



2018 Budget

CITY OF PORT TOWNSEND, WASHINGTON

2018 CITY MANAGER BUDGET MESSAGE

This budget message provides details regarding the City Manager's 2018 Proposed Budget, a summary of the 2017 Supplemental Budget request, and links to the 2016 Audited Financial Statements.

FINANCIAL PERFORMANCE HIGHLIGHTS

2016 AUDITED FINANCIAL STATEMENTS

The City successfully completed two audits in 2017. Audits of the 2016 financial statements and a Single Audit related to federal grant funded projects were both completed in mid-August by the State Auditor. No findings or management letter comments were received. The 2016 financial results were positive, with a \$254,000 increase in the general fund ending fund balance. Financial results for each of the funds met or exceeded the City Council's financial policy targets except for the Contingency Fund. The Contingency Fund transferred \$50,000 to the Community Services Fund for an emergency boiler repair at Mountain View in late 2016. The Community Services Fund plans to repay the Contingency Fund during 2017 (appropriation is included in the supplemental 2017 budget proposal), bringing this fund back into compliance with its reserve target.

The 2016 audit reports can be located on the City's website:

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

And on the Washington State Auditor's website:

<http://portal.sao.wa.gov/ReportSearch/Home/ViewReportFile?arn=1019516&isFinding=false&sp=false>

2017 S&P RATING UPGRADE

During the first quarter of 2017, the City sold Limited Tax General Obligation and Refunding Bonds to refinance its 2008 bonds and to generate additional proceeds for sidewalk improvements, repaving Water Street, rehabilitating the Carnegie Library and other capital purposes. The City applied to S&P Global Ratings (S&P) for a rating on these bonds. Based on the overall strength of the City's local economy, city policies and practices, management and financial performance, S&P upgraded the City's bond rating from A+ to AA-. This is an excellent rating and aided in keeping the interest rates low on the bond sale.

2017 BUDGET OVERVIEW

Throughout 2017, the City has continued to benefit from the improving economic climate through strong sales tax, business and occupational tax, licensing and permitting activity. Construction activity continues to be the largest contributor to these increases. Projects that began prior to 2017 and completed during 2017 included the Building 202 project at Fort Worden, Howard/Rainier Street extension and the City's own water treatment plant and reservoir projects. Additional large construction projects in the City during 2017 included the maintenance building at Fort Worden and the start of construction of the new Salish Elementary School. However, delays in the start of 2017 projects have caused sales tax revenues for 2017 to come in slightly lower than the adopted budget amount.

Development services revenues (largely permitting), business and occupational tax revenues, Real Estate Excise Tax (REET) and lodging tax revenues are estimated at or above 2017 adopted budget levels. 2017 permitting activity included \$45,000 for the permit for Salish Elementary School and is projected to exceed budget. Business and occupational tax revenues are on budget for 2017. Real Estate Excise Tax (REET) revenues continue to reflect the strong City real estate market and are projected to exceed budget by just over 30%. Lodging Tax revenues reflect a more modest increase at \$20,000, or 4.4% above budget.

The 2017 adopted budget included modest service restorations and enhancements with staffing additions budgeted in Police Administration, Public Works Administration and Community Services - Pool/Parks.

A full time Executive Assistant for the Police Chief was hired to handle administrative duties including assisting the chief with personnel matters, scheduling, budget management, invoice coding, expenditure tracking and administering travel arrangements and reimbursements. This position was filled in the first quarter of 2017.

Public Works Administration added a permit technician to work at the Development Services counter. This full-time position supports public works development review and permit processing. This position was filled in early 2017.

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

The Parks department added part-time seasonal workers (0.84 full time equivalents) for 2017 to cover increased maintenance activity during April through September.

Operating and capital expenditures continue to be closely monitored. The supplemental budget proposal includes requests for additional appropriations for items

that could not be identified or quantified at the time the 2017 budget was prepared. The City Council approved several significant appropriations during the year. These include:

Loan to Homeward Bound – The City’s General Fund provided a \$250,000 loan to Homeward Bound to facilitate the acquisition, movement and placement of a four-plex from Victoria, British Columbia to Port Townsend to be used for affordable housing. The loan was established as short term financing to allow Homeward Bound time to acquire permanent financing for the project. The loan matures in December of 2017 but will likely need to be extended into 2018. City staff will be requesting an inter-fund loan from the Transmission Line Fund to the General Fund in November 2017.

Howard Street sub area plan and staff support – In February 2017, the City Council approved the addition of the Howard Street/Sims Way Corridor Subarea plan to the 2017 Comprehensive Plan annual update process. In May 2017, the City Council authorized staff to retain AHBL to assist in engaging and capturing the community’s vision for this area and to transform that vision into the subarea plan. The 2017 cost for AHBL’s work and the temporary staff support hired to spearhead this project is included in the supplemental budget at \$165,725.

2015 General Government Bonds - In February 2017, the City sold Limited Tax General Obligation and Refunding Bonds (Series 2017A Bank Qualified and Series 2017B Taxable). The bond sale generated bond proceeds of \$3,200,000. The accounting treatment for bond proceeds and issuance costs requires the recognition of the receipt of these funds as a revenue and the transfer of the funds to the project fund as an expense. The 2017 supplemental budget includes the activity in the Debt Service Fund related to these additional accounting entries.

Additional proposed supplemental budget *general government* appropriation items include:

- Grant to Homeward Bound for start-up/administrative costs
- Plan review and inspection services consulting – staff vacancy coverage
- Overtime coverage provided by Jefferson County Sherriff’s Department
- Propane cost increases at Mountain View and City Hall
- Employee self-service software
- Street improvements funded through a TIB grant
- Hotel Vacancy study, Performing Arts study and tourism promotion funded by Lodging Tax revenues
- General Government Debt Refinancing Costs and Project Fund Transfers to Capital Project Fund

Proposed supplemental budget *enterprise fund* appropriation items include:

- Transfer of System Development Fund reserves to the Water/Sewer Capital Fund to fund a portion of the City match for the new treatment facility and 5mg reservoir projects

- Capital project costs for the new treatment facility and 5mg reservoir projects that were appropriated in 2016 but not spent until 2017
- Inter-fund loan from the Transmission Line Fund to the General Fund related to the original loan from the General Fund to Homeward Bound

Proposed supplemental budget *internal service fund* appropriation items include:

- Civil engineer hired to assist with capital project management
- Additional project management costs for the close-out of the new treatment facility and 5mg reservoir projects
- Recruiting costs and Public Works Director salary related to the pending retirement of the current Public Works Director

2017 sales tax revenue projections identified \$163,600 of “one time” construction related tax revenue to be earmarked for two police vehicles. With 2017 retail sales tax activity currently projected at approximately \$50,000 lower than budget, the purchase of the police vehicles *has not* been made in 2017.

The City proposed 2017 Supplemental Budget Fund summary is listed below:

**City of Port Townsend
Projected 2017 Fund Summary - Supplemental Budget**

	2016	2017	2017	2017	2017	2017	2017	2017	2017
	Ending Fund Balance	Adopted Revenues	Amended Revenues	Adopted Expenses	Amended Expenses	Adopted Rev vs. Exp	Amended Rev vs. Exp	Proposed Supplemental Appropriation	2017 Projected Ending Fund Balance
GENERAL FUND	1,421,391	8,291,055	8,589,942	8,283,495	8,560,864	7,560	29,078	277,369	1,450,469
Drug Enforc. / Contingency	120,836	500	50,500	-	-	500	50,500	-	171,336
Street	304,941	817,049	867,547	813,216	865,941	3,833	1,606	52,725	306,547
Library	205,696	1,051,255	1,050,919	1,041,019	1,036,496	10,236	14,423	-	220,119
Real Estate Excise Tax	179,940	460,100	600,900	460,000	606,000	100	(5,100)	146,000	174,840
Lodging Tax	177,611	460,000	480,000	433,734	480,000	26,266	-	46,266	177,611
Fire / EMS	15,887	2,317,808	2,317,766	2,317,194	2,317,194	614	572	-	16,459
Affordable Housing	40,780	10,000	10,200	10,000	40,000	-	(29,800)	30,000	10,980
Community Development Block Grant	148,159	17,421	20,219	15,245	15,245	2,176	4,974	-	153,133
Community Services	125,939	1,806,242	1,871,190	1,803,972	1,925,969	2,270	(54,779)	121,997	71,160
TOTAL SPECIAL REV FUNDS	1,319,787	6,940,375	7,269,241	6,894,380	7,286,845	45,995	(17,604)	396,988	1,302,183
DEBT SERVICE FUND	71,096	1,592,003	5,000,186	1,585,565	4,987,702	6,438	12,484	3,402,137	83,580
General Capital	1,309,017	2,375,876	3,425,600	3,575,676	1,702,881	(1,199,800)	1,722,719	-	3,031,736
Street Capital	(116,722)	3,969,409	3,824,584	3,969,284	3,739,176	125	85,408	-	(31,313)
CAPITAL PROJECTS FUNDS	1,192,296	6,345,285	7,250,184	7,544,960	5,442,057	(1,199,675)	1,808,127	-	3,000,423
System Development	1,997,066	304,000	391,760	-	687,000	304,000	(295,240)	687,000	1,701,826
Water / Sewer Operations	3,018,070	5,708,223	5,715,816	5,691,098	5,753,353	17,125	(37,537)	62,256	2,980,533
Water / Sewer Capital	1,993,822	6,682,013	5,423,439	4,515,049	7,308,750	2,166,964	(1,885,311)	2,793,701	108,511
Storm Operations	76,245	560,900	560,900	487,098	478,005	73,802	82,895	-	159,140
Storm Capital	126,627	1,344,050	600,600	1,330,000	640,000	14,050	(39,400)	-	87,227
ENTERPRISE FUNDS	7,211,830	14,599,186	12,692,515	12,023,245	14,867,108	2,575,941	(2,174,593)	3,542,956	5,037,237
Public Works Admin	40,295	505,979	490,419	505,880	530,119	99	(39,700)	24,239	595
Equipment Rental & Replacement	790,921	887,516	877,863	920,533	982,600	(33,017)	(104,737)	62,067	686,185
Engineering Services	175,382	944,250	1,039,630	887,921	1,003,088	56,329	36,542	115,167	211,924
Unemployment Self-Insurance **	24,732	3,050	30,825	3,000	30,640	50	185	27,640	24,917
INTERNAL SERVICE FUNDS	1,031,330	2,340,795	2,438,737	2,317,334	2,546,447	23,461	(107,710)	229,113	923,620
Firemen's Pension	226,297	35,885	35,885	34,006	31,487	1,879	4,398	-	230,695
Agency / Refundable Deposits	65,542	170	-	-	-	170	-	-	65,542
Memorial Fund	2,549	-	-	-	-	-	-	-	2,549
Golf Course Fund	37,297	12,000	12,000	18,698	9,698	(6,698)	2,302	-	39,599
FIDUCIARY FUNDS	331,685	48,055	47,885	52,704	41,185	(4,649)	6,700	-	338,385
GRAND TOTAL	12,579,414	40,156,754	43,288,690	38,701,683	43,732,208	1,455,071	(443,518)	7,848,563	12,135,896

2018 BUDGET OVERVIEW

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

We expect the 2016 and 2017 revenue levels to continue through 2018. Along with revenue improvements, City expenditures also continue to grow. The City's largest operating expense is salaries and benefits, which continue to have year over year growth in wages, medical and pension expenditures. Key labor and non-labor expenditure assumptions are highlighted in the remainder of this document.

As directed by Council and consistent with the City's strategic plan, the City Manager is working on the development of long-term funding strategies to address deferred needs in streets maintenance and repairs, parks and recreation services and other infrastructure improvements. Funding for these services and facilities require many strategies.

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

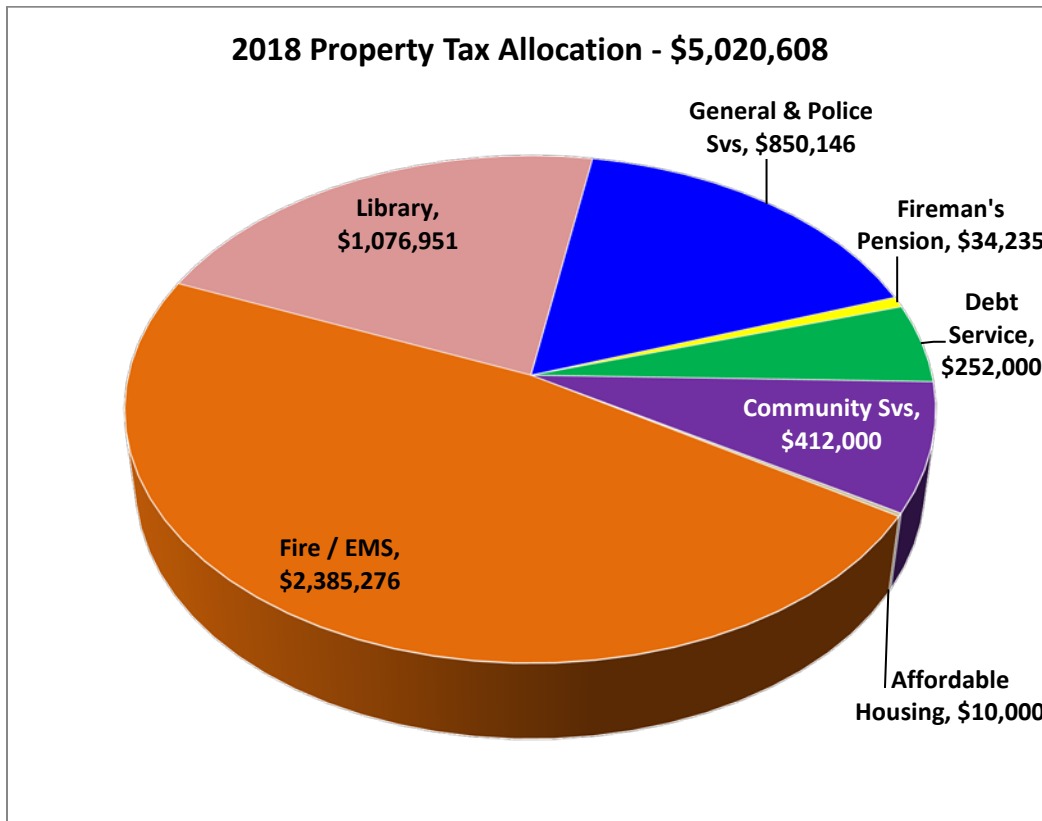
**City of Port Townsend
City Manager Proposed 2018 Fund Summary**

	2017 Estimated Balance	2018 Proposed Revenues	2018 Proposed Expenses	2018 Proposed Rev vs. Exp	2018 Proposed Balance
GENERAL FUND	1,450,469	8,638,366	8,609,857	28,509	1,478,978
Drug Enforc. / Contingency	171,336	500	-	500	171,836
Street	306,547	837,942	819,082	18,860	325,407
Library	220,119	1,077,601	1,093,379	(15,778)	204,341
Real Estate Excise Tax	174,840	510,100	545,000	(34,900)	139,940
Lodging Tax	177,611	480,000	479,838	162	177,773
Fire / EMS	16,459	2,385,876	2,385,276	600	17,059
Affordable Housing	10,980	10,000	10,000	-	10,980
Community Development Block Grant	153,133	13,623	15,000	(1,377)	151,756
Community Services	71,160	2,013,448	2,012,560	888	72,048
TOTAL SPECIAL REV FUNDS	1,302,183	7,329,090	7,360,135	(31,045)	1,271,138
DEBT SERVICE FUND	83,580	1,675,155	1,645,656	29,499	113,079
General Capital	3,031,736	1,740,341	4,698,154	(2,957,813)	73,923
Street Capital	(31,313)	3,062,602	3,017,489	45,113	13,800
CAPITAL PROJECTS FUNDS	3,000,423	4,802,943	7,715,643	(2,912,700)	87,723
System Development	1,701,826	315,290	1,080,000	(764,710)	937,116
Water / Sewer Operations	2,980,533	6,216,957	7,861,874	(1,644,917)	1,335,616
Water / Sewer Capital	108,511	8,204,054	6,247,915	1,956,139	2,064,650
Storm Operations	159,140	738,018	765,137	(27,119)	132,021
Storm Capital	87,227	1,070,600	1,000,000	70,600	157,827
ENTERPRISE FUNDS	5,037,237	16,544,919	16,954,927	(410,008)	4,627,229
Public Works Admin	595	584,573	584,272	301	896
Equipment Rental & Replacement	686,185	1,370,391	1,465,655	(95,264)	590,921
Engineering Services	211,924	1,009,500	1,042,564	(33,064)	178,860
Unemployment Self-Insurance	24,917	19,620	19,500	120	25,037
INTERNAL SERVICE FUNDS	923,620	2,984,084	3,111,991	(127,907)	795,713
Firemen's Pension	230,695	34,735	27,140	7,595	238,290
Agency / Refundable Deposits	65,542	-	-	-	65,542
Memorial Fund	2,549	-	-	-	2,549
Golf Course Fund	39,599	12,000	21,419	(9,419)	30,180
FIDUCIARY FUNDS	338,385	46,735	48,559	(1,824)	336,561
GRAND TOTAL	12,135,896	42,021,292	45,446,768	(3,425,476)	8,710,420

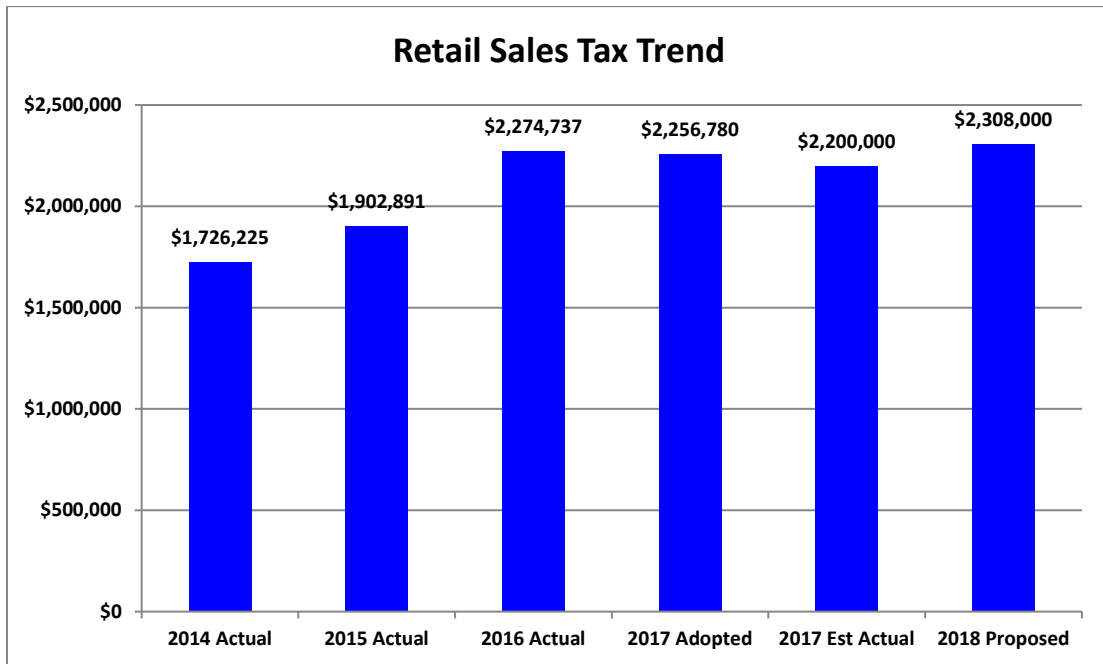
BUDGET ASSUMPTIONS

KEY REVENUE ASSUMPTIONS

The City's Property Tax Levy for 2017 is forecast to increase by the statutory 1% plus an adjustment for the value of new construction and refunds forecast at approximately 2.5% for a TOTAL property tax levy increase of 3.5% for the General Levy. The EMS Levy of \$0.50 generates an additional 4.9% of revenue. An excess property tax assessment of approximately \$150,000 related to the Mountain View Commons voted tax assessment will be levied to fund 50% of the annual debt service for this voted bond. Below is a chart showing the distribution of property taxes:



Retail Sales Taxes are projected at 4.9% higher than 2017 levels. Inflationary increases of approximately 3.0% are included in the projection. Additionally, the State Marketplace Act is anticipated to result in an increase in sales tax revenue primarily related to tax on internet sales. The state estimated this revenue for the City of Port Townsend at approximately \$45,000. Below is a chart showing the trend of retail sales taxes from 2014 to present:



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

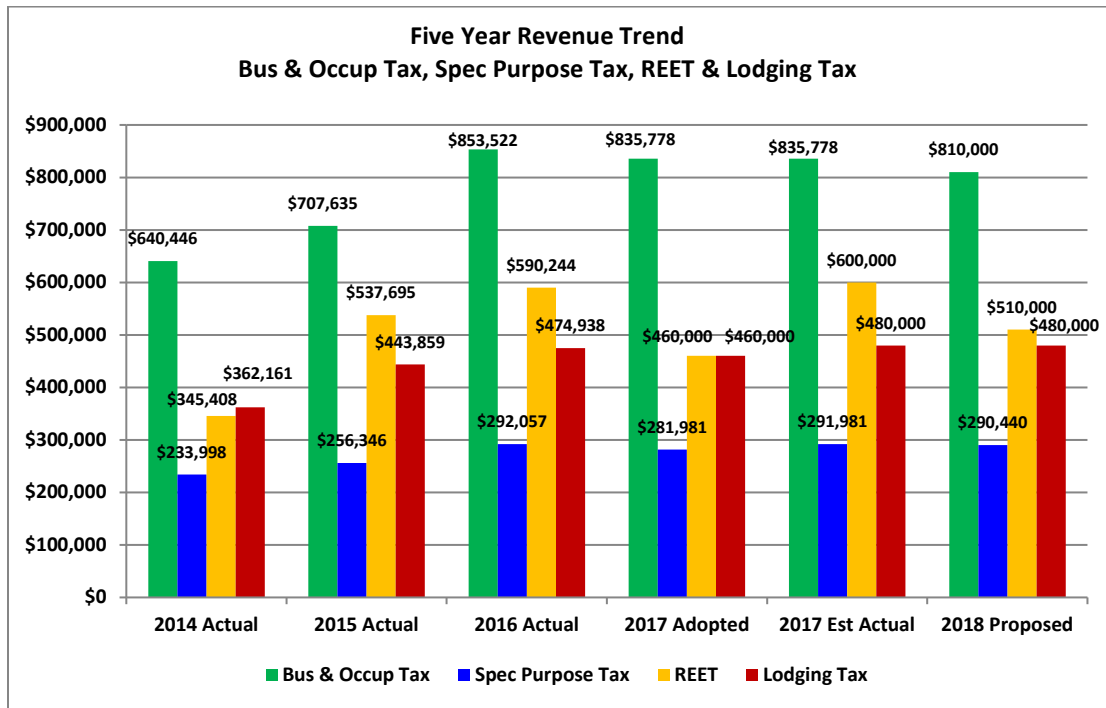
Private utility tax rates are 6% of the private utility revenue. Telephone and electric private utility taxes are estimated to increase based on inflationary adjustments only.

