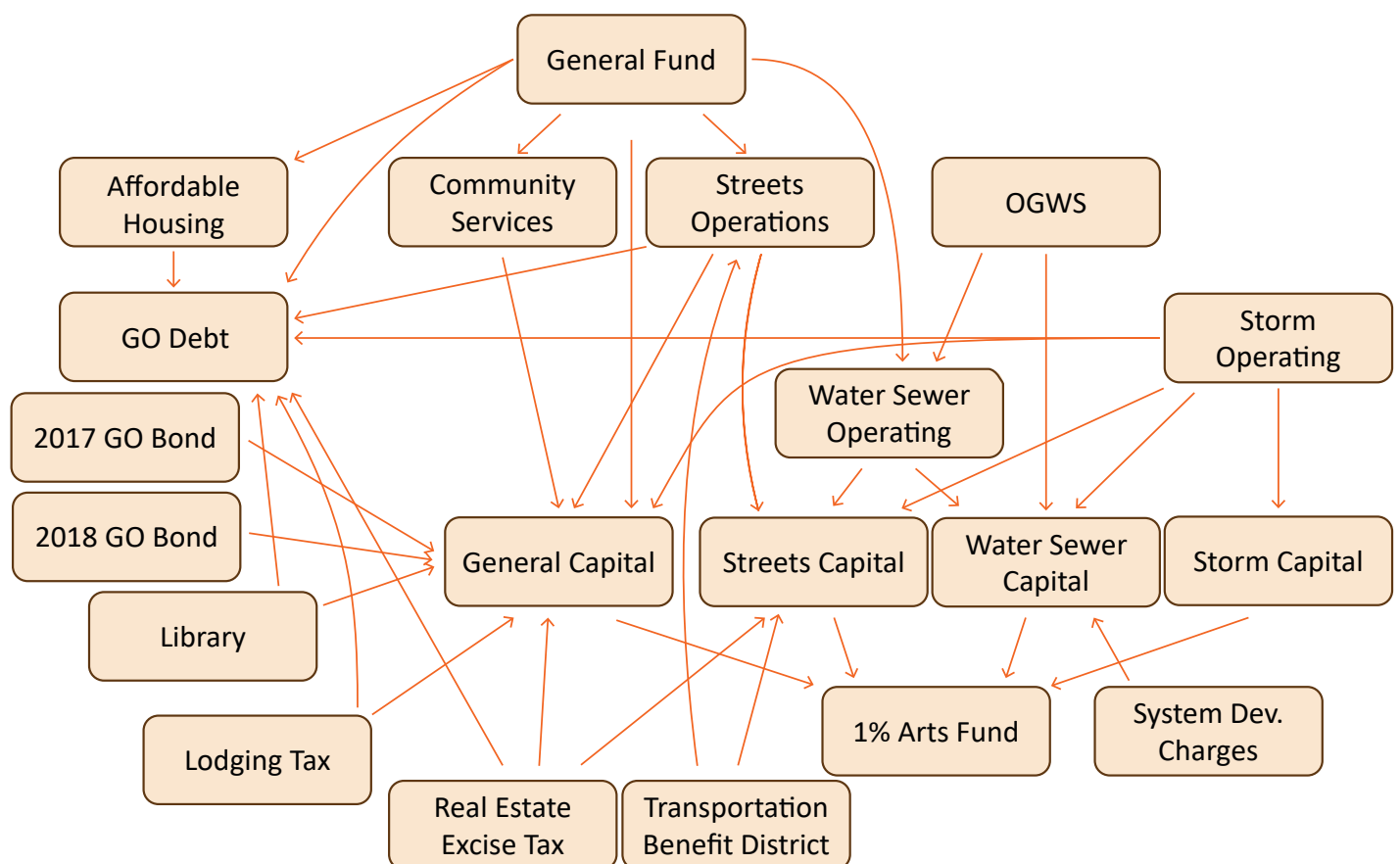
BUDGET INFLATORS

The City's total budget for revenue and expenses looks larger than what we actually bring in or spend. This is because it includes internal accounting items—like transfers between funds, internal service charges, and overhead allocations. These entries show up as both revenues and expenses in different funds, and they're required for transparency and proper tracking.

Interfund Transfers The 2026 Budget includes \$23.6 million in interfund transfers. These are not new costs—they are simply the City moving money between its own funds to follow state rules and ensure each revenue source is used for its intended purpose. Because of this, Council must approve the expenditure in both the funds spending the money.

A Street Capital project may include pothole repairs, a new streetlight, and drainage upgrades, but funding sources like stormwater dollars can only be used for drainage work. Transfers ensure stormwater revenue isn't spent on streetlights or potholes. Interfund transfers occur throughout the City for this reason and also help support funds that don't generate enough revenue on their own—for example, the Street Operations Fund receives Motor Vehicle Fuel Tax revenue, but not enough to cover all costs, so the General Fund transfers money each month to fill the gap.

When revenue comes in, it's recorded in the fund that receives it. When a transfer occurs, it shows up as an expenditure leaving one fund and revenue entering another. Then, when the money is spent, it is recorded again as an expenditure. This means portions of the \$23.6 million appear twice in the City's total revenues and total expenditures. These entries are required for transparency but make the overall budget appear larger than the City's actual outside revenues and spending.



The map above provides a high-level look at the interfund transfers in the 2026 Budget. It doesn't show every detail but demonstrates how complex and interconnected these transfers are.

Other Budget Inflat

Along with transfers, all other types of internal accounting can also inflate the size of the budget. These Include:

Internal Billing There are multiple funds/departments that bill other departments directly for their services. The largest of these is the Engineering department which bills capital projects for administration, design, and construction management. The work done on projects shows up twice, once as an expenditure in the project and once as a revenue from the capital project fund to engineering.

Overhead Allocations Departments benefit and rely on the shared services from other departments such as IT, Fleet, Finance (GF), HR (GF), and Public Works Admin. To account for the work the City records monthly billings from the benefit funds to the overhead funds.

All together these internal charges add millions to the budget on both the revenue and expenditure sides even though the dollars never leave the city.

2026 Budget		
External Revenue		
Revenue less grants	50,520,472	
Grants	9,152,259	
	59,672,731	59 million actual Budgeted Revenue
Internal Billing/ Service Charges		
Engineering (billing other funds)	2,328,856	
Overhead (G/F, IT, PW, ERR)	4,046,515	
Transfers In	23,632,347	
	30,007,717	30 million internal revenue from transfers, billings, and overhead.
Total Revenue	89,680,448	89 million total Revenue budgeted
Actual Spending		
Labor	15,850,351	
Supplies	1,280,034	
Services	19,453,130	
Debt Service	3,236,388	
Capital Outlays	18,244,480	
Other Financing Uses	495,332	
	58,559,714	58 million actual City spending
Internal Billing/ Service Charges		
Engineering (billing other funds)	2,328,856	
Overhead (G/F, IT, PW, ERR)	4,046,515	
Transfers Out	23,632,347	
	30,007,717	30 million internal expenditures from transfers, billings, and overhead.
Total Expenditures	88,567,432	88 million total Revenue budgeted



2026 BUDGET FUND SUMMARY

	2025 Estimated Ending Fund Balance	2026 Revenue Budget	2026 Expense Budget
GENERAL FUND	\$ 3,416,202	\$ 16,738,426	\$ 16,738,426
Drug Enforc.	1,085	-	-
Contingency	257,164	307,254	-
A.R.P.A.	-	-	-
Street Operations	1,881,837	1,914,888	1,914,888
Transportation Benefit Dist	357,759	1,200,000	1,331,650
Library	828,941	1,379,500	1,372,911
Real Estate Excise Tax	1,514,014	722,500	912,357
Lodging Tax	1,151,543	615,000	993,000
1% Arts	-	47,965	-
Affordable Housing	28,730	83,492	82,492
Community Development Block Grant	230,479	30,000	20,000
Community Services	1,222,948	3,096,833	3,262,833
Fire and EMS	141	-	-
TOTAL SPECIAL REV FUNDS	\$ 7,474,641	\$ 9,397,432	\$ 9,890,131
DEBT SERVICE FUND	\$ 1,936,000	\$ 1,746,938	\$ 1,686,436
General Capital	1,410,403	2,444,042	2,564,221
Street Capital	777,686	8,100,026	8,605,769
Storm Capital	446,315	241,763	241,763
Water / Sewer Capital	(1,502,582)	12,979,935	12,979,935
2017 GO Bond	154,981	-	95,000
2018 GO Bond	217,126	5,500	81,907
Street Vacation Proceeds	77,272	-	-
CAPITAL PROJECTS FUNDS	\$ 1,581,201	\$ 23,771,266	\$ 24,568,596
Golf Park	5,145	56,000	56,000
System Development	3,689,489	650,000	1,729,846
Water / Sewer Operations	10,703,394	21,407,433	20,855,202
Olympic Gravity Water System	13,119,101	5,579,323	5,213,458
Utility Debt Reserve	(185,720)	-	-
Storm Operations	1,215,450	3,867,060	2,630,727
ENTERPRISE FUNDS	\$ 28,546,859	\$ 31,559,816	\$ 30,485,232
Public Works Admin	514,036	661,553	826,653
IT Equipment O&M / Replacement	294,838	542,425	520,919
Fleet Equipment O&M / Replacement	3,621,717	1,821,104	738,931
Facilities Equipment O&M/Replacement	-	450,000	-
Engineering Services	225,631	2,453,856	2,128,709
Unemployment Self-Insurance	27,940	30,000	25,000
INTERNAL SERVICE FUNDS	\$ 4,684,162	\$ 5,958,939	\$ 4,240,212
Firemen's Pension	411,978	52,500	28,874
Custodial / Refundable Deposits	277,955	-	-
Memorial Fund	-	-	-
FIDUCIARY FUNDS	\$ 689,933	\$ 52,500	\$ 28,874
General Fund One-Time Allocations		\$ 455,132	\$ 929,525
GRAND TOTAL	\$ 48,328,998	\$ 89,680,448	\$ 88,567,432

General Fund

OVERVIEW

The General Fund serves as the primary financial resource for the City's core operations, including public safety, community services, development, and general government activities. It accounts for the majority of the City's discretionary spending and supports essential service delivery across all departments. Current revenue projections indicate that collections are maintaining status quo with the 2025 adopted budget, positioning the City to sustain existing service levels and continue investing in community priorities.

HOUSING

An estimated \$1,137,492 of the City's resources (excluding grants) supports affordable/attainable housing. This funding is manifested in various programs as illustrated below.

- ◆ SDC Deferral/Permit Fee waiver – Est. \$150,000
- ◆ Housing Coordinator (CHIP Grant Application Support)- Est. \$120,000
- ◆ Sales Tax – Housing Fund board \$25,596
- ◆ Homeward Bound Debt Payment \$61,896
- ◆ Evans Vista – Capital- \$25,000
- ◆ Cherry Street- \$580,000
- ◆ Housing Inventory- \$50,000
- ◆ Warming Shelter/Library- Estimated \$50,000 for support.
- ◆ Housing related code updates – Est. \$75,000

RESERVES

The General Fund Reserves are healthy and well above policy (8-15% of budgeted revenues) as a result of past fiscally conservative budgets as well as the use of ARPA funds during the COVID years. The reserves shown in the table do not reflect the investments of the General Fund, which artificially shows a lower reserve balance than actuality. Of note, the General Fund provided an internal loan to the Water/Sewer fund for replacement of water meters to be repaid over a 5-year period. This loan represents an asset of the General Fund. In actuality, the General Fund Reserves are shown below including the loan.

General Fund Cash Reserves = \$2,941,809

General Fund Loan to the Water Sewer Fund = \$1,623,291

Total General Fund Reserves = \$4,565,100

Given the General Fund Reserves are 12% over the minimum, this budget proposal include a recommendation to set aside the following reserve amounts for future needs:

- ◆ 2027/2028 Set aside of \$500,000 for Evans Vista Housing project support for transfer of the property to an affordable/attainable housing developer. This set aside includes funding for the Housing Coordinator position through 2028.
- ◆ 2027 Set aside of \$1,000,000 for capitalization of the new ER&R fund for City Facilities. The 2026 budget includes work to develop an ER&R fund for Facilities. Given the lack of historic investment in Facilities Replacement (such as roofs), staff anticipate a need to seed the fund with adequate reserves.

City of Port Townsend GENERAL FUND BUDGET SUMMARY

General Fund	2022 Actual	2023 Actual	2024 Actual	2025 Estimate End of Year	2025 Budget	2026 Proposed Budget	Increase/Decrease 2026 vs 2025
Beginning Fund Balance	\$ 5,311,932	\$ 6,905,588	\$ 6,547,593	\$ 5,557,773	\$ 5,557,773	\$ 3,416,202	
Revenues							
Taxes	9,019,078	10,804,187	11,493,160	12,033,491	11,769,552	12,488,400	6%
Licenses & Permits	638,236	522,199	534,397	612,134	486,000	626,384	29%
Intergovernmental Services	1,841,711	476,915	623,421	990,308	954,433	828,220	-13%
Charges for Goods & Services	2,055,288	2,245,457	2,281,936	2,622,804	2,369,723	2,322,315	-2%
Fines & Penalties	2,474	3,877	3,977	5,213	11,900	4,500	-62%
Miscellaneous Revenue	206,956	404,609	414,577	595,174	378,997	132,688	-65%
Other Increases	20,841	390	800	1,100	35,000	335,919	860%
Other Financing Sources (inc. Transfers In)	142,735	105,462	429,209	796,095	161,000	-	-100%
Total Revenue	13,927,319	14,563,096	15,781,477	17,656,318	16,166,605	16,738,426	7%
Expenditures							
Salaries & Wages & Benefits	4,508,624	5,267,156	5,532,915	5,849,563	6,841,374	6,648,004	-3%
Supplies	85,736	91,507	108,989	188,021	168,656	206,497	22%
Services	2,346,578	2,946,115	4,380,470	4,941,983	4,404,035	4,164,680	-5%
Capital Outlays	177,785	287,213	244,298	174,082	20,000	1,500	-93%
Debt Service - Principal	-	37,538	37,538	10,370	-	20,672	
Debt Service - Interest	-	-	-	-	-	-	
Other Financing Uses (inc. Transfers Out)	5,214,941	6,291,562	6,467,088	7,010,579	5,037,508	5,697,073	13%
Total Expenditures	12,333,664	14,921,090	16,771,297	18,174,598	16,471,573	16,738,426	4%
One Time Revenue						455,132	
One Time Expenses				1,623,291	2,859,269	929,525	
Net Change in Fund Balance	\$ 1,593,656	\$ (357,994)	\$ (989,820)	\$ (2,141,571)	\$ (3,164,237)	\$ (474,393)	-85%
Ending Fund Balance	6,905,588	6,547,593	5,557,773	3,416,202	4,552,451	2,941,809	
Fund Bal. 8-15 % of Revenue	49.6%	45.0%	35.2%	19.3%	28.3%	18%	MEETS POLICY
General Fund - Expenditures by Department							
Mayor & Council	122,362	136,662	189,387	207,523	237,581	190,515	-20%
City Manager	369,151	312,247	325,773	324,014	357,377	392,338	10%
City Attorney	483,504	647,013	800,352	763,597	762,723	825,545	8%
Communications	-	40,000	40,000	40,000	75,000	337,257	350%
Human Resources	340,690	367,008	508,563	546,698	495,865	615,414	24%
Planning & Development Services	1,108,492	1,257,465	1,693,920	1,965,278	2,411,871	2,347,690	-3%
Finance Department	465,764	600,647	1,078,913	1,426,720	1,235,130	1,015,418	-18%
Police Administration	552,993	977,524	1,196,015	956,806	1,219,402	1,154,617	-5%
Police Operations	2,791,357	3,061,826	3,103,099	3,602,601	3,754,859	3,502,588	-7%
Police Training	21,073	15,181	12,943	11,672	44,100	71,800	63%
City Clerk	294,896	424,890	378,376	250,943	254,588	271,826	7%
Contracts & Intergovernmental	663,083	884,767	924,225	984,207	978,843	977,091	0%
PEG Access	1,716	3,211	2,423	3,139	2,000	2,000	0%
Non-Departmental (inc. Transfers Out)	5,118,584	6,192,649	6,517,309	8,714,691	7,501,503	5,963,852	-20%
Total Expenditures	12,333,664	14,921,090	16,771,297	19,797,889	19,330,842	17,667,951	-9%

EMPLOYEES

FULL TIME EMPLOYEE EQUIVALENT					
Department/Division	2022	2023	2024	2025	2026
General Government					
City Manager	1	1	1	1	1
City Attorney	2	2	2	2	2
Communications & Marketing	0	1	1	1	1
Planning & Community Development	8.5	9.5	10	10	9
Finance, Utility Billing, Public Records	9	9	9.8	11	11.25
Police Admin & Operations	20.1	22.1	22.3	20	21
People & Performance, HR, City Clerk	4	5	4.8	3.5	3.5
Total General Government	49.3	49.6	50.9	48.5	48.75

MAYOR & COUNCIL



Goal Statement:

To provide strategic decision-making and policy direction as elected leaders and positive change-makers for the community that they represent and serve, which is clearly understood and operationalized by City staff.

Key Workplan Goals:

- ◆ Invest in our people – Mayor and City Council are equipped with training, tools, and technical know-how to do their jobs well on behalf of the community they serve.
- ◆ Engage our community – ground civic dialogue in equity and kindness and more deeply and inclusively engage our community in decisions that affect their lives and livelihoods.
- ◆ Envision our sustainable future and deliver our priority initiatives – implement the Comprehensive Plan and associated priorities to catalyze a financially, socially, and environmentally sustainable future.

Mayor & Council Dept.	2023 Actual	2024 Actual	2025 Budget	Proposed 2026 Budget	26/25 Change
Recurring Expenses					
Labor	68,548	69,877	70,394	74,915	6%
Supplies	19,617	651	-	150	-
Services	43,807	63,107	128,385	77,044	-40%
Debt Service	-	-	-	-	-
Overhead (G/F, IT, PW, ERR)	4,690	8,644	38,802	38,406	-1%
Other Financing Uses (inc. Transfers Out)	-	-	-	-	-
Subtotal	136,662	142,279	237,581	190,515	-20%
Nonrecurring Expenses					
Capital Outlays	-	-	-	-	-
One Time Expenses	-	-	-	-	-
Subtotal	-	-	-	-	-
Grand Total	136,662	142,279	237,581	190,515	-20%

Goal Statement:

To deliver integrated, strategic, and sustainable value from the City organization to the community by operationalizing City Council policy direction, providing strong fiscal stewardship, developing and leveraging partnerships, enhancing staff and team performance, providing clear direction, nurturing community engagement, and ensuring continuous improvement and delivery of quality services.

Key Workplan Goals:

- ◆ Empowerment and leadership of a high-performing and collaborative organizational culture that delivers our strategic workplan.
- ◆ Sound strategic advice to Council and alignment of fiscally responsible decisions with the foundational work of the Financial Sustainability Initiative.
- ◆ Continued delivery of major projects and initiatives that catch us up on deferred maintenance and decision-making of the past.
- ◆ Nurturing and championing community delivery of the 2045 Comprehensive Plan.