State Shared Revenues are based on distributions that are shared via state revenue assessments. The City receives distributions for liquor profits and tax, criminal justice tax distributions, gas and multi-modal taxes. Some of these distributions are population based with the City's population for 2017 listed by the Office of Financial Management as 9,500 (an increase from 2016's population of 9,485).

Lodging Taxes are projected at \$480,000, which is consistent with the revenues received in 2017. Lodging tax revenue has been favorably impacted by increased tourism activity at hotels, motels and Fort Worden. Currently, no decrease in lodging activity is forecast related to proposed future construction at Port Hudson.

Real Estate Excise Taxes (REET) collections in 2017 were consistent with the 2016 experience at approximately \$600,000. Both 2016 and 2017 revenues included one large commercial property sale that increased the REET tax collections. 2018 REET revenues are budgeted at \$510,100. These funds are used to fund capital improvements and related debt service, which reduces the City's reliance on general fund dollars to make these payments.

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



Overhead Cost Recovery is projected to increase by approximately \$210,831 in 2018. This increase is offset by the additional funds transferred to the Community Services Fund to cover that funds' overhead increase of \$76,912. The net increase impact to the general fund is \$133,919.

Utility Revenues (Water, Sewer and Stormwater) are budgeted at the adopted rate increase of approximately 2.0% from the 2012 Water & Sewer Rate Update. The rate increase impacts the base fee and the usage rate for the Water and Sewer utilities. The revenue calculations include an increase of 1% for new accounts added to the utility. These assumptions are consistent with the draft rate model that has been prepared by FCS consulting group and reviewed by City staff.

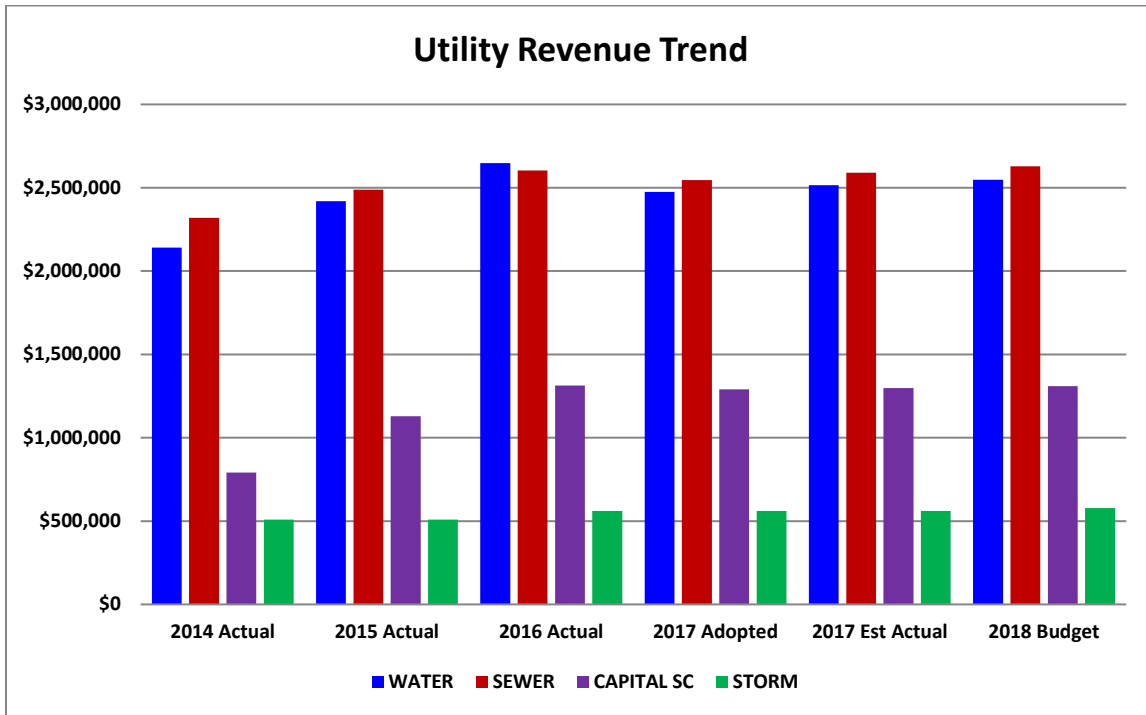
Water surcharge for 2017 was \$18 per month per account. The current adopted rates for 2018 include an increase of \$6 per month per account. The draft rate model has been updated to reflect the final estimated cost for the construction of the City's new water treatment facility and 5mg reservoir. Due to the favorable financing terms, loan forgiveness grants, and below budget construction costs, the 2018 water surcharge rate increase is recommended to be reduced by \$4 per month per account.

The current adopted rates for the Sewer surcharge, \$3 per month, are not scheduled to change in 2018.

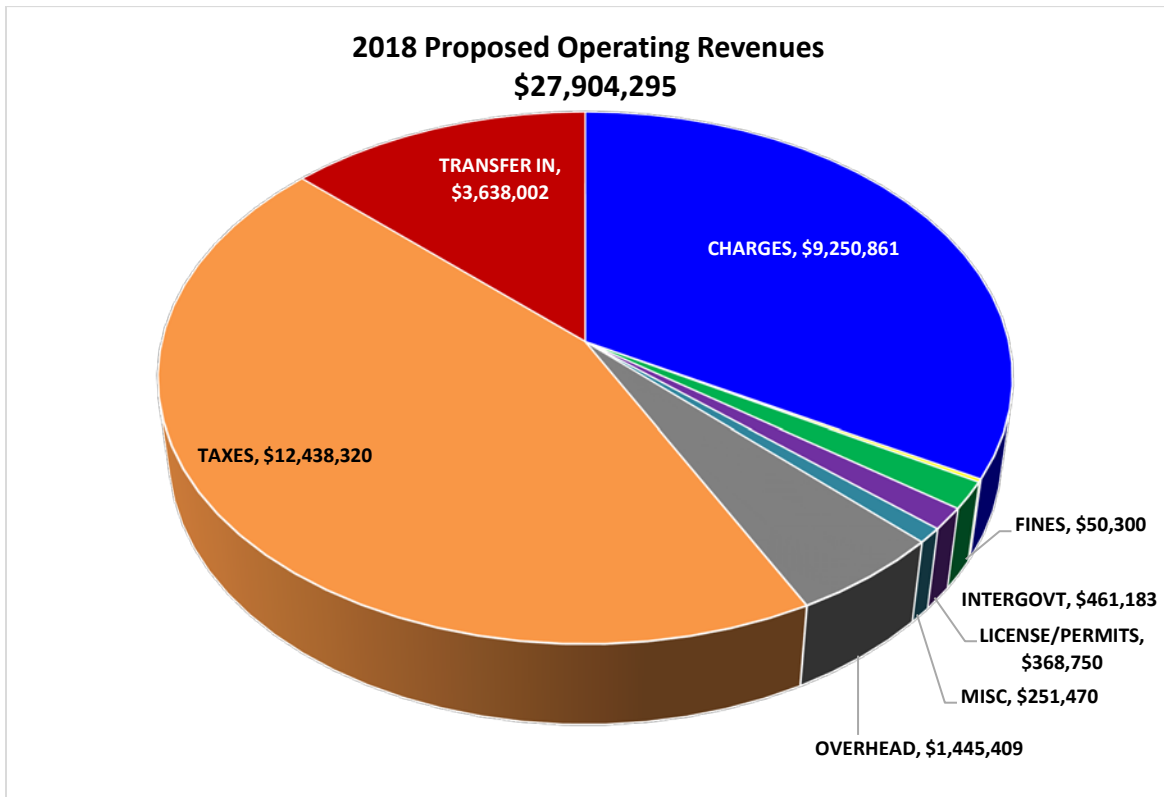
The Stormwater monthly rate is budgeted at the current adopted rate of \$7.25 per month, with no increase projected for 2018.

A Stormwater surcharge was adopted in the 2017 budget at a rate of \$3 per account per month. This surcharge will be used to fund repair and maintenance for the Stormwater utility. For 2018, this surcharge revenue is anticipated to generate \$160,000.

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



Total Budgeted 2018 revenue, \$42,021,292, less capital funding of \$14,116,997 is projected to be \$27,904,295 and is apportioned in the Operating Revenue Chart below.



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

KEY EXPENDITURE ASSUMPTIONS

Labor

Staffing costs represent the most significant portion of the City's operating expenses. The City is balancing the need to provide fair and competitive wages while also maintaining appropriate service levels. The City is also presented with the challenge of addressing an aging work force and City staff have been charged with developing a succession plan to ensure continuity in key leadership positions. The proposed budget includes 109.9 positions for 2018.

Payroll and Benefits – The 2018 proposed budget provides a 3.0% pay adjustment for most employees. The rate increases for the non-union and Teamsters union members are tied to the Seattle-Tacoma-Bremerton CPI-U. The June to June increase for this index was 3.0%. The current Police officer union agreement also ties cost of living adjustments to the same index and provides for a 3.0% pay adjustment in 2018. *(Note: The Police Collective Bargaining Agreement expires on December 31, 2017. Negotiation of this agreement is currently underway. 2018 budget assumptions related*

to police officers are based on the current agreement.) Medical costs for 2018 are forecast to increase by approximately 7.2% for the AWC benefit plan (general government non-represented employees). The Teamsters' benefit plan which covers both the Police and General Government union employees is not projected to have a rate increase in 2018. Retirement contributions (PERS) are funded at 12.70% of eligible employee wages, an increase from last year's rate of 11.76%.

New Positions – The 2018 proposed budget includes the addition of full time positions in Police Administration, Engineering and Water Distribution/Water Quality. Seasonal help for Parks, Streets and Water Quality has also been funded in the 2018 budget.

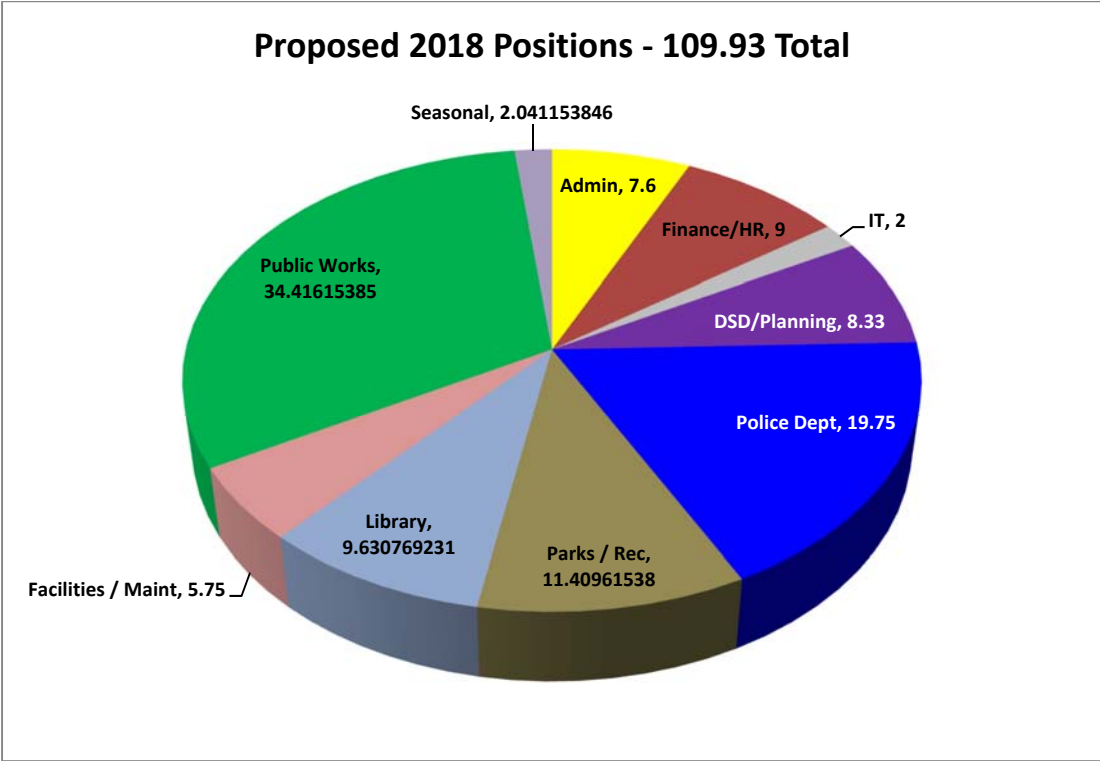
Police Administration – A Community Resources position is proposed for 2018. The proposed budget includes this position as a 0.75 position, starting in April 2018. This position will assist with special events, facility rentals, parking enforcement, parking planning, and administrative support for the Parks/Facilities Director.

Engineering – An unbudgeted position was added in the Engineering department in mid-2017. This Civil Engineer III position will provide project management services to a variety of projects including the Water Street project. This position is budgeted as a full-time position in 2018.

Water Distribution/Water Quality - The proposed budget for the Water/Sewer utility includes a full-time maintenance worker position. This position will support operations at the water treatment plant. With the opening of the new treatment plant in in early 2017, the Department of Health currently requires on-site staff seven days a week. This position will assist the current two treatment plant operations staff with the seven-day coverage and provide additional support to the water distribution crew.

Seasonal Staff - The proposed budget for Parks includes 2 seasonal workers (total of 0.72 full time equivalent). The Streets/Sewer/Wastewater Collection areas each include a portion of the cost for 2 seasonal workers (total of 0.66 full time equivalents). Water Distribution/Water Quality departments propose the addition of 1 seasonal worker to assist with outdoor maintenance at the treatment plant during the summer months (0.33 full time equivalent).

Total Proposed positions by department are allocated as follows:



Non-Labor

Listed below are highlights of significant expense increases in 2018:

General Government –

- General Fund – \$55,000 increase in liability insurance through our WCIA insurance risk pool
- General Fund - \$38,000 increase in cost of dispatch services
- General Fund – \$21,000 increase in City-wide training and supervisor/staff coaching
- General Fund - \$20,000 appropriation to hire a consultant to assess our inventory of software programs and provide recommendations for new platforms for financial and other technology services (total of \$40,000 – 50% funded from Utility Finance)
- Library - \$17,000 increase in overhead allocation and \$5,000 increase in collection additions
- Lodging Tax Fund - \$20,000 increase in facility rentals (City & Port / Wooden Boat) and increase in tourism promotions
- Real Estate Excise Tax - \$35,000 increase in transfers for General & Street capital projects and \$50,000 increase in transfers to debt service to fund bond payments
- Fire & EMS Services Fund expense increase of \$68,000 is related to increased property tax revenues that are passed through to East Jefferson Fire Rescue

- Community Services - \$84,000 in propane cost for Mountain View and City Hall for increased per unit costs
- Community Services - \$20,000 purchase of electronic door handles for City facilities
- Community Services - \$10,000 utility cost increases
- Community Services - \$76,000 overhead allocation increase
- Debt Service - \$60,000 increased cost for general government debt service

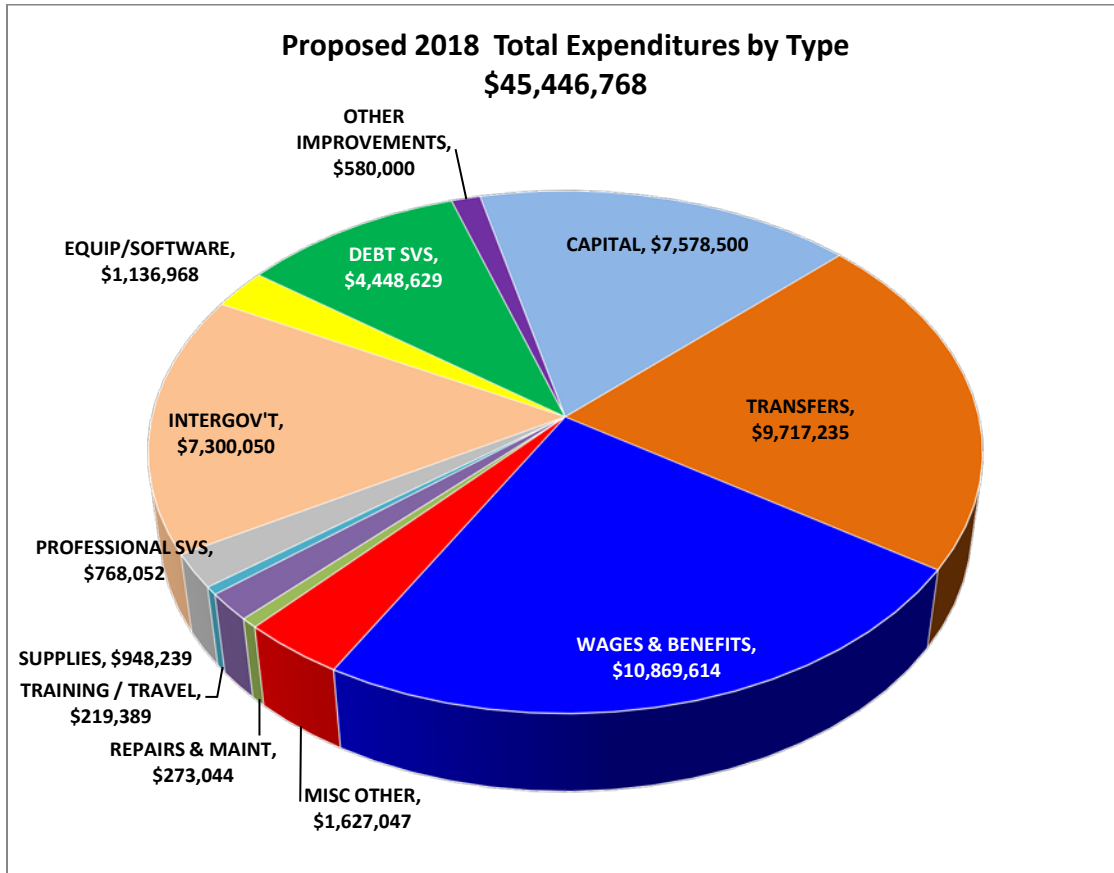
Utility Funds -

- Water/Sewer/Stormwater Utilities - \$47,000 increase in tax liabilities for state Business and Occupational Taxes assessed on the City.
- Water/Sewer Utilities – \$60,000 increase in Public Works Trust Fund Loan payments for the water treatment facility and 5 mg reservoir loans
- Water/Sewer Utilities - \$140,000 purchase of dewatering unit
- Water/Sewer Utilities – \$30,500 for Gaines Street pump
- Water/Sewer Utilities - \$39,000 for roof, windows and heat pump repairs at the Kuhn Street property
- Water/Sewer Utilities - \$30,000 replacement for the chlorine storage tank
- Water/Sewer Utilities - \$460,000 transfer to the Equipment Rental and Replacement fund for the purchase of a new vactor truck
- Water/Sewer Utilities – Transferred expense allocations from revenue generated by the \$3 per account/per month maintenance surcharge to fund other improvements for the water system (\$155,000) and the sewer system (\$140,000)
- Water/Sewer Utilities - \$50,000 for Biosolids asphalt pad for composting facilities
- Storm Utilities – Transferred expense allocations from revenue generated by the \$3 per account/per month storm maintenance surcharge to fund other improvements in Storm Operations (\$160,000).

Internal Service Funds -

- Equipment Rental and Replacement Fund – Vehicle purchases - \$460,000 vactor truck; \$34,600 on call vehicle; water department 1 ton and ½ ton truck - \$46,000
- Unemployment Self-Insurance - \$16,500 increase in unemployment claims based on claims filed in 2017

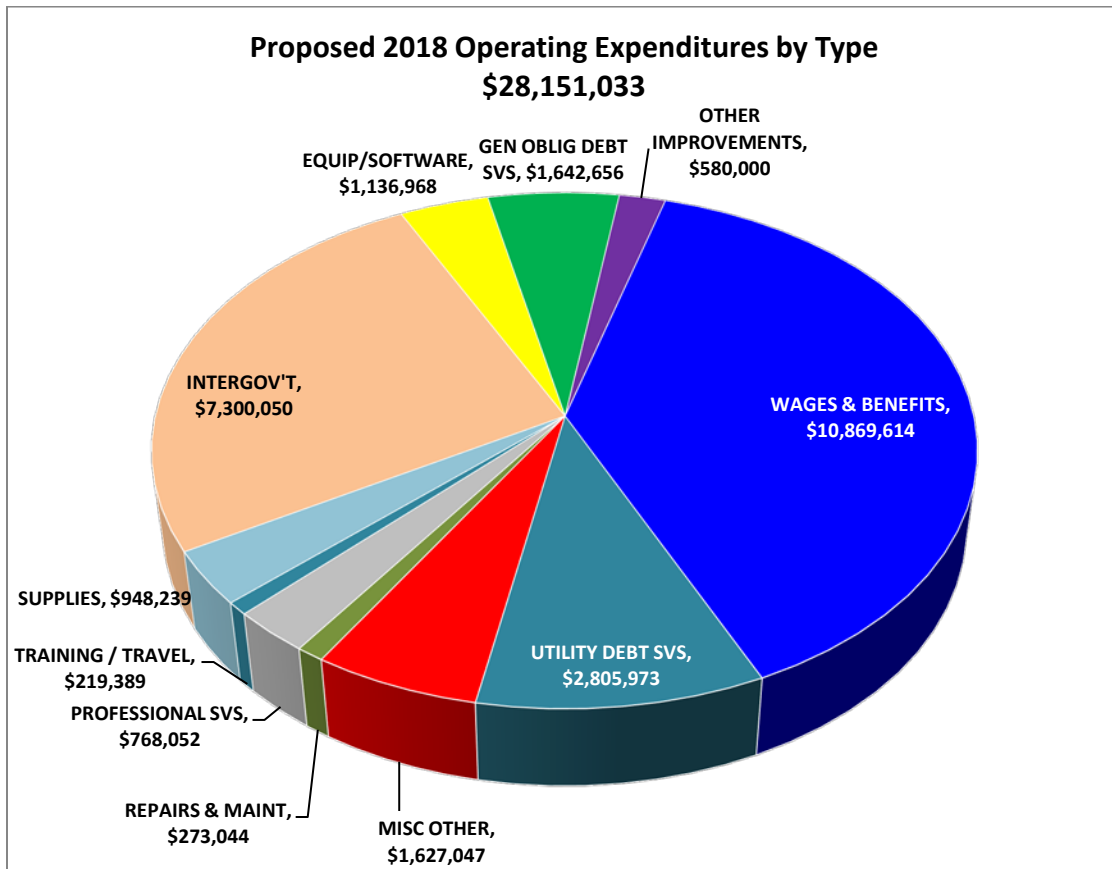
Total Proposed Expenses by Type:



Proposed Total 2018 Expenditures in the chart above include proposed appropriations for water, sewer, general and street capital funds. This chart includes transfers out to other funds. Transfers are internal accounting transactions expended in one fund and recognized as an equivalent revenue in another fund. Transfers in the above chart include the operating fund transfer from the General Fund to support the Community Services Fund for \$1,034,000, a transfer from the Water/Sewer Fund to the ERR-Fleet Fund for \$460,000 for the purchase of a vector truck, transfers from various funds to support the GO Debt Service Payments for \$1,267,855, and capital fund transfers for \$5,963,903.