City Manager Dept.	2023 Actual	2024 Actual	2025 Budget	Proposed 2026 Budget	26/25 Change
Recurring Expenses					
Labor	244,014	284,138	306,663	328,777	7%
Supplies	8,243	4,653	400	500	25%
Services	53,197	30,327	43,840	51,650	18%
Debt Service	-	-	-	-	-
Overhead (G/F, IT, PW, ERR)	6,794	6,654	6,474	6,411	-1%
Other Financing Uses (inc. Transfers Out)	-	-	-	-	-
Subtotal	312,247	325,773	357,377	387,338	8%
Nonrecurring Expenses					
Capital Outlays	-	-	-	-	
One Time Expenses	-	-	-	5,000	
Subtotal	-	-	-	5,000	
Grand Total	312,247	325,773	357,377	392,338	10%



CITY ATTORNEY

Goal Statement:

To provide strategic legal advice, leadership, and momentum on our priorities; to ensure compliance with regulatory and legal requirements, including the open public meetings act, the public records act, and bidding requirements; to provide proactive, clear, and direct legal advice and risk management services; and to support all other City departments in advancing their priorities.

Key Workplan Goals:

- ◆ Effective stewardship and resolution of litigation.
- ◆ Operational efficiencies.
- ◆ Strategic advice and leadership on major initiatives.
- ◆ Support other departments in workplan items, particularly land-use, Comprehensive Plan, and public works-related priorities and well as providing public records support and guidance.

City Attorney

City Clerk

Deputy Clerk/
Legal Assistant

City Attorney Dept.	2023 Actual	2024 Actual	2025 Budget	Proposed 2026 Budget	26/25 Change
Recurring Expenses					
Labor	307,357	215,839	298,463	352,409	18%
Supplies	58	-	1,000	1,000	0%
Services	334,183	578,469	463,260	471,136	2%
Debt Service	-	-	-	-	-
Overhead (G/F, IT, PW, ERR)	5,415	6,043	-	-	-
Other Financing Uses (inc. Transfers Out)	-	-	-	-	-
Subtotal	647,013	800,352	762,723	824,545	8%
Nonrecurring Expenses					
Capital Outlays	-	-	-	1,000	
One Time Expenses	-	-	-	-	
Subtotal	-	-	-	1,000	
Grand Total	647,013	800,352	762,723	825,545	8%

City Clerks Dept.	2023 Actual	2024 Actual	2025 Budget	Proposed 2026 Budget	26/25 Change
Recurring Expenses					
Labor	293,957	302,532	169,009	181,670	7%
Supplies	5,258	499	4,000	4,000	0%
Services	102,804	63,635	70,862	70,044	-1%
Debt Service	2,401	2,401	-	5,500	-
Overhead (G/F, IT, PW, ERR)	10,365	9,309	10,717	10,612	-1%
Other Financing Uses (inc. Transfers Out)	-	-	-	-	-
Subtotal	414,785	378,376	254,588	271,826	7%
Nonrecurring Expenses					
Capital Outlays	10,104	-	-	-	
One Time Expenses	-	-	-	-	
Subtotal	10,104	-	-	-	
Grand Total	424,890	378,376	254,588	271,826	7%

Goal Statement:

To ensure our community is informed and engaged in the City's work, and ensure our teams are supported in contributing to our strategies for engagement.

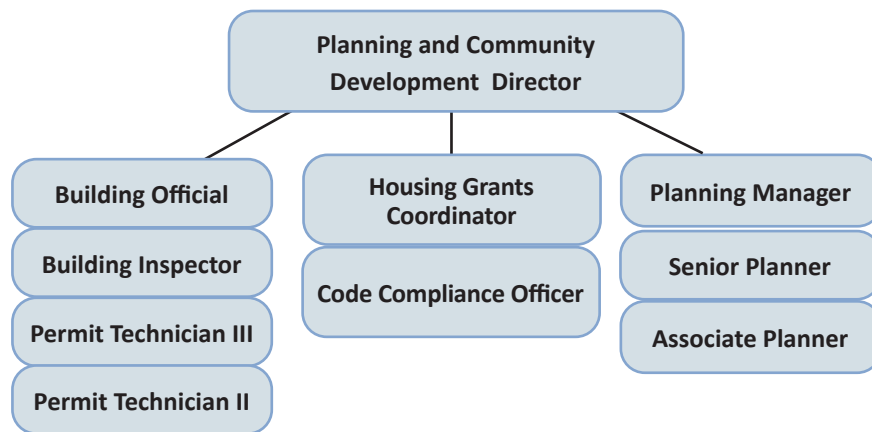
Key Workplan Goals:

- ◆ Build capacity internally for people-centered and equity-driven communication tools, training, and support, including piloting an internal workshop series on communications.
- ◆ Focus on efficient effort in communications, including aligning City channels with audiences, and collecting, analyzing, and utilizing data on engagement.
- ◆ Broaden our relationships with partner organizations and develop new pathways for City communications and educational materials.
- ◆ Support public education around the City's work with consistent communications in a variety of formats, and focus on warm and welcoming communications, including the development of accessibility tools and an understanding of compliance with federal website accessibility mandates required by April 2027.



Communications & Marketing Dept.	2023 Actual	2024 Actual	2025 Budget	Proposed 2026 Budget	26/25 Change
Recurring Expenses					
Labor	23,703	74,163	83,282	132,167	59%
Supplies	-	2,093	12,000	24,000	100%
Services	6,782	32,125	64,310	141,090	119%
Debt Service	-	-	-	-	-
Overhead (G/F, IT, PW, ERR)	-	-	-	-	-
Other Financing Uses (inc. Transfers Out)	-	-	-	-	-
Subtotal	30,485	108,380	159,592	297,257	86%
Nonrecurring Expenses					
Capital Outlays	-	-	-	-	-
One Time Expenses	-	-	31,000	40,000	-
Subtotal	-	-	31,000	40,000	-
Grand Total	30,485	108,380	190,592	337,257	77%

PLANNING & COMMUNITY DEVELOPMENT



Goal Statement:

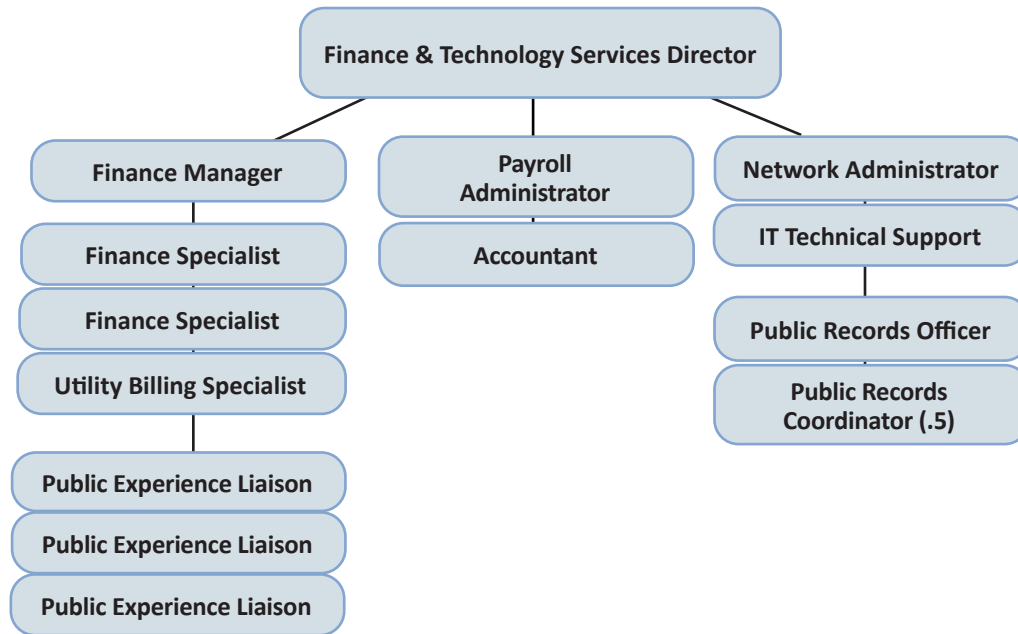
To steward the public engagement and community visioning process with Planning Commission and City Council to implement the Comprehensive Plan and deliver consistent development regulations. Administer and enforce provisions of building, zoning, land division, environmental protection, streets, and relevant utility codes to ensure compliance with the Comprehensive Plan, state, federal and other city statutes.

Key Workplan Goals:

- ◆ Prepare docket of development regulation amendments for adoption within six months of Comprehensive Plan approval, ensuring alignment with state laws, design standards, historic preservation, subdivision procedures, PUD phase-out, and housing affordability incentives.
- ◆ Streamline housing development through policy, regulatory, and procedural improvements.
- ◆ Update surplus public land inventory; prioritize affordable housing opportunities before disposal.
- ◆ Prepare Cherry St property for sale under new zoning.
- ◆ Deliver Evans Vista marketing, proposals, and agreements; execute development agreement and hold subdivision hearing.
- ◆ Make responsive changes to Shoreline Master Program post-state review.
- ◆ Finalize interlocal agreement with Jefferson County (Glen Cove sewer study).
- ◆ Initiate annual fire/life safety inspections with East Jefferson Fire Rescue.

Planning & Development Services Dept.	2023 Actual	2024 Actual	2025 Budget	Proposed 2026 Budget	26/25 Change
Recurring Expenses					
Labor	1,121,070	1,202,302	1,374,291	1,214,614	-12%
Supplies	5,264	5,633	6,800	6,800	0%
Services	88,746	421,691	832,652	545,957	-34%
Debt Service	3,744	3,744	-	7,800	-
Overhead (G/F, IT, PW, ERR)	24,457	43,459	52,852	57,073	8%
Other Financing Uses (inc. Transfers Out)	14,184	16,697	93,055	167,821	80%
Subtotal	1,257,465	1,693,526	2,359,650	2,000,065	-15%
Nonrecurring Expenses					
Capital Outlays	-	393	-	500	
One Time Expenses			52,221	347,125	
Subtotal	-	393	52,221	347,625	
Grand Total	1,257,465	1,693,920	2,411,871	2,347,690	-3%

FINANCE DEPARTMENT



Goal Statement:

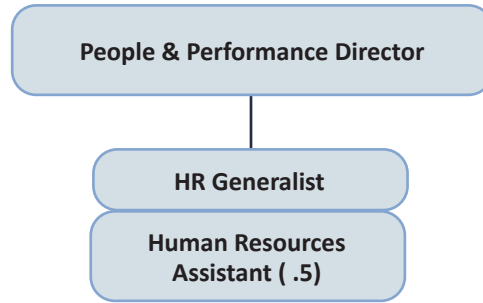
To provide required and desired financial reporting and practices, steward preparation and collective oversight of balanced funds and budgets to ensure the success of all departmental and organizational activities.

Key Workplan Goals:

- ◆ Work closely with the City Council and City leadership to deliver on Council direction from the Financial Sustainability Initiative.
- ◆ Continue to improve the City budget schedule, process and reporting through improved processes and integrated software.
- ◆ Update financial policies to ensure they meet current City needs.
- ◆ Continue providing training opportunities to strengthen finance staff capacity.

Finance Dept.	2023 Actual	2024 Actual	2025 Budget	Proposed 2026 Budget	26/25 Change
Recurring Expenses					
Labor	453,076	511,865	850,382	792,516	-7%
Supplies	5,194	4,456	4,250	4,350	2%
Services	120,446	542,767	290,540	138,692	-52%
Debt Service	2,808	2,808	-	4,300	-
Overhead (G/F, IT, PW, ERR)	16,351	16,767	57,958	57,360	-1%
Other Financing Uses (inc. Transfers Out)	2,766	250	2,000	2,500	25%
Subtotal	600,642	1,078,913	1,205,130	999,718	-17%
Nonrecurring Expenses					
Capital Outlays	5	-	20,000	-	
One Time Expenses			10,000	15,700	
Subtotal	5	-	30,000	15,700	
Grand Total	600,647	1,078,913	1,235,130	1,015,418	-18%

PEOPLE & PERFORMANCE/HUMAN RESOURCES



Goal Statement:

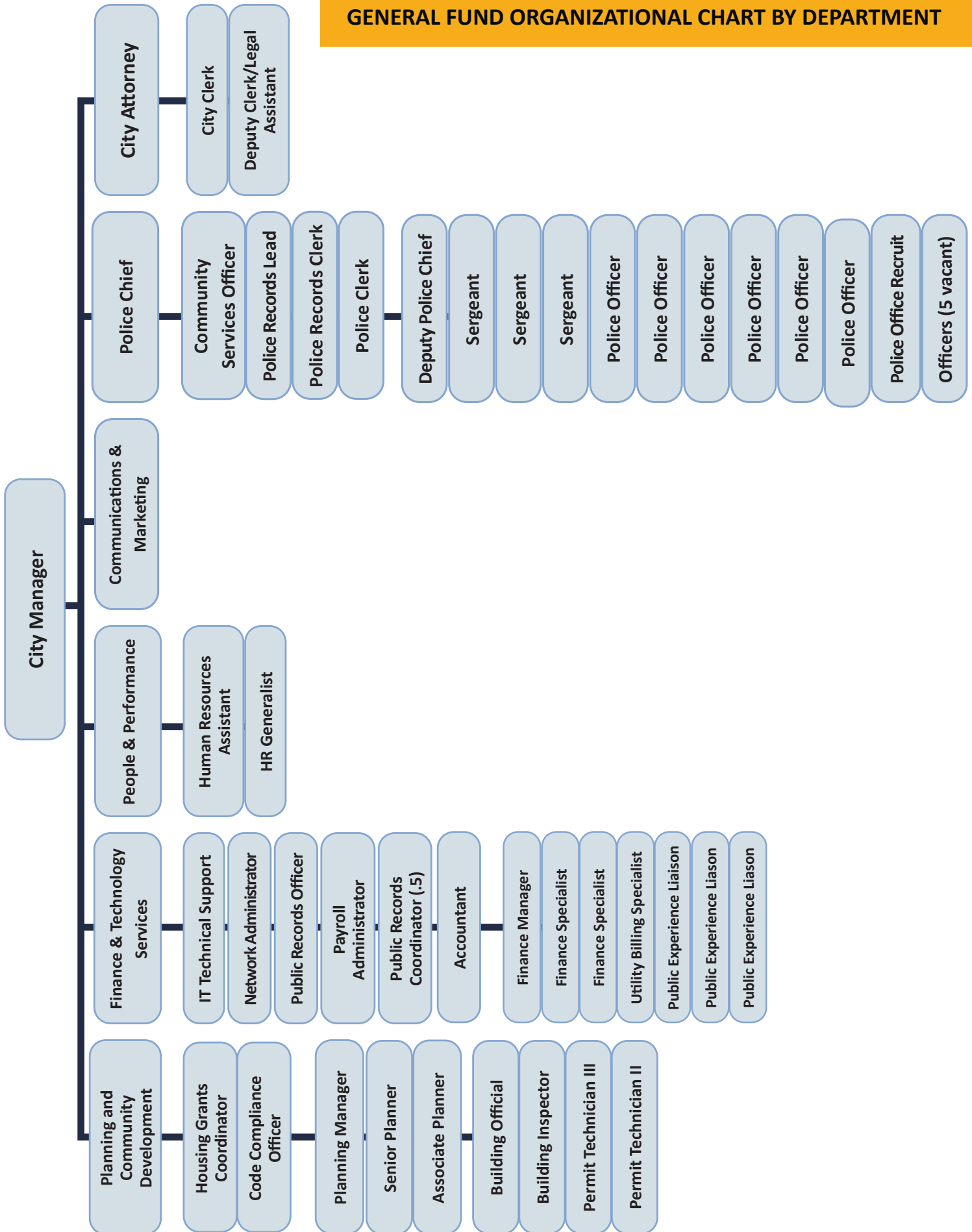
To recruit, develop, and retain a high-performing and diverse workforce, to assist in providing accessibility and transparency in effective public meetings and contracting, and to create and support a culture of inclusion, belonging, development, accountability, engagement, productivity, and effective communication.

Key Workplan Goals:

- ◆ Attract and hire qualified candidates.
- ◆ Maintain a high level of employee engagement and job satisfaction, focusing on continued use of annual Gallup employee survey, and helping reduce employee turnover.
- ◆ Provide opportunities for continuous learning and professional growth. Ensure clear understanding of Advisory Board/Staff roles and responsibilities and implement Advisory Board Handbook training. Incorporate employee service awards program based on employee feedback.
- ◆ Develop recognition program to recognize and reward employee performance.
- ◆ Launch management training program with a focus on skill development. Implement Advisory Board Handbook training.
- ◆ Conduct City-wide salary and benefit survey.

People & Performance/Human Resources	2023 Actual	2024 Actual	2025 Budget	Proposed 2026 Budget	26/25 Change
Recurring Expenses					
Labor	250,456	318,870	337,115	403,760	20%
Supplies	6,204	5,221	7,500	15,750	110%
Services	101,579	171,983	78,140	141,161	81%
Debt Service	1,138	1,138	-	-	-
Overhead (G/F, IT, PW, ERR)	7,632	11,351	16,010	15,843	-1%
Other Financing Uses (inc. Transfers Out)	-	-	-	-	-
Subtotal	367,008	508,563	438,765	576,514	31%
Nonrecurring Expenses					
Capital Outlays	-	-	-	-	
One Time Expenses			57,100	38,900	
Subtotal	-	-	57,100	38,900	
Grand Total	367,008	508,563	495,865	615,414	24%

GENERAL FUND ORGANIZATIONAL CHART BY DEPARTMENT



SPECIAL REVENUE FUNDS

SPECIAL REVENUE FUNDS - Special revenue funds are government funds used to account for and spend money from specific revenue sources, like grants, taxes, or fees, that are legally restricted to certain purposes.

CONTINGENCY

RCW 35.33.145 A budgeted reserve of money set aside to cover unexpected or emergency expenses that were not anticipated during the regular budgeting process.

Contingency Fund	2023 Actual	2024 Actual	2025 Budget	Proposed 2026 Budget	26/25 Change
Recurring Expenses					
Labor	-	-	-	-	-
Supplies	-	-	-	-	-
Services	-	-	-	-	-
Debt Service	-	-	-	-	-
Overhead (G/F, IT, PW, ERR)	-	-	-	-	-
Other Financing Uses (inc. Transfers Out)	-	-	-	-	-
Subtotal	-	-	-	-	-
Nonrecurring Expenses					
Capital Outlays	-	-	-	-	-
One Time Expenses	-	-	-	-	-
Subtotal	-	-	-	-	-
Grand Total	-	-	-	-	-

Fund Balance 2% of General Fund Revenue. Note: Contingency fund only has revenue budgeted for 2026 no expenses.

ARPA

The ARPA Fund is a special revenue fund used to account for the receipt and expenditure of federal funds received under the American Rescue Plan Act of 2021.

ARPA Fund	2023 Actual	2024 Actual	2025 Budget	Proposed 2026 Budget	26/25 Change
Recurring Expenses					
Labor	-	-	-	-	-
Supplies	-	-	-	-	-
Services	-	-	-	-	-
Debt Service	-	-	-	-	-
Overhead (G/F, IT, PW, ERR)	-	-	-	-	-
Other Financing Uses (inc. Transfers Out)	587,489	1,234,672	915,000	-	-100%
Subtotal	587,489	1,234,672	915,000	-	-100%
Nonrecurring Expenses					
Capital Outlays	-	-	-	-	-
One Time Expenses	-	-	-	-	-
Subtotal	-	-	-	-	-
Grand Total	587,489	1,234,672	915,000	-	-100%

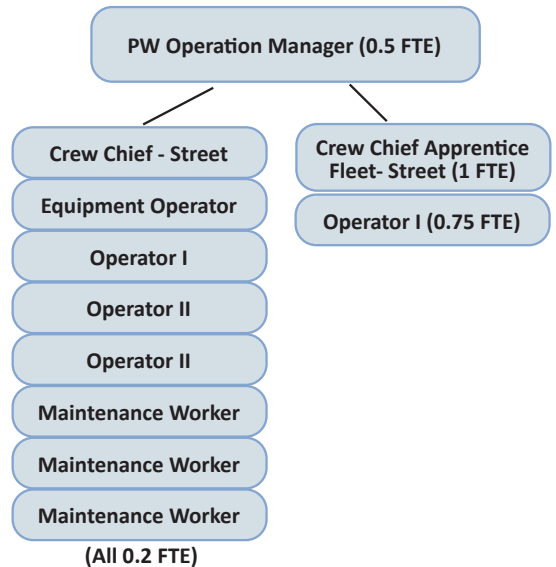
STREET OPERATIONS

Goal Statement:

To maintain city streets, the wastewater collections system, and the stormwater collection system, including street repair, vegetation control, garbage management, special projects in right of way, event support, sidewalk repairs, annual cleaning of sewer and stormwater pipes, catch basin and maintenance holes maintenance, sweeping, and snow plowing.