The Proposed 2018 Operating expenditure chart below excludes capital expenditures and the transfers out to other funds, reflecting operating, overhead and debt service related expenditures.

Total Proposed Operating Expenses by Type:



2018 CAPITAL PROJECTS

The proposed 2018 budget has a variety of significant capital projects that add new infrastructure to the City and improves aging infrastructure.

General Government and Street Capital Projects included in the 2018 capital budget that are currently underway and have secured funding sources:

- Mountain View Phase III repairs and upgrades to facilities on the campus that houses the police station, pool and non-profit organizations
- Mountain View CDBG project that focuses on the interior repairs and improvements for the Food Bank and Working Image, two non-profit organizations housed at the Mountain View campus
- Completion and close-out of the Howard Street extension from Sims Way to Discovery Road
- Library capital improvements including roof and window replacements for the Library addition
- Visitor's Center Sims Way frontage improvements
- Water Street Overlay project
- SR 20 Pedestrian Walkway
- 7th Street design concept

- Jefferson Street Sidewalk project
- Complete Streets projects

Water/Sewer and Stormwater Utility Capital Projects included in the 2018 capital budget that are currently underway and have secured funding sources:

- Water Treatment Facility and 5 Million Gallon Reservoir project close out
- Water Street Overlay project – replacement of water line and other utility improvements
- Big Quill Diversion project – repair/improvement of the Big Quill dam infrastructure

Water/Sewer and Stormwater Utility Capital Projects included in the 2018 capital budget that are in either the planning or design stage with permanent financing yet to be identified:

- Sewer Outfall improvement
- Regional Storm water project related to the Howard Street extension (partially funded by a CERB loan)

2018 COUNCIL AND CITY-WIDE GOALS

In 2014, the Council adopted a 3-year Strategic Plan for the City of Port Townsend. In early 2016, the Council met to update this strategic plan. The 2018 budget continues to align our operating and capital plans with the goals and objectives detailed in the strategic plan (Exhibit A). To meet these goals, City staff will work on the following actions in 2018:

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

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



Vision: A vibrant, diverse community primed for economic growth

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

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

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

DEFERRED MAINTENANCE AND UNMET NEEDS

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

Recognizing our recovering but still limited resources, departments have identified specific unmet needs as either one-time or ongoing expenditures. These needs are included in the table below. Items identified as Deferred/Not Funded are not included in either the supplemental 2017 budget appropriations or the City Manager's proposed 2018 budget.

**City of Port Townsend
Unmet Needs - Deferred & Unfunded Items
Budget 2018**

Deferred & Unfunded Personnel Costs				
Fund/Department	Description of Item	One Time	Ongoing	Status
General Fund				
Finance	1 full time Accountant / Contract Specialist		100,000	Deferred from 2017 / Not Funded
Administration	Communications Specialist		100,000	Deferred from 2017 / Not Funded
Total General Fund Personnel Costs		-	200,000	
Library Fund				
Library	Adult Services Librarian - Freeze		80,000	Deferred from 2017 / Not Funded
Library	Additional Library Assistant Hours		18,437	Deferred from 2017 / Not Funded
Total Library Fund Personnel Costs		-	98,437	
Community Services Fund				
Community Services	1 full time volunteer/events coordinator		73,200	Deferred/Not Funded
Community Services - Parks	Restoration of 1.0 Parks Maintenance FTE		73,200	Deferred/Not Funded
Total Community Services Fund Personnel Costs		-	146,400	
Total Deferred & Unfunded Personnel Costs		-	444,837	

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

Budget 2018

Deferred & Unfunded Non Personnel Items				
Fund/Department	Description of Item	One Time	Ongoing	Status
General Fund				
Mayor & Council	Wage & Benefit Evaluation for City Council members			Deferred - Review in 2018 for possible future funding
Administration	Replace Conference Room Table & Chairs	13,888		Deferred/Not Funded
Administration	Website Updates & implement Communications Strategy	40,000		Deferred/Not Funded
Administration	Community Health Initiative Program	43,000		Deferred/Not Funded
Finance	Financial Software Conversion (cost will be split with Utility Billing)	125,000		Deferred/Not Funded
Human Resources	City Manager Recruitment Advertising	2,500 - 35,000		Deferred/Not Funded
Human Resources	Encryption Software	938		Deferred/Not Funded
Human Resources	Volunteer Management Software	2,200		Deferred/Not Funded
Human Resources	City wide training & career pathing program		10,250	Deferred from 2017 / Not Funded
City Clerk	Upgrade to Laserfiche Software - Records Management	30,000		Deferred/Not Funded
Police Administration	Check Mate Asset / Inventory Software	6,062	500	Deferred/Not Funded
Police Operations	Jefferson County Sheriff Coverage - Overtime	25,000		Deferred/Not Funded
Police Operations	PPE Equipment - Respirator Masks (Qty 15)	12,435		Deferred/Not Funded
Police Operations	PPE Equipment - Helmets (Qty 15)	21,120		Deferred/Not Funded
Police Operations	Equipment - Mobile Parking Enforcement Computer	9,776		Deferred/Not Funded
Police Operations	Training increase		5,000	Deferred/Not Funded
Total Deferred General Fund Non Personnel Items		329,419	15,750	
Library Fund				
Library	Increase in Library Material Acquisitions		5,000	Deferred from 2017 / Not Funded
Total Deferred Library Non Personnel Items		-	5,000	
Street Fund				
Street Maintenance	Street Maintenance & Repair		100,000	Deferred/Not Funded
Street Maintenance	ADA Transition Plan Consulting	70,000		Deferred/Not Funded
Total Deferred Street Non Personnel Items		70,000	100,000	
Community Services Fund				
Community Services - Arts Commission	New initiatives requests from Arts Commission		85,400	Deferred/Not Funded
Community Services - Facilities	Pink House Carpet Replacement	3,000		Deferred from 2017 / Not Funded
Community Services - Facilities	Window Blinds for City Hall - Additional Funds requested	5,000		Add'l Funds deferred: use existing maint budget
Community Services - Mtn View	Grinding & Sealing Concrete Floor in Rec Building Foyer	5,000		Deferred/Not Funded
Community Services - Mtn View	Replace Entry Door in Foyer	6,000		Deferred/Not Funded
Community Services - Mtn View	Demolish Old Deck	2,000		Included in 2017 Operating Budget
Community Services - Parks	Kah Tai Bathroom Roofing	7,000		Deferred/Not Funded
Community Services - Parks	Trail Maintenance (Puget Sound Crew)	5,000		Deferred/Not Funded
Community Services - Parks	Kubota Utility Vehicle for Trail Work	10,000		Deferred/Not Funded
Community Services - Pool	Rebuild Sauna	5,000		Deferred/Not Funded
Community Services - Pool	Grind & Seal Locker Room Floors	9,000		Deferred/Not Funded
Community Services - Pool	Climbing Wall, Slide, Playground	43,000		Deferred/Not Funded
Total Community Services Non Personnel Items		100,000	85,400	
General & Street Capital Funds				
Street Capital	PUD Undergrounding / Pathways	35,000		Deferred/Not Funded
Street Capital	SR 20 Overlay (City Portion)	30,000		Deferred/Not Funded
Street Capital	Non Motorized Plan	15,000		Deferred/Not Funded
Street Capital	7th Street Design	10,000		Deferred/Not Funded
Street Capital	Pedestrian Walkway (SR 20) Logan St to Hancock St	80,000		Deferred/Not Funded
Community Services - Parks	Repairs to Skate Park Fence	25,000		Deferred from 2017 / Not Funded
Total General Capital Fund Non Personnel Items		195,000	-	
Utility Funds				
Total Utility Fund Non Personnel Items		-	-	
Equipment Rental Funds				
Police Operations	Police Patrol Vehicles (Qty 2)	163,600		Deferred from 2017 / Not Funded
Equipment Rental - Fleet	Dump truck replacement - Streets	85,000		Deferred from 2017 / Not Funded
Total Equipment Rental Fund Non Personnel Items		248,600	-	
Total Deferred & Unfunded Non Personnel Items		943,019	206,150	
Total Deferred & Unfunded Personnel & Non Personnel Items		943,019	650,987	

BUDGET 2018
City Council Questions for Staff – Budget 2018

Q. I would request bright clear striping for pedestrian crossings throughout the city. It should take precedence over bike and parking striping. (Pam Adams)

A. *Comment noted by staff.*

Q. In the unmet needs, please breakdown the \$43,000 between the climbing wall, playground and slide for the pool. Also, the PUD undergrounding/pathways – was this for Discovery Road and does this mean the PUD will not do their work? (Bob Gray)

A. *The \$43,000 of requested items for the pool breaks down as follows: Climbing wall - \$18,000; Slide - \$15,000; Inflatable Playground - \$10,000. The PUD will do the undergrounding work but the gravel path over the undergrounding area was deferred.*

Q. LTAC – Can we get a list of all of the applications for LTAC funding showing the ones that were not approved? The Debt Servicing, tourism infrastructure – is this for the VIC project? If not, what is it for? Please provide us with a copy of the request for funds from the PDA. There are several studies mentioned – the Hotel Vacancy and Performing Arts Studies. Were both of these supplements from 2017? I did not see the Performing Arts study mentioned in the supplemental. Were those approved after the 2017 LTAC budget was approved? (Bob Gray)

A. *The LTAC budget is prepared by the Marketing consultant, the LTAC chair and the City Manager. This budget is submitted to the LTAC committee for discussion; the LTAC committee recommends budget appropriations to the City Council for approval as part of the overall budget process. The committee does not have a formal application process but suggestions for funding are considered. The PDA proposal at LTAC was for \$25,000 annually over 20 years. LTAC recommended approval of the \$25,000 amount in 2018 and then separately recommended that Council commit to the \$25,000 over the next 20 years, with a non-appropriation clause that does not bind future Councils.*

Debt service in the LTAC fund is for the improvement projects on City owned property that facilitate tourism. \$100,000 of debt service is related to the bond funded projects - Waterfront Esplanade, wayfinding project and other tourism infrastructure. \$25,000 of additional debt service is included in the 2018 budget to assist with the repayment of the Visitor Information Center improvements on City property (bond financed in 2017).

The hotel vacancy and performing arts studies were both included in the 2017 supplemental but may need to be re appropriated in 2018 if the funds are not spent before year end. These studies were included in the 2017 supplemental budget that the LTAC committee recommended and forwarded to Council for approval.

Q. Please show the numbers of late payments and shutoffs for 2016 and to date in 2017. (Bob Gray)

A. *The 2015, 2016 and 2017 (year to date) utility fact sheets are included at the end of this section.*

Q. GO debt – As mentioned at the meeting, can we see the total debt payments for 2015, 16,17, and est for 18 (see section 7 page 2)? Does the loan to Homeward Bound and corresponding interfund loan affect our 2018 debt capacity and if so, is that in the pie chart? Also, the line of credit? (Bob Gray)

A. *Interfund loans are not included in the debt capacity calculation. The line of credit only impacts the calculation if any dollars are drawn on the line of credit. We do not anticipate any outstanding amounts on the line of credit either at the end of 2017 or 2018 so these amounts are excluded. The General Obligation Debt Service is listed below. The chart below shows the method for calculating the reserve target.*

Debt Service Payments as a % of Gen Gov't Revenue:

	2015	2016	2017 Est	2018
GO Bond Interest & Principal	1,138,685	1,468,799	1,578,619	1,642,655
	1,138,685	1,468,799	1,578,619	1,642,655
General Fund Revenue	7,536,278	8,276,569	8,589,942	8,648,366
Less: Transfers	(6,713)	(62,076)	(10,000)	(10,000)
Less: Non Revenue	(29,224)	(5,830)	(256,445)	(4,000)
FD 101 - Drug Enforcement	-	-	-	-
FD 102 - Contingency Fund	4,155	401	500	500
FD 110 - Street	762,651	826,200	867,547	837,942
FD 120 - Library	1,053,507	1,069,187	1,050,919	1,077,601
FD 135 - Real Estate Excise Tax	537,901	590,630	600,900	510,100
FD 150 - Lodging Tax	443,859	474,938	480,000	480,000
FD 171 - Fire EMS	2,389,385	2,399,580	2,317,766	2,385,876
FD 180 - Affordable Housing	10,036	10,118	10,200	10,000
FD 190 Community Dev Block Grants	39,667	17,533	20,219	13,623
FD 199 - Community Services	614,029	757,593	922,268	964,448
FD 200 - Debt Service	102,590	262,212	403,600	407,300
FD 301 - General CIP				
	13,458,123	14,617,055	14,997,416	15,321,756
	8.5%	10.05%	10.5%	10.7%

Q. Do council reserve monies need to be allocated before December 31?

(Pam Adams)

A. *Unspent expenditures are not carried over to the next year. If not spent, the fund reserve increases.*

Q. Do we have a designated parking enforcement employee? (Pam Adams)

A. *The proposed 2018 budget includes a community services officer position that would begin in April 2018. The position would have responsibilities for parking, special events, facility rentals and administrative support.*

Q. Library fines - \$10,000 in 2015 down to \$4500 in 2017 and nothing proposed for 2018. Fines are a source of revenue for libraries and we should enforce them. (Pam Adams)

A. *As a member of the Cooperative Library Automated Network (C.L.A.N.) consortium the Jefferson County Library and the Port Townsend Public Library*

decided to no longer charge fines for late DVDs starting in January 2018. Having a source of revenue derived from punitive measures is seen as a barrier to service for our patrons. We have not charged late fines on other materials for many years, and DVDs were the last holdout of a very old library model. We are continually looking to improve our patrons' library experiences and in fall of 2016 we introduced autorenewals to help patrons and did reduce revenue from fines, which we budgeted for in 2017. Being a part of the C.L.A.N. consortium we seek to make library services seamless for our patrons between our City and County libraries and are making these changes about fines together after thoughtful discussions in our organizations.

This article from earlier this year discuss the shift in policy that many libraries nationally are doing to move away from library fines http://www.slate.com/articles/arts/culturebox/2017/02/librarians_are_realizing_that_overdue_fines_undercut_libraries_missions.html They (fines) do not actually work to get materials returned in a timely manner and that was there original impetus 150 years ago.

Melody is talking with JCL about how to roll out this change away from library fines for January 2018.

Q. Is the \$10,000 of property tax revenue/associated expenditure in the Affordable Housing Fund earmarked? (Pam Adams)

A. *The fund has been used to reimburse DSD for the staff time spent on processing, and partially to offset the lost revenue from fee waivers for eligible housing projects. This is a budget action, and Council can choose to change this to a different amount or use, if desired. Changing this amount does **not** affect the waiver requirements in PTMC 3.36.011. Note: Based on discussion at the Council meeting on November 13, 2017, the transfer to the general fund from the Affordable Housing fund for \$10,000 was eliminated; instead a \$10,000 unidentified expenditure is included for the Affordable Housing Fund for 2018.*

Q. Where do I find rental revenues for city facilities and Mountain View nonprofit tenants? And are we negotiating with NAMI? (Pam Adams)

A. The rental revenues are recorded as lease income in the Community Services Fund in the Mountain View section (Department 110). NAMI has requested space at Mountain View. The Parks and Community Services Director will be reviewing whether space may be available after the construction and current tenant relocation is completed. No negotiations have begun but the request is under review.

Q. Do we get a monthly statement from the golf course? What do we base revenue projections on? It looks like expenditures are expected to increase. (Pam Adams)

A. Yes, the City receives monthly reports from the Golf Course. The revenues are based on a percentage of the revenue that the golf course generates from gross receipts. The expenses represent the City's share of improvement costs and overhead costs which may not correlate to the revenue generated.

Q. Please show the estimates for where we are in meeting the council financial policies for the end of FY 2017 and if that is not easy to estimate, the estimates as of the fourth quarter. Perhaps I'm just missing it but a quarterly report showing this comparison would be nice in the future. (Bob Gray)

A. The financial policy section of the 2018 Budget Book includes this information. In general, all funds meet or exceed the financial policy guidelines. We will provide more information and discussion on this item at the November 13th meeting.

Q. Which report shows the beginning 2017 and current balances for each of the fund categories as of the end of each month and is there one that estimates the ending balances for Dec 31? (Bob Gray)

A. The fund summaries show the beginning 2017 fund balances and the projected ending fund balance. Also, Sheila Danielson distributes monthly financial reports with this information via email each month to all council members.

Q. Can we get a schedule showing the growth and/or reductions in numbers and dollars for total staffing levels over the last 6 years? Please include part-time and temporary employees. (Bob Gray)

A. *This information is provided in the staffing section of the 2018 Budget Book.*

Q. Also in staffing, I've picked up that we've recently added three new positions. We've added an engineering position in public works for the water street project. Is this a temporary position? We also added a deputy public works position and added one temporary position by bringing on the new public works director before the current public works director retires. Were these positions in the 2017 budget and if not, what is the impact on that budget? (Bob Gray)

A. *The engineering position is new and is not a temporary position. The impact to 2017 budget is approximately \$46,603 and the 2018 budget impact is approximately \$101,680. The deputy public works position replaces the City Engineer position, providing an increase in responsibility for the City Engineer. This position was in the budget but not at the same rate of pay. The impact to the 2017 Operating Budget is approximately \$1,700. The overlap between the new PW Director and the retiring Director was not budgeted. Recruiting travel stipends had a \$9,000 impact to the 2017 Operating Budget and the overlap in salary impact is approximately \$48,600.*

Q. How many part-time and temporary positions did we have this year and did any of those position receive health insurance benefits? Are there any full-time positions without health benefits? (Bob Gray)

A. *This is a little bit difficult to answer due to the part time staffing programs for the Library and the Pool. The Library uses part time employees for Library assistants, associates and pages and the Pool uses part time employees for lifeguard and swim instructor positions (the majority are part time positions). Also, Parks and Streets both use temporary seasonal workers during the summer time.*

Non-seasonal temporary positions are a more unusual occurrence and are usually brought on for a limited duration/special project. During 2017, we had additional temporary workers:

Temporary finance assistant to cover a medical leave

Temporary assistance for the Howard Street sub area plan (2 individuals)

Temporary (one day a week) assistant for PW/DSD

Part time and temporary positions receive some benefits (as mandated by law) and/or pro-rated benefits. In general, positions over 20 hours qualify for health insurance but pay a pro rata amount of the premium. Full time employees are all offered health insurance.

- Q. At a work session, it was mentioned that REET funds were tracking above budget levels but use of those funds is primarily for debt payments. Which debt was being referred to? (Bob Gray)
- A. *REET funds may be used to fund debt payments for capital projects, which is what our long-term debt proceeds are used for (2008, 2010, 2012 and 2017 LTGO bonds). The 2018 budget includes \$510,000 of REET receipts allocated for debt service. Total debt service for the year is \$1,675,000. General fund, lodging tax, and streets also provide contributions for debt payments.*
- Q. While the divisions submit their “needs” for the upcoming budgets, in my opinion because of our positions in the community the city council members should be asked to do the same, perhaps even as a committee. Anyway, here are my suggestions (From Bob Gray):
- a. Early on Mr. Ryan Givens with AHBL, our subarea consultant told the planning commissioners that upper Sims way is too difficult to cross on foot. The commissioners agreed. Many residents including myself (and I cross that street daily) know this to be true. People with mobility issues, especially those in wheel chairs are especially vulnerable. The new solar-powered blinking lights on the walking figure-and-arrow signs

on Sheridan at 7th and 9th streets would greatly help with this problem. Did the city pay for those signs on Sheridan street; how much do they cost; and can we get some for upper sims? Other crossing areas in town should also be considered.

- b. The pool is the most successful recreation activity of the city. The pool director has asked for equipment that children would enjoy including a slide and some type of inflating water play area. Children and teens are the age categories that have not kept up with the growth in pool usage by adults and seniors.
- c. By recruiting and organizing city volunteers, a volunteer coordinator would save funds and improve the attractiveness of the city.
- d. Speaking of volunteers, the city should sponsor an end-of-the year lunch/party for all volunteers just to say thank you.

A. Comments have been noted by Staff. Note: The Library did sponsor a volunteer appreciation event last year that was very well attended and received.

Q. I read somewhere that we have increased tourism funding. Can you isolate how much in the budget is spent toward promoting tourism? (Bob Gray)

A. Tourism promotion is funded with Lodging Tax Funds. Expenditures in the 2018 budget for tourism promotion total \$354,838. Total Lodging Tax Revenue is expected to be \$480,000. The remainder of funds are used for debt service payments. The Lodging Tax Committee met and sent their recommended 2018 budget to the City Manager, which is included in the total Proposed budget. In 2017 our estimated tourism promotion expenditures are \$380,000 which are up from the adopted budget of \$333,734. Supplemental requests are funded from higher than expected Lodging Tax Revenue and will be used for a Hotel Vacancy Study, Facility rentals for the Port and Wooden Boat Festival and a Performing Arts Study.