Key Workplan Goals:

- ◆ Continue to increase investment in drainage and street repairs, including drainage control work and moving to hot mix asphalt patching for annual repairs.
- ◆ Implement the General Sewer Plan with systematic inspection with new video camera equipment and begin to rehabilitate the aging sewer collection system.
- ◆ Continue to implement the Comprehensive Streets Program through investment of new revenue associated with the Transportation Benefit District specifically to address street preservation and restoration, as well as maintenance of drainage and ditch systems.
- ◆ Prepare streets for 2026 chip seal grant and 2027 chip seal and paving.



Street Operations Dept.	2023 Actual	2024 Actual	2025 Budget	Proposed 2026 Budget	26/25 Change
Recurring Expenses					
Labor	228,883	227,005	306,567	308,463	1%
Supplies	60,642	50,352	63,828	67,820	6%
Services	359,849	387,732	498,222	947,135	90%
Debt Service	-	-	-	-	-
Overhead (G/F, IT, PW, ERR)	271,972	274,602	354,223	340,520	-4%
Other Financing Uses (inc. Transfers Out)	265,759	258,505	179,150	199,150	11%
Subtotal	1,187,104	1,198,195	1,401,990	1,863,088	33%
Nonrecurring Expenses					
Capital Outlays	143,406	252,594	277,907	-	
One Time Expenses			155,000	51,800	
Subtotal	143,406	252,594	432,907	51,800	
Grand Total	1,330,511	1,450,789	1,834,897	1,914,888	4%

Fund Balance 2-3% of Expenditures

TRANSPORTATION BENEFIT DISTRICT

Transportation Benefit District Fund	2023 Actual	2024 Actual	2025 Budget	Proposed 2026 Budget	26/25 Change
Recurring Expenses					
Labor	-	-	-	-	-
Supplies	-	-	-	-	-
Services	-	-	-	-	-
Debt Service	-	-	-	-	-
Overhead (G/F, IT, PW, ERR)	-	-	-	-	-
Other Financing Uses (inc. Transfers Out)	-	590,730	1,373,336	470,000	-66%
Subtotal	-	590,730	1,373,336	470,000	-66%
Nonrecurring Expenses					
Capital Outlays	-	-	-	-	-
One Time Expenses	-	-	-	861,650	
Subtotal	-	-	-	861,650	
Grand Total	-	590,730	1,373,336	1,331,650	-3%

REAL ESTATE EXCISE TAX

Real Estate Excise Tax Fund	2023 Actual	2024 Actual	2025 Budget	Proposed 2026 Budget	26/25 Change
Recurring Expenses					
Labor	-	-	-	-	-
Supplies	-	-	-	-	-
Services	-	-	-	-	-
Debt Service	-	-	-	-	-
Overhead (G/F, IT, PW, ERR)	-	-	-	-	-
Other Financing Uses (inc. Transfers Out)	588,069	619,604	1,032,821	510,000	-51%
Subtotal	588,069	619,604	1,032,821	510,000	-51%
Nonrecurring Expenses					
Capital Outlays	-	-	-	-	-
One Time Expenses	-	-	-	402,357	
Subtotal	-	-	-	402,357	
Grand Total	588,069	619,604	1,032,821	912,357	-12%



LODGING TAX

Arts & Culture Coordinator (0.5 FTE)

Communications & Marketing
Director (0.25 FTE)

Goal Statement:

To support sustainable tourism by reinvesting community resources that enhance the lives of both residents and visitors.

Key Workplan Goals:

- ◆ Gather and analyze data to use in planning and grant-making decisions.
- ◆ Support a balance of infrastructure and marketing investment.
- ◆ Build relationships to further LTAC's vision of sustainable tourism.
- ◆ Continue to invest in understanding our visitor economy, creative economy, and intersections of the two, and how they fit in with the broader economic outlook for the region and city, including data collection, reporting, and public education.
- ◆ Focus the LTAC Budget on three key areas: Visitor Information Services, Marketing, and the Community Grants program.
- ◆ Explore special projects in transit initiatives, wayfinding, and economic impact studies.



Lodging Tax Fund	2023 Actual	2024 Actual	2025 Budget	Proposed 2026 Budget	26/25 Change
Recurring Expenses					
Labor	30,920	74,163	83,282	111,000	33%
Supplies	-	-	-	-	-
Services	194,499	226,605	359,851	361,382	0%
Debt Service	-	-	-	-	-
Overhead (G/F, IT, PW, ERR)	17,618	17,618	17,618	17,618	0%
Other Financing Uses (inc. Transfers Out)	114,583	125,000	125,000	125,000	0%
Subtotal	357,621	443,386	585,751	615,000	5%
Nonrecurring Expenses					
Capital Outlays	12,500	14,435	15,000	-	
One Time Expenses			372,000	378,000	
Subtotal	12,500	14,435	387,000	378,000	
Grand Total	370,121	457,821	972,751	993,000	2%

AFFORDABLE HOUSING

The affordable housing fund is a special revenue fund established for the purpose of receiving revenues for the operation of housing services and programs. Substitute House Bill 1406 (HB 1406) is a local sales and use tax deposited in this fund, this tax does not increase the overall sales tax for consumers. This tax was authorized under Resolution 19-087/Ordinance 3244. The funds are administered through an interlocal agreement with the [Jefferson County/City of Port Townsend Housing Fund Board](#).

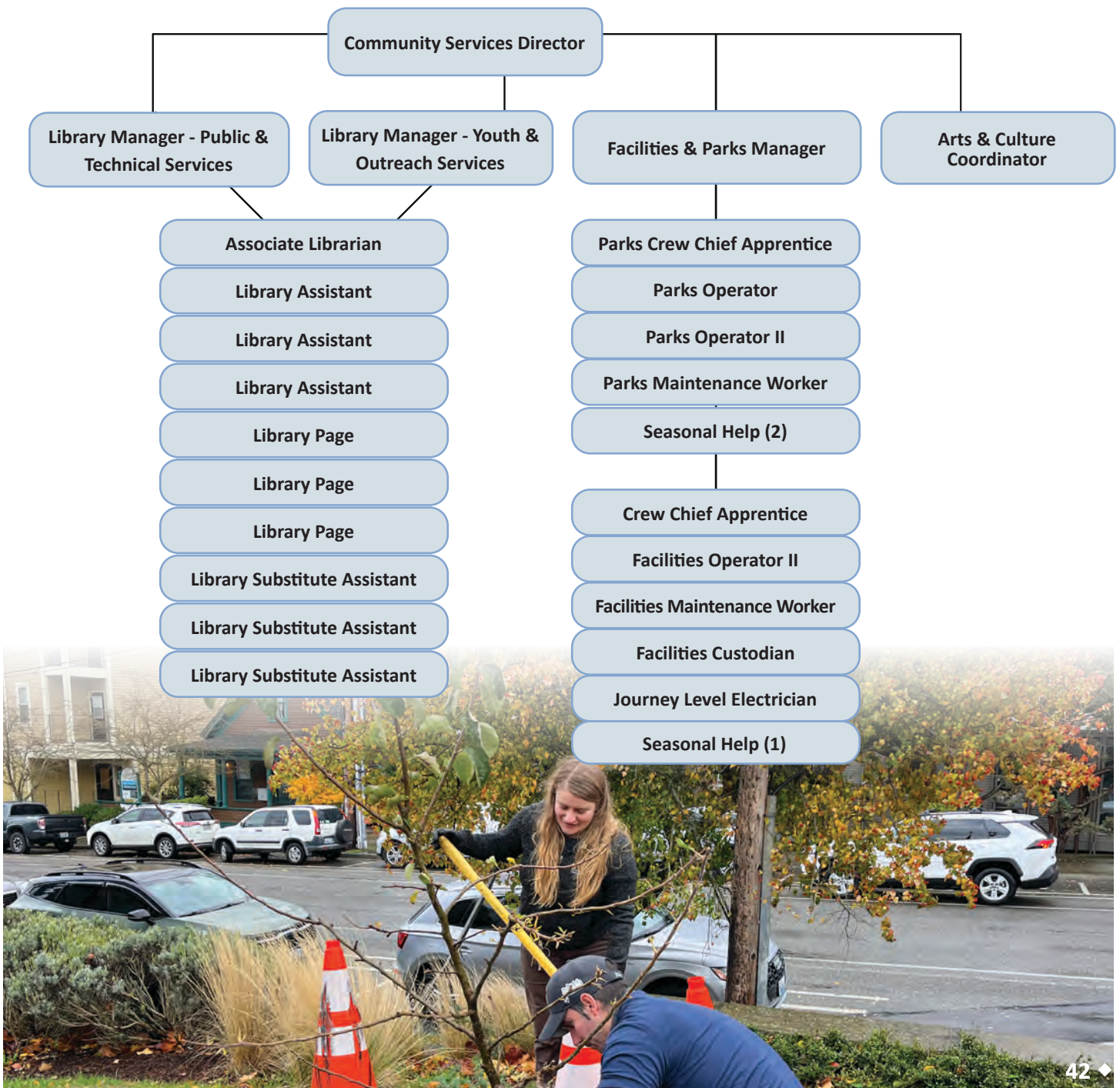
Affordable Housing Fund	2023 Actual	2024 Actual	2025 Budget	Proposed 2026 Budget	26/25 Change
Recurring Expenses					
Labor	-	-	-	-	-
Supplies	-	-	-	-	-
Services	-	22,563	31,000	20,596	-34%
Debt Service	-	-	-	-	-
Overhead (G/F, IT, PW, ERR)	-	-	-	-	-
Other Financing Uses (inc. Transfers Out)	61,896	61,896	61,896	61,896	0%
Subtotal	61,896	84,459	92,896	82,492	-11%
Nonrecurring Expenses					
Capital Outlays	-	-	-	-	-
One Time Expenses	-	-	-	-	-
Subtotal	-	-	-	-	-
Grand Total	61,896	84,459	92,896	82,492	-11%

COMMUNITY DEVELOPMENT BLOCK GRANT - The City received a [Community Development Block Grant](#) from Commerce and was established to record transactions related to the CDBG loan program. Loans are available to local business owners through [Port Townsend Main Street](#) twice a year.

Community Development Block Grant	2023 Actual	2024 Actual	2025 Budget	Proposed 2026 Budget	26/25 Change
Recurring Expenses					
Labor	-	-	-	-	-
Supplies	-	-	-	-	-
Services	19,378	-	20,000	20,000	0%
Debt Service	-	-	-	-	-
Overhead (G/F, IT, PW, ERR)	-	-	-	-	-
Other Financing Uses (inc. Transfers Out)	-	-	-	-	-
Subtotal	19,378	-	20,000	20,000	0%
Nonrecurring Expenses					
Capital Outlays	-	-	-	-	-
One Time Expenses	-	-	-	-	-
Subtotal	-	-	-	-	-
Grand Total	19,378	-	20,000	20,000	0%

COMMUNITY SERVICES – FACILITIES, PARKS, LIBRARY (SEPARATE FUND) AND ARTS

FULL TIME EMPLOYEE EQUIVALENT					
Department/Division	2022	2023	2024	2025	2026
Community Services					
Comm Svcs Administration	0.0	0.0	0.0	0.7	0.7
Arts & Culture	0.0	0.0	0.0	1.0	1.0
Facilities	3.5	3.5	5.5	4.9	4.9
Parks & Recreation	4.2	4.2	4.5	4.5	4.5
Library	8.9	8.9	8.9	8.0	8.1
	16.6	16.6	18.9	19.0	19.2



Goal Statement:

To enhance quality of life through stable delivery of services and access to well-planned and maintained parks, City facilities, library services, and arts and culture initiatives and to provide inclusive and accessible programming for all ages, with a continued emphasis on youth and families

Key Workplan Goals

- ◆ Develop sustainable park funding and strive for equitable distribution of funds in parks, trails, and open spaces.
- ◆ Enhance internal service delivery for facilities through targeted staff training and upgrades to City systems including implementing a routine maintenance schedule.
- ◆ Implement a Facilities and Equipment Rental (ER&R) model and fund.
- ◆ Support tree planting, maintenance, and preservation efforts that strengthen the city's urban canopy using new urban forestry fees.
- ◆ Grow the volunteer program, further strengthen community partnerships and stewardship.
- ◆ Produce the Soundcheck Arts Festival to highlight the breadth and talent of the Port Townsend creative community for both residents and visitors.
- ◆ Refine Creative District programs and initiatives to align with its new home inside the city government so that this municipal resource drives long term success for the creative economy and working artists.
- ◆ Use 2025 Public Art Plan guidelines to provide ongoing care and maintenance to the City's public art collection, including completing conservation of high-need pieces.
- ◆ Create a comprehensive Pink House restoration plan.
- ◆ Remove the old Park House and Golden Age Club buildings to make room for a possible caretaker space and an expanded neighborhood dog park.
- ◆ Support the investment of grant funding for upgrades to the Library's HVAC and elevator systems.
- ◆ Complete the kitchen shelter project utilizing the 2022 banked capacity funding.
- ◆ Contract for the development of a master plan for a future neighborhood park on property near Madrona Ridge to help build more equitable access to parks.
- ◆ Continue removing poplars along Sims Way in Kah Tai nature park according to the updated Gateway Development Plan.
- ◆ Update the ADA transition plan for parks.

Community Services Fund	2023 Actual	2024 Actual	2025 Budget	Proposed 2026 Budget	26/25 Change
Recurring Expenses					
Labor	826,771	843,061	1,242,456	1,438,357	16%
Supplies	224,718	227,763	222,500	237,600	7%
Services	716,327	768,173	873,211	756,137	-13%
Debt Service	1,120	1,120	-	2,350	-
Overhead (G/F, IT, PW, ERR)	355,089	365,460	417,621	425,389	2%
Other Financing Uses (inc. Transfers Out)	15,212	145,962	321,296	-	-100%
Subtotal	2,139,237	2,351,539	3,077,084	2,859,833	-7%
Nonrecurring Expenses					
Capital Outlays	77,116	88,115	74,000	-	
One Time Expenses			526,500	403,000	
Subtotal	77,116	88,115	600,500	403,000	
Grand Total	2,216,353	2,439,654	3,677,584	3,262,833	-11%

Fund Balance 2-3% of Expenditures

LIBRARY

FULL TIME EMPLOYEE EQUIVALENT					
Department/Division	2022	2023	2024	2025	2026
Library	8.9	8.9	8.9	8.0	8.1

See Community Services Org Chart (page 41)

Goal Statement:

- ◆ To uplift our community through reading, learning, connection, and creativity; to provide equitable access to lifelong learning and community connections through access to books, movies, music, databases, technology, e-books, programs, and events and classes for all ages.

Key Workplan Goals:

- ◆ Use core services, partnerships, assets, and resources to continue to advance four strategic initiatives designed to help us be the best possible library for the community:
- ◆ Increase equitable access to library offerings to serve all Port Townsend residents and visitors according to their needs, interests, and abilities.
- ◆ Build community as a trusted convener and connector, both within and beyond library walls.
- ◆ Help our Port Townsend community learn, do, create, and share.
- ◆ Make efficient and effective use of local and regional resources.
- ◆ Library Capital Projects: Pink House exterior restoration.
- ◆ Work through issues with financial sustainability, including options analysis on balancing revenues and levels of service, and exploring viable options for revenue

Library Fund	2023 Actual	2024 Actual	2025 Budget	Proposed 2026 Budget	26/25 Change
Recurring Expenses					
Labor	683,615	689,965	775,032	730,301	-6%
Supplies	105,923	85,241	89,350	89,671	0%
Services	107,776	114,533	157,895	100,155	-37%
Debt Service	775	775	-	35,998	-
Overhead (G/F, IT, PW, ERR)	282,520	304,896	238,995	242,786	2%
Other Financing Uses (inc. Transfers Out)	-	-	65,000	-	-100%
Subtotal	1,180,609	1,195,411	1,326,272	1,198,911	-10%
Nonrecurring Expenses					
Capital Outlays	5,823	-	-	-	
One Time Expenses			5,000	174,000	
Subtotal	5,823	-	5,000	174,000	
Grand Total	1,186,433	1,195,411	1,331,272	1,372,911	3%

Fund Balance 5-8% of Tax Revenue



CAPITAL FUNDS

Fund balance reserve or transfers in to cover anticipated obligations.

Fund 301 General Government					
Revenue		2025 YE Est.	2026 Budget	Future	Total
	ARPA	12,000	-	-	12,000
	Bond	2,033	176,907	-	178,940
	City Funds	150,215	1,195,285	-	1,345,500
	Grant	-	904,350	-	904,350
	Grant/Loan	-	-	-	-
	Other Contributions/Donation	-	166,000	-	166,000
		-	-	-	-
Total Revenue		164,248	2,442,542	-	2,606,790
Total Expense		353,224	2,564,221	-	2,917,445
Difference		(188,976)	(121,679)	-	(310,655)

Fund 305 Streets Capital					
Revenue		2025 YE Est.	2026 Budget	Future	Total
	Bond	-	-	-	-
	City Funds	1,512,053	1,928,751	232,000	3,672,804
	Grant	2,786,869	6,114,610	1,732,000	10,633,479
	Grant/Loan	-	-	-	-
	Other Contributions/Donation	-	20,500	-	20,500
		-	-	-	-
		-	-	-	-
Total Revenue		4,298,922	8,063,861	1,964,000	14,326,783
Total Expense		2,813,540	8,552,554	1,964,000	13,330,094
Difference		1,485,382	(488,694)	-	996,689



Fund 415-925 Water Capital					
Revenue		2025 YE Est.	2026 Budget	Future	Total
	Bond	-	-	-	-
	City Funds	1,177,102	4,349,037	3,724,786	9,250,925
	Grant	-	-	750,000	750,000
	Grant/Loan	-	-	-	-
	Other Contributions/Donation	-	-	-	-
Total Revenue		1,177,102	4,349,037	4,474,786	10,000,925
Total Expense		1,157,305	4,349,038	4,474,786	9,981,129
Difference		19,797	(0)	-	19,797

Fund 415-930 Sewer Capital					
Revenue		2025 YE Est.	2026 Budget	Future	Total
	Bond	-	-	-	-
	City Funds	1,372,090	7,130,205	4,824,685	13,326,979
	Grant	3,086,829	1,380,714	10,098,986	14,566,529
	Grant/Loan	144,332	119,978	1,718,000	1,982,310
	Other (Misc.)	100,000	-	-	100,000
	Other Contributions/Donation	-	-	-	-
Total Revenue		4,703,250	8,630,897	16,641,670	29,975,818
Total Expense		3,964,908	8,630,898	16,641,670	29,237,476
Difference		738,342	(0)	-	738,342

All Capital Projects					
Revenue		2025 YE Est.	2026 Budget	Future	Total
	ARPA	12,000	-	-	12,000
	Bond	2,033	176,907	-	178,940
	City Funds	4,289,209	14,845,041	8,781,471	27,915,720
	Grant	5,873,698	8,399,674	12,580,986	26,854,358
	Grant/Loan	144,332	119,978	1,718,000	1,982,310
	Other (Misc.)	100,000	-	-	100,000
	Other Contributions/Donation	-	186,500	-	186,500
Total Revenue		10,421,271	23,728,101	23,080,456	57,229,828
Total Expense		8,355,647	24,338,474	23,080,456	55,774,577
Difference		2,065,624	(610,373)	-	1,455,251

DEBT SERVICE FUNDS

Fund balance reserve or transfers in to cover annual debt service obligations.