Q. Related, the LTAC committee proposes expenditures for the next fiscal year. Last year I found a listing of those expenditures but haven't been able to this year. Can you detail what they are recommending and if management agrees? (Bob Gray)

A. *Please see the table below detailing the proposed Lodging Tax Budget for 2018.*

Port Townsend Lodging Tax Advisory Committee

2018 DRAFT Tourism Marketing & Promotion Budget

Updated

General Marketing & Promotion	\$158,500
Gen. Fund Administrative Services	\$12,838
Visitor Info Center Operations (incl. rent)	\$115,000
Misc.	\$3,500
Winter Marketing Campaign	\$20,000
Fort Worden PDA	\$25,000
Facilities Rental - City	\$10,000
Facilities Rental - Port	\$10,000
Debt Service (tourism infrastructure)	<u>\$125,000</u>
Total budgeted lodging tax revenue	<u>\$479,838</u>

Q. It wasn't clear to me the decision you mentioned if the recommendations by Pyramid Communications, specifically webpage and communications staff person are planned for next year? (Bob Gray)

A. *These items are on the deferred / unmet needs list and are currently not included in the proposed 2018 budget.*

Q. Suggestion - I think that the budget message is quite detailed and perhaps an opening introduction would help in the understanding. Such as challenges we've faced (and overcome) during and after the recession; an overview of the current budget outlook and summary of priorities; and challenges we still face. Just a suggestion but we know that often the narrative is the only part of a budget that people read. (Bob Gray)

A. *Comments have been noted by staff. Time permitting, Finance Director and City Manager will work on an operating summary.*

2015 Utility Fact Sheet													
	January	February	March	April	May	June	July	August	September	October	November	December	YE Total
Total Utility Accounts	5003	5005	5006	5008	5013	5015	5020	5022	5025	5031	5031	5032	5032
Residential Accounts	4193	4197	4198	4199	4199	4201	4205	4207	4210	4216	4216	4217	4217
Commercial Accounts	497	497	497	497	499	499	500	500	500	501	501	501	501
Irrigation / Government / Fire Tap Accounts	313	311	311	312	315	315	315	315	315	314	314	314	314
# of Accounts that received shut off notices	90	60	63	78	69	69	74	52	67	69	73	79	843
# of Accounts shut off	10	7	11	11	12	4	7	9	12	5	9	9	106
Total Accounts with past due balance > 90 days	268	269	260	263	270	265	262	258	249	254	251	253	253
Total Accounts with past due balance > 90 days and account balance > \$500	46	52	44	48	47	43	42	42	39	50	43	42	42
# of Accounts on Payment Plans	6	2	4	7	5	9	4	6	3	3	3	2	54
# of Accounts on Low Income Rate	178	182	184	130	143	151	153	157	162	163	165	171	162
# of Accounts sent to Collections	1	2	2	0	1	0	2	5	2	3	3	1	22

2016 Utility Fact Sheet	January	February	March	April	May	June	July	August	September	October	November	December
Total Utility Accounts (No Fire Taps/Hydrants)	4966	4974	4976	4978	4981	4983	4990	4999	5005	5017	5017	5025
Residential Accounts (Res/MF/Dup)	4350	4358	4360	4361	4363	4365	4372	4378	4384	4395	4395	4403
Commercial / Govt Accounts	434	434	435	435	436	436	437	438	438	439	439	439
Irrigation Accounts	164	164	163	164	164	164	163	165	165	165	165	165
Other Accounts (Storm/No Charge)	18	18	18	18	18	18	18	18	18	18	18	18
# of Accounts that received shut off notices	70	238	114	194	139	198	142	155	138	163	156	176
# of Accounts shut off	15	9	40	9	11	16	6	12	11	9	15	11
# of Low Income Accounts shut off	0	0	4	1	0	0	0	0	2	1	0	0
Total Accounts with past due balance > 90 days	267	247	53	49	61	58	46	36	32	31	35	41
Total Accounts with past due balance > 90 days and account balance > \$500	39	36	28	28	31	26	18	21	16	16	18	19
# of Accounts on Payment Plans	3	4	5	1	3	3	3	0	5	0	4	7
# of Accounts on Low Income Rate	177	185	187	185	190	157	161	162	164	166	166	167
# of Accounts sent to Collections	1	4	1	1	2	2	3	7	1	1	2	4

2017 Utility Fact Sheet	January	February	March	April	May	June	July	August	September	October	November	December
Total Utility Accounts (No Fire Taps/Hydrants)	5032	5038	5044	5053	5059	5063	5070	5074	5075	5083		
Residential Accounts (Res/MF/Dup)	4408	4414	4421	4429	4435	4436	4443	4446	4446	4454		
Commercial / Govt Accounts	441	441	440	440	440	442	442	442	443	443		
Irrigation Accounts	165	165	165	166	166	167	167	168	168	168		
Other Accounts (Storm/No Charge)	18	18	18	18	18	18	18	18	18	18		
# of Accounts that received shut off notices	145	185	145	161	137	166	150	145	126	137		
# of Accounts shut off	19	10	17	16	20	10	20	13	10	7		
# of Low Income Accounts shut off	0	0	0	0	1	1	3	0	0	0		
Total Accounts with past due balance > 90 days	41	38	33	30	39	37	34	31	28	28		
Total Accounts with past due balance > 90 days and account balance > \$500	19	16	16	13	14	14	16	15	12	14		
# of Accounts on Payment Plans	0	1	2	2	0	0	0	3	0	2		
# of Accounts on Low Income Rate	167	172	175	173	174	160	166	168	170	172		
# of Accounts sent to Collections	1	0	1	1	0	1	3	1	3			

From: Dave Robison Executive Director
Fort Worden Public Development Authority
200 Battery Way
Port Townsend, WA 98368
(360) 860-7943 (office)
(360) 643-1770 (cell)
fortworden.org



To: Lodging Tax Advisory Committee
c/o City of Port Townsend
250 Madison Street, Port Townsend WA 98368
(360) 379-5047
cityofpt.us



Re: Fort Worden PDA Request to Lodging Tax Advisory Committee for Funding

The Fort Worden Public Development Authority (PDA) is submitting a request for \$25,000 a year over the next 20 years to support operational and capital expenditures of our tourism-related facilities. The funds will primarily support facility enhancement and lodging expansion projects that we are confident will increase the PDA's lodging revenues by at least 5% a year. Our facilities currently offer 56,000 square feet of meeting space, three restaurants, a Servery (dining hall that serves up to 500 people) and 157¹ lodging rooms.

This proposal differs from the last three marketing assistance requests that the PDA has submitted. The marketing assistance has been essential to helping the PDA launch its new brand and repackage Fort Worden as an historical retreat in a magnificent natural setting—a creative place for arts, education and recreation— during its first three years of operations. With that assistance, the PDA was able to accomplish the following from 2015-2017:

- Rebrand and control a wide variety of online listings related to Fort Worden State Park including user-review, regional tourism and travel-related websites.
- Complete four phases of website enhancements resulting in an improved customer experience and increased efficiency as a sales tool for accommodations and meeting room reservations
- Contract with third-party booking services in June 2016 resulting in over \$275,000 in new leisure traveler lodging revenue through December 2017
- Hire a Google AdWords consultant and developed a six-month Google AdWords strategic plan to increase the Fort and Port Townsend's on-line presence.
- Partner with the City of Port Townsend on a variety of print, digital and social media advertising that has increased Port Townsend and the Fort's exposure to metropolitan areas along the I-5 corridor.
- Collaborate with campus and community partners to develop targeted visitor outreach and promotions.
- Hire professional videographers and photographers to begin developing a strong multimedia portfolio for Fort Worden and City of Port Townsend marketing campaigns
- Deliver two, 8-page tabloid inserts into regional newspapers
- Develop a 8,000+ subscriber list for direct email campaigns
- Partner with the Friends of Fort Worden to design and publish the Fort Worden Pad Map

¹ 117 dorm rooms are not included in this total.

The PDA recently hired a Marketing and Sales Director that possesses years of experience marketing and selling a unique resort property as well as national hotels. This person will build upon the successes the PDA achieved with support from the LTAC funds. In addition to the Director, there are three sales managers and a wedding coordinator working full-time to sell all the Fort has to offer and promote the many additional opportunities Port Townsend has to offer.

The LTAC marketing support combined with the PDA's resources and dedication to building a strong sales and marketing team has resulted in building a strong foundation to expand our tourism-related marketing and advertising for Port Townsend and Fort Worden. In 2017, this amount budgeted is \$63,750 from the PDA operating revenues and \$30,000 in LTAC funds.

Over the last three years, since the PDA began managing Fort Worden hospitality services, it has continued to grow lodging revenues. Marketing efforts of course help facilitate this growth. Another contributor has been investments the PDA has made to improve/renovate some of the historical lodging facilities. These investments include:

- Cottage Collection 235-Bliss Vista: Partial remodeled of the interior and replaced outdated windows with new energy efficient ones. Completed: June 2017. Cost: \$49,941

Year	ADR	Occ %	Total Revenue
2016 July-Oct	\$248	71%	\$23,504
2017 July-Oct	\$309	88%	\$37,292
Increase			59%

- Officer's Row Collection 16 – Bricks: Partial remodel of the interiors in four units. Completed: December 2016. Cost: \$65,778

Year	ADR	Occ %	Total Revenue
2016 Jan-Oct	\$212	21%	\$80,640
2017 Jan-Oct	\$302	31%	\$112,877
Increase			40%

- Officer's Row Collection 4-Generals Home: Full interior remodel and refurbish of all wood work in the units. Completed: June 2017. Cost: \$341,092

Year	ADR	Occ %	Total Revenue
2016 June-Oct	\$463	44%	\$99,668
2017 June-Oct	\$576	64%	\$150,358
Increase			51%

- Cottage Collection 272-Lofts: Full interior remodel. Completed: June 2016. Cost: \$140,000

Year	ADR	Occ %	Total Revenue
2016 July-Oct	\$212	16%	\$15,490
2017 July-Oct	\$291	48%	\$68,722
Increase			77%

- Group Housing 277-Reunion House: Interior replacement of floors, fixtures, wall repair and paint. Completed: August 2016. Cost: \$69,600

Year	ADR	Occ %	Total Revenue
2016 Sept-Oct	\$635	21%	\$8,253
2017 Sept-Oct	\$956	36%	\$21,032
Increase			155%

All these projects were grant funded. Without the grant assistance, the PDA would not have been able to complete these upgrades, and in turn improve ADR & occupancy rates.

The PDA would like to continue to complete one or two upgrade projects each year. We also plan to add new room types. Currently, our lodging portfolio lacks any single-room “hotel style” units. By 2019, the PDA plans to add a minimum of 10 new Glamping units, and then over the following two to three years, increase these units to 20. Over the next five years, we plan to add an additional 13 hotel-style single units as well.

In addition to our lodging investments, we plan to launch our sustainability initiative that includes a few components to be rolled out in 2018. One is a \$1,000,000 energy efficiency upgrade and the other is a comprehensive sustainable operations plan. During 2016, the PDA underwent an Energy Efficiency Audit that demonstrates if the PDA does the energy efficiency upgrades that is recommended; the PDA will recoup the investment over 20 years with energy cost savings. The PDA received a grant this year from the Satterberg Foundation to develop a property wide sustainability plan that addresses energy consumption, waste reduction, recycling, local sourcing, closed-loop systems, and green purchasing. The PDA will begin implementing this plan in 2018.

The PDA is confident that with continued capital investment in new and enhanced lodging accommodations, implementing sustainable operating programs, and investing a minimum of \$300,000 annually in our sales and marketing team (includes staffing and marketing, advertising and media outreach) will yield more than a 5% increase in lodging revenue each year, doubling its lodging revenues by 2030 and continuing to build the 5% increase.

This proposal furthers the express purpose of the City of Port Townsend to establish the PDA to “facilitate private investment at the park and create jobs, which will build the City’s tax base; assist tenants and partners to promote and brand Fort Worden State Park as a Center for Lifelong Learning, and: enhance Fort Worden State Park as a significant heritage-based destination and attraction.” One of the challenges the PDA has faced is it does not have the collateral necessary to guarantee a loan or bond for new lodging improvement projects. A guaranteed annual LTAC contribution to the PDA will provide a dedicated funding stream to improve or enhance tourism related facilities at Fort Worden and will help us to leverage additional funding or financing for planned projects.

CITY OF PORT TOWNSEND - AUTHORIZED POSITIONS *

Department/Division	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2018 vs 2017	2018 vs 2016		
General Government																								
City Manager	1.0	2.0	2.1	2.8	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	0.0	0.0	
City Attorney	2.6	1.5	2.1	2.1	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0	3.0	4.0	3.0	2.7	3.5	3.6	3.6	3.6	3.6	0.0	0.0	
Development Service & Planning	8.9	8.5	7.5	7.8	7.9	8.0	8.0	10.0	10.0	10.0	6.7	7.5	7.5	5.6	6.3	6.2	6.8	7.3	8.3	8.3	8.3	0.0	1.0	
Finance & Utility Billing (UB)	9.0	9.0	9.1	7.8	7.8	7.8	7.8	8.2	8.2	7.2	8.2	9.2	8.2	9.4	8.5	6.1	6.1	6.1	6.4	6.0	-0.4	-0.1		
Police Admin & Operations	16.5	16.5	16.0	17.0	17.3	19.0	19.3	17.3	20.5	20.5	20.5	20.5	21.5	18.0	16.9	17.0	17.4	18.0	19.0	19.8	0.8	1.8		
City Clerk/Human Resources	1.4	1.4	2.1	2.1	2.0	2.5	2.5	2.3	2.3	2.3	2.0	2.0	2.0	2.0	1.9	2.9	4.0	3.8	5.0	5.0	0.0	1.2		
PEG TV Studio	0.0	0.0	0.0	0.3	0.3	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
City Events, Facilities & Restrooms	0.9	0.0	0.0	0.2	0.2	0.3	0.3	2.3	2.3	2.3	2.3	2.3	2.4	2.6	2.3	2.7	2.9	3.5	3.5	3.5	0.0	0.0		
Street	2.4	4.9	3.3	1.7	2.1	2.9	1.9	1.9	2.5	2.5	2.3	2.5	2.5	2.0	1.8	1.8	2.1	2.1	2.1	2.2	0.1	0.1		
Parks Maintenance & Recreation	6.0	6.1	4.6	5.6	3.3	4.0	3.3	3.3	3.3	3.3	5.3	6.3	6.8	4.5	2.3	2.8	2.4	3.5	4.2	4.2	0.0	0.7		
Pool	4.5	6.2	3.7	3.7	4.5	4.1	4.5	4.9	4.1	4.5	4.7	6.2	7.2	4.8	4.1	5.5	4.9	6.9	7.7	7.9	0.2	1.0		
Library	7.6	8.5	7.3	8.3	8.3	9.7	10.4	10.1	9.6	9.8	10.9	11.7	11.8	10.9	11.1	11.0	10.2	9.6	9.6	9.6	0.0	0.0		
Equipment Rental	2.3	2.0	2.0	1.8	1.5	1.5	1.5	2.5	2.5	2.5	2.5	2.5	2.3	3.6	2.8	3.8	3.8	3.9	4.3	4.3	0.0	0.4		
Total General Government	63.1	66.5	59.8	61.1	59.2	64.1	63.7	66.8	69.3	68.8	69.3	75.6	77.0	69.3	63.2	64.5	65.8	70.3	75.7	76.4	0.6	6.0		
Public Works & Utilities (excl UB)																								
Public Works Administration	5.0	4.1	3.1	2.1	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.7	2.3	2.1	2.1	2.1	3.2	3.3	0.1	1.2		
Public Works Engineering	7.5	6.0	5.0	4.5	6.5	5.3	8.3	7.3	7.8	8.5	10.5	10.0	8.3	6.3	4.7	6.6	6.7	8.3	7.0	7.8	0.8	-0.5		
Utilities																					0.0	0.0		
Water Distribution	5.7	7.5	4.0	6.0	6.1	5.8	5.8	5.8	5.6	5.6	5.6	5.6	5.6	5.0	5.0	5.0	5.0	5.0	5.0	5.8	0.8	0.8		
Water Quality & Resource	4.3	4.0	3.2	2.5	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.8	2.0	2.0	3.0	3.0	3.0	3.0	3.8	0.8	0.8		
Wastewater Collection	2.3	1.5	1.7	1.7	2.5	3.3	2.5	3.2	3.2	3.2	3.2	3.2	3.2	2.4	2.4	2.5	2.5	2.5	2.5	2.7	0.2	0.2		
Wastewater Treatment	3.5	3.5	3.3	3.3	3.6	4.6	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.2	3.2	3.3	3.3	3.5	3.5	3.5	0.0	0.0		
Biosolids	2.5	2.5	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.2	2.2	2.3	2.3	2.5	2.5	2.5	0.0	0.0		
Stormwater	2.3	1.5	1.7	3.3	3.8	4.5	3.4	2.8	2.8	3.8	3.8	3.8	3.8	3.3	3.3	3.1	3.1	3.5	3.5	3.6	0.0	0.1		
Total Public Works & Utilities	33.1	30.6	24.0	25.6	28.8	29.7	29.6	28.5	28.8	30.5	32.5	32.0	30.1	26.0	25.1	27.9	28.0	30.4	30.2	33.0	2.8	2.6		
TOTAL CITY FTES	96.2	97.1	83.8	86.6	88.0	93.8	93.4	95.2	98.0	99.4	101.9	107.6	107.1	95.3	88.3	92.4	93.8	100.7	105.9	109.3	3.4	8.6		
																					Percentage Change		3.5%	8.8%
Positions not currently counted as FTES	NOT INCLUDED IN FTE COMPARISON																							
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018				
Mayor/Council	1.0	0.0	0.4	0.4	0.4	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Fire/EMS	11.0	10.0	4.2	3.8	3.8	5.0	4.2	3.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
EMS			8.8	8.2	8.2	10.5	8.8	7.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		

* Does not include leave payouts

ORDINANCE NO. 3187

**AN ORDINANCE OF THE CITY OF PORT TOWNSEND, WASHINGTON, ADOPTING
2017 SUPPLEMENTAL BUDGET APPROPRIATIONS**

WHEREAS, the City Manager of the City of Port Townsend, Washington completed and filed an additional proposed supplemental budget for 2017 on November 1, 2017; and

WHEREAS, the City Council reviewed the supplemental budget and held a public hearing on November 6, 2017 and considered the matter further on November 13, 2017;

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

Section 1. The supplemental budget for the City of Port Townsend, Washington, for the fiscal year 2017, is adopted as set forth in the document entitled “City of Port Townsend Budget 2017 Supplemental Fund Summary”, a copy of which is on file with the office of the City Clerk, and is incorporated into this Ordinance. The budget supplemental summary is attached as Exhibit A, making revenue and expenditure revisions.


Section 2. This Ordinance shall take effect upon its passage, approval, and publication in the form and manner provided by law.

ADOPTED by the City Council of the City of Port Townsend, Washington, by a vote of the majority of the City Council plus one, at a special business meeting thereof, held this 13th day of November, 2017.




Deborah S. Stinson
Mayor

Attest:



Joanna Sanders, MMC
City Clerk

Approved as to legal form:



Steven L. Gross
City Attorney

City of Port Townsend Projected 2017 Fund Summary - Supplemental Budget									
	2016	2017	2017	2017	2017	2017	2017	2017	2017
	Ending Fund Balance	Adopted Revenues	Amended Revenues	Adopted Expenses	Amended Expenses	Adopted Rev vs. Exp	Amended Rev vs. Exp	Proposed Supplemental Appropriation	Projected Ending Fund Balance
GENERAL FUND	1,421,391	8,291,055	8,589,942	8,283,495	8,560,864	7,560	29,078	277,369	1,450,469
Drug Enforc. / Contingency	120,836	500	50,500	-	-	500	50,500	-	171,336
Street	304,941	817,049	867,547	813,216	865,941	3,833	1,606	52,725	306,547
Library	205,696	1,051,255	1,050,919	1,041,019	1,036,496	10,236	14,423	-	220,119
Real Estate Excise Tax	179,940	460,100	600,900	460,000	606,000	100	(5,100)	146,000	174,840
Lodging Tax	177,611	460,000	480,000	433,734	480,000	26,266	-	46,266	177,611
Fire / EMS	15,887	2,317,808	2,317,766	2,317,194	2,317,194	614	572	-	16,459
Affordable Housing	40,780	10,000	10,200	10,000	40,000	-	(29,800)	30,000	10,980
Community Development Block Grant	148,159	17,421	20,219	15,245	15,245	2,176	4,974	-	153,133
Community Services	125,939	1,806,242	1,871,190	1,803,972	1,925,969	2,270	(54,779)	121,997	71,160
TOTAL SPECIAL REV FUNDS	1,319,787	6,940,375	7,269,241	6,894,380	7,286,845	45,995	(17,604)	396,988	1,302,183
DEBT SERVICE FUND	71,096	1,592,003	5,000,186	1,585,565	4,987,702	6,438	12,484	3,402,137	83,580
General Capital	1,309,017	2,375,876	3,425,600	3,575,676	1,702,881	(1,199,800)	1,722,719	-	3,031,736
Street Capital	(116,722)	3,969,409	3,824,584	3,969,284	3,739,176	125	85,408	-	(31,313)
CAPITAL PROJECTS FUNDS	1,192,296	6,345,285	7,250,184	7,544,960	5,442,057	(1,199,675)	1,808,127	-	3,000,423
System Development	1,997,066	304,000	391,760	-	687,000	304,000	(295,240)	687,000	1,701,826
Water / Sewer Operations	3,018,070	5,708,223	5,715,816	5,691,098	5,753,353	17,125	(37,537)	62,256	2,980,533
Water / Sewer Capital	1,993,822	6,682,013	5,423,439	4,515,049	7,308,750	2,166,964	(1,885,311)	2,793,701	108,511
Storm Operations	76,245	560,900	560,900	487,098	478,005	73,802	82,895	-	159,140
Storm Capital	126,627	1,344,050	600,600	1,330,000	640,000	14,050	(39,400)	-	87,227
ENTERPRISE FUNDS	7,211,830	14,599,186	12,692,515	12,023,245	14,867,108	2,575,941	(2,174,593)	3,542,956	5,037,237
Public Works Admin	40,295	505,979	490,419	505,880	530,119	99	(39,700)	24,239	595
Equipment Rental & Replacement	790,921	887,516	877,863	920,533	982,600	(33,017)	(104,737)	62,067	686,185
Engineering Services	175,382	944,250	1,039,630	887,921	1,003,088	56,329	36,542	115,167	211,924
Unemployment Self-Insurance **	24,732	3,050	30,825	3,000	30,640	50	185	27,640	24,917
INTERNAL SERVICE FUNDS	1,031,330	2,340,795	2,438,737	2,317,334	2,546,447	23,461	(107,710)	229,113	923,620
Firemen's Pension	226,297	35,885	35,885	34,006	31,487	1,879	4,398	-	230,695
Agency / Refundable Deposits	65,542	170	-	-	-	170	-	-	65,542
Memorial Fund	2,549	-	-	-	-	-	-	-	2,549
Golf Course Fund	37,297	12,000	12,000	18,698	9,698	(6,698)	2,302	-	39,599
FIDUCIARY FUNDS	331,685	48,055	47,885	52,704	41,185	(4,649)	6,700	-	338,385
GRAND TOTAL	12,579,414	40,156,754	43,288,690	38,701,683	43,732,208	1,455,071	(443,518)	7,848,563	12,135,896

** Unemployment invoice approximately \$140 higher than original estimate. Supplemental request adapted for this fund on 11.13.17

City of Port Townsend
 2017 Supplemental Budget Amendment #1
 Updated on 11/13/17