Debt is a financial tool the City of Port Townsend has used to fund important public projects like parks, streets, and facilities. It helps spread the cost of these assets across both current and future residents, avoiding the need to save large reserves before building.

Debt can also help a city take advantage of economic opportunities, maintain steady cash flow, and avoid depleting reserves. When managed responsibly, it's a practical tool that supports growth, stability, and long-term community investment.

Used wisely, debt supports economic growth and ensures community assets are available when needed. However, too much debt can strain city finances, so careful management is essential. The City actively oversees its debt through clear policies, bond ratings, long-term planning, and regular reviews to ensure borrowing remains responsible and sustainable.

Types of Government debt

Limited tax general obligation (LTGO) bonds (also called councilmanic bonds or non-voted debt), may be issued by a vote of the legislative body. Because the voters have not been asked to approve a tax increase to pay for the principal and interest, general fund revenues must be pledged to pay the debt service on LTGO. It is important to note that LTGO debt does not provide any additional revenue to fund debt service payments but must be paid from existing revenue sources.

Unlimited tax general obligation (UTGO) bonds (also called voted debt) must be approved by 60% of the voters, with a voter turnout equal to at least 40% of those who voted in the most recent general election. When the voters are being asked to approve the issuance of these bonds, they are simultaneously asked to approve an excess levy which raises their property taxes to cover the debt service payments. UTGO bonds can be used only for capital purposes. Replacement of equipment is not a permitted use (RCW 84.52.056).

GENERAL OBLIGATION (G.O.) BONDS are debt issued by a city or municipality that is secured by the full faith and credit of the issuing government, including its taxing power, and are typically used to finance public projects such as schools, roads, or infrastructure.

2017 General Obligation Bond

2017 G.O. Bond Fund	2023 Actual	2024 Actual	2025 Budget	Proposed 2026 Budget	26/25 Change
Recurring Expenses					
Labor	-	-	-	-	-
Supplies	-	-	-	-	-
Services	-	-	-	-	-
Debt Service	-	-	-	-	-
Overhead (G/F, IT, PW, ERR)	-	-	-	-	-
Other Financing Uses (inc. Transfers Out)	-	50,309	-	-	-
Subtotal	-	50,309	-	-	-
Nonrecurring Expenses					
Capital Outlays	-	-	-	-	
One Time Expenses			-	95,000	
Subtotal	-	-	-	95,000	
Grand Total	-	50,309	-	95,000	

2018 General Obligation Bond

2018 G.O. Bond Fund	2023 Actual	2024 Actual	2025 Budget	Proposed 2026 Budget	26/25 Change
Recurring Expenses					
Labor	-	-	-	-	-
Supplies	-	-	-	-	-
Services	-	-	-	-	-
Debt Service	-	-	-	-	-
Overhead (G/F, IT, PW, ERR)	-	-	-	-	-
Other Financing Uses (inc. Transfers Out)	16,175	50,309	69,249	-	-100%
Subtotal	16,175	50,309	69,249	-	-100%
Nonrecurring Expenses					
Capital Outlays	-	-	-	-	-
One Time Expenses	-	-	-	81,907	-
Subtotal	-	-	-	81,907	
Grand Total	16,175	50,309	69,249	81,907	18%

2020 General Obligation Bond

2020 G.O. Bond Fund	2023 Actual	2024 Actual	2025 Budget	Proposed 2026 Budget	26/25 Change
Recurring Expenses					
Labor	-	-	-	-	-
Supplies	-	-	-	-	-
Services	-	-	-	-	-
Debt Service	-	-	-	-	-
Overhead (G/F, IT, PW, ERR)	-	-	-	-	-
Other Financing Uses (inc. Transfers Out)	-	-	-	-	-
Subtotal	-	-	-	-	-
Nonrecurring Expenses					
Capital Outlays	-	-	-	-	-
One Time Expenses	-	-	-	-	-
Subtotal	-	-	-	-	-
Grand Total	-	-	-	-	-

General Obligation Debt Service

G.O. Debt Service Fund	2023 Actual	2024 Actual	2025 Budget	Proposed 2026 Budget	26/25 Change
Recurring Expenses					
Labor	-	-	-	-	-
Supplies	-	-	-	-	-
Services	700	-	-	-	-
Debt Service	2,742,179	1,081,059	1,114,712	1,686,436	51%
Overhead (G/F, IT, PW, ERR)	-	-	-	-	-
Other Financing Uses (inc. Transfers Out)	-	-	-	-	-
Subtotal	2,742,879	1,081,059	1,114,712	1,686,436	51%
Nonrecurring Expenses					
Capital Outlays	-	-	-	-	-
One Time Expenses	-	-	-	-	-
Subtotal	-	-	-	-	-
Grand Total	2,742,879	1,081,059	1,114,712	1,686,436	51%

Debt Capacity

Based on Prior Year Assessed Value

Amount at End of Year	2022 Actuals	2023 Actuals	2024 Actuals	2025 Actuals	2026 Budget
Prior Year Assessed Property Value	2,218,242,000	2,656,426,000	2,806,305,000	2,990,339,293	3,151,095,345
<small>per Jefferson County Assessor</small>					
General Obligation Debt Capacity (up to 7.5%)					
General Purpose Debt Limit (2.5%)					
NonVoted Debt Limit 1.5% (councilmanic)	33,273,630	39,846,390	42,094,575	44,855,089	47,266,430
Voted Debt Limit 1.0%	22,182,420	26,564,260	28,063,050	29,903,393	31,510,953
Debt Limit 2.5%	55,456,050	66,410,650	70,157,625	74,758,482	78,777,384
Utility Purpose Debt Limit (2.5%)					
Voted Debt Limit 2.5%	55,456,050	66,410,650	70,157,625	74,758,482	78,777,384
Open Space, Park & Capital Facilities Debt Limit (2.5%)					
Voted Debt Limit 2.5%	55,456,050	66,410,650	70,157,625	74,758,482	78,777,384
Total General Obligation Debt Capacity	166,368,150	199,231,950	210,472,875	224,275,447	236,332,151
NonVoted General Obligation Debt Outstanding					
LTGO 2017A (2008 Refi) NonTaxable Bond	9,155,000	9,155,000	9,155,000	9,125,000	8,525,000
LTGO 2017B (2008 Refi) Taxable Bond	1,060,000	-	-	-	-
LTGO 2020 (Refi 2010 LTGO)	3,053,000	2,747,200	2,440,000	2,126,600	1,807,300
LTGO Refi 2012 (PORTOWGORE12)	585,000	-	-	-	-
LTGO 2018 Homeward Bound Debt Svc	752,846	723,381	692,621	660,508	627,256
NonVoted GO Debt Outstanding	14,605,846	12,625,581	12,287,621	11,912,108	10,959,556
Voted General Obligation Debt Outstanding					
LTGO Refi 2015 (PORTOWUTGO15)	2,235,000	2,025,000	1,805,000	1,575,000	1,335,000
Voted GO Debt Outstanding	2,235,000	2,025,000	1,805,000	1,575,000	1,335,000
Total General Obligation Debt Outstanding	16,840,846	14,650,581	14,092,621	13,487,108	12,294,556
NonVoted Debt Capacity	18,667,784	27,220,809	29,806,954	32,942,981	36,306,874
Voted Debt Capacity	133,094,520	159,385,560	168,378,300	179,420,358	189,065,721
Available GO Debt Capacity	151,762,304	186,606,369	198,185,254	212,363,339	225,372,595

Industry Bond Rating Standard

GO Debt as % of Assessed Value		0.76%	0.55%	0.50%	0.45%	0.39%
Industry Standard not to exceed	4.5%	99,820,890	119,539,170	126,283,725	134,565,268	141,799,291
GO Debt per Capita		1,637	1,418	1,364	1,305	1,178
Population*		10,290	10,330	10,331	10,332	10,433

* Per WA State OFM

est based upon 1% growth

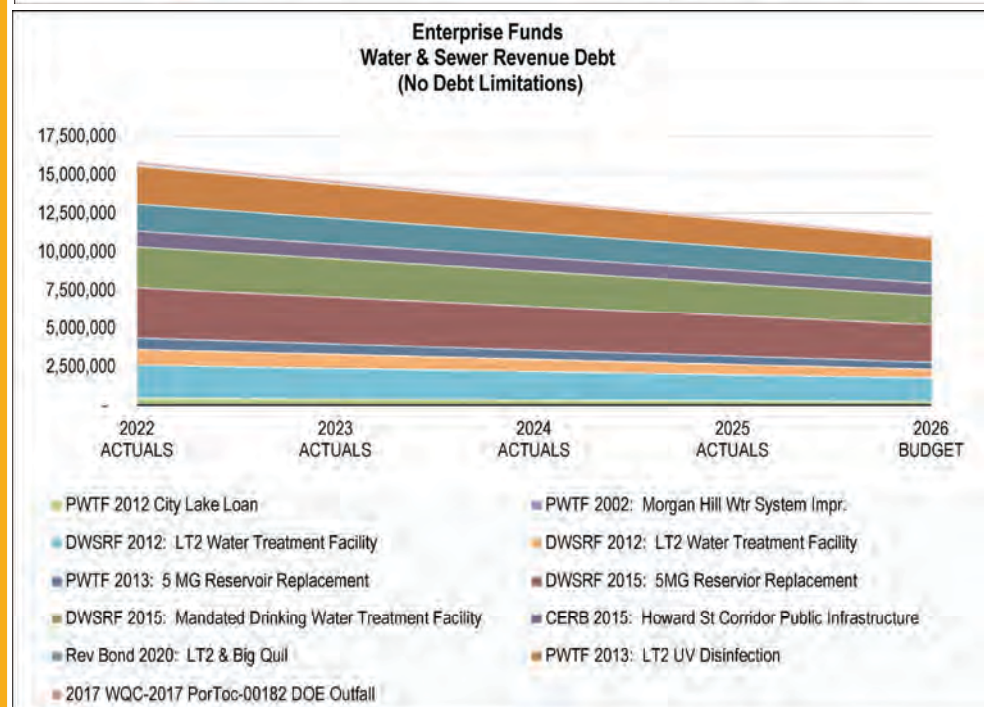
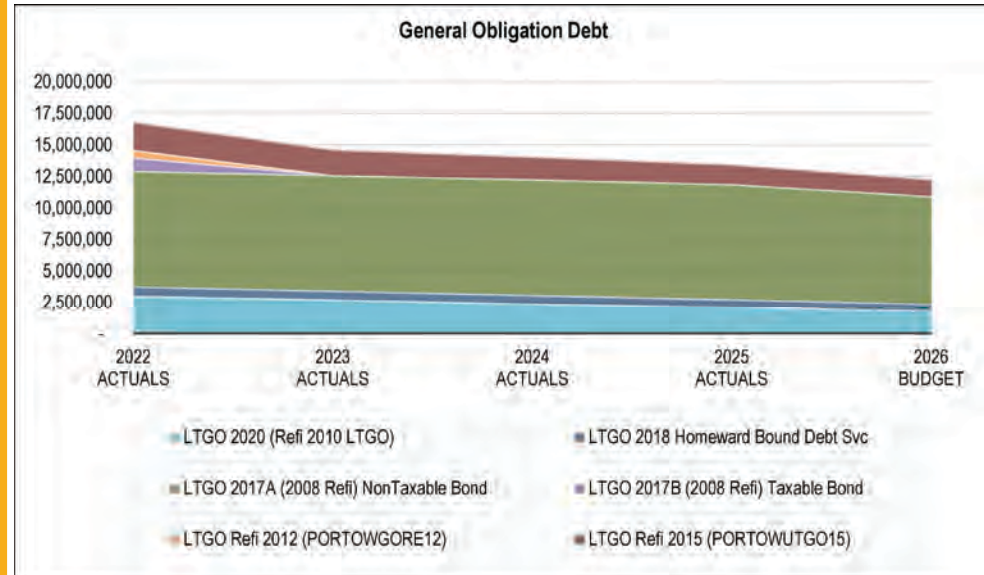
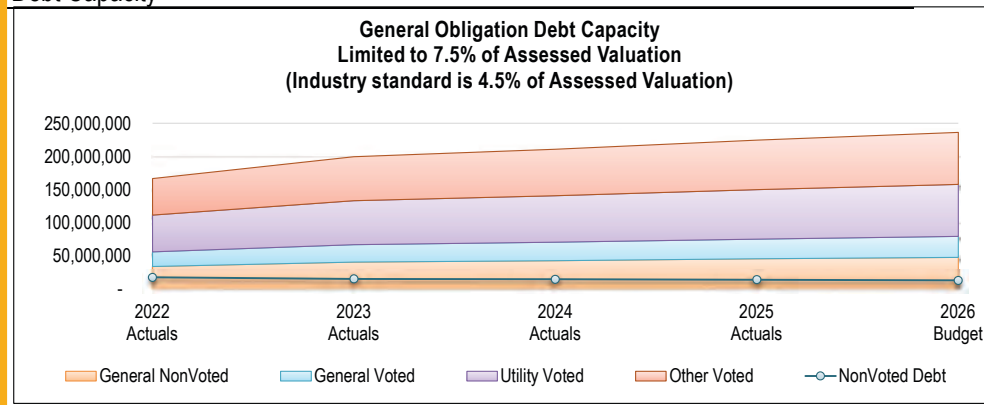
Revenue Debt Outstanding (excluded from General Purpose Debt limits)

Amount Outstanding at End of Year

	2022 Actuals	2023 Actuals	2024 Actuals	2025 Actuals	2026 Budget
PWTF 2002: Morgan Hill Wtr System Impr.	-	-	-	-	-
SRF 2002: DOE Wastewater Conveyance Syst	99,947	50,347	-	-	-
PWTF 2012 City Lake Loan	473,684	421,053	368,421	315,789	263,158
DWSRF 2012: LT2 Water Treatment Facility	1,007,293	895,371	783,450	671,528	559,607
DWSRF 2012: LT2 Water Treatment Facility	2,163,797	2,009,240	1,854,683	1,700,126	1,545,569
PWTF 2013: 5 MG Reservoir Replacement	750,625	675,562	600,500	525,437	450,375
PWTF 2013: LT2 UV Disinfection	2,464,642	2,218,178	1,971,714	1,725,250	1,478,785
DWSRF 2015: Mandated Drinking Water Treat	2,652,956	2,476,093	2,299,229	2,122,365	1,945,501
DWSRF 2015: 5MG Reservoir Replacement	3,322,225	3,100,744	2,879,262	2,657,780	2,436,299
CERB 2015: Howard St Corridor Public Infrast	1,021,991	971,289	919,066	865,277	809,874
Rev Bond 2020: LT2 & Big Quil	1,751,300	1,667,000	1,581,800	1,495,700	1,408,500
2017 WQC-2017 PorToc-00182 DOE Outfall	174,721	165,360	155,811	146,069	136,130
	15,883,181	14,650,237	13,413,936	12,225,322	11,033,798

Per amortization Schedule Principal outstanding (cash basis: interest not recorded until due)

Debt Capacity



ENTERPRISE FUNDS

Fund balance 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.

WATER AND SEWER OPERATIONS

FULL TIME EMPLOYEE EQUIVALENT					
Department/Division	2022	2023	2024	2025	2026
Water Distribution	5	5	5	7.75	7
Water Quality & Resource	4	4	4	3.45	4.2
Wastewater Collection	2.23	2.23	2.6	3.39	3.22
Wastewater Treatment	3.5	3.5	5	4.4	4.4
Biosolids	2.5	2.5	3	3	3
Total Water/Wastewater	17.23	17.23	19.6	21.99	21.82

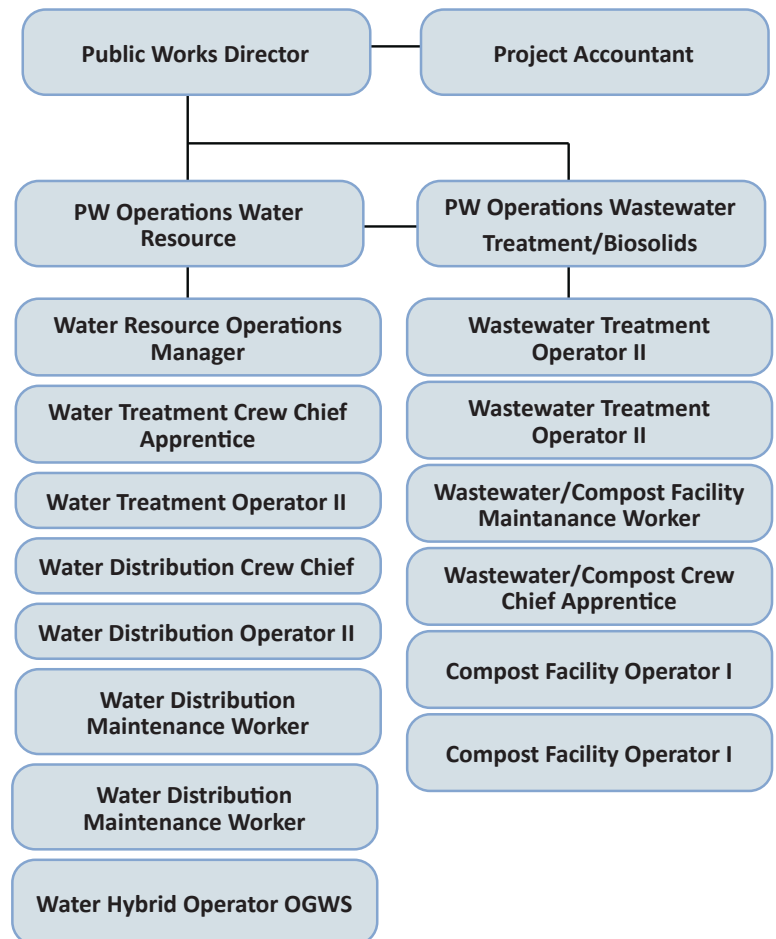
The water/sewer operating fund shows a decrease in fund balance due to transfers out to support Water and Sewer Capital (Fund 415). In 2024 the City Council adopted new sewer rates that look forward to funding the needed repairs in the sewer collection and treatment systems in the city.

Goal Statement:

To operate the domestic water, wastewater collections, and water treatment enterprises to provide quality, reliable, and safe services while ensuring that expenses do not exceed revenues.

Key Workplan Goals:

- ◆ Implement cross connection program adopted by the City Council in 2022.
- ◆ Continue replacing aging pipelines to make the system more reliable and minimize distribution system leakage.
- ◆ Complete the city-wide water meter replacement plan.
- ◆ Continue to implement the Water Supply Agreement with the Port Townsend Paper Mill and facilitate capital improvements into the Olympic Gravity Water System.
- ◆ Continue to implement capital improvements in the General Sewer Plan and capital projects summary sheets (below).
- ◆ Both the water and wastewater division will evaluate inspection, replacement and/or rehabilitation of pipe associated with street repair projects such that pipes are evaluated before paving.



Water Sewer Operations Fund	2023 Actual	2024 Actual	2025 Budget	Proposed 2026 Budget	26/25 Change
Recurring Expenses					
Labor	2,412,171	2,639,583	3,257,852	3,425,994	5%
Supplies	355,216	281,823	490,525	547,943	12%
Services	3,096,130	3,366,930	3,662,899	3,924,636	7%
Debt Service	1,341,927	1,333,715	1,333,026	1,342,165	1%
Overhead (G/F, IT, PW, ERR)	1,458,428	1,548,596	1,576,297	1,518,964	-4%
Other Financing Uses (inc. Transfers Out)	366,991	185,187	5,008,463	1,939,093	-61%
Subtotal	9,030,863	9,355,834	15,329,062	12,698,794	-17%
Nonrecurring Expenses					
Capital Outlays	84,441	498,522	358,135	135,000	
One Time Expenses			412,320	8,021,408	
Subtotal	84,441	498,522	770,455	8,156,408	
Grand Total	9,115,304	9,854,356	16,099,517	20,855,202	30%



STORMWATER OPERATIONS

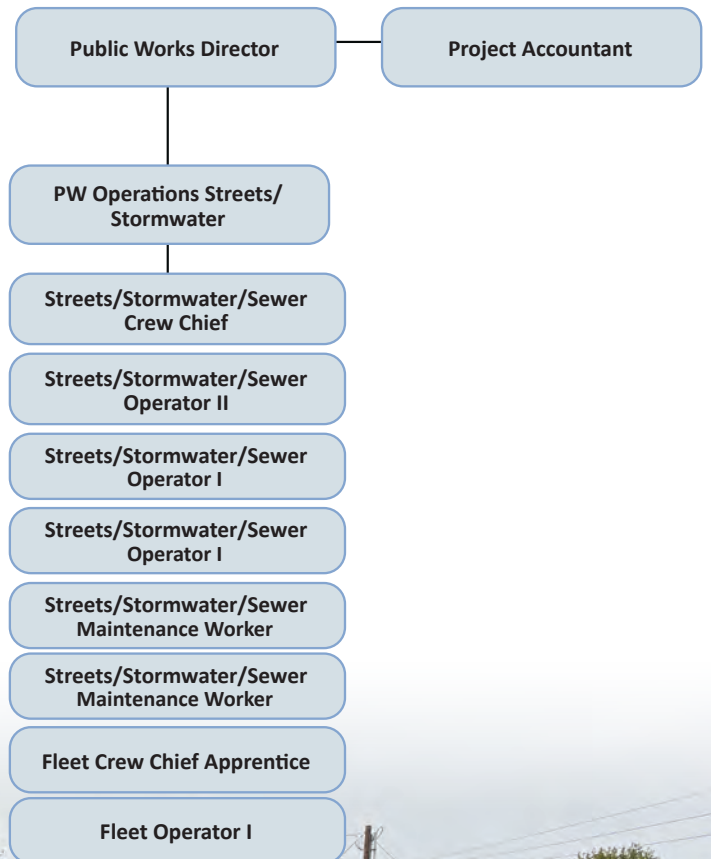
FULL TIME EMPLOYEE EQUIVALENT					
Department/Division	2022	2023	2024	2025	2026
Stormwater	3.07	3.1	3.8	4.34	4.48
Total Stormwater	3.07	3.1	3.8	4.34	4.48

Goal Statement:

To operate a stormwater collection system and perform annual maintenance and repair that includes roadside ditches, wedge asphalt curbs, concrete curbs, rain gardens, leaf control, localized flooding management, and stormwater facilities.

Key Workplan Goals:

- ◆ Continue transitioning the shift of resource investment from vegetation control to street repair, acknowledging stormwater management as a key function that needs to be restored prior to street investments.
- ◆ Design Lawrence Street stormwater project.
- ◆ Use urban forestry fees to help plant and replace trees to enhance mitigation measures of the effects of impervious surface.
- ◆ Support the installation of rain gardens by community members.



Storm Operations Fund	2023 Actual	2024 Actual	2025 Budget	Proposed 2026 Budget	26/25 Change
Recurring Expenses					
Labor	330,071	377,649	413,929	582,851	41%
Supplies	2,066	4,522	8,650	14,900	72%
Services	245,882	314,455	302,745	545,175	80%
Debt Service	81,362	81,362	84,450	144,367	71%
Overhead (G/F, IT, PW, ERR)	257,985	279,948	252,844	319,848	27%
Other Financing Uses (inc. Transfers Out)	528,071	200,936	575,331	66,850	-88%
Subtotal	1,445,436	1,258,872	1,637,949	1,673,991	2%
Nonrecurring Expenses					
Capital Outlays	-	-	26,000	-	
One Time Expenses			30,000	956,735	
Subtotal	-	-	56,000	956,735	
Grand Total	1,445,436	1,258,872	1,693,949	2,630,727	55%



OLYMPIC GRAVITY WATER SYSTEM



OGWS Transmission Line Fund	2023 Actual	2024 Actual	2025 Budget	Proposed 2026 Budget	26/25 Change
Recurring Expenses					
Labor	-	-	-	-	-
Supplies	-	-	-	-	-
Services	897,283	994,161	-	1,896,730	-
Debt Service	-	-	-	-	-
Overhead (G/F, IT, PW, ERR)	-	-	13,134	17,198	31%
Other Financing Uses (inc. Transfers Out)	17,898	232,961	1,865,155	1,104,200	-41%
Subtotal	915,181	1,227,122	1,878,289	3,018,128	61%
Nonrecurring Expenses					
Capital Outlays	-	-	-	530,500	
One Time Expenses	-	-	-	1,664,830	
Subtotal	-	-	-	2,195,330	
Grand Total	915,181	1,227,122	1,878,289	5,213,458	178%

SYSTEM DEVELOPMENT CHARGES

System Development Charge Fund	2023 Actual	2024 Actual	2025 Budget	Proposed 2026 Budget	26/25 Change
Recurring Expenses					
Labor	-	-	-	-	-
Supplies	-	-	-	-	-
Services	-	-	-	-	-
Debt Service	-	-	-	-	-
Overhead (G/F, IT, PW, ERR)	-	-	-	-	-
Other Financing Uses (inc. Transfers Out)	483,669	277,217	-	-	-
Subtotal	483,669	277,217	-	-	-
Nonrecurring Expenses					
Capital Outlays	-	-	-	-	-
One Time Expenses	-	-	2,023,035	1,729,846	
Subtotal	-	-	2,023,035	1,729,846	
Grand Total	483,669	277,217	2,023,035	1,729,846	-14%

INTERNAL SERVICE FUNDS

Fund balances should break even, after set aside of funds for future capital equipment replacements.

GOLF PARK

Goal Statement:

To provide and enhance access to recreational, social, and natural opportunities and amenities at the Port Townsend Golf Park, operating under the terms of a 20-year lease with the Friends of the Golf Park.

Key Workplan Goals:

- ◆ Lead a comprehensive Park Master Plan, in partnership with the Friends of the Golf Park, that brings all elements together, including new public amenities, golf course redesign, housing inventory and updated wetland delineations.
- ◆ Collaborate with the Friends of the Golf Park to design and install a universal (accessible) playground with grant funds from RCO and match provided by the City.

Golf Park Fund	2023 Actual	2024 Actual	2025 Budget	Proposed 2026 Budget	26/25 Change
Recurring Expenses					
Labor	-	-	-	-	-
Supplies	-	-	-	-	-
Services	6,052	9,657	26,100	26,000	0%
Debt Service	-	-	-	-	-
Overhead (G/F, IT, PW, ERR)	9,672	-	-	-	-
Other Financing Uses (inc. Transfers Out)	-	-	-	-	-
Subtotal	15,724	9,657	26,100	26,000	0%
Nonrecurring Expenses					
Capital Outlays	-	-	-	-	-
One Time Expenses	-	-	15,000	30,000	
Subtotal	-	-	15,000	30,000	
Grand Total	15,724	9,657	41,100	56,000	36%



FLEET RENTAL & REVOLVING

Goal Statement:

As an internal service function and through 5 annual installments, to focus on repair and maintenance of the City's fleet and to purchase replacement vehicles for departments contributing to the replacement funds.

Key Workplan Goals:

- ◆ Purchase a new 1-ton flatbed truck for the street department and a sweeper bucket for the track loader.
- ◆ Work with the General Fund divisions and the Community Services Department on options for development of a sustainable funding program for vehicle replacement.
- ◆ Continue to evaluate the implementation of electric vehicle conversion.

The **FLEET REPAIR AND REPLACEMENT FUND** is an Internal Service Fund established to manage and recover the costs of city-owned vehicles and equipment through interdepartmental charges. All cities with populations over 8,000 ([RCW 35.21.088](#)) are legally required to have an ER&R fund for operating county road and city street departments.

Fleet Rental & Revolving Fund	2023 Actual	2024 Actual	2025 Budget	Proposed 2026 Budget	26/25 Change
Recurring Expenses					
Labor	-	-	-	-	-
Supplies	-	-	-	-	-
Services	-	-	-	-	-
Debt Service	-	-	-	-	-
Overhead (G/F, IT, PW, ERR)	-	-	-	-	-
Other Financing Uses (inc. Transfers Out)	-	-	-	-	-
Subtotal	-	-	-	-	-
Nonrecurring Expenses					
Capital Outlays	275,572	531,105	1,151,412	80,000	
One Time Expenses			35,000	-	
Subtotal	275,572	531,105	1,186,412	80,000	
Grand Total	275,572	531,105	1,186,412	80,000	-93%



FLEET OPERATIONS & MAINTENANCE

FULL TIME EMPLOYEE EQUIVALENT					
Department/Division	2022	2023	2024	2025	2026
Fleet ERR	2	2	2	2	2
Total Fleet	2	2	2	2	2

FLEET OPERATIONS AND MAINTENANCE – This fund tracks operations of the Fleet Department, including fees for all services, staff, facilities or equipment in a manner that is consistent and equitable to all participating funds or departments.

Fleet Operations & Maintenance Fund	2023 Actual	2024 Actual	2025 Budget	Proposed 2026 Budget	26/25 Change
Recurring Expenses					
Labor	234,327	260,416	257,407	267,438	4%
Supplies	167,349	176,649	187,700	196,850	5%
Services	49,419	47,500	58,454	64,289	10%
Debt Service	-	-	-	-	-
Overhead (G/F, IT, PW, ERR)	104,321	109,166	107,566	99,854	-7%
Other Financing Uses (inc. Transfers Out)	-	-	-	-	-
Subtotal	555,416	593,730	611,127	628,431	3%
Nonrecurring Expenses					
Capital Outlays	-	83,221	-	-	
One Time Expenses			31,000	30,500	
Subtotal	-	83,221	31,000	30,500	
Grand Total	555,416	676,952	642,127	658,931	3%

FACILITIES RENTAL & REVOLVING

Goal Statement:

The City of Port Townsend Facilities ERR Fund is an internal service function. The division focuses on the repair and maintenance of the City's facilities infrastructure.

The division maintains all city owned property and is responsible for maintaining all City owned properties, overseeing preventative maintenance programs, managing facility repairs, and coordinating capital improvements related to City facilities.

2026 Key Goal:

- ◆ Implement a facility asset management and preventive maintenance schedule for all major City buildings.
- ◆ Complete deferred maintenance projects identified in our routine assessments.
- ◆ Prepare long-term capital replacement forecasts for the City's budget and CIP.

IT OPERATIONS & MAINTENANCE

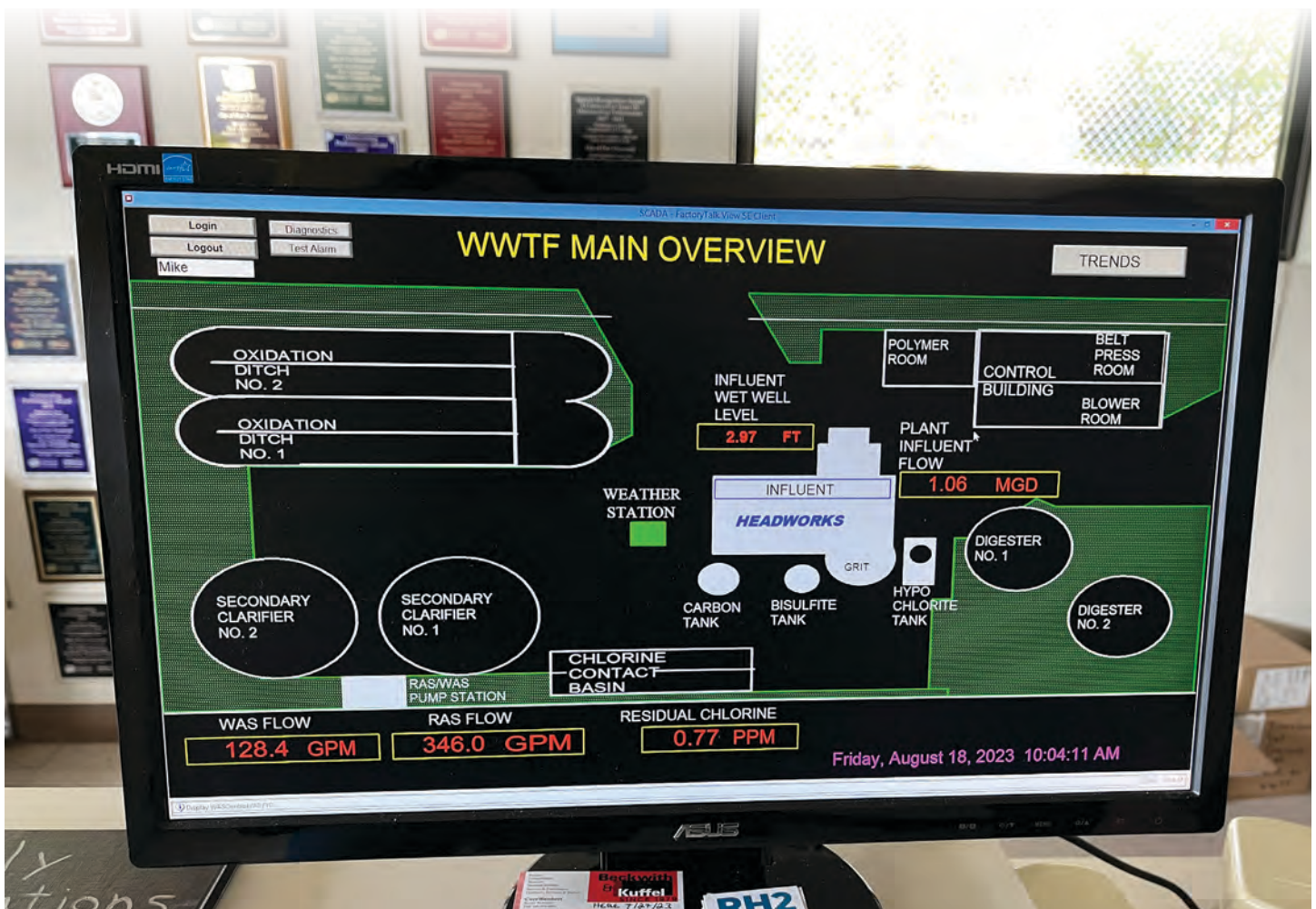
FULL TIME EMPLOYEE EQUIVALENT					
Department/Division	2022	2023	2024	2025	2026
IT ERR	1	1	2	2	2
Total IT	1	1	2	2	2

Goal Statement:

As an internal service function, to focus on the repair and maintenance of the City's technology infrastructure and to replace technological equipment across all City departments based on equipment age and functional needs.

Key Workplan Goals:

- ◆ Support departments at all levels with technological needs through computer hardware, software programs, and technology-related projects.
- ◆ Improve IT infrastructure, robustness, and cybersecurity.
- ◆ Support the City's preparedness for disasters, including support for a continuity of operations plan.



IT Operations & Maintenance Fund	2023 Actual	2024 Actual	2025 Budget	Proposed 2026 Budget	26/25 Change
Recurring Expenses					
Labor	154,210	255,045	271,980	278,490	2%
Supplies	2,119	4,543	6,000	6,000	0%
Services	22,686	20,006	35,811	12,355	-65%
Debt Service	68,657	68,474	-	-	-
Overhead (G/F, IT, PW, ERR)	26,470	26,028	52,675	53,497	2%
Other Financing Uses (inc. Transfers Out)	-	-	-	-	-
Subtotal	274,142	374,095	366,466	350,342	-4%
Nonrecurring Expenses					
Capital Outlays	48,226	44,990	122,175	140,577	
One Time Expenses			-	-	
Subtotal	48,226	44,990	122,175	140,577	
Grand Total	322,367	419,085	488,641	490,919	0%

IT RENTAL & REVOLVING

IT Rental & Revolving Fund	2023 Actual	2024 Actual	2025 Budget	Proposed 2026 Budget	26/25 Change
Recurring Expenses					
Labor	-	-	-	-	-
Supplies	-	-	-	-	-
Services	-	-	-	-	-
Debt Service	-	-	-	-	-
Overhead (G/F, IT, PW, ERR)	-	-	-	-	-
Other Financing Uses (inc. Transfers Out)	-	-	-	-	-
Subtotal	-	-	-	-	-
Nonrecurring Expenses					
Capital Outlays	52,349	40,629	35,250	30,000	
One Time Expenses			-	-	
Subtotal	52,349	40,629	35,250	30,000	
Grand Total	52,349	40,629	35,250	30,000	-15%



PUBLIC WORKS ADMINISTRATION

FULL TIME EMPLOYEE EQUIVALENT					
Department/Division	2022	2023	2024	2025	2026
Public Works Administration	2.5	2.5	3.5	2.5	2.75
Total Administration	2.5	2.5	3.5	2.5	2.75

Goal Statement:

To provide support to all the divisions of public works in terms of budgeting and team development, compliance with regulations, development of partnerships, and implementation of best available science and practices subject to available resources all to deliver on project execution.

Key Workplan Goals:

- ◆ Build capacity for maintenance divisions through training.
- ◆ Support the implementation of key strategic projects including supporting economic development which yields sustainable resources for infrastructure.
- ◆ Support director team development of management and leadership training.
- ◆ Support the Planning and Community Development department in housing solutions such as code updates, Cherry Street, and Evans Vista development.
- ◆ Support the implementation of the City's Comprehensive Plan.
- ◆ Support the engineering department in the updating of engineering standards.
- ◆ Participate in the Solid Waste Advisory Committee, Marine Resources Committee, Feery Advisory Committee, and the Water Utility coordinating Committee as representatives of Port Townsend.



Public Works Administration Fund	2023 Actual	2024 Actual	2025 Budget	Proposed 2026 Budget	26/25 Change
Recurring Expenses					
Labor	288,716	321,676	564,265	456,958	-19%
Supplies	44	2,674	2,000	2,000	0%
Services	46,746	51,006	66,600	173,600	161%
Debt Service	1,454	1,454	-	2,000	-
Overhead (G/F, IT, PW, ERR)	124,645	94,222	97,836	99,732	2%
Other Financing Uses (inc. Transfers Out)	-	1,415	-	-	-
Subtotal	461,604	472,446	730,701	734,290	0%
Nonrecurring Expenses					
Capital Outlays	-	-	500	500	
One Time Expenses			2,000	91,863	
Subtotal	-	-	2,500	92,363	
Grand Total	461,604	472,446	733,201	826,653	13%

ENGINEERING SERVICES

FULL TIME EMPLOYEE EQUIVALENT					
Department/Division	2022	2023	2024	2025	2026
Public Works Engineering	6.5	6.5	6.5	8.5	10
Total Engineering	6.5	6.5	6.5	8.5	10

Goal Statement:

To provide technical support for management of existing assets, capital repairs and replacements, and the design and development of new public infrastructure, as well as services such as right of way management, permitting, franchise utility management, traffic analysis, environmental compliance, grant procurement, and capital funding program management.