Description	Fund	Department	BARS	Annual Estimate	2017 Expense Increase/ (Decrease)	Funding Source	Explanation
Reappropriations from 2016 Budget							
Police equipment	General Fund	Police Operations	010-054-594-210-64	one time	22,500	General Fund Reserves	Reappropriate 2016 funds for rifle acquisition
Professional Services - DSD - Critical Areas	General Fund	DSD / Planning	010-093-522-100-49	one time	25,000	GF - Council Reserve	Land Use Planning (AHBL) - Critical Areas Land Use Planning (Budgeted only \$5,000 in 2017 - carry over from 2016 appropriations)
Fund Homeward Bound start up	Affordable Housing	Aff Housing	180-000-565-100-49	one time	30,000	Affordable Housing Reserves	Reappropriate 2016 budgeted appropriation to fund Olycap housing study
Police equipment	ERR	Fleet	500-600-594-480-64	one time	64,474	ERR Reserves	Reappropriate 2016 budgeted funds for vehicle purchase delivered/invoiced in 2017
Total Reappropriations					141,974		
General Fund - Supplemental Appropriations							
Loan to Homeward Bound	General Fund	Unassigned	010-093-585-000-00	one time	250,000	Interfund Loan from Transmission Line Fund	Intergovernmental Loan from OGWS Fund to General Fund for short - term financing of Homeward Bound Project Loan (discussion/review slated for 11/6/17 council meeting)
Howard Street Sub area plan	General Fund	DSD / Planning	010-022-558-600-41	one time	116,875		One time expenditure; use reserves
Plan Review Consulting	General Fund	DSD / Planning	010-022-558-600-41	one time	75,000	Permit Fee Revenue; Staff Vacancies	Plan review outsourced to Safebuilt; not budgeted in 2017; offset by staffing vacancies
Transfer to Comm Svs for Propane Costs	General Fund	Mtn View	199-110-575-500-32	ongoing	71,500		Monitoring actual expenses; cost per gallon is currently 2x the 2016 cost per gallon (Mtn View Facility)
Jefferson County Sheriff - staff coverage	General Fund	Police Operations	010-054-523-600-50	ongoing; lower amount	50,000		2016 & 2017 through March - JC Sheriff OT coverage
Economic Development project/Howard Street staff support	General Fund	City Manager	010-012-513-100-xx	one time	48,850		Temporary employees to manage/support Howard Street sub area plan
Unemployment Expense	General Fund	Various	xxx-xxx-597-xxx-xx	Finance will monitor	23,000		L&I Claims (Police, Library & Comm Svs Fund)
B&O Tax Refunds	General Fund	Finance	010-041-586-000-00	one time	15,400	B&O 2017 tax revenues	Refunds of overpayments; includes two large company filing errors
Non Labor Costs	General Fund	Various		one time	11,090		Miscellaneous Supplies & Other
Employee Self Service Software	General Fund	HR	010-015-594-160-64	one time	10,100		Additional implementation & training costs
Finance Software Maintenance Renewal	General Fund	Finance	010-041-594-xxx-64	ongoing	10,000		Springbrook Financial Software Maintenance Renewal - omitted in error in 2017 budget
Voter Registration Fees	General Fund	City Council	010-011-511-600-49	one time	(10,000)		Lower costs for voter registration costs than appropriated
Ethics Hearings	General Fund	City Council	010-011-511-600-41	one time	(45,000)		Ethics Hearings were appropriated in City Attorney Budget. This is a duplicate appropriation.
Unused Council Reserve	General Fund	Council Reserve		one time	(62,000)		Council Reserve is expected to be used to fund \$23,
Police Vehicles	General Fund	Unassigned		one time	(163,600)		Deferred Police Vehicle appropriation
Wage & Benefit Savings	General Fund	Various	010-xxx-xxx-xxx-xx	one time	(171,346)		Staffing Vacancies In DSD / Finance & Police Dept; Leaves of Absenses; Delayed Hiring for Police Admin
General Fund Supplemental Appropriations					229,869		
Total General Fund Re-appropriations (from 2017 Budgeted Appropriations)					47,500		
Total General Fund Additional Appropriations					277,369		
Street Operations Fund - Supplemental Appropriations							
Other Improvements	Street Oper Fund	Maintenance	110-111-595-450-63	one time	60,000	State Grant & Estimated Cost Savings	Received State Grant for Pavement Patch & Repair
Wage & Benefit Savings				one time	(7,275)		Delay in hiring open position
Total Streets Operation Fund Supplemental Appropriations					52,725		
Real Estate Excise Tax Fund - Supplemental Appropriations							
Capital Transfer - Street CIP Fund	REET Fund	Operating Trfr	135-000-597-305-02	one time	146,000	Additional REET Revenue	Transfer to Street Capital Fund for Howard Street Project
Total REET Fund Supplemental Appropriations					146,000		

City of Port Townsend
 2017 Supplemental Budget Amendment #1
 Updated on 11/13/17

Description	Fund	Department	BARS	Annual Estimate	2017 Expense Increase/ (Decrease)	Funding Source	Explanation
Lodging Tax Fund - Supplemental Appropriations							
Tourism Promotion	Lodging Tax Fund	Operations	150-150-557-300-49	one time	26,266	Additional Lodging Tax Revenue	Support Tourism Event Facility Rental Fees & Joint Marketing with Port
Tourism Promotion	Lodging Tax Fund	Operations	150-150-557-300-49	one time	10,000	Additional Lodging Tax Revenue	Hotel Vacancy Study - As recommended by Lodging Tax Committee
Tourism Promotion	Lodging Tax Fund	Operations	150-150-557-301-44	one time	10,000	Additional Lodging Tax Revenue	Wooden Boat Festival - Pt Hudson Facility Rentals
Total Lodging Tax Fund Supplemental Appropriations					46,266		
Community Services Fund - Supplemental Appropriations							
Propane Fuel	Community Services	Mountain View	199-110-575-500-32	ongoing	60,000	General Fund	Increase in Propane Fuel Cost; cost per gallon is currently 2x the 2016 cost per gallon (Mtn View Facility)
Boiler Repairs - Transfer funds	Community Services	Mountain View	199-000-597-000-00	one time	50,000	Community Svs Fund Bal Reserves	Replenish Contingency Fund for 2016 revenue received - boiler repairs
Non Labor Expenses	Community Services	Facilities	199-091-518-300-31/35	one time	11,997	General Fund	Additional Small Equipment for Facilities (Replacement Table & Chairs for Pope Marine; Carpet Cleaning Machine; Misc. Small Tools; Computer; Parks Deposits)
Total Community Svs. Fund Supplemental Appropriations					121,997		
GO BOND Debt Svs Fund - Supplemental Appropriations							
GO 2008 Bond Refinance Issue Costs	GO Debt Service Fund	N/A	200-000-592-180-81/82	one time	103,285	GO Bond Refinance	Bond Issuance Costs for 2008 Bond Refinance
GO Bond Long Term Interest	GO Debt Service Fund	N/A	200-000-592-193-83	ongoing	(249,524)	Various Fund Transfers	Interest Adjustments on Long Term Bonds due to 2008 GO Bond Refinance & Recognition of Bond Premium
GO Bond Transfers	GO Debt Service Fund	N/A	200-000-597-000-00	ongoing	3,548,377	GO Bond Refinance	Transfer Bond Proceeds Received to Capital Funds
Total GO Bond Debt Service Fund Supplemental Appropriations					3,402,137		
Enterprise Funds - Supplemental Appropriations							
City Lake Land Purchase	Water / Sewer Oper	Water Distribution	411-403-594-340-63	one time	(100,000)	Water / Sewer Operating Revenue	Delay in Completion of Real Estate Purchase at City Lake - Moved to 2018 Budget
Water / Sewer Capital Funding	Systems Development	N/A	195-415-597-340/350-55	2017 / 2018	687,000	Additional SDC Revenue & SDC Fund Reserves	Transfer to Water / Sewer Capital Fund for City match of LT2 & SMG Reservoir Projects
Water /Sewer Projects - reappropriation	Capital	Wtr Capital	415-xxx-xxx-xxx-xx	2017 / 2018	2,015,757	PWTF & DWSRF Loans / SDC Reserves / OGWS Fund Reserves	Water project appropriations from 2016 that will be made in 2017
Interfund Loan Disbursement	OGWS Fund	N/A	417-888-581-100-00	one time	250,000	Future Bond Refinance	Intergovernmental Loan from OGWS Fund to General Fund for short - term financing of Homeward Bound Project Loan (discussion/review slated for 11/6/17 council meeting)
Non Labor	Various	N/A		one time	200		Various minor expenditures
Total Enterprise Fund Supplemental Appropriations					2,852,957		
Internal Service Funds - Supplemental Appropriations							
Civil Engineer III	Engineering	N/A	555-402-532-200-xx		101,680	Capital Projects	Project engineer for water/sewer projects; recruit with possible succession plan opportunities; Hire Date 7/10/17
Project Manager - Water Project	Engineering	N/A	555-402-532-200-xx	one time	66,157	Water Capital	Increase project manager from .25 FTE to 1.00 FTE - extended project close out; chargeable to the Water Project (see reappropriation below)
PW Director salaries & benefits	PW Administration	PW Admin	140-401-538-110-xx	ongoing	41,726	PW Fund Reserves	10 months of salary adjustment based on new wage scale adopted on 2/06/2017 & Overlap of new PW Director hired 9/1/17.
Recruiting costs	PW Administration	PW Admin	140-401-538-110-43	one time	9,000	PW Fund Reserves	Recruitment of PW Director - Travel Stipends & Relocation Costs
PW Professional Services	PW Administration	PW Admin	140-401-538-110-41	one time	(26,487)		Professional Services savings. Aerial Mapping Photos less than expected.
Unemployment Claims	Unemployment Self Insurance Fund	Unassigned	595-000-518-000-25	Finance will monitor claim activity for 2017/2018 projections	27,640	Internal Service Fund funded by transfers from other funds	Actual claims filed (Police, Library, Comm Svs, Wtr/Swr, & Storm Funds)
Total General Fund Re-appropriations (from 2017 Budgeted Appropriations)					164,639		
Internal Services Fund Reappropriations					64,474		
Total Internal Service Funds Appropriations					229,113		
TOTAL ALL FUNDS - SUPPLEMENTAL APPROPRIATIONS					7,158,564		

**City of Port Townsend
City Manager Proposed 2018 Fund Summary**

	2017 Estimated Balance	2018 Proposed Revenues	2018 Proposed Expenses	2018 Proposed Rev vs. Exp	2018 Proposed Balance
GENERAL FUND	1,450,469	8,648,366	8,608,299	40,067	1,490,536
Drug Enforc. / Contingency	171,336	500	-	500	171,836
Street	306,547	837,942	769,082	68,860	375,407
Library	220,119	1,077,601	1,093,379	(15,778)	204,341
Real Estate Excise Tax	174,840	510,100	545,000	(34,900)	139,940
Lodging Tax	177,611	480,000	479,838	162	177,773
Fire / EMS	16,459	2,385,876	2,385,276	600	17,059
Affordable Housing	10,980	10,000	10,000	-	10,980
Community Development Block Grant	153,133	13,623	15,000	(1,377)	151,756
Community Services	71,160	2,013,448	2,012,560	888	72,048
TOTAL SPECIAL REV FUNDS	1,302,183	7,329,090	7,310,135	18,955	1,321,138
DEBT SERVICE FUND	83,580	1,675,155	1,645,656	29,499	113,079
General Capital	3,031,736	1,740,341	4,698,154	(2,957,813)	73,923
Street Capital	(31,313)	3,062,602	3,017,489	45,113	13,800
CAPITAL PROJECTS FUNDS	3,000,423	4,802,943	7,715,643	(2,912,700)	87,723
System Development	1,701,826	315,290	1,080,000	(764,710)	937,116
Water / Sewer Operations	2,980,533	6,116,957	7,881,874	(1,764,917)	1,215,616
Water / Sewer Capital	108,511	8,204,054	6,517,915	1,686,139	1,794,650
Storm Operations	159,140	578,018	620,137	(42,119)	117,021
Storm Capital	87,227	1,070,600	1,000,000	70,600	157,827
ENTERPRISE FUNDS	5,037,237	16,284,919	17,099,927	(815,008)	4,222,229
Public Works Admin	595	584,573	584,272	301	896
Equipment Rental & Replacement	686,185	1,370,391	1,465,655	(95,264)	590,921
Engineering Services	211,924	1,009,500	1,042,564	(33,064)	178,860
Unemployment Self-Insurance	24,852	19,620	19,500	120	24,972
INTERNAL SERVICE FUNDS	923,555	2,984,084	3,111,991	(127,907)	795,648
Firemen's Pension	230,695	34,735	27,140	7,595	238,290
Agency / Refundable Deposits	65,542	-	-	-	65,542
Memorial Fund	2,549	-	-	-	2,549
Golf Course Fund	39,599	12,000	21,419	(9,419)	30,180
FIDUCIARY FUNDS	338,385	46,735	48,559	(1,824)	336,561
GRAND TOTAL	12,135,831	41,771,292	45,540,210	(3,768,918)	8,366,913

ORDINANCE NO. 3190

**AN ORDINANCE ADOPTING THE BUDGET FOR THE CITY OF PORT
TOWNSEND, WASHINGTON, FOR THE FISCAL YEAR
ENDING DECEMBER 31, 2018**

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, 2018 (the “2018 Preliminary Budget”), and a notice was published that the City Council would conduct a public hearing on the 6th of November 2017 at 6:30 p.m., at City Hall for the purpose of receiving public testimony regarding the preliminary budget for the 2018 fiscal year; and

WHEREAS, the City Council held a public hearing on November 6, 2017 at which all taxpayers were heard who appeared for or against any part of the preliminary budget; and

WHEREAS, following the public hearing, the City Council met in City Council Chambers on November 13, 2017 and November 20, 2017 to consider the 2018 Final Budget and receive further public comment, and made adoptions and changes, as it deemed necessary and proper; and

WHEREAS, the 2018 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 2018 Final Budget, and the estimated expenditures in each fund set forth in the 2018 Final Budget are all necessary to carry on the government of the City for fiscal year 2018, 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 2018, is hereby adopted at the fund level as set forth in the document entitled “City of Port Townsend Final Budget 2018,” 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 2018, 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 2018 budget year.


Section 3. The City Clerk is directed to transmit a certified copy of the City of Port Townsend Final Budget 2018 to the Office of State Auditor and to the Association of Washington Cities.

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

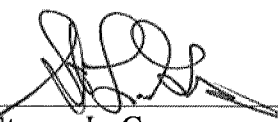
ADOPTED by the City Council of the City of Port Townsend, Washington, at a regular meeting thereof, held this 4th day of December, 2017.


Deborah S. Stinson
Mayor

Attest:


Joanna Sanders, MMC
City Clerk

Approved as to Form:


Steven L. Gross
City Attorney

City of Port Townsend City Manager Proposed 2018 Fund Summary					
	2017 Estimated Balance	2018 Proposed Revenues	2018 Proposed Expenses	2018 Proposed Rev vs. Exp	2018 Proposed Balance
GENERAL FUND	1,450,469	8,638,366	8,609,857	28,509	1,478,978
Drug Enforc. / Contingency	171,336	500	-	500	171,836
Street	306,547	837,942	819,082	18,860	325,407
Library	220,119	1,077,601	1,093,379	(15,778)	204,341
Real Estate Excise Tax	174,840	510,100	545,000	(34,900)	139,940
Lodging Tax	177,611	480,000	479,838	162	177,773
Fire / EMS	16,459	2,385,876	2,385,276	600	17,059
Affordable Housing	10,980	10,000	10,000	-	10,980
Community Development Block Grant	153,133	13,623	15,000	(1,377)	151,756
Community Services	71,160	2,013,448	2,012,560	888	72,048
TOTAL SPECIAL REV FUNDS	1,302,183	7,329,090	7,360,135	(31,045)	1,271,138
DEBT SERVICE FUND	83,580	1,675,155	1,645,656	29,499	113,079
General Capital	3,031,736	1,740,341	4,698,154	(2,957,813)	73,923
Street Capital	(31,313)	3,062,602	3,017,489	45,113	13,800
CAPITAL PROJECTS FUNDS	3,000,423	4,802,943	7,715,643	(2,912,700)	87,723
System Development	1,701,826	315,290	1,080,000	(764,710)	937,116
Water / Sewer Operations	2,980,533	6,216,957	7,861,874	(1,644,917)	1,335,616
Water / Sewer Capital	108,511	8,204,054	6,247,915	1,956,139	2,064,650
Storm Operations	159,140	738,018	765,137	(27,119)	132,021
Storm Capital	87,227	1,070,600	1,000,000	70,600	157,827
ENTERPRISE FUNDS	5,037,237	16,544,919	16,954,927	(410,008)	4,627,229
Public Works Admin	595	584,573	584,272	301	896
Equipment Rental & Replacement	686,185	1,370,391	1,465,655	(95,264)	590,921
Engineering Services	211,924	1,009,500	1,042,564	(33,064)	178,860
Unemployment Self-Insurance	24,917	19,620	19,500	120	25,037
INTERNAL SERVICE FUNDS	923,620	2,984,084	3,111,991	(127,907)	795,713
Firemen's Pension	230,695	34,735	27,140	7,595	238,290
Agency / Refundable Deposits	65,542	-	-	-	65,542
Memorial Fund	2,549	-	-	-	2,549
Golf Course Fund	39,599	12,000	21,419	(9,419)	30,180
FIDUCIARY FUNDS	338,385	46,735	48,559	(1,824)	336,561
GRAND TOTAL	12,135,896	42,021,292	45,446,768	(3,425,476)	8,710,420

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

General Fund	2015	2016	2017	2017	2018	Increase/Decrease 2018 Proposed vs 2017 Adopted
	Actual	Actual	Adopted	Supplemental	Proposed	
Beginning Fund Balance	722,067	976,378	1,421,391	1,421,391	1,450,469	
Revenues						
Taxes	5,408,987	6,086,252	6,090,528	6,127,285	6,238,203	2.4%
Licenses & Permits	324,566	441,525	368,183	383,250	368,250	0.0%
Intergovernmental Services	244,868	250,863	249,423	234,820	228,425	-8.4%
Charges for Goods & Services	1,407,829	1,295,097	1,455,521	1,467,328	1,679,988	15.4%
Fines & Penalties	63,785	57,971	59,500	47,780	50,300	-15.5%
Miscellaneous Revenue	44,006	44,082	64,400	63,034	69,200	7.5%
Other Financing Sources	29,224	5,830	3,500	256,445	4,000	
Operating Transfers In	6,713	62,075	-	10,000	-	
Total Revenue	7,529,978	8,243,695	8,291,055	8,589,942	8,638,366	4.2%
Expenditures						
Salaries & Wages	2,736,104	3,035,028	3,124,966	3,100,111	3,274,005	4.8%
Personnel Benefits	1,099,291	1,258,135	1,407,305	1,316,207	1,479,414	5.1%
Supplies	40,457	48,688	54,900	60,801	67,949	23.8%
Insurance	272,662	308,304	347,153	357,000	401,755	15.7%
Professional Services	101,814	159,863	200,935	347,150	167,241	-16.8%
Communications	56,811	55,592	62,592	58,996	62,452	-0.2%
Advertising	39,678	32,509	36,050	43,890	43,250	20.0%
Operating Rents & Leases	55,104	51,117	53,598	52,798	52,532	-2.0%
Intergovernmental Services	769,011	723,157	771,400	824,065	813,191	5.4%
Machinery & Equipment	70,163	70,736	212,988	99,888	64,130	-69.9%
Repair & Maintenance	52,986	28,118	22,840	26,990	26,674	16.8%
Equipment Rental	267,389	267,319	303,930	303,930	303,930	0.0%
Training/Memberships & Travel	34,540	35,481	108,470	104,420	125,404	15.6%
Miscellaneous	159,548	59,075	130,085	331,555	131,760	1.3%
Transfers Out	1,520,109	1,665,563	1,446,283	1,533,063	1,596,170	10.4%
Total Expenditure	7,275,667	7,798,683	8,283,495	8,560,864	8,609,857	3.9%
Net Change in Fund Balance	254,311	445,013	7,560	29,078	28,509	277.1%
Ending Fund Balance	976,378	1,421,391	1,428,951	1,450,469	1,478,978	
Fund Bal. 8-15 % of Revenue	13.0%	17.2%	17.2%	16.9%	17.1%	Meets Policy
General Fund - Expenditures by Department						
Mayor & Council	138,173	123,773	228,328	170,909	138,179	-39.5%
City Manager	301,340	306,620	308,113	363,849	324,616	5.4%
City Attorney	515,532	526,552	556,853	551,649	603,369	8.4%
Human Resources	267,586	321,630	363,215	374,511	418,159	15.1%
Planning & Development Services	748,923	907,400	973,432	1,104,152	1,026,670	5.5%
Finance Department	311,606	317,984	327,509	308,946	343,652	4.9%
Police Administration	564,060	445,788	550,588	544,351	638,241	15.9%
Police Operations	2,210,470	2,520,387	2,560,296	2,608,511	2,666,362	4.1%
Police Training	32,236	33,344	30,500	60,650	30,000	-1.6%
City Clerk	251,272	262,589	270,092	268,225	279,670	3.5%
Contracts & Intergovernmental	339,006	371,385	645,553	690,665	534,901	-17.1%
PEG Access	38,813	25,671	23,753	27,683	23,753	0.0%
Transfers Out	1,556,650	1,635,559	1,445,263	1,516,763	1,582,285	9.5%
Total Expenditures	7,275,667	7,798,682	8,283,495	8,590,864	8,609,857	3.9%

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

Contingency Fund	2015	2016	2017	2017	2018	Increase/Decrease 2018 Proposed vs 2017 Adopted
	Actual	Actual	Adopted	Supplemental	Proposed	
Beginning Fund Balance	146,279	150,434	120,836	120,836	171,336	
Revenues						
Taxes	4,000	-	-	-	-	
Miscellaneous Revenue	155	402	500	500	500	0.0%
Operating Transfers In	-	20,000	-	50,000	-	
Total Revenue	4,155	20,402	500	50,500	500	0.0%
Expenditures						
Miscellaneous						
Transfers Out	-	50,000	-	-	-	
Total Expenditure	-	50,000	-	-	-	
Net Change in Fund Balance	4,155	(29,598)	500	50,500	500	0.0%
Ending Fund Balance	150,434	120,836	121,336	171,336	171,836	
Fund Balance 2% of GF Rev	2.0%	1.5%	1.5%	2.0%	2.0%	Meets Policy

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

Street Fund	2015 Actual	2016 Actual	2017 Adopted	2017 Supplemental	2018 Proposed	Increase/Decrease 2018 Proposed vs 2017 Adopted
Beginning Fund Balance	111,334	195,688	304,941	304,941	306,547	
Revenues						
Taxes	557,531	605,615	598,293	598,293	606,507	1.4%
Licenses & Permits	462	1,312	500	500	500	0.0%
Intergovernmental Services	197,128	212,085	207,626	249,191	219,735	5.8%
Charges for Goods & Services	5,300	5,000	10,000	13,326	10,000	0.0%
Miscellaneous Revenue	2,229	2,188	630	2,897	1,200	90.5%
Other Financing Sources	-	6,500	-	3,340	-	
Operating Transfers In	-	-	-	-	-	
Total Revenue	762,650	832,700	817,049	867,547	837,942	2.6%
Expenditures						
Salaries & Wages	122,627	129,709	135,267	130,311	138,473	2.4%
Personnel Benefits	58,967	58,333	67,602	64,981	68,271	1.0%
Supplies	26,129	28,902	51,000	51,030	52,000	2.0%
Professional Services	3,137	15,136	15,000	13,500	17,000	13.3%
Communications	599	598	600	600	600	0.0%
Advertising	-	-	-	-	-	
Operating Rents & Leases	-	1,235	-	-	-	
Intergovernmental Services	-	-	2,000	-	-	-100.0%
Machinery & Equipment	-	19,893	-	-	-	
Other Improvements	-	-	30,000	90,000	50,000	66.7%
Repair & Maintenance	45,111	52,849	88,500	85,000	60,000	-32.2%
Equipment Rental	41,102	50,142	45,718	45,718	45,718	0.0%
Utilities	103,154	105,959	115,000	115,000	115,000	0.0%
Training/Memberships & Travel	-	-	500	2,000	2,500	400.0%
Overhead Allocation	91,375	73,564	86,629	85,523	86,646	0.0%
Miscellaneous	1,225	2,174	500	6,178	4,000	700.0%
Transfers Out	184,870	184,953	174,900	176,100	178,874	2.3%
Total Expenditure	678,296	723,447	813,216	865,941	819,082	0.7%
Net Change in Fund Balance	84,354	109,253	3,833	1,606	18,860	392.0%
Ending Fund Balance	195,688	304,941	308,774	306,547	325,407	
Fund Bal. 2-3 % of Expenditures	28.9%	42.2%	38.0%	35.4%	39.7%	Meets Policy

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

Library Fund	2015 Actual	2016 Actual	2017 Adopted	2017 Supplemental	2018 Proposed	Increase/Decrease 2018 Proposed vs 2017 Adopted
Beginning Fund Balance	161,323	151,853	205,696	205,696	220,119	
Revenues						
Taxes	1,007,315	1,021,077	1,042,228	1,042,228	1,076,951	3.3%
Licenses & Permits	-	-	-	-	-	
Intergovernmental Services	7,336	1,394	-	-	-	
Charges for Goods & Services	-	-	-	-	-	
Fines & Penalties	10,630	9,339	4,500	4,500	-	-100.0%
Miscellaneous Revenue	4,774	4,586	4,527	3,650	650	-85.6%
Other Financing Sources	23,552	32,831	-	541	-	
Operating Transfers In	-	-	-	-	-	
Total Revenue	1,053,607	1,069,227	1,051,255	1,050,919	1,077,601	2.5%
Expenditures						
Salaries & Wages	419,759	416,800	427,459	415,000	446,279	4.4%
Personnel Benefits	154,731	167,734	180,446	179,387	192,681	6.8%
Supplies	18,188	19,883	13,500	13,500	12,000	-11.1%
Insurance	-	-	-	-	-	
Professional Services	9,890	19,962	28,800	24,800	29,200	1.4%
Communications	33,901	14,429	14,640	14,640	14,640	0.0%
Advertising	726	262	1,000	1,000	500	-50.0%
Operating Rents & Leases	3,285	2,934	2,600	1,600	1,560	-40.0%
Intergovernmental Services	-	-	-	-	-	
Machinery & Equipment	103,928	74,814	71,000	71,550	76,000	7.0%
Repair & Maintenance	3,113	19,229	-	-	-	
Equipment Rental	58,979	58,979	63,806	63,806	63,806	0.0%
Utilities	22,354	21,506	23,300	27,000	24,600	5.6%
Training/Memberships & Travel	5,030	3,235	13,500	14,205	12,500	-7.4%
Miscellaneous	10,685	10,328	3,000	7,000	3,000	0.0%
Overhead Allocation	218,508	185,189	197,968	197,968	214,972	8.6%
Transfers Out	-	100	-	5,040	1,641	
Total Expenditure	1,063,077	1,015,384	1,041,019	1,036,496	1,093,379	5.0%
Net Change in Fund Balance	(9,470)	53,843	10,236	14,423	(15,778)	-254.1%
Ending Fund Balance	151,853	205,696	215,932	220,119	204,341	
Fund Balance 5-8% of Tax Rev.	15.1%	20.1%	20.7%	21.1%	19.0%	Meets Policy

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

REET	2015 Actual	2016 Actual	2017 Adopted	2017 Supplemental	2018 Proposed	Increase/Decrease 2018 Proposed vs 2017 Adopted
Beginning Fund Balance	40,408	68,310	179,940	179,940	174,840	
Revenues						
Taxes	537,695	590,244	460,000	600,000	510,000	10.9%
Miscellaneous Revenue	207	386	100	900	100	0.0%
Other Financing Sources	-	-	-	-	-	
Operating Transfers In	-	-	-	-	-	
Total Revenue	<u>537,902</u>	<u>590,630</u>	<u>460,100</u>	<u>600,900</u>	<u>510,100</u>	10.9%
Expenditures						
Miscellaneous	-	-	-	-	-	
Transfers Out	<u>510,000</u>	<u>479,000</u>	<u>460,000</u>	<u>606,000</u>	<u>545,000</u>	18.5%
Total Expenditure	<u>510,000</u>	<u>479,000</u>	<u>460,000</u>	<u>606,000</u>	<u>545,000</u>	18.5%
Net Change in Fund Balance	27,902	111,630	100	(5,100)	(34,900)	-35000.0%
Ending Fund Balance	68,310	179,940	180,040	174,840	139,940	
Sufficient to Meet Obligations	12.7%	30.5%	39.1%	29.1%	27.4%	Meets Policy

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

PW Admin (Internal Service Fund)	2015 Actual	2016 Actual	2017 Adopted	2017 Supplemental	2018 Proposed	Increase/Decrease 2018 Proposed vs 2017 Adopted
Beginning Fund Balance	19,856	37,487	40,295	40,295	595	
Revenues						
Charges for Goods & Services	322,138	356,510	505,879	490,119	584,273	15.5%
Fines & Penalties	-	-	-	-	-	
Miscellaneous Revenue	1,009	118	100	300	300	200.0%
Operating Transfers In	-	-	-	-	-	
Total Revenue	323,147	356,628	505,979	490,419	584,573	15.5%
Expenditures						
Salaries & Wages	173,575	187,731	243,573	279,280	317,199	30.2%
Personnel Benefits	65,379	71,473	104,107	110,126	121,243	16.5%
Supplies	2,051	2,553	4,000	4,000	5,000	25.0%
Professional Services	-	12,717	56,000	29,013	6,000	-89.3%
Communications	2,184	1,961	4,000	4,000	2,000	-50.0%
Advertising	163	-	1,000	-	1,000	0.0%
Operating Rents & Leases	3,510	3,281	3,688	3,688	3,600	-2.4%
Intergovernmental Services	-	-	55,942	-	-	-100.0%
Machinery & Equipment	-	-	500	-	-	-100.0%
Repair & Maintenance	-	-	500	500	500	0.0%
Equipment Rental	11,330	11,330	23,770	23,770	23,770	0.0%
Training/Memberships & Travel	870	746	8,000	18,000	8,000	0.0%
Miscellaneous	1,165	1,429	800	1,800	2,550	218.8%
Overhead Allocation	45,289	60,599	-	55,942	58,810	
Transfers Out	-	-	-	-	34,600	
Total Expenditure	305,516	353,820	505,880	530,119	584,272	15.5%
				-		
Net Change in Fund Balance	17,631	2,808	99	(39,700)	301	204.0%
Ending Fund Balance	37,487	40,295	40,394	595	896	
Fund Bal. 2-3% of Expenditures	12.3%	11.4%	8.0%	0.1%	0.2%	Doesn't Meet Policy

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

Lodging Tax	2015	2016	2017	2017	2018	Increase/Decrease 2018 Proposed vs 2017 Adopted
	Actual	Actual	Adopted	Supplemental	Proposed	
Beginning Fund Balance	120,843	157,097	177,611	177,611	177,611	
Revenues						
Taxes	443,859	474,938	460,000	480,000	480,000	4.3%
Miscellaneous Revenue	-	-	-	-	-	
Other Financing Sources	-	-	-	-	-	
Operating Transfers In	-	-	-	-	-	
Total Revenue	443,859	474,938	460,000	480,000	480,000	4.3%
Expenditures						
Professional Services	210,013	226,824	270,873	273,150	273,500	1.0%
Advertising	37,500	55,171	50,000	60,000	45,000	-10.0%
Machinery & Equipment	6,922	-	-	-	-	
Other Improvements	25,427	170	-	-	-	
Miscellaneous	-	3,362	3,500	37,489	23,500	571.4%
Overhead Allocation	21,030	18,897	9,361	9,361	12,838	37.1%
Transfers Out	106,713	150,000	100,000	100,000	125,000	25.0%
Total Expenditure	407,605	454,424	433,734	480,000	479,838	10.6%
Net Change in Fund Balance	36,254	20,514	26,266	-	162	-99.4%
Ending Fund Balance	157,097	177,611	203,877	177,611	177,773	
Sufficient to Meet Obligations	35.4%	37.4%	44.3%	37.0%	37.0%	Meets Policy

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

Fire/EMS	2015	2016	2017	2017	2018	Increase/Decrease
	Actual	Actual	Adopted	Supplemental	Proposed	2018 Proposed vs 2017 Adopted
Beginning Fund Balance	25,568	32,713	15,887	15,887	16,459	
Revenues						
Taxes	2,389,071	2,399,034	2,317,194	2,317,194	2,385,276	2.9%
Miscellaneous Revenue	314	546	614	572	600	-2.3%
Operating Transfers In	-	-	-	-	-	
Total Revenue	2,389,385	2,399,580	2,317,808	2,317,766	2,385,876	2.9%
Expenditures						
Intergovernmental Services	2,382,240	2,411,912	2,317,194	2,317,194	2,385,276	2.9%
Miscellaneous	-	-	-	-	-	
Transfers Out	-	4,494	-	-	-	
Total Expenditure	2,382,240	2,416,406	2,317,194	2,317,194	2,385,276	2.9%
Net Change in Fund Balance	7,145	(16,826)	614	572	600	-2.3%
Ending Fund Balance	32,713	15,887	16,501	16,459	17,059	
Sufficient to Meet Obligations	1.4%	0.7%	0.7%	0.7%	0.7%	Meets Policy

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

Affordable Housing	2015	2016	2017	2017	2018	Increase/Decrease
	Actual	Actual	Adopted	Supplemental	Proposed	2018 Proposed vs 2017 Adopted
Beginning Fund Balance	30,627	40,663	40,780	40,780	10,980	
Revenues						
Taxes	10,000	10,000	10,000	10,000	10,000	0.0%
Miscellaneous Revenue	36	118	-	200	-	
Operating Transfers In	-	-	-	-	-	
Total Revenue	10,036	10,118	10,000	10,200	10,000	0.0%
Expenditures						
Miscellaneous	-	-	-	30,000	10,000	
Transfers Out	-	10,000	10,000	10,000	-	-100.0%
Total Expenditure	-	10,000	10,000	40,000	10,000	0.0%
Net Change in Fund Balance	10,036	118	-	(29,800)	-	
Ending Fund Balance	40,663	40,780	40,780	10,980	10,980	
Sufficient to Meet Obligations	405.2%	403.1%	407.8%	107.7%	109.8%	Meets Policy

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

CDBG	2015	2016	2017	2017	2018	Increase/Decrease 2018 Proposed vs 2017 Adopted
	Actual	Actual	Adopted	Supplemental	Proposed	
Beginning Fund Balance	152,445	141,751	148,159	148,159	153,133	
Revenues						
Intergovernmental Services	39,507	16,974	17,061	19,619	13,023	-23.7%
Miscellaneous Revenue	160	559	360	600	600	66.7%
Operating Transfers In	-	-	-	-	-	
Total Revenue	39,667	17,533	17,421	20,219	13,623	-21.8%
Expenditures						
Miscellaneous	50,361	11,125	15,245	15,245	15,000	-1.6%
Transfers Out	-	-	-	-	-	
Total Expenditure	50,361	11,125	15,245	15,245	15,000	-1.6%
Net Change in Fund Balance	(10,694)	6,408	2,176	4,974	(1,377)	-163.3%
Ending Fund Balance	141,751	148,159	150,335	153,133	151,756	
Sufficient to Meet Obligations	357.4%	845.0%	863.0%	757.4%	1114.0%	Meets Policy

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

SDCs	2015	2016	2017	2017	2018	Increase/Decrease 2018 Proposed vs 2017 Adopted
	Actual	Actual	Adopted	Supplemental	Proposed	
Beginning Fund Balance	1,239,539	1,450,404	1,997,066	1,997,066	1,701,826	
Revenues						
Charges for Goods & Services	325,608	606,037	300,000	384,760	311,290	3.8%
Miscellaneous Revenue	1,450	4,483	4,000	7,000	4,000	0.0%
Operating Transfers In	-	-	-	-	-	
Total Revenue	327,058	610,520	304,000	391,760	315,290	3.7%
Expenditures						
Miscellaneous	-	-	-	-	-	
Overhead Allocation	-	-	-	-	-	
Transfers Out	116,193	63,859	-	687,000	1,080,000	
Total Expenditure	116,193	63,859	-	687,000	1,080,000	
Net Change in Fund Balance	210,865	546,661	304,000	(295,240)	(764,710)	-351.5%
Ending Fund Balance	1,450,404	1,997,066	2,301,066	1,701,826	937,116	
Sufficient to Meet Obligations	443.5%	327.1%	756.9%	434.4%	297.2%	Meets Policy

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

Community Svs	2015	2016	2017	2017	2018	Increase/Decrease 2018 Proposed vs 2017 Adopted
	Actual	Actual	Adopted	Supplemental	Proposed	
Beginning Fund Balance	50,407	105,699	125,939	125,939	71,160	
Revenues						
Taxes	461,450	559,035	684,884	684,884	690,648	0.8%
Charges for Goods & Services	124,051	140,575	202,400	181,484	212,400	4.9%
Fines & Penalties						
Miscellaneous Revenue	44,409	78,388	58,958	73,282	76,400	29.6%
Other Financing Sources						
Operating Transfers In	805,000	925,100	860,000	931,540	1,034,000	20.2%
Total Revenue	1,434,909	1,703,098	1,806,242	1,871,190	2,013,448	11.5%
Expenditures						
Salaries & Wages	483,934	576,840	667,877	678,137	699,136	4.7%
Personnel Benefits	215,771	284,026	359,847	336,561	356,354	-1.0%
Supplies	136,401	163,295	183,250	257,340	291,040	58.8%
Insurance	-	-	-	-	-	
Professional Services	39,954	52,015	63,060	63,060	68,650	8.9%
Communications	11,193	12,456	12,390	12,540	15,140	22.2%
Advertising	175	2,280	1,500	1,500	3,135	109.0%
Operating Rents & Leases	41,769	43,881	42,472	42,840	43,138	1.6%
Intergovernmental Services	69,131	-	-	-	-	
Machinery & Equipment		26,088	8,500	10,466	7,900	-7.1%
Other Improvements		41,591		2,426		
Repair & Maintenance	36,935	90,478	92,450	86,450	69,870	-24.4%
Equipment Rental	45,728	54,368	51,838	51,838	51,838	0.0%
Utilities	136,197	141,198	138,500	138,500	149,000	7.6%
Training/Memberships & Travel	452	3,343	14,483	17,741	14,560	0.5%
Miscellaneous	18,394	28,204	5,700	25,465	17,782	212.0%
Overhead Allocation	143,585	110,188	148,105	148,105	225,017	51.9%
Transfers Out	-	52,608	14,000	53,000	-	-100.0%
Total Expenditure	1,379,617	1,682,859	1,803,972	1,925,969	2,012,560	11.6%
Net Change in Fund Balance	55,292	20,240	2,270	(54,779)	888	-60.9%
Ending Fund Balance	105,699	125,939	128,209	71,160	72,048	
Fund Bal. 2-3 % of Expenditures	7.7%	7.5%	7.1%	3.7%	3.6%	Meets Policy
Community Services Fund - Expenditures by Department						
GF Overhead	143,585	110,188	148,105	148,105	225,017	51.9%
Arts Commission	19,384	19,806	22,000	22,000	24,600	11.8%
Non-profit contributions	14,313	-	-	-	-	
Jefferson Co Parks & Rec	69,131	-	-	-	-	
City Facilities	336,314	400,034	479,593	489,150	499,889	4.2%
Mountain View Facilities	195,793	312,675	249,692	307,276	344,438	37.9%
Parks Maintenance	327,381	452,145	478,359	479,688	465,544	-2.7%
Pool	273,716	337,213	426,224	429,750	453,072	6.3%
Events	-	-	-	-	-	
Transfers Out	-	50,799		50,000		
Total Expenditures	1,379,617	1,682,859	1,803,972	1,925,969	2,012,560	11.6%

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

General Debt Svs **	2015	2016	2017	2017	2018	Increase/Decrease 2018 Proposed vs 2017 Adopted
	Actual	Actual	Adopted	Supplemental	Proposed	
Beginning Fund Balance	5,071	65,185	71,096	71,096	83,580	
Revenues						
Taxes	102,000	261,207	402,000	402,000	406,500	1.1%
Miscellaneous Revenue	590	1,007	800	1,600	800	0.0%
Bond Proceeds	-	-	-	3,304,098	-	
Operating Transfers In	<u>2,304,267</u>	<u>1,213,697</u>	<u>1,189,203</u>	<u>1,292,488</u>	<u>1,267,855</u>	6.6%
Total Revenue	2,406,857	1,475,911	1,592,003	5,000,186	1,675,155	5.2%
Expenditures						
Debt Service Principal	1,700,000	665,000	845,000	890,000	870,000	3.0%
Debt Service Interest	645,161	803,800	737,565	688,619	772,656	4.8%
Professional Services	1,582	1,200	3,000	1,700	3,000	0.0%
Bond Issue Costs	-	-	-	103,285	-	
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,304,098</u>	<u>-</u>	
Total Expenditure	2,346,743	1,470,000	1,585,565	4,987,702	1,645,656	3.8%
Net Change in Fund Balance	60,114	5,911	6,438	12,484	29,499	358.2%
Ending Fund Balance	65,185	71,096	77,534	83,580	113,079	
Sufficient to Meet Obligations	2.7%	4.8%	4.9%	1.7%	6.8%	Meets Policy

** In 2017, The City Refinanced its 2018 GO Bonds. Receipts were recognized in this fund and later transferred to a Capital Projects Fund.

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

General CIP	2015	2016	2017	2017	2018	Increase/Decrease 2018 Proposed vs 2017 Adopted
	Actual	Actual	Adopted	Supplemental	Proposed	
Beginning Fund Balance	177,090	1,334,201	1,309,017	1,309,017	3,031,737	
Revenues						
State & Federal Grants	481,640	-	534,000	112,100	350,000	-34.5%
Miscellaneous Revenue	279	129	80,200	14,995	74,500	-7.1%
Other Financing Sources	4,546,167	-	500,000	-	-	-100.0%
Operating Transfers In	1,394,210	75,403	1,261,676	3,298,506	1,315,841	4.3%
Total Revenue	6,422,296	75,532	2,375,876	3,425,601	1,740,341	-26.7%
Expenditures						
G/F Overhead	40,716	44,105	61,676	61,676	25,841	-58.1%
Intergovernmental Services	65,267	9,091	74,000	34,000	80,000	8.1%
Building Improvements	669,742	16,217	2,240,000	510,000	1,659,500	-25.9%
Land Acquisitions	-	-	-	-	-	
Other Improvements	2,103,995	-	-	-	-	
Debt Issue Costs	45,660	-	-	-	-	
Transfers Out	2,339,804	31,303	1,200,000	1,097,205	2,932,813	144.4%
Total Expenditure	5,265,184	100,716	3,575,676	1,702,881	4,698,155	31.4%
Net Change in Fund Balance	1,157,112	(25,184)	(1,199,800)	1,722,720	(2,957,814)	146.5%
Ending Fund Balance	1,334,201	1,309,017	109,217	3,031,737	73,923	
Sufficient to Meet Obligations	20.8%	1733.1%	4.6%	88.5%	4.2%	Meets Policy
General CIP Fund Breakdown:						
	<u>Beginning Fund Balance</u>	<u>2017 Change in Fund Balance</u>	<u>2017 Ending Fund Balance</u>	<u>2018 Change in Fund Balance</u>	<u>2018 Ending Fund Balance</u>	
301 - General Capital	80,048	18,876	98,923	(25,000)	73,923	
315 - 2015 Bonds	1,228,970	(188,970)	1,040,000	(1,040,000)	(0)	
350 - 2017 Bonds	-	1,892,813	1,892,813	(1,892,813)	(0)	
Total	1,309,017	1,722,719	3,031,737	(2,957,814)	73,923	

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

Street CIP	2015	2016	2017	2017	2018	Increase/Decrease
	Actual	Actual	Adopted	Supplemental	Proposed	2018 Proposed vs 2017 Adopted
Beginning Fund Balance	218,481	(38,323)	(116,721)	(116,721)	(31,313)	
Revenues						
State & Federal Grants	1,199,083	767,020	2,910,000	2,675,000	1,345,000	-53.8%
Miscellaneous Revenue	10,211	-	25	300	300	1100.0%
Other Financing Sources	330,000	20,278	1,015,000	80,000	-	-100.0%
Operating Transfers In	155,000	154,900	44,284	1,069,284	1,717,302	3777.9%
Total Revenue	1,694,294	942,198	3,969,309	3,824,584	3,062,602	-22.8%
				-		
Expenditures						
G/F Overhead	21,976	29,846	44,284	44,284	39,489	-10.8%
Intergovernmental Services	254,115	139,828	305,000	318,000	249,000	-18.4%
Land Acquisitions	230,455	78,942	-	-	-	
Road Improvements	409,005	751,980	3,620,000	3,043,000	1,911,000	-47.2%
Sidewalk Improvements	955,546	-	-	10,000	818,000	
Transfers Out	80,000	20,000	-	323,892	-	
Total Expenditure	1,951,098	1,020,596	3,969,284	3,739,176	3,017,489	-24.0%
Net Change in Fund Balance	(256,804)	(78,398)	25	85,408	45,113	180352.0%
Ending Fund Balance	(38,323)	(116,721)	(116,696)	(31,313)	13,800	
Sufficient to Meet Obligations	-2.3%	-12.4%	-2.9%	-0.8%	0.5%	Meets Policy
Street CIP Fund Breakdown:						
	<u>Beginning</u>	<u>2017 Change in</u>	<u>2017 Ending</u>	<u>2018 Change in</u>	<u>2018 Ending</u>	
	<u>Fund Balance</u>	<u>Fund Balance</u>	<u>Fund Balance</u>	<u>Fund Balance</u>	<u>Fund Balance</u>	
304 - Street Vacation Proceeds	5,325	-	5,325	-	5,325	
305 - Street Capital Fund	(122,046)	85,408	(36,638)	45,113	8,475	
	-	-	-	-	-	
Total	(116,722)	85,408	(31,313)	45,113	13,800	