Key Workplan Goals:

- ◆ Support other divisions such as the Planning and Community Development Department in development review and comprehensive planning and update standards development and code updates.
- ◆ Provide administration and design services for the delivery of capital projects (see capital projects pages).
- ◆ Support Public Works operations.
- ◆ Provide inspections services.
- ◆ Support traffic safety, traffic calming, and street right of way management.

Engineering Services Fund	2023 Actual	2024 Actual	2025 Budget	Proposed 2026 Budget	26/25 Change
Recurring Expenses					
Labor	740,370	931,701	1,114,548	1,549,995	39%
Supplies	1,653	2,099	8,000	6,400	-20%
Services	35,432	45,709	118,600	125,918	6%
Debt Service	1,760	1,760	-	2,400	-
Overhead (G/F, IT, PW, ERR)	136,044	137,800	154,108	316,496	105%
Other Financing Uses (inc. Transfers Out)	-	-	-	-	-
Subtotal	915,260	1,119,070	1,395,256	2,001,209	43%
Nonrecurring Expenses					
Capital Outlays	28,465	3,342	-	-	
One Time Expenses			55,100	127,500	
Subtotal	28,465	3,342	55,100	127,500	
Grand Total	943,725	1,122,412	1,450,356	2,128,709	47%



UNEMPLOYMENT AND SELF-INSURANCE

The City is self-insured for unemployment, meaning it pays the actual cost of unemployment benefits to eligible former employees rather than contributing to the State's pooled unemployment insurance system. This approach allows the City to manage costs directly and can result in savings when claims are low.



Unemployment Self-Insurance Fund	2023 Actual	2024 Actual	2025 Budget	Proposed 2026 Budget	26/25 Change
Recurring Expenses					
Labor	83	7,058	45,000	25,000	-44%
Supplies	-	-	-	-	-
Services	-	-	-	-	-
Debt Service	-	-	-	-	-
Overhead (G/F, IT, PW, ERR)	-	-	-	-	-
Other Financing Uses (inc. Transfers Out)	-	-	-	-	-
Subtotal	83	7,058	45,000	25,000	-44%
Nonrecurring Expenses					
Capital Outlays	-	-	-	-	-
One Time Expenses	-	-	-	-	-
Subtotal	-	-	-	-	
Grand Total	83	7,058	45,000	25,000	-44%

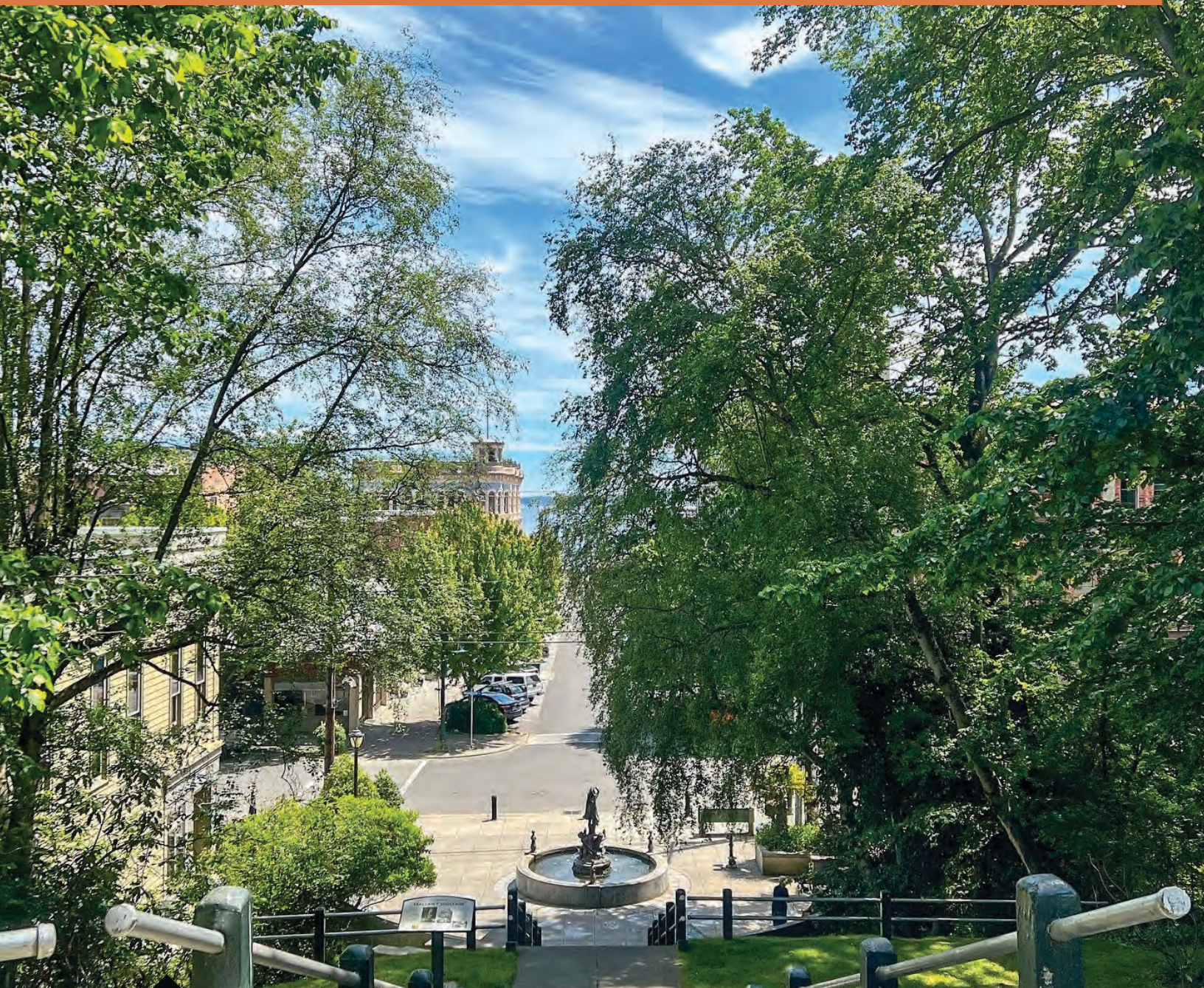
PENSION & CUSTODIAL FUNDS

Ending Fund Balances and any transfers in should be maintained consistent with fund restrictions.

PENSION AND CUSTODIAL FUNDS are used to hold money that the City manages on behalf of others. Pension funds help pay retirement benefits for City employees. Custodial funds hold money temporarily for individuals, organizations, or other governments. These funds are kept separate from the City's regular budget to make sure the money is used properly and transparently.

Firemen's Pension Fund	2023 Actual	2024 Actual	2025 Budget	Proposed 2026 Budget	26/25 Change
Recurring Expenses					
Labor	12,551	11,719	15,000	27,500	83%
Supplies	-	-	-	-	-
Services	-	-	-	-	-
Debt Service	-	-	-	-	-
Overhead (G/F, IT, PW, ERR)	1,346	1,360	1,374	1,374	0%
Other Financing Uses (inc. Transfers Out)	-	-	-	-	-
Subtotal	13,897	13,078	16,374	28,874	76%
Nonrecurring Expenses					
Capital Outlays	-	-	-	-	-
One Time Expenses	-	-	-	-	-
Subtotal	-	-	-	-	-
Grand Total	13,897	13,078	16,374	28,874	76%
Refundable Surety Deposits Fund	2023 Actual	2024 Actual	2025 Budget	Proposed 2026 Budget	26/25 Change
Recurring Expenses					
Labor	-	-	-	-	-
Supplies	-	-	-	-	-
Services	-	-	-	-	-
Debt Service	-	-	-	-	-
Overhead (G/F, IT, PW, ERR)	-	-	-	-	-
Other Financing Uses (inc. Transfers Out)	-	-	-	-	-
Subtotal	-	-	-	-	-
Nonrecurring Expenses					
Capital Outlays	-	-	-	-	-
One Time Expenses	-	-	-	-	-
Subtotal	-	-	-	-	-
Grand Total	-	-	-	-	-
Custodial Fund	2023 Actual	2024 Actual	2025 Budget	Proposed 2026 Budget	26/25 Change
Recurring Expenses					
Labor	-	-	-	-	-
Supplies	-	-	-	-	-
Services	-	-	-	-	-
Debt Service	-	-	-	-	-
Overhead (G/F, IT, PW, ERR)	-	-	-	-	-
Other Financing Uses (inc. Transfers Out)	69,337	101,283	-	-	-
Subtotal	69,337	101,283	-	-	-
Nonrecurring Expenses					
Capital Outlays	-	-	-	-	-
One Time Expenses	-	-	-	-	-
Subtotal	-	-	-	-	-
Grand Total	69,337	101,283	-	-	-

SUPPLEMENTAL INFORMATION



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BUDGET PROCESS

How the City Budget is Created

The City of Port Townsend's 2026 Budget is the result of teamwork between the City Council, Mayor, City Manager, Finance Director, and all City departments.

How It Works

- ◆ Budget Planning starts in summer. The Finance team estimates next year's salaries, benefits, and City operating costs.
- ◆ Council holds a retreat to set goals.
- ◆ One-time projects are cleared out early so we can focus on regular services.
- ◆ Revenue forecasts are made using data from past years, inflation trends, and expected grant or fee changes.
- ◆ Departments then build their budgets using this info and submit requests.

Budget Sections

- ◆ General Fund: The main operating budget (police, planning, finance, etc.)
- ◆ Other Funds: Utilities, streets, community services, etc., each with its own revenue sources.
- ◆ Capital Budget: Big, often multi-year projects (like park upgrades, road repairs, or water system improvements).
- ◆ Departments align their budgets with the goals set during the Council workshop.

Employee Costs

The City has two employee groups:

- ◆ Non-union staff (management, confidential, and hourly)
- ◆ Union staff (maintenance, admin)

Each group's pay and benefits are based on contracts or policies. Medical costs may change yearly, but the City participates in a wellness program that helps reduce premiums.

Capital Plans

Large projects are guided by long-term Capital Facilities Plans for parks, transportation, water, and sewer. These plans look five years ahead and are approved by the Council.

Final Steps

- ◆ The City Manager and Executive Leadership Team review all budget requests, especially any ongoing costs, to make sure they're sustainable.
- ◆ Public input is invited at Council meetings and workshops.
- ◆ The final budget is adopted by the City Council through a formal vote.

This budget is both a financial tool and a communication guide to help the community understand how public dollars are used.

The following is a budget timeline of the process the city undergoes to get to an approved budget:

This timeline is used as a guide. The work items can be completed sooner if appropriate, but not later than the dates established by the Revised Code of Washington (RCW).

CITY BUDGET TIMELINE – AT A GLANCE

JULY – LAYING THE GROUNDWORK

- ◆ The Finance Department prepares the budget calendar and updates baseline budget estimates (revenues, expenses, staffing costs).
- ◆ City leadership holds a council workshop to set priorities for the upcoming budget.
- ◆ Department Directors review initial numbers, identify potential budget gaps, and recommend adjustments.

SEPTEMBER – PRIORITIES AND PROJECTS

- ◆ City Manager and leadership team finalize proposals for key initiatives and capital projects aligned with Council priorities.
- ◆ Updated revenue forecasts and fund balances are shared with City Council.
- ◆ City Manager and Finance Director host internal and external Budget Roadshow presentations to drum up public engagement
- ◆ City Manager and Finance Director take the budget message to our local radio station KPTZ.
- ◆ Financial Policies Update is approved by Council.

OCTOBER – PUBLIC ENGAGEMENT BEGINS

- ◆ 2026 Preliminary Budget presentation, Revenue Update.
- ◆ 2026 Capital Budget presentation.
- ◆ The draft Proposed Budget is released to leadership for review and comment.
- ◆ The first and second readings of the property tax ordinance are conducted.

NOVEMBER – BUDGET REFINEMENT

- ◆ A public hearing is held on the Preliminary Budget.
- ◆ Council begins reviewing the budget for the upcoming year.
- ◆ A public hearing is held for final 2026 Budget Adoption.

DECEMBER – FINAL ADOPTION

- ◆ The adopted budget is submitted to the State Auditor's Office and MRSC.

PRESENTATIONS ARE GIVEN AT EITHER 6:00PM COUNCIL MEETINGS OR 6:00PM COUNCIL WORKSHOPS WITH AT LEAST ONE OPPORTUNITY FOR PUBLIC COMMENT.

This budget document is used as a financial management tool and as a method of communicating the financial picture of the City of Port Townsend.

GOVERNMENTAL CASH BASIS ACCOUNTING

How the City Manages Your Tax Dollars

The City follows state law when it comes to budgeting and financial reporting. We use a method called cash basis accounting, as required by the Washington State Auditor's Office. This means we only count money when it actually comes in or goes out.

Each year, the City Council approves a budget that sets spending limits for different areas of city operations, called "funds."

To keep things on track, the Finance Director gives quarterly updates to the City Council. These updates show how much money has come in and how much has been spent, compared to the budget and to the same time last year. If there are major differences, the Finance Director explains why.

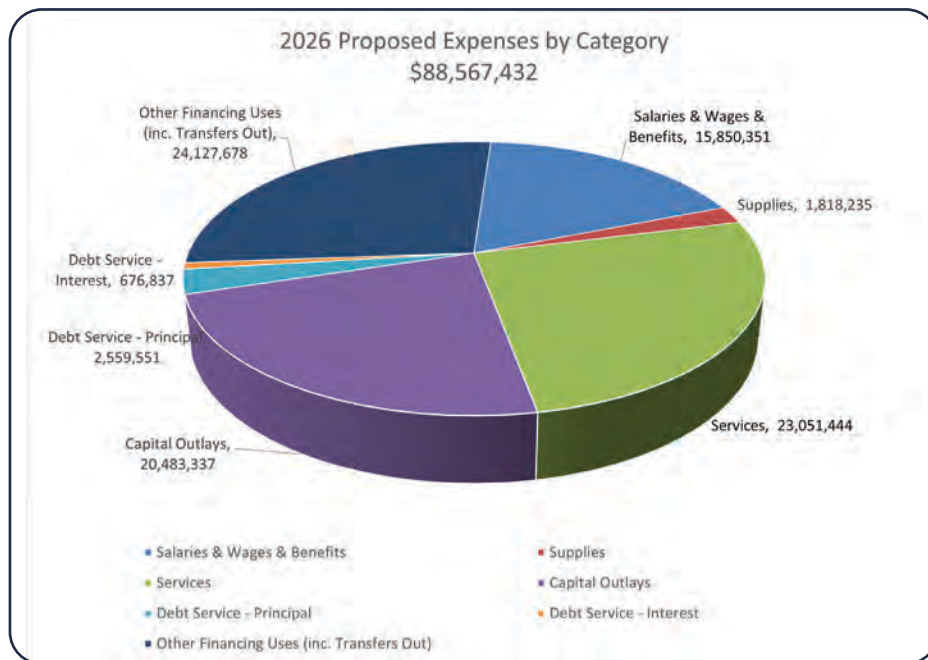
If departments need to shift money around within their budget, they work with the City Manager and Finance Director to make those changes. But they are still responsible for staying within the limits set by the Council.

If the City needs to make bigger changes to the overall budget, a budget amendment is created and must be approved by the City Council in a public meeting.

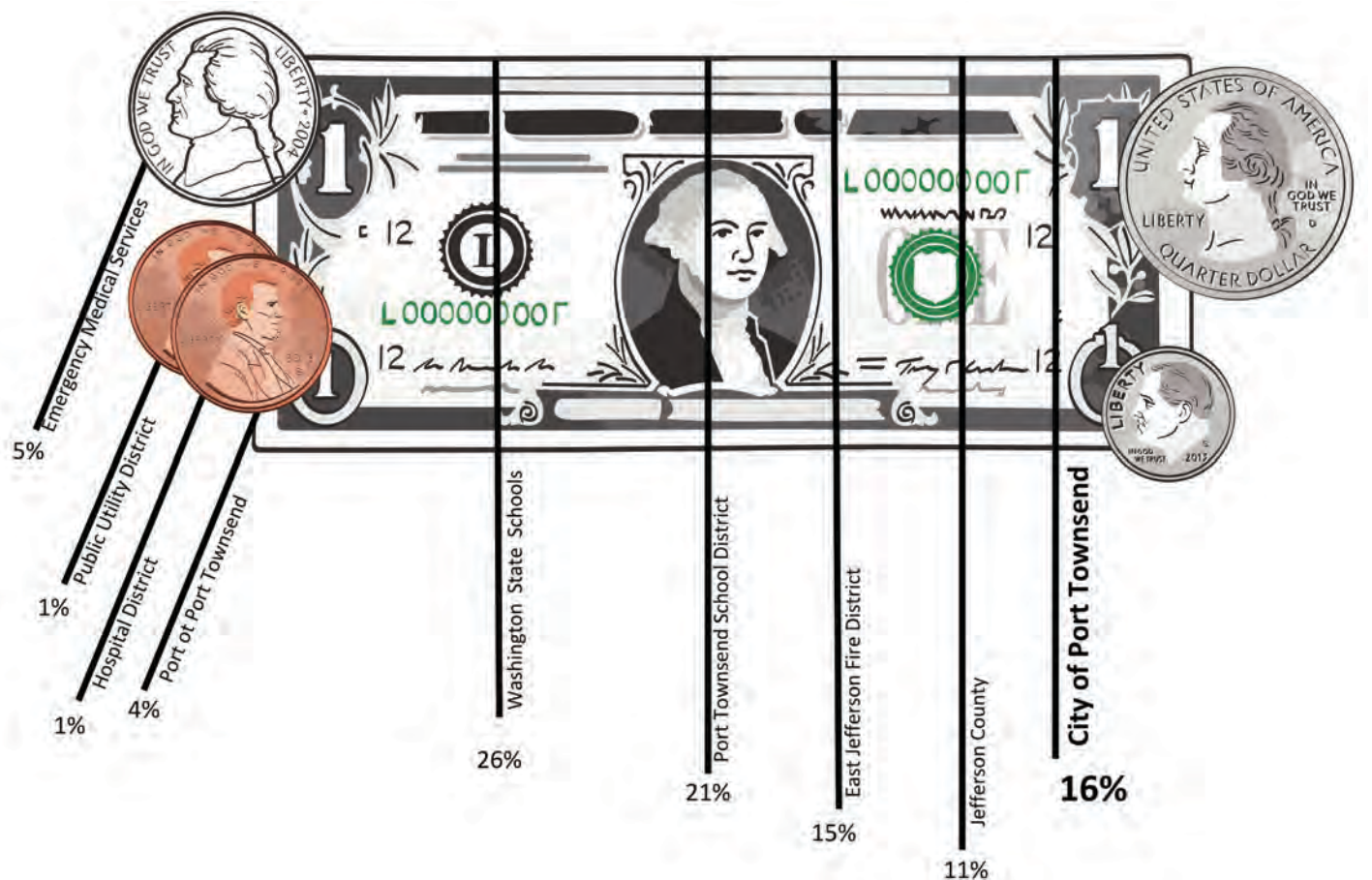
Who's Responsible for What in the City Budget?