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

Water Sewer CIP **	2015	2016	2017	2017	2018	Increase/Decrease 2018 Proposed vs 2017 Adopted
	Actual	Actual	Adopted	Supplemental	Proposed	
Beginning Fund Balance	2,773,448	631,796	1,993,822	1,993,822	108,511	
Revenues						
Charges for Goods & Services	309,095	322,514	1,147,100	1,147,100	868,600	-24.3%
Miscellaneous Revenue	48,934	1,389	3,955	11,000	9,100	130.1%
Other Financing Sources	2,017,660	15,374,053	5,180,000	3,107,381	4,479,264	-13.5%
Operating Transfers In	1,060,372	136,665	350,958	1,157,958	2,847,090	711.2%
Total Revenue	3,436,061	15,834,621	6,682,013	5,423,439	8,204,054	22.8%
Expenditures						
G/F Overhead	92,784	58,690	144,117	144,117	278,894	93.5%
Interfund Loan Payments	161,251	-	-	250,000	-	
Debt Service Principal	-	-	72,632	72,631	1,720,000	2268.1%
Debt Service Interest	-	-	3,974	34,633	73,474	1749.0%
Intergovernmental Services	370,798	703,311	360,000	512,000	355,000	-1.4%
Other Improvements - Water	4,843,053	13,473,907	2,320,000	5,040,000	2,090,000	-9.9%
Other Improvements - Sewer	109,827	236,687	540,000	190,000	285,000	-47.2%
Miscellaneous	-	-	-	-	-	
Transfers Out***	-	-	1,074,327	1,065,369	1,445,547	34.6%
Total Expenditure	5,577,713	14,472,595	4,515,049	7,308,750	6,247,915	38.4%
Net Change in Fund Balance	(2,141,652)	1,362,026	2,166,964	(1,885,311)	1,956,139	-9.7%
Ending Fund Balance	631,796	1,993,822	4,160,786	108,511	2,064,650	
Sufficient to Meet Obligations	18.4%	12.6%	62.3%	2.0%	25.2%	Meets Policy
Water / Sewer CIP Fund Breakdown:						
	<u>Beginning Fund Balance</u>	<u>2017 Change in Fund Balance</u>	<u>2017 Ending Fund Balance</u>	<u>2018 Change in Fund Balance</u>	<u>2018 Ending Fund Balance</u>	
415 - Water / Sewer CIP	(598,618)	(1,926,259)	(2,524,877)	2,531,364	6,487	
417 - 1956 Trans Line Fund	1,182,821	(28,683)	1,154,139	(673,778)	480,360	
419 - 1978 Revenue Bond Fund	-	-	-	-	-	
430 - Utility Debt Reserve Fund	1,409,619	69,631	1,479,250	98,553	1,577,803	
Total	1,993,822	(1,885,311)	108,511	1,956,139	2,064,650	

** This Fund Summary includes Water / Sewer Capital, Transmission Line Fund, 1978 Revenue Bond Fund & Water/Sewer Debt Service Fund

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

**City of Port Townsend
STORM WATER CAPITAL FUND
BUDGET SUMMARY**

Storm Water CIP	2015	2016	2017	2017	2018	Increase/Decrease
	Actual	Actual	Adopted	Supplemental	Proposed	2018 Proposed vs 2017 Adopted
Beginning Fund Balance	-	-	126,627	126,627	87,227	
Revenues						
Charges for Goods & Services	-	126,501	144,000	150,000	-	-100.0%
Miscellaneous Revenue	-	126	50	600	600	1100.0%
Other Financing Sources	-	-	1,200,000	450,000	850,000	-29.2%
Operating Transfers In	-	-	-	-	220,000	
Total Revenue	-	126,627	1,344,050	600,600	1,070,600	-20.3%
Expenditures						
G/F Overhead	-	-	-	-	-	
Intergovernmental Services	-	-	130,000	100,000	185,000	42.3%
Other Improvements - Storm	-	-	1,200,000	540,000	815,000	-32.1%
Miscellaneous	-	-	-	-	-	
Transfers Out	-	-	-	-	-	
Total Expenditure	-	-	1,330,000	640,000	1,000,000	-24.8%
Net Change in Fund Balance	-	126,627	14,050	(39,400)	70,600	402.5%
Ending Fund Balance	-	126,627	140,677	87,227	157,827	
Sufficient to Meet Obligations			10.5%	14.5%	14.7%	Meets Policy

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

Water Sewer Op	2015	2016	2017	2017	2018	Increase/Decrease 2018 Proposed vs 2017 Adopted
	Actual	Actual	Adopted	Supplemental	Proposed	
Beginning Fund Balance	1,716,496	2,200,191	3,018,071	3,018,071	2,980,534	
Revenues						
Intergovernmental Services	3,968	1,524	-	528		
Charges for Goods & Services	4,681,557	4,760,833	4,826,064	4,826,064	5,354,110	10.9%
Fines & Penalties						
Miscellaneous Revenue	81,764	72,541	61,790	68,855	61,800	0.0%
Other Financing Sources				-		
Operating Transfers In	25,000	434,782	820,369	820,369	801,047	-2.4%
Total Revenue	4,792,289	5,269,680	5,708,223	5,715,816	6,216,957	8.9%
Expenditures						
G/F OH Charges	340,596	575,154	702,044	690,696	751,374	7.0%
Salaries & Wages	1,276,418	1,308,523	1,340,626	1,352,184	1,451,757	8.3%
Personnel Benefits	591,522	616,796	653,321	655,696	723,193	10.7%
Supplies	233,860	234,663	288,422	283,622	276,550	-4.1%
Debt Principal	327,278	674,551	896,275	896,275	924,344	3.1%
Debt Interest	19,917	45,155	182,365	182,364	88,155	-51.7%
Professional Services	44,887	64,844	219,900	204,200	81,896	-62.8%
Communications	38,176	38,045	43,495	44,824	41,172	-5.3%
Advertising	50	702	1,380	931	880	-36.2%
Operating Rents & Leases	5,099	10,849	10,087	7,580	15,777	56.4%
Intergovernmental Services	622,996	325,905	506,951	544,815	563,589	11.2%
Machinery & Equipment	13,104	92,091	25,800	29,170	308,350	1095.2%
Other Improvements	-	-	165,000	65,000	510,000	209.1%
Repair & Maintenance	63,019	63,345	65,762	70,500	74,000	12.5%
Equipment Rental	255,000	264,040	311,054	311,054	311,054	0.0%
Training/Memberships & Travel	3,497	3,821	19,485	22,835	28,525	46.4%
Miscellaneous	69,894	60,265	187,131	188,149	153,668	-17.9%
Transfers Out	403,280	73,051	72,000	203,458	1,557,590	2063.3%
Total Expenditure	4,308,593	4,451,800	5,691,098	5,753,353	7,861,875	38.1%
Net Change in Fund Balance	483,695	817,880	17,125	(37,537)	(1,644,918)	-9705.6%
Ending Fund Balance	2,200,191	3,018,071	3,035,196	2,980,534	1,335,616	
60 Days of Operating Expenses	186	247	195	189	62	Meets Policy

**City of Port Townsend
STORM WATER OPERATIONS
BUDGET SUMMARY**

Storm Water Op	2015	2016	2017	2017	2018	Increase/Decrease
	Actual	Actual	Adopted	Supplemental	Proposed	2018 Proposed vs 2017 Adopted
Beginning Fund Balance	235,971	134,604	76,245	76,245	159,140	
Revenues						
Intergovernmental Services	32,413	-	-	-	-	
Charges for Goods & Services	509,329	560,708	560,600	560,600	737,418	31.5%
Miscellaneous Revenue	238	409	300	300	600	100.0%
Other Financing Sources	-	-	-	-	-	
Operating Transfers In	-	-	-	-	-	
Total Revenue	541,981	561,116	560,900	560,900	738,018	31.6%
Expenditures						
G/F OH Charges	43,600	36,393	41,209	41,209	50,800	23.3%
Salaries & Wages	208,774	201,369	211,493	205,000	219,575	3.8%
Personnel Benefits	92,027	94,749	109,104	105,104	112,753	3.3%
Supplies	1,341	1,932	7,000	2,000	7,000	0.0%
Debt Principal	-	-	-	-	-	
Debt Interest	-	-	-	-	-	
Professional Services	-	-	-	1,000	16,000	
Communications	-	-	-	-	-	
Advertising	-	-	-	-	-	
Operating Rents & Leases	-	-	-	-	-	
Intergovernmental	99,022	96,170	61,150	59,550	68,617	12.2%
Machinery & Equipment	-	-	-	-	-	
Other Improvements	136,195	119,785	-	-	15,000	
Repair & Maintenance	5,054	2,402	6,500	10,000	4,000	-38.5%
Equipment Rental	57,334	66,374	49,742	49,742	49,742	0.0%
Training/Memberships & Travel	-	-	900	900	1,400	55.6%
Miscellaneous	-	250	-	500	250	
Taxes	-	-	-	-	-	
Overhead	-	-	-	-	-	
Transfers Out	-	51	-	3,000	220,000	
Total Expenditure	643,348	619,476	487,098	478,005	765,137	57.1%
Net Change in Fund Balance	(101,367)	(58,360)	73,802	82,895	(27,119)	-136.7%
Ending Fund Balance	134,604	76,245	150,047	159,140	132,021	
60 Days of Operating Expenses	76	45	112	122	63	Meets Policy

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

ERR (Internal Service Fund)	2015 Actual	2016 Actual	2017 Adopted	2017 Supplemental	2018 Proposed	Increase/Decrease 2018 Proposed vs 2017 Adopted
Beginning Fund Balance	713,669	829,341	790,921	790,921	686,185	
Revenues						
Charges for Goods & Services	749,686	785,846	865,316	865,316	865,316	0.0%
Miscellaneous Revenue	8,779	18,161	22,200	12,547	10,475	-52.8%
Operating Transfers In	50,000	190,000	-	-	494,600	
Total Revenue	808,465	994,007	887,516	877,863	1,370,391	54.4%
Expenditures						
Salaries & Wages	261,295	276,677	298,813	299,500	301,528	0.9%
Personnel Benefits	111,894	126,457	145,741	145,297	147,937	1.5%
Supplies	101,815	129,392	163,700	164,500	163,500	-0.1%
Professional Services	4,855	1,862	1,200	1,600	1,200	0.0%
Communications	22,370	18,609	24,070	21,200	22,760	-5.4%
Operating Rents & Leases	209	57	-	200	500	
Intergovernmental Services	36,930	40,850	57,965	56,159	66,947	15.5%
Machinery & Equipment	63,909	337,891	117,000	182,000	629,988	438.5%
Repair & Maintenance	12,549	21,305	33,000	33,000	32,000	-3.0%
Equipment Rental	1,886	1,886	2,997	2,997	2,997	0.0%
Utilities	9,757	10,845	10,500	10,500	13,000	23.8%
Training/Memberships & Travel	749	525	5,500	5,600	6,900	25.5%
Miscellaneous	9,278	7,872	5,000	5,000	5,000	0.0%
Overhead Allocation	55,297	58,200	55,047	55,047	71,398	29.7%
Transfers Out	-	-	-	-	-	
Total Expenditure	692,793	1,032,427	920,533	982,600	1,465,655	59.2%
Net Change in Fund Balance	115,671	(38,420)	(33,017)	(104,737)	(95,264)	188.5%
Ending Fund Balance	829,341	790,921	757,904	686,185	590,921	
Sufficient to Meet Obligations	102.6%	79.6%	85.4%	78.2%	43.1%	Meets Policy

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

Engineering (Internal Service Fund)	2015 Actual	2016 Actual	2017 Adopted	2017 Supplemental	2018 Proposed	Increase/Decrease 2018 Proposed vs 2017 Adopted
Beginning Fund Balance	46,742	112,074	175,382	175,382	211,924	
Revenues						
Charges for Goods & Services	883,499	999,810	944,000	1,039,000	1,009,000	6.9%
Miscellaneous Revenue	51	338	250	630	500	100.0%
Other Financing Sources						
Operating Transfers In	-	-	-	-	-	
Total Revenue	883,551	1,000,147	944,250	1,039,630	1,009,500	6.9%
Expenditures						
Salaries & Wages	494,526	557,735	470,157	566,200	589,749	25.4%
Personnel Benefits	217,516	253,575	227,026	261,050	264,541	16.5%
Supplies	22,594	5,847	7,500	7,500	7,500	0.0%
Professional Services		108	10,000	10,000	10,000	0.0%
Communications	8,494	8,210	12,000	9,000	8,700	-27.5%
Advertising	-	-	600	600	600	0.0%
Operating Rents & Leases	176	-	-	-	-	
Intergovernmental Services		-	-	-	-	
Machinery & Equipment	1,829	18,695	30,100	30,100	30,100	0.0%
Repair & Maintenance	-	-	1,000	1,000	1,000	0.0%
Equipment Rental	11,408	11,408	12,463	12,463	12,463	0.0%
Training/Memberships & Travel	754	2,855	19,800	12,000	19,600	-1.0%
Miscellaneous	6,428	12,791	14,100	10,000	14,100	0.0%
Overhead Allocation	54,493	65,615	83,175	83,175	84,211	1.2%
Transfers Out	-	-	-	-	-	
Total Expenditure	818,218	936,840	887,921	1,003,088	1,042,564	17.4%
Net Change in Fund Balance	65,333	63,307	56,329	36,542	(33,064)	-158.7%
Ending Fund Balance	112,074	175,382	231,711	211,924	178,860	
Sufficient to Meet Obligations	12.7%	17.5%	24.5%	20.4%	17.7%	Meets Policy

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

Unemployment (Internal Service Fund)	2015	2016	2017	2017	2018	Increase/Decrease 2018 Proposed vs 2017 Adopted
	Actual	Actual	Adopted	Supplemental	Proposed	
Beginning Fund Balance	25,000	24,666	24,732	24,732	24,852	
Revenues						
Miscellaneous Revenue	26	66	50	120	120	140.0%
Other Financing Sources	-	-	-	-	-	
Operating Transfers In	-	3,007	3,000	30,500	19,500	550.0%
Total Revenue	26	3,073	3,050	30,620	19,620	543.3%
Expenditures						
Personnel Benefits	360	3,007	3,000	30,500	19,500	550.0%
Miscellaneous Transfers Out	-	-	-	-	-	
Total Expenditure	360	3,007	3,000	30,500	19,500	550.0%
Net Change in Fund Balance	(334)	66	50	120	120	140.0%
Ending Fund Balance	24,666	24,732	24,782	24,852	24,972	
Sufficient to Meet Obligations	94977.4%	804.9%	812.5%	81.2%	127.3%	Meets Policy

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

LEOFF 1	2015	2016	2017	2017	2018	Increase/Decrease
	Actual	Actual	Adopted	Supplemental	Proposed	2018 Proposed vs 2017 Adopted
Beginning Fund Balance	213,020	214,836	226,297	226,297	230,695	
Revenues						
Taxes	35,020	39,245	35,245	35,245	34,235	-2.9%
Miscellaneous Revenue	233	632	640	640	500	-21.9%
Other Financing Sources						
Operating Transfers In	-	-	-	-	-	
Total Revenue	35,253	39,877	35,885	35,885	34,735	-3.2%
Expenditures						
Salaries & Wages	16,767	14,845	14,419	11,900	10,726	-25.6%
Personnel Benefits	13,706	10,638	17,500	17,500	15,000	-14.3%
Overhead Allocation	2,964	2,932	2,087	2,087	1,414	-32.2%
Transfers Out	-	-	-	-	-	
Total Expenditure	33,437	28,416	34,006	31,487	27,140	-20.2%
Net Change in Fund Balance	1,816	11,461	1,879	4,398	7,595	304.2%
Ending Fund Balance	214,836	226,297	228,176	230,695	238,290	
Sufficient to Meet Obligations	609.4%	567.5%	635.9%	642.9%	686.0%	Meets Policy

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

Golf Course	2015	2016	2017	2017	2018	Increase/Decrease
	Actual	Actual	Adopted	Supplemental	Proposed	2018 Proposed vs 2017 Adopted
Beginning Fund Balance	23,595	31,624	37,297	37,297	39,599	
Revenues						
Miscellaneous Revenue	13,347	10,564	12,000	12,000	12,000	0.0%
Other Financing Sources	-	-	-	-	-	
Operating Transfers In	-	-	-	-	-	
Total Revenue	13,347	10,564	12,000	12,000	12,000	0.0%
Expenditures						
G/F OH Alloc	4,210	3,272	2,698	2,698	5,419	100.9%
Supplies	709	1,453	2,000	2,000	6,000	200.0%
Repair & Maintenance	399	167	9,000	-	5,000	-44.4%
Other Improvements	-	-	5,000	5,000	5,000	0.0%
Miscellaneous	-	-	-	-	-	
Transfers Out	-	-	-	-	-	
Total Expenditure	5,318	4,891	18,698	9,698	21,419	14.6%
Net Change in Fund Balance	8,029	5,673	(6,698)	2,302	(9,419)	40.6%
Ending Fund Balance	31,624	37,297	30,599	39,599	30,180	
Sufficient to Meet Obligations	236.9%	353.0%	255.0%	330.0%	251.5%	Meets Policy

**City of Port Townsend
Unmet Needs - Deferred & Unfunded Items
Budget 2018**

Deferred & Unfunded Personnel Costs				
Fund/Department	Description of Item	One Time	Ongoing	Status
General Fund				
Finance	1 full time Accountant / Contract Specialist		100,000	Deferred from 2017 / Not Funded
Administration	Communications Specialist		100,000	Deferred from 2017 / Not Funded
Total General Fund Personnel Costs		-	200,000	
Library Fund				
Library	Adult Services Librarian - Freeze		80,000	Deferred from 2017 / Not Funded
Library	Additional Library Assistant Hours		18,437	Deferred from 2017 / Not Funded
Total Library Fund Personnel Costs		-	98,437	
Community Services Fund				
Community Services	1 full time volunteer/events coordinator		73,200	Deferred/Not Funded
Community Services - Parks	Restoration of 1.0 Parks Maintenance FTE		73,200	Deferred/Not Funded
Total Community Services Fund Personnel Costs		-	146,400	
Total Deferred & Unfunded Personnel Costs		-	444,837	

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

Budget 2018

Deferred & Unfunded Non Personnel Items

Fund/Department	Description of Item	One Time	Ongoing	Status
General Fund				
Mayor & Council	Wage & Benefit Evaluation for City Council members			Deferred - Review in 2018 for possible future funding
Administration	Replace Conference Room Table & Chairs	13,888		Deferred/Not Funded
Administration	Website Updates & implement Communications Strategy	40,000		Deferred/Not Funded
Administration	Community Health Initiative Program	43,000		Deferred/Not Funded
Finance	Financial Software Conversion (cost will be split with Utility Billing)	125,000		Deferred/Not Funded
Human Resources	City Manager Recruitment Advertising	2,500 - 35,000		Deferred/Not Funded
Human Resources	Encryption Software	938		Deferred/Not Funded
Human Resources	Volunteer Management Software	2,200		Deferred/Not Funded
Human Resources	City wide training & career pathing program		10,250	Deferred from 2017 / Not Funded
City Clerk	Upgrade to Laserfiche Software - Records Management	30,000		Deferred/Not Funded
Police Administration	Check Mate Asset / Inventory Software	6,062	500	Deferred/Not Funded
Police Operations	Jefferson County Sherriff Coverage - Overtime	25,000		Deferred/Not Funded
Police Operations	PPE Equipment - Respirator Masks (Qty 15)	12,435		Deferred/Not Funded
Police Operations	PPE Equipment - Helmets (Qty 15)	21,120		Deferred/Not Funded
Police Operations	Equipment - Mobile Parking Enforcement Computer	9,776		Deferred/Not Funded
Police Operations	Training increase		5,000	Deferred/Not Funded
	Total Deferred General Fund Non Personnel Items	329,419	15,750	
Library Fund				
Library	Increase in Library Material Acquisitions		5,000	Deferred from 2017 / Not Funded
	Total Deferred Library Non Personnel Items	-	5,000	
Street Fund				
Street Maintenance	Street Maintenance & Repair		100,000	Deferred/Not Funded
Street Maintenance	ADA Transition Plan Consulting	70,000		Deferred/Not Funded
	Total Deferred Street Non Personnel Items	70,000	100,000	
Community Services Fund				
Community Services - Arts Commission	New initiatives requests from Arts Commission		85,400	Deferred/Not Funded
Community Services - Facilities	Pink House Carpet Replacement	3,000		Deferred from 2017 / Not Funded
Community Services - Facilities	Window Blinds for City Hall - Additional Funds requested	5,000		Add'l Funds deferred: use existing maint budget
Community Services - Mtn View	Grinding & Sealing Concrete Floor in Rec Building Foyer	5,000		Deferred/Not Funded
Community Services - Mtn View	Replace Entry Door in Foyer	6,000		Deferred/Not Funded
Community Services - Mtn View	Demolish Old Deck	2,000		Included in 2017 Operating Budget
Community Services - Parks	Kah Tai Bathroom Roofing	7,000		Deferred/Not Funded
Community Services - Parks	Trail Maintenance (Puget Sound Crew)	5,000		Deferred/Not Funded
Community Services - Parks	Kubota Utility Vehicle for Trail Work	10,000		Deferred/Not Funded
Community Services - Pool	Rebuild Sauna	5,000		Deferred/Not Funded
Community Services - Pool	Grind & Seal Locker Room Floors	9,000		Deferred/Not Funded
Community Services - Pool	Climbing Wall, Slide, Playground	43,000		Deferred/Not Funded
	Total Community Services Non Personnel Items	100,000	85,400	
General & Street Capital Funds				
Street Capital	PUD Undergrounding / Pathways	35,000		Deferred/Not Funded
Street Capital	SR 20 Overlay (City Portion)	30,000		Deferred/Not Funded
Street Capital	Non Motorized Plan	15,000		Deferred/Not Funded
Street Capital	7th Street Design	10,000		Deferred/Not Funded
Street Capital	Pedestrian Walkway (SR 20) Logan St to Hancock St	80,000		Deferred/Not Funded
Community Services - Parks	Repairs to Skate Park Fence	25,000		Deferred from 2017 / Not Funded
	Total General Capital Fund Non Personnel Items	195,000	-	
Utility Funds				
	Total Utility Fund Non Personnel Items	-	-	
Equipment Rental Funds				
Police Operations	Police Patrol Vehicles (Qty 2)	163,600		Deferred from 2017 / Not Funded
Equipment Rental - Fleet	Dump truck replacement - Streets	85,000		Deferred from 2017 / Not Funded
	Total Equipment Rental Fund Non Personnel Items	248,600	-	
	Total Deferred & Unfunded Non Personnel Items	943,019	206,150	
	Total Deferred & Unfunded Personnel & Non Personnel Items	943,019	650,987	

CITY OF PORT TOWNSEND, WASHINGTON CAPITAL IMPROVEMENT PLAN

The six-year Capital Improvement Plan (CIP) includes capital projects for 2018 – 2023. This plan includes capital projects that add new infrastructure to the City and capital improvements for our aging City infrastructure. The most significant planned capital projects included in this plan are:

Mountain View Phase III

In 2015 the City voters approved a \$3.6 million bond for improvements to the Mountain View Campus. The first phase of the project – Energy Efficiency and Emergency Repairs - was completed in 2015 at a cost of \$2.2 million. This work included upgrades to the heating and ventilating systems; replacement of the old diesel fuel boilers with new, high efficiency propane boilers; new energy efficient lighting; and new roofing and roof insulation for the classroom building.