ROLE	RESPONSIBILITY
City Council	Approves the budget and any major changes (amendments)
Finance Director	Tracks spending, prepares reports, explains differences, proposes amendments
City Manager	Oversees departments, works with Finance to manage budgets and proposes budget to council.
Department Directors	Manage their department's spending and stay within the approved budget

HOW WE FUND CITY SERVICES



YOUR PROPERTY TAXES: HOW THEY ARE ALLOCATED



CITY OF PORT TOWNSEND AT A GLANCE

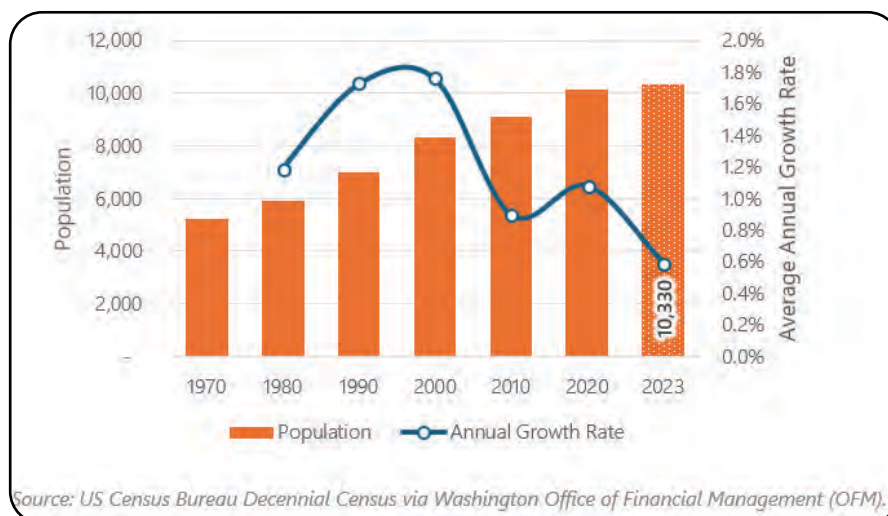
Port Townsend, located on Washington's Olympic Peninsula, is renowned for its Victorian architecture, maritime heritage, and vibrant arts scene. The city boasts a strong sense of community, a rich cultural life, and access to stunning natural landscapes, including nearby state parks and the Salish Sea.

Port Townsend's economy is anchored by its maritime heritage, healthcare services, and a dynamic creative sector. The Port Townsend Paper Mill stands as the largest private employer, though it is located outside the city limits. Jefferson Healthcare leads overall employment with its hospital and associated services. The marine trades industry is a significant economic contributor, supporting over 1,150 direct jobs and generating approximately \$336.7 million in economic activity within Jefferson County. Recent investments, such as a \$2.3 million grant for a new boat hoist at the Port of Port Townsend, aim to modernize maritime infrastructure, retain 171 jobs, and attract \$12 million in private investments (Source: Port Townsend Marine Trades Association-Economic Impact of The Marine Trades 2018).

The city's creative economy has gained recognition through the Port Townsend Creative District, established in 2020. This initiative supports local artists and has been honored with the 2024 Economic Opportunity Award for enhancing economic vitality through arts and culture.

Population Trends

Over the past decade, Port Townsend has experienced a small but steady growth in population. According to the U.S. Census Bureau, the population was 9,113 in 2010 and increased to 10,148 by the 2020 census. Estimates indicate continued growth, with a population of 10,502 as of July 1, 2023.



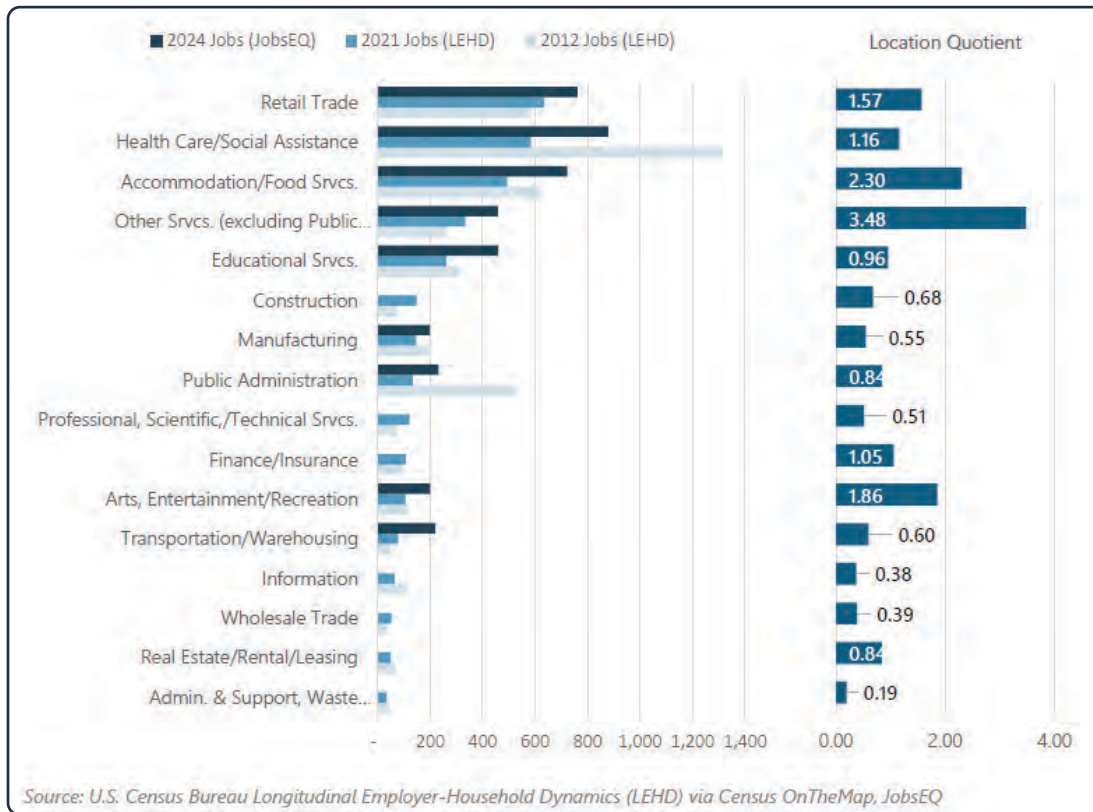
Top Employers

Port Townsend's economy is supported by a mix of healthcare, manufacturing, education, and tourism sectors. The top five employers in the city include:

1. **Jefferson Healthcare** – The largest employer, operating Jefferson Healthcare Hospital.
2. **Port Townsend School District** – Providing education through public schools in the area.
3. **City of Port Townsend** – Offering various municipal services and employment opportunities.
4. **Centrum Foundation** – A nonprofit organization supporting arts and education programs.
5. **Port Townsend Paper Mill** – Although the mill is located just outside city limits, it's the largest private employer in Jefferson County, contributing significantly to the local economy.

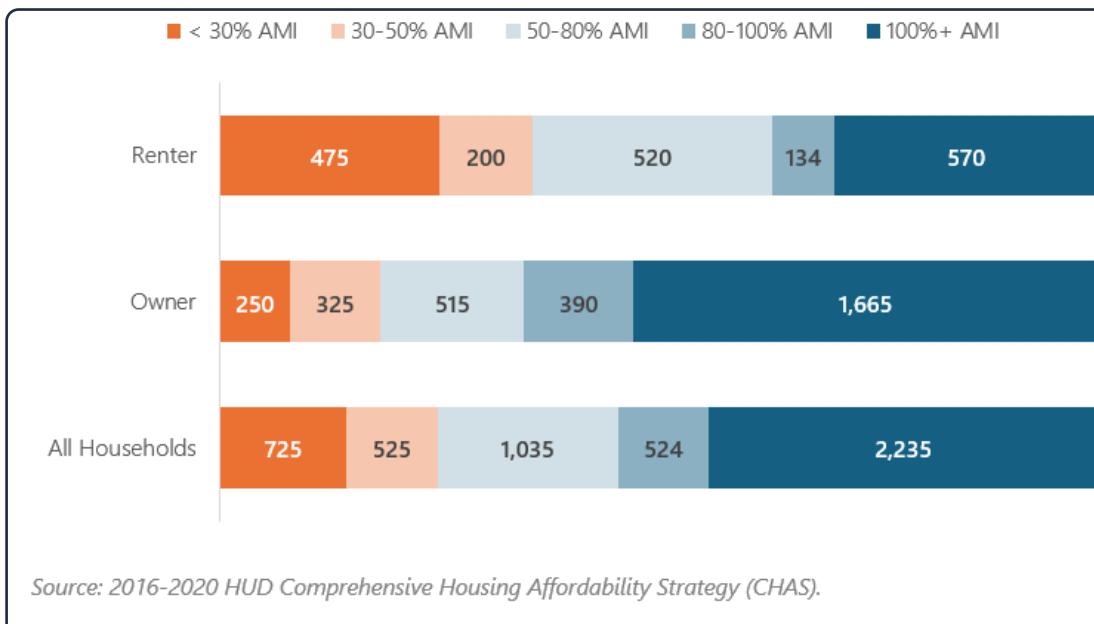
These organizations play a vital role in sustaining the city's economic health and community well-being.

Port Townsend Jobs by Sector, 2012–2021

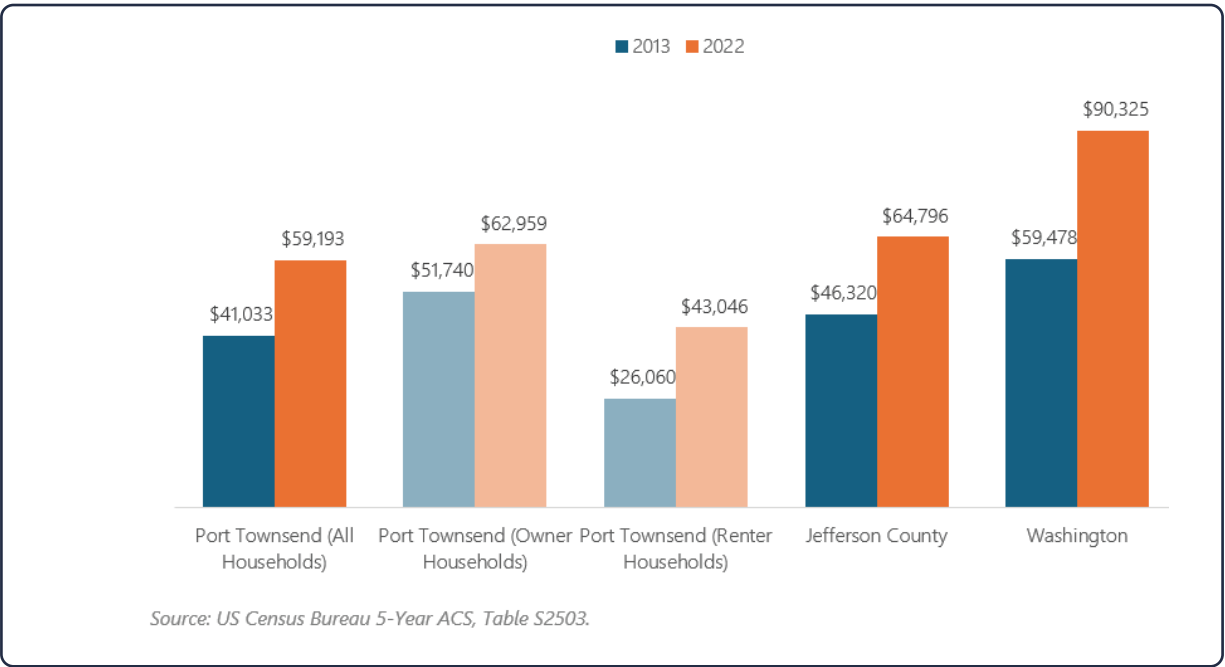


It should be noted that the job sectors reported by the U.S. Census Bureau do not include marine trades as their own category. Marine trades jobs are separated into other sectors, such as construction, manufacturing, and other sectors but constitute a significant employer and cultural force in Port Townsend.

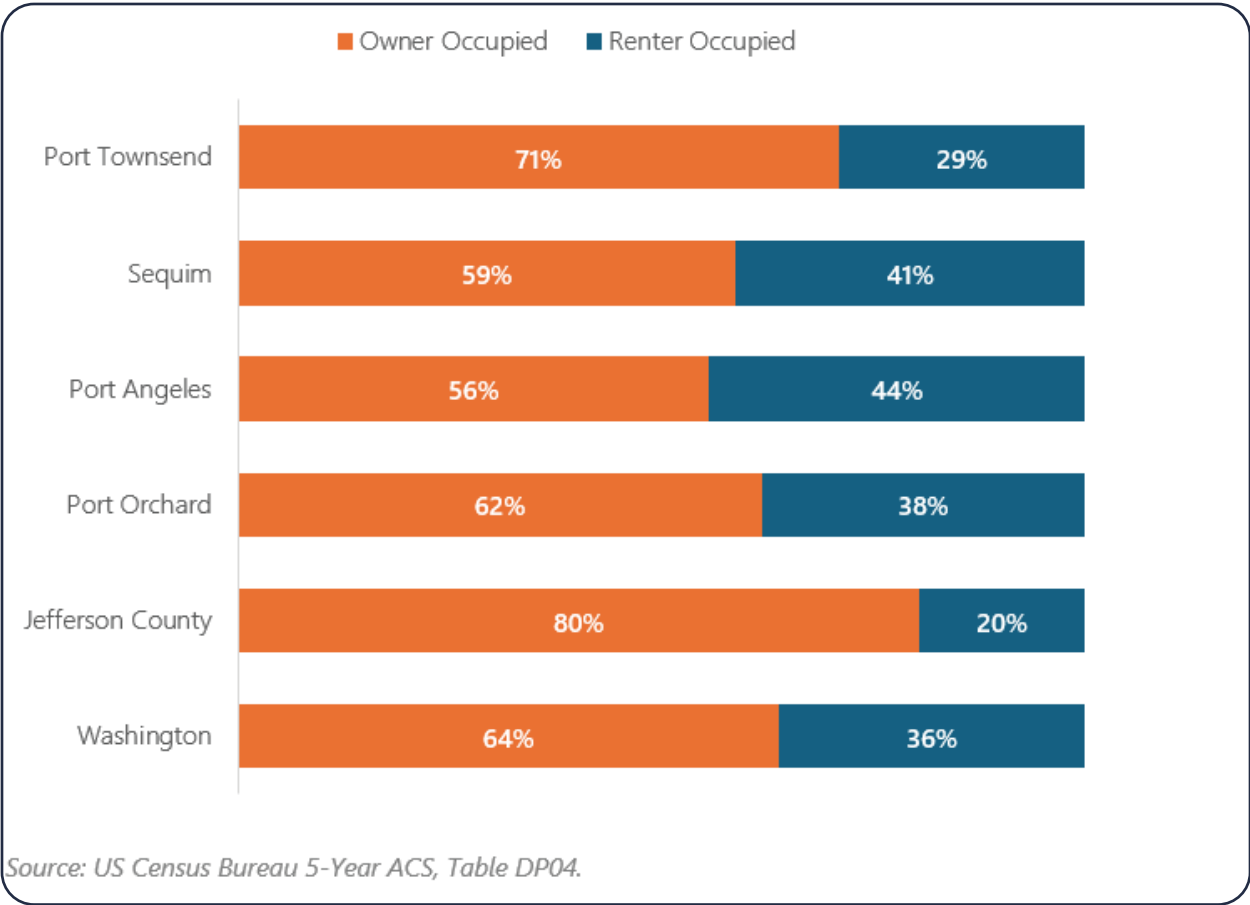
Household Income (as a percentage of AMI) by Tenure in Port Townsend, 2020



Median Household Income in Port Townsend with Regional Comparison, 2022



Households by Tenure in Port Townsend with Regional Comparison, 2022



STAFFING



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<i>2026 Salary Schedule...</i>	<i>76</i>

CITY OF PORT TOWNSEND - AUTHORIZED POSITIONS *					
Department/Division	2022	2023	2024	2025	2026
General Government					
City Manager	1.0	1.0	1.0	1.0	1.0
City Attorney	2.0	2.0	2.0	2.0	2.0
Communications & Marketing		1.0	1.0	1.0	1.0
Planning & Community Development	8.5	9.5	10.0	10.0	9.0
Finance, Utility Billing, Public Records	9.0	9.0	9.8	11.0	11.25
Police Admin & Operations	20.1	22.1	22.3	20.0	21.0
People & Performance, HR, City Clerk	4.0	5.0	4.8	3.5	3.5
Streets	1.7	1.7	1.9	2.10	2.1
ERR - Fleet & IT	3.0	3.0	4.0	4.0	4.0
Total General Government	49.3	54.3	56.8	54.6	54.9
Community Services					
Comm Svcs Administration	0.0	0.0	0.0	0.7	0.67
Arts & Culture	0.0	0.0	0.0	1.0	1.0
Facilities	3.5	3.5	5.5	4.9	4.9
Parks & Recreation	4.2	4.2	4.5	4.5	4.5
Library	8.9	8.9	8.9	8.0	8.13
Total Community Services	16.6	16.6	18.9	19.0	19.2
Public Works & Utilities (excl UB)					
Public Works Administration	2.5	2.5	3.5	2.5	2.75
Public Works Engineering	6.5	6.5	6.5	8.5	10.0
Utilities					
Water Distribution	5.0	5.0	5.0	6.75	7.00
Water Quality & Resource	4.0	4.0	4.0	3.45	4.20
Wastewater Collection	2.2	2.2	2.6	3.22	3.22
Wastewater Treatment	3.5	3.5	5.0	4.4	4.4
Biosolids	2.5	2.5	3.0	3.0	3.0
Stormwater	3.1	3.1	3.8	4.34	4.48
Total Public Works & Utilities	29.3	29.3	33.4	36.2	39.1
TOTAL CITY FTES	95.2	100.2	109.1	109.8	113.1
	Percentage Change				103%
Positions not currently counted as FTES	2022	2023	2024	2025	2026
Mayor/Council	7.0	7.0	7.0	7.0	7.0
<p>* Total FTEs does not include leave payouts or seasonal positions.</p> <p>By approving the budget Council authorizes the City Manager to adjust positions, duties & salaries within the number of FTEs & within the budgeted salaries & benefits amounts.</p>					

STAFFING AND COMPENSATION SUMMARY

The City of Port Townsend employs approximately **113.1** 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, 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.

Local Union 589 Police Officers Agreement 2024-2026 sets the 2026 COLA range for police at a contracted 3% increase, based on CPI-West, July to June.

The General Government Collective Bargaining Unit agreement expired December 31, 2024. Negotiations continued through most of 2025, and a new contract was adopted in August 2025 with a term of January 1, 2025 – December 31, 2027. The 2026 COLA is contracted at a 2.8% increase.

Changes to Councilmembers’ compensation were considered by an independent Salary Commission during the fall of 2021. Council compensation had not been changed since 2007.

- ◆ Effective January 1, 2026 – the Mayor’s monthly salary will be \$1,125
- ◆ Effective January 1, 2026 – each Councilmember’s monthly salary will be \$775

Council salaries increase in 2026. In 2028 a subsequent Salary Commission consideration is statutorily required. The process is defined in Port Townsend Municipal Code 2.90 Salary Commission.

City Council members are eligible to enroll in health benefits as part of the elected position group. Coverage is dependent on group participation, with minimum requirements for the group plan.

The 2026 budget reflects a total of **113.1** full-time equivalents (FTEs) excluding Councilmembers and seasonal staff. The FTE count reflects an increase of 1 position, with a new police clerk taking the place of a vacant officer position.

Additions include:

- ◆ Community Services – 0.5 Part Time Seasonal Custodial
- ◆ Finance – 0.5 Temporary Part Time Public Records (continuation of 2025)
- ◆ Police – 1 Full Time Records Clerk
- ◆ Public Works Engineering – 0.5 Temporary Inspector
- ◆ Public Works Water Resources – 1 Full Time Water Hybrid Operator OGWS

Despite these additions, 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 is a key focus area of the report delivered by the Financial Sustainability Task Force.

CITY OF PORT TOWNSEND
NON-BARGAINING EMPLOYEE POSITION CLASSIFICATION SALARY SCHEDULE
BUDGET 2026, Salary Schedule effective January 1, 2026

	Elected Officials		
	Classification	Minimum	Maximum
	Mayor	\$ 13,500	\$ 13,500
	Councilmembers	\$ 9,300	\$ 9,300
	Non Represented Employees		
Range	Classification	Step 1	Step 9
600	City Manager	\$ 244,311	\$ 244,311
631	City Attorney	\$ 154,915	\$ 192,094
631	Chief of Police	\$ 154,915	\$ 192,094
630	Public Works Director	\$ 147,538	\$ 182,947
630	Finance and Technology Director	\$ 147,538	\$ 182,947
629	Planning & Community Development Director	\$ 140,512	\$ 174,235
629	Community Services Director	\$ 140,512	\$ 174,235
628	Deputy Police Chief	\$ 133,821	\$ 165,938
628	Deputy Public Works Director/City Engineer	\$ 133,821	\$ 165,938
627	Deputy Public Works Director/Engineering Svcs Mgr	\$ 127,449	\$ 158,037
627	Director of People & Performance	\$ 127,449	\$ 158,037
627	City Engineer	\$ 127,449	\$ 158,037
626	Assistant City Engineer	\$ 121,380	\$ 150,511
625	Prosecuting Atty/Asst City Attorney	\$ 115,600	\$ 143,344
625	Human Resources Manager	\$ 115,600	\$ 143,344
625	Communications & Marketing Director	\$ 115,600	\$ 143,344
624	Planning Manager	\$ 110,095	\$ 136,518
624	Civil Engineer III	\$ 110,095	\$ 136,518
624	Public Works Operations Manager - Streets	\$ 110,095	\$ 136,518
624	PW Ops Manager - Water	\$ 110,095	\$ 136,518
624	PW Ops Manager - WWTP	\$ 110,095	\$ 136,518
623	Library Director	\$ 104,852	\$ 130,017
623	Finance Manager	\$ 104,852	\$ 130,017
623	Building Official	\$ 104,852	\$ 130,017
623	Project Manager III	\$ 104,852	\$ 130,017
622	Parks & Facilities Manager	\$ 99,859	\$ 123,826
622	Communications & Marketing Manager	\$ 99,859	\$ 123,826
622	Civil Engineer II	\$ 99,859	\$ 123,826
622	Accounting Manager	\$ 99,859	\$ 123,826
622	City Clerk	\$ 99,859	\$ 123,826
621	Project Manager II	\$ 95,104	\$ 117,929
620	Library Manager - Public & Tec Svs	\$ 90,575	\$ 112,314
620	Library Manager - Youth Services	\$ 90,575	\$ 112,314
620	Senior Planner	\$ 90,575	\$ 112,314
620	Civil Engineer I	\$ 90,575	\$ 112,314
620	Finance & Budget Analyst	\$ 90,575	\$ 112,314

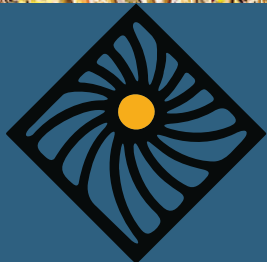
618	Civil Engineer EIT	\$	82,155	\$	101,872
618	Arts & Culture Coordinator	\$	82,155	\$	101,872
617	Public Records Officer	\$	78,243	\$	97,021
617	Human Resources Specialist or Generalist	\$	78,243	\$	97,021
617	Executive Assistant to City Manager	\$	78,243	\$	97,021
616	Payroll Administrator	\$	74,517	\$	92,401
616	Deputy City Clerk	\$	74,517	\$	92,401
616	Legal Assistant	\$	74,517	\$	92,401
616	Legal Assistant/Deputy Clerk	\$	74,517	\$	92,401
615	Executive Assistant to Chief of Police	\$	70,968	\$	88,001
612	Housing Grants Coordinator	\$	61,305	\$	76,018
610	Navigator (Limited Term)	\$	55,605	\$	68,951
Hourly Part-Time Positions					
612	Human Resources Assistant	\$	29.53	\$	36.62
603	Library Courier	\$	19.04	\$	23.60
601	Library Page	\$	17.27	\$	21.41
	Reserve and Seasonal Positions <i>** Seasonals not included in Total FTE count</i>				
	Seasonal Workers	\$	17.27	\$	21.41

CITY OF PORT TOWNSEND			
UNION/REPRESENTED EMPLOYEE POSITION CLASSIFICATION SALARY SCHEDULE			
BUDGET 2026, Salary Schedule effective January 1, 2026			
Grade	Union/Represented Employees Classification	Minimum/hr	Maximum/hr **
31	IT Network Administrator	\$ 48.01	\$ 54.49
29.5	Accountant	\$ 41.40	\$ 46.97
29.3	Associate Planner	\$ 39.95	\$ 48.33
29.3	GIS III	\$ 39.95	\$ 48.33
29	Master Electrician	\$ 39.18	\$ 44.50
29	Crew Chief	\$ 39.18	\$ 44.50
25	IT Technical Support	\$ 38.46	\$ 43.73
23	Building Inspector	\$ 37.55	\$ 42.67
23	Code Compliance Officer	\$ 37.55	\$ 42.67
23	Public Works Inspector	\$ 37.55	\$ 42.67
23	Crew Chief Apprentice	\$ 37.55	\$ 42.67
23	GIS II	\$ 37.55	\$ 42.67
23	Journey-level Electrician	\$ 37.55	\$ 42.67
23	Project Accounting Specialist III	\$ 37.55	\$ 42.67
21	Operator II	\$ 36.46	\$ 41.41
21	Police Records Lead	\$ 36.46	\$ 41.41
19	Assistant Planner	\$ 35.86	\$ 40.72
19	Finance Specialist	\$ 35.86	\$ 40.72
19	Land Use Specialist	\$ 35.86	\$ 40.72
19	Project Accounting Specialist II	\$ 35.86	\$ 40.72
19	Purchasing/Contracts Specialist	\$ 35.86	\$ 40.72
17	Mechanic	\$ 34.80	\$ 39.55
15	Apprentice Electrician	\$ 34.04	\$ 38.52
15	Operator I	\$ 34.04	\$ 38.52
15	Finance Technician	\$ 34.04	\$ 38.52

13	Finance Tech III	\$	30.69	\$	34.84
13	Associate Librarian	\$	30.69	\$	34.84
13	Police Clerk	\$	30.70	\$	34.84
13	Public Works/Engineering Support Specialist III	\$	30.70	\$	34.84
13	Permit Technician III	\$	30.70	\$	34.84
13	Project Accounting Specialist I	\$	30.70	\$	34.84
13	Utility Billing / Collection Specialist	\$	30.70	\$	34.84
13	Public Experience Liaison Coordinator	\$	30.70	\$	34.84
11	Parks, Rec & Comm Services Admin Support Spec	\$	28.50	\$	32.27
11	Public Experience Liaison	\$	28.50	\$	32.27
11	Permit Technician II	\$	28.50	\$	32.27
11	GIS I	\$	28.50	\$	32.27
9	Community Services Officer	\$	27.98	\$	32.00
9	Finance Tech II	\$	27.98	\$	32.00
9	Maintenance Worker	\$	27.98	\$	32.00
9	Permit Technician I	\$	27.98	\$	32.00
9	Public Works/Engineering Support Specialist II	\$	27.98	\$	32.00
9	Library Associate	\$	27.98	\$	32.00
7	Maintenance Worker Apprentice	\$	27.06	\$	30.74
7	GIS Apprentice	\$	27.06	\$	30.74
7	Administrative Assistant	\$	27.06	\$	30.74
7	Facilities Custodian	\$	27.06	\$	30.74
7	Finance Tech I	\$	27.06	\$	30.74
6	Library Assistant II	\$	23.24	\$	26.10
5	Library Assistant	\$	22.14	\$	24.86
	Police Officer	\$	41.53	\$	47.67
A	Police Officer Entry Level	\$	37.39		
	Sergeant	\$	53.40	\$	58.40



Appendix



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SUMMARY CAPITAL PROJECTS

All Capital Projects					
Revenue		2025 YE Est.	2026 Budget	Future	Total
	ARPA	12,000	-	-	12,000
	Bond	2,033	176,907	-	178,940
	City Funds	4,289,209	14,845,041	8,781,471	27,915,720
	Grant	5,873,698	8,399,674	12,580,986	26,854,358
	Grant/Loan	144,332	119,978	1,718,000	1,982,310
	Other (Misc.)	100,000	-	-	100,000
	Other Contributions/Donation	-	186,500	-	186,500
Total Revenue		10,421,271	23,728,101	23,080,456	57,229,828
Total Expense		8,355,647	24,338,474	23,080,456	55,774,577
Difference		2,065,624	(610,373)	-	1,455,251

See pages [45 and 46](#) for a breakdown by project types.

Individual projects budgets can be found here: [2026 Capital Budget Sheets](#)

FINANCIAL POLICY

The City of Port Townsend has adopted financial policies. The detailed financial policies and goals can be found in the City's Financial Management Policies document, last updated by Ordinance 3343 on December 2, 2024 during the budget process.

PURCHASING POLICY

The City of Port Townsend has adopted a purchasing manual. The detailed purchasing guidelines can be found in the City of Port Townsend Purchasing Manual, last updated by Ordinance 3343 on December 2, 2024 during the budget process.

ORDINANCE NO. 3359

AN ORDINANCE ADOPTING THE BUDGET FOR THE CITY OF PORT TOWNSEND, WASHINGTON, FOR THE FISCAL YEAR ENDING DECEMBER 31, 2026

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, 2026 (the "2026 Preliminary Budget"), and a notice was published that the City Council would conduct a public hearings on November 10th and the 17th of November 2025 at 6:00 p.m., at City Hall for the purpose of receiving public testimony regarding the preliminary budget for the 2026 fiscal year; and

WHEREAS, the City Council held a public hearing on November 10, 2025 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 17, 2025, to consider the 2026 Final Budget and receive further public comment, and made adoptions and changes, as it deemed necessary and proper; and

WHEREAS, the 2026 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 2026 Final Budget, and the estimated expenditures in each fund set forth in the 2026 Final Budget are all necessary to carry on the government of the City for fiscal year 2026, 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:

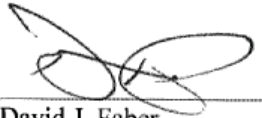
Section 1. The budget for the City of Port Townsend, Washington, for the fiscal year 2026, is hereby adopted at the fund level as set forth in the document entitled "City of Port Townsend Final Budget 2026," a copy of which has been and now is on file with the office of the City Clerk, and by this reference 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 2026, 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 2026 budget year.

Section 3. The City Clerk is directed to transmit a certified copy of the City of Port Townsend Final Budget 2026 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 Townser
held this 17th day of November 2025.


David J. Faber
Mayor

lar meeting thereof,


Alyssa Rodrigues
City Clerk

GLOSSARY

Adopted budget

Financial program that forms the basis for appropriations. Adopted by governing body.

Agency Fund

A fund set up to account for assets held by the City in a trustee capacity; for example, the Firemen's Pension Fund.

Allocate

To divide a lump-sum appropriation which is designated for expenditure by specific organization units and/or for specific purposes, activities, or objects.

Appropriation

An authorization made by the legislative body of a government which permits officials to incur obligations against and to make expenditures of governmental resources. Specific appropriations are usually made at the fund level and are granted for a one-year period.

Assessed Value

Value set on real and personal taxable property as a basis for levying taxes.

Assets

Resources owned or held by the City which possess a monetary value.

Audit

Conducted by the Washington State Auditor's Office, the primary objective of an audit is to determine if the City's Financial Statements present the City's financial position fairly and results of operations are in conformity with generally accepted accounting principles.

Balanced Budget

A budget in which planned expenditures do not exceed projected funds available.

Bond

A written promise to pay a specified sum of money, called the face value or principal amount, at a specified date or dates in the future, called the maturity date, together with periodic interest at a specified rate.

Budget

A written report showing the local government's comprehensive financial plan for one or two fiscal years. It includes a balanced statement of actual revenues and expenditures during each of the last two years, estimated revenues and expenditures, as budgeted, for the current and upcoming year.

Budget Document

The compilation of the spending plans for the various funds, along with supporting schedules, tables, and charts which, in total, comprises the annual revenue and expenditure plan.

Budget Message

A written explanation of the budget and the local government's financial priorities. This message was prepared by the City Manager, the executive officer of the governing body.

Capital Outlay

Items which generally have a useful life of one or more years, such as machinery, land, furniture, equipment or buildings.

Comprehensive Plan

The plan, or portions thereof, which has been adopted by the City Council. It is a land use policy statement that guides future growth of the City.

GLOSSARY

Contractual Services

Services rendered to City activities by private firms, individuals, or other governmental agencies. Examples of these services may include street maintenance, engineering, law enforcement, and city attorney services.

Debt Service Fund

A fund used to account for the monies set aside for the payment of interest and principal to holders of City Debt. There are two debt service funds, one for the Unlimited General Obligation Bonds of the City, and the other for all other City debt.

Department

A major organizational unit of the City which has been assigned overall management responsibility for an operation or a group of related operations within a functional area.

Depreciation

- (1) Expiration in the service life of capital assets attributable to wear and tear, deterioration, action of the physical elements, inadequacy, or obsolescence.
- (2) That portion of the cost of a capital asset which is charged as an expense during a particular period.

Designated Fund Balance

A portion of unreserved fund balance designated by City policy for a specific future use.

Encumbrances

Obligations in the form of purchase orders, contracts or salary commitments which are chargeable to an appropriation and for which a part of appropriation is reserved. When paid, the encumbrance is liquidated.

Enterprise Funds

Funds established to finance and account for the acquisition, operation, and maintenance of governmental facilities and services which are entirely or predominately self-supporting by user charges and fees.

E.R.P. / ERP / Enterprise Resource Planning Software

Software incorporating multiple systems for daily business operations into an integrated database with consistency in user-interface. Systems include core functions like financials, human resources, project management, customer service, and managerial functions like budgeting. Modern systems are frequently cloud-based or subscription-based Software-as-aService (SaaS).

Estimated Beginning / Change / Ending Fund Balance

These numbers are provided to give the user a feel for the financial position and the expected or anticipated change in the Fund's condition. Some of the numbers are updated after adoption of the budget appropriations resulting in occasional discrepancies from the adopted numbers. In some cases, even though the City has budgeted an amount and authorized expenditures, the City does not expect to spend all amounts appropriated. The table reflects the estimates only, and not actual amounts nor the legal appropriation amounts authorized by the City Council.

Exempt

Personnel not eligible to receive overtime pay and who are expected to put in whatever hours necessary to complete their job assignments. The respective department head, as partial compensation for hours worked, may allow compensatory time off.

Expenditures

The outflow of funds paid or to be paid for an asset obtained or goods and services obtained regardless of when the expense is actually paid. This term applies to all funds.

F.T.E.s / FTEs / Full-Time Equivalent

The combination of one or more employees whose work hours equal that of a full-time position, normally 40 hours/week, 52 weeks/year.

GLOSSARY

Fiscal Year

A 12 month period to which the annual operating budget applies and at the end of which a government determines its financial position and the results of its operations. (January 1 through December 31 for the City of Port Townsend)

Fixed Assets

Assets of a long-term character which are intended to continue to be held or used, such as land, buildings, improvements other than buildings, machinery and equipment that have a value of \$5,000 or more and that have a life over one year.

Franchise Fee

A franchise fee is charged for the privilege of using public right-of-way and property within the City for public or private purposes. The City currently assesses franchise fees on cable television, natural gas, and solid waste.

Fund

A fiscal and accounting entity with self balancing accounts to record cash and other financial resources, related liabilities, balances and changes, all segregated for specific, regulated activities, and objectives.

Fund Balance

The excess of a fund's total assets over its total liabilities. A negative fund balance is often referred to as a deficit.

Funding

Provides budgetary resources to cover the total cost of a program or project at the time it is undertaken.

General Fund

Financial transactions relating to all governmental activities for which specific types of funds are not required are recorded in a General Fund. This fund is used for all receipts not dedicated for a specific purpose.

Governmental Funds

Funds through most governmental functions are financed. The fund types included in the category are general, special revenue, capital projects, debt service and special assessment funds.

Grant

Contributions of cash or other assets from another governmental agency to be used or expended for a specified purpose, activity, or facility.

Growth Management

State requirements related to development and its impact on public infrastructure.

Impact Fee

A fee charged on new development to finance required infrastructure such as roads, parks, schools, and fire facilities.

Infrastructure

That portion of a city's assets located at or below ground level, including the water system, sewer system, and streets.

Interfund Transactions

Amounts distributed from one fund to finance activities in another fund. Shown as an expenditure in the originating fund and a revenue in the receiving fund.

Internal Service Fund

A fund which provides services to other city divisions and bills the various other funds for services rendered.

Investment Revenue

Revenue received as interest from the investment of funds not immediately required to meet cash disbursement obligations.

GLOSSARY

Legacy Standards

The casual reference name given to the complete package of revisions to the development standards to assure an elevated quality of new development as well as recognize the need to provide opportunity for new and innovative types of development.

L.E.O.F.F./LEOFF/Law Enforcement Officers' and Fire Fighters' Retirement System

Law Enforcement Officers' and Fire Fighters' Retirement System.

Liabilities

Debt or other legal obligations arising out of transactions in the past which must be liquidated at some future date. This term does not include encumbrances.

N.P.D.E.S./NPDES/National Pollutant Discharge Elimination System

The Clean Water Act prohibits an agency from discharging pollutants into the watershed unless they have an NPDES permit. The permit regulates what pollutants can be discharged from the treatment system, and at what concentrations.

Non-Exempt

Personnel eligible to receive overtime pay when overtime work has been authorized or requested by the supervisor.

Objective

Something worked toward and listed in the budget as anticipated for accomplishment in the budget year.

P.E.R.S./PERS/Public Employees' Retirement System

Public Employees' Retirement System

Proposed Budget

Financial and operating program prepared by the City's administration, submitted to the public and the City Council for review.

R.C.W./RCW/Revised Code of Washington

Revised Code of Washington which contains all laws of

a general and permanent nature enacted by the State.

Replacement Cost

The cost of an asset which can render similar service (but which need not be the same structural form) as the property to be replaced.

Reserve

An account used to indicate that a portion of fund resources is restricted for a specific purpose or is not available for appropriation and subsequent spending.

Revised Budget

A balanced budget as revised and approved by the City Council.

Special Revenue Funds

Special Revenue Funds are established only for special tax levies and other dedicated revenues whenever required by statutes, charter provisions, or the terms under which revenue is dedicated.

S.D.C./SDC/System Development Charge

A fee charged on new development to finance required water, sewer, and drainage infrastructure.

Tax Rate

A percentage applied to all taxable property to raise general revenues. It is derived by dividing the total tax levy by the taxable net property valuation.

Taxes

Compulsory charges levied by a government for the purpose of financing services performed for the common benefit.

W.A.C./WAC/Washington Administrative Code

Laws adopted by State agencies to implement State Legislation.

W.C.I.A./WCIA/Washington Cities' Insurance Authority

The insurance provider for the City of Port Townsend