The final phase of the work – improvements to the interior and exterior of the Mountain View Commons - has been under design in 2017. It is scheduled to go out for bids in late 2017 and be constructed in 2018. The work includes improved ADA access to the classroom building and in the pool and gym building; fire alarm and emergency lighting system replacement; improvements to the Food Bank, Working Image, and Police Department leased spaces; hallway improvements, and painting the building exterior. This phase will use the remainder of the 2015 Bonds as well as an additional \$414,000 Community Development Block Grant received for the Food Bank and Working Image. As with all major capital projects the exact scope of work will depend on the results of the bidding process as tasks may be added or deleted to fit the available budget.

Library Repair

The Library is scheduled for roof and window replacement on the Annex building and replacement of the exterior retaining wall, as well as other miscellaneous repairs. The project will be funded in part from donations and the 2017 bonds.

Water Street Improvement Project

This project involves pavement replacement and streetscape improvements on Water Street from Taylor Street to the Ferry terminal. The pavement upgrade is funded through a state Transportation Improvement Board (TIB) grant for \$690,000. The sidewalk replacement and streetscape improvements are being funded by the 2017 Bond. The project will bid in late 2017, with the start of construction scheduled for January 2018. The project includes water, sewer and stormwater upgrades funded by those respective utilities.

SR 20 Pedestrian Walkway – Logan to Hancock

This capital budget item is for the permitting and preliminary design of a pedestrian sidewalk and crossing of the ravine to connect existing sidewalks on each side of the ravine. The design is funded by a federal grant with a City match funded by the 2017 bond. Funding for the construction is not yet determined; once the preliminary design is complete and project costs better known, the City will seek grant funding for construction.

Visitor Center – Sims Way Frontage Improvements

This project adds sidewalks, stormwater management, parking and streetscape enhancements as well as the placement of public art on Sims Way in front of the visitor center as well as the Thayer Street intersection. The project is funded by the 2017 Bond and is anticipated to be designed, bid and constructed in 2018.

7th Street

This project is for the concept design of 7th Street which is a connector street from Rainier Street to Discovery Road. Currently, there is no funding for design and construction. The concept design will be used for seeking grants and loans and to coordinate improvements by the adjacent commercial properties.

Complete Streets

The City received \$250,000 in grant funding from TIB for improvements to ADA ramps and sidewalks. These small projects will be completed in 2018.

Jefferson Street Sidewalk

The City was awarded another TIB grant to install a sidewalk on Jefferson Street from Taylor Street to Washington, to fill in a missing link that will connect an accessible route from downtown to uptown. The project will provide an alternative to the Haller fountain stairs and the “buggy trail.” The project will be designed, bid and constructed in 2018.

Water Treatment Facility 5 Million Gallon Reservoir

These major projects were completed in 2017 and are fully operational; final closeout will extend into early 2018.

Water Street Overlay - Water Line Replacement

This project will replace the existing water line in Water Street as part of the streetscape and pavement overlay. This water line will be constructed in 2018 and is funded with system development charge (SDC) reserves.

Big Quilcene Diversion

This project is an important repair for the reliability of the water system. It involves repair of the timber crib water diversion structure on the Big Quilcene River. Field investigation

work and preliminary design were undertaken in 2016. Design is currently underway. Construction work will take place in the second half of 2018.

Water Street Sewer

Sewer and side sewer replacements are part of the Water Street Improvement Project to be completed in 2018.

Outfall Replacement

Replacement of the existing sewer outfall is a requirement of the City's wastewater discharge permit. A preliminary design has been completed. Permitting will be undertaken in 2018, with final design in 2019 and construction anticipated in 2020. The permitting and predesign is funded in part by a Department of Ecology grant and loan.

CERB Howard (Rainier) Street and Regional Stormwater projects

The CERB funding provides for a portion of the stormwater facilities on the Howard Street project as well as funding of a regional stormwater pond and infiltration for the runoff from the properties adjacent to Rainier Street both north and south of Sims Way. The new system will allow denser development to occur in the commercial district while providing necessary stormwater treatment and detention. Total CERB loan funding is \$1,200,000, of which a portion already went to Rainier Street in 2017. The remaining funds will be used for the construction of the regional facility is planned for late 2018.

Other Projects

Other projects that have been identified in the Capital Improvement Plan that need to be addressed over a six-year period include:

- Discovery Road - Sheridan to Howard \$ 8,350,000
- Sims Way Improvements \$ 5,750,000
- South West Sewer Pump Station \$ 4,330,000
- Washington Street Improvements \$ 2,350,000
- Gaines Street Pump Station \$ 465,000
- Cliff Street Sewer \$ 425,000
- Infiltration/Inflow Removal \$ 260,000
- Sidewalk Projects – ADA improvements \$ 250,000
- Wastewater Master Plan \$ 130,000
- Logan Street Stormwater Upgrades \$ 40,000
- Coordination with the PUD on pathways \$*no estimate*

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

Ordinance No. 3189

**AN ORDINANCE OF THE CITY OF PORT TOWNSEND, WASHINGTON,
ADOPTING THE CAPITAL IMPROVEMENT PLAN FOR 2018 THROUGH 2023**

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

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

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

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

WHEREAS, the City Council held a public hearing on November 6, 2017, on the proposed 2018-2023 Capital Improvement Plan.

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

Section 1. Findings and Conclusions. The proposed 2018-2023 Capital Improvement Plan is consistent with and implements the currently-adopted Capital Facilities and Utility Elements of the Comprehensive Plan are consistent with RCW 36.70A.070(3) and the Comprehensive Plan, and are in the public interest.

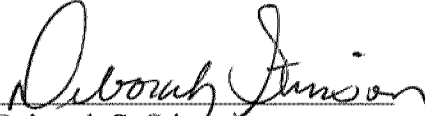
Section 2. The City adopts the 2018-2023 Capital Improvement Plan as substantially shown at Exhibit A.

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

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

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

ADOPTED by the City Council of the City of Port Townsend, Washington, at a regular meeting thereof, held this 6th day of November, 2017.

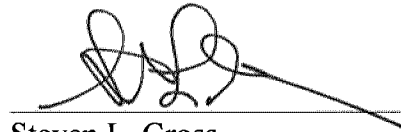

Deborah S. Stinson
Mayor

Attest:



Joanna Sanders, MMC
City Clerk

Approved as to Form:



Steven L. Gross
City Attorney

**Capital Improvement Plan 2018 - 2023
General Government**

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

Project	2018 Preliminary	2018 Adopted	2018 Revised	2019	2020	2021	2022	2023	6-Year Total
0095 Mountain View Phase III									
Voted Bond									
Funding Sources									
Voted Bond	1,040,000								1,040,000
Total	1,040,000	-	-	-	-	-	-	-	1,040,000
Expenditures									
Design/Construction	1,000,000								1,000,000
Project Management	40,000								40,000
Total	1,040,000	-	-	-	-	-	-	-	1,040,000
0096 Mountain View CDBG									
Funding Sources									
CDBG	350,000								350,000
Total	350,000	-	-	-	-	-	-	-	350,000
Expenditures									
Design/Construction	330,000								330,000
Project Management	20,000								20,000
Total	350,000	-	-	-	-	-	-	-	350,000
0102 Library									
Funding Sources									
2017 Bond	250,000								250,000
Gen Gov CIP Fund Balance	25,000								25,000
Donation	74,500								74,500
Total	349,500	-	-	-	-	-	-	-	349,500
Expenditures									
Design/Construction	329,500								329,500
Project Management	20,000								20,000
Total	349,500	-	-	-	-	-	-	-	349,500

Capital Improvement Plan 2018 - 2023

Street

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

Project		2018 Preliminary	2018 Adopted	2018 Revised	2019	2020	2021	2022	2023	6-Year Total
1058	Howard St									
	Funding Sources									-
	CERB	300,000								300,000
	REET2	5,000								5,000
										-
	Total	305,000								305,000
	Expenditures									-
	Construction									-
	Project Management	10,000								10,000
	Total	10,000								10,000
1106	Water St Overlay - Taylor to Ferry Terminal									
	Funding Sources									-
	TIB	600,000								600,000
	2017 Bond	760,000								760,000
										-
	Total	1,360,000								1,360,000
	Expenditures									-
	Construction	1,260,000								1,260,000
	Project Management	100,000								100,000
	Total	1,360,000								1,360,000
1067	Jefferson St									
	Funding Sources									-
	Bond	233,000								233,000
	TIB	375,000								375,000
										-
	Total	608,000								608,000
	Expenditures									-
	Design	100,000								100,000
	Construction	468,000								468,000
	Project Management	40,000								40,000
Total	608,000								608,000	

Capital Improvement Plan 2018 - 2023

Street

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

Project	2018 Preliminary	2018 Adopted	2018 Revised	2019	2020	2021	2022	2023	6-Year Total
1008 Visitor Center Sims Way Frontage									
Funding Sources									-
LTAC									-
2017 Bond	624,813								624,813
Street CIP Fund Balance	10,187								10,187
Total	635,000	-	-	-	-	-	-	-	635,000
Expenditures									-
Design	60,000								60,000
Construction	523,000								523,000
Project Management	52,000								52,000
Total	635,000	-	-	-	-	-	-	-	635,000
1145 SR 20 Pedestrian Walkway - Logan to Hancock									
Funding Sources									-
Unsecured					1,000,000				1,000,000
TAP	70,000								70,000
2017 Bond	20,000								20,000
Total	90,000	-	-	-	1,000,000	-	-	-	1,090,000
Expenditures									-
Design	65,000								65,000
Construction					900,000				900,000
Project Management	15,000				100,000				115,000
Total	80,000	-	-	-	1,000,000	-	-	-	1,080,000
1009 Complete Sts (TIB)									
Funding Sources									-
<i>Note: \$250,000 Grant Funds received in 2017</i>									-
TIB									-
REET	25,000								25,000
Total	25,000	-	-	-	-	-	-	-	25,000
Expenditures									-
Construction	250,000								250,000
Project Management	25,000								25,000
Total	275,000	-	-	-	-	-	-	-	275,000

Capital Improvement Plan 2018 - 2023

Street

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

Project		2018 Preliminary	2018 Adopted	2018 Revised	2019	2020	2021	2022	2023	6-Year Total	
1047	7th St Preliminary Design	Howard to Discovery Rd									
	Funding Sources									-	
	2017 Bond	5,000								5,000	
	Total	5,000	-	-	-	-	-	-	-	5,000	
	Expenditures									-	
	Design	3,000								3,000	
	Construction									-	
	Project Management	2,000								2,000	
	Total	5,000	-	-	-	-	-	-	-	5,000	
	1146	SR20 Overlay									
Funding Sources										-	
REET		5,000								5,000	
Total		5,000	-	-	-	-	-	-	-	5,000	
Expenditures										-	
Construction										-	
Project Management		5,000								5,000	
Total		5,000	-	-	-	-	-	-	-	5,000	
Unfunded:											
1117		PUD Undergrounding/Pathways									
	Funding Sources									-	
	Unfunded	-								-	
	Total	-	-	-	-	-	-	-	-	-	
	Expenditures									-	
	Construction	-								-	
	Project Management	-								-	
Total	-	-	-	-	-	-	-	-	-		

Capital Improvement Plan 2018 - 2023

Street

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

Project	2018 Preliminary	2018 Adopted	2018 Revised	2019	2020	2021	2022	2023	6-Year Total
Discovery Road I Sheridan to Howard St									
Funding Sources									
Unsecured						770,000	7,580,000		8,350,000
Total	-	-	-	-	-	770,000	7,580,000	-	8,350,000
Expenditures									
Design						700,000			700,000
Construction							7,500,000		7,500,000
Project Management						70,000	80,000		150,000
Total	-	-	-	-	-	770,000	7,580,000	-	8,350,000
Washington St Downtown Streetscape									
Funding Sources									
Unsecured Funds						350,000	2,000,000		2,350,000
Total	-	-	-	-	-	350,000	2,000,000	-	2,350,000
Expenditures									
Design						350,000			350,000
Construction							2,000,000		2,000,000
Total	-	-	-	-	-	350,000	2,000,000	-	2,350,000
Sims Way Improvements II									
Funding Sources									
WSDOT - Unsecured							600,000	4,000,000	4,600,000
Other Unsecured Funds							150,000	1,000,000	1,150,000
Total	-	-	-	-	-	-	750,000	5,000,000	5,750,000
Expenditures									
Design							750,000		750,000
Construction								5,000,000	5,000,000
Total	-	-	-	-	-	-	750,000	5,000,000	5,750,000

Capital Improvement Plan 2018 - 2023

Street

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

Project	2018 Preliminary	2018 Adopted	2018 Revised	2019	2020	2021	2022	2023	6-Year Total
Sidewalk Project - ADA									
Funding Sources									
Unsecured				50,000	50,000	50,000	50,000	50,000	250,000
Total	-	-	-	50,000	50,000	50,000	50,000	50,000	250,000
Expenditures									
Construction				50,000	50,000	50,000	50,000	50,000	250,000
Project Management									
Total	-	-	-	50,000	50,000	50,000	50,000	50,000	250,000
1122 Rainier St Extension									
Funding Sources									
Note: Conceptual Design in 2017									
Unsecured									
Total	-	-	-	-	-	-	-	-	-
Expenditures									
Construction									
Project Management									
Total	-	-	-	-	-	-	-	-	-
1108 Non-Motorized AB17-009									
Funding Sources									
Unfunded									
Total	-	-	-	-	-	-	-	-	-
Expenditures									
Construction									
Project Management									
Total	-	-	-	-	-	-	-	-	-

Capital Improvement Plan 2018 - 2023

Water

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

Project		2018 Preliminary	2018 Adopted	2018 Revised	2019	2020	2021	2022	2023	6-Year Total
6046 Water Street Overlay										
	Funding Sources									-
	System Development Charges	900,000								900,000
	2017 Utility Revenue Bond									-
	Total	900,000	-	-	-	-	-	-	-	900,000
	Expenditures									-
	Design/Construction	810,000								810,000
	Project Management	90,000								90,000
	Total	900,000	-	-	-	-	-	-	-	900,000
6041 Big Quil Diversion										0
	Funding Sources									-
	OGWS	669,500								669,500
	Port Townsend Paper Company	669,500								669,500
	Total	1,339,000	-	-	-	-	-	-	-	1,339,000
	Expenditures									-
	Design/Construction	1,180,000								1,180,000
	Project Management	120,000								120,000
	Total	1,300,000	-	-	-	-	-	-	-	1,300,000

Capital Improvement Plan 2018 - 2023

Water

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

Project		2018 Preliminary	2018 Adopted	2018 Revised	2019	2020	2021	2022	2023	6-Year Total
6017	5MG Reservoir									
	Note: for expenditures in 2017									-
	Funding Sources									-
	DWSRF	812,477								812,477
	PWTF	903,621								903,621
	City Match	-								-
	Total	1,716,098								1,716,098
	Expenditures									-
										-
										-
	Total	-								-
6161	LT2									
	Note: for expenditures in 2017									-
	Funding Sources									-
	DWSRF	1,893,666								1,893,666
	Operating Transfer	750,000								750,000
	Total	2,643,666								2,643,666
	Expenditures									-
	Design/Construction	1,818,000								1,818,000
	Project Management	50,000								50,000
	Total	1,868,000								1,868,000
Ongoing 6000	Water General									
	Funding Sources									-
	Water Capital Surcharge				160,000	160,000	160,000	160,000	160,000	800,000
	Total	-			160,000	160,000	160,000	160,000	160,000	800,000
	Expenditures									-
	Design/Construction				160,000	160,000	160,000	160,000	160,000	800,000
	Total	-			160,000	160,000	160,000	160,000	160,000	800,000

Capital Improvement Plan 2018 - 2023

Sewer

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

Project		2018 Preliminary	2018 Adopted	2018 Revised	2019	2020	2021	2022	2023	6-Year Total
7046	Water Street Overlay									-
	Funding Sources									-
	System Development Charges	80,000								80,000
	Total	80,000	-	-	-	-	-	-	-	80,000
	Expenditures									-
	Design/Construction	60,000								60,000
	Project Management	20,000								20,000
	Total	80,000	-	-	-	-	-	-	-	80,000
7001	Collection System Improvements									-
	Funding Sources									-
	Sewer Capital Surcharge				160,000	160,000	160,000	160,000		640,000
	Total	-	-	-	160,000	160,000	160,000	160,000	-	640,000
	Expenditures									-
	Design/Construction				160,000	160,000	160,000	160,000		640,000
	Project Management									-
	Total	-	-	-	160,000	160,000	160,000	160,000	-	640,000
7013	Outfall Replacement									-
	Infrastructure Condition									-
	Funding Sources									-
	CCWF Loan/Grant	200,000			200,000					400,000
	System Development Charges	100,000			100,000					200,000
	Unfunded					400,000	4,000,000			4,400,000
	Total	300,000	-	-	300,000	400,000	4,000,000	-	-	5,000,000
	Expenditures									-
	Design	225,000			250,000	350,000				825,000
	Construction						3,700,000			3,700,000
	Project Management	75,000			50,000	50,000	300,000			475,000
	Total	300,000	-	-	300,000	400,000	4,000,000	-	-	5,000,000

Capital Improvement Plan 2018 - 2023

Sewer

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

Project	2018 Preliminary	2018 Adopted	2018 Revised	2019	2020	2021	2022	2023	6-Year Total
Unfunded									
7018 South West Sewer Pump Station									
Contributes to Economic Development									
Funding Sources									
Unsecured - Loans, Grants, LID								4,330,000	4,330,000
Total	-	-	-	-	-	-	-	4,330,000	4,330,000
Expenditures									
Design/Construction								4,000,000	4,000,000
Project Management								330,000	330,000
Total	-	-	-	-	-	-	-	4,330,000	4,330,000
7026 Gaines Street Pump Station									
Infrastructure Condition Mandate (Vulnerability)									
" Shoreline Stabilization - Not Currently Funded									
Funding Sources									
Unsecured - FEMA - potential funding source								465,000	465,000
Total	-	-	-	-	-	-	-	465,000	465,000
Expenditures									
Design/Construction								380,000	380,000
Project Management								85,000	85,000
Total	-	-	-	-	-	-	-	465,000	465,000

Capital Improvement Plan 2018 - 2023

Sewer

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

Project	2018 Preliminary	2018 Adopted	2018 Revised	2019	2020	2021	2022	2023	6-Year Total
7014 Infiltration/Inflow Removal									
Desirable Investment in System									-
Funding Sources									
Unfunded							260,000		260,000
Total	-	-	-	-	-	-	260,000	-	260,000
Expenditures									
Design/Construction							200,000		200,000
Project Management							60,000		60,000
Total	-	-	-	-	-	-	260,000	-	260,000
7004 Wastewater Master Plan/WWTP									
Funding Sources									
Capital Surcharge					130,000				130,000
Total	-	-	-	-	130,000	-	-	-	130,000
Expenditures									
Design/Construction					100,000				100,000
Project Management					30,000				30,000
Total	-	-	-	-	130,000	-	-	-	130,000

Capital Improvement Plan 2018 - 2023

Storm

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

Project		2018 Preliminary	2018 Adopted	2018 Revised	2019	2020	2021	2022	2022	6-Year Total
8001 Stormwater Management Plan										-
	Funding Sources									-
	Capital Surcharge									-
	Storm Fund	60,000								-
	Total	60,000		-	-	-	-	-	-	60,000
	Expenditures									-
	Design/Construction	30,000								30,000
	Project Management	30,000								30,000
	Total	60,000		-	-	-	-	-	-	60,000
8046 Water Street Overlay										-
	Funding Sources									-
	Capital Surcharge	100,000								100,000
	Total	100,000		-	-	-	-	-	-	100,000
	Expenditures									-
	Design/Construction	20,000								20,000
	Project Management	100,000								100,000
	Total	120,000		-	-	-	-	-	-	120,000
8028 CERB Regional Facility										-
	Funding Sources									-
	CERB	850,000								-
	Capital Surcharge	50,000								50,000
	Total	900,000		-	-	-	-	-	-	900,000
	Expenditures									-
	Design/Construction	750,000								750,000
	Project Management	50,000								50,000
	Total	800,000		-	-	-	-	-	-	800,000

Capital Improvement Plan 2018 - 2023

Storm

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

Project	2018 Preliminary	2018 Adopted	2018 Revised	2019	2020	2021	2022	2022	6-Year Total
8022 Logan Street									-
Funding Sources									-
Capital Surcharge	10,000								10,000
Total	10,000	-	-	-	-	-	-	-	10,000
Expenditures									-
Design/Construction	15,000								15,000
Project Management	5,000								5,000
Total	20,000	-	-	-	-	-	-	-	20,000

Capital Improvement Plan 2018 - 2023

General Government

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

	2018	2018	2018	2019	2020	2021	2022	2023	6-Year Total
General Government									
Funding Sources									
	Preliminary	Adopted	Revised						
CDBG	350,000	-	-	-	-	-	-	-	350,000
Heritage Grant	-	-	-	-	-	-	-	-	-
Donation	74,500	-	-	-	-	-	-	-	74,500
Voted Bond	1,290,000	-	-	-	-	-	-	-	1,290,000
2017 Utility Revenue Bond	-	-	-	-	-	-	-	-	-
Fund Balance	25,000	-	-	-	-	-	-	-	25,000
Total	1,739,500	-	-	-	-	-	-	-	1,739,500
Expenditures									
Design/Construction	1,659,500	-	-	-	-	-	-	-	1,659,500
Project Management	80,000	-	-	-	-	-	-	-	80,000
Total	1,739,500	-	-	-	-	-	-	-	1,739,500
Street									
Funding Sources									
WSDOT - STP funds	-	-	-	-	-	-	600,000	4,000,000	4,600,000
TAP	70,000	-	-	-	-	-	-	-	70,000
TIB	975,000	-	-	-	-	-	-	-	975,000
Local Funds	-	-	-	-	-	-	-	-	-
2017 Bond	1,642,813	-	-	-	-	-	-	-	1,642,813
CERB	300,000	-	-	-	-	-	-	-	300,000
REET	35,000	-	-	-	-	-	-	-	35,000
Fund Balance	10,187	-	-	-	-	-	-	-	10,187
Unfunded	-	-	-	50,000	1,050,000	1,170,000	9,780,000	1,050,000	13,100,000
Total	3,033,000	-	-	50,000	1,050,000	1,170,000	10,380,000	5,050,000	20,733,000
Expenditures									
Design/Construction	228,000	-	-	-	-	1,050,000	750,000	-	2,028,000
Construction	2,501,000	-	-	50,000	950,000	50,000	9,550,000	5,050,000	18,151,000
Project Management	249,000	-	-	-	100,000	70,000	80,000	-	499,000
Total	2,978,000	-	-	50,000	1,050,000	1,170,000	10,380,000	5,050,000	20,678,000
Water									
Funding Sources									
Capital Surcharge	-	-	-	160,000	160,000	160,000	160,000	160,000	800,000
DWSRF	2,706,143	-	-	-	-	-	-	-	2,706,143
PWTF	903,621	-	-	-	-	-	-	-	903,621
Operating Transfer	750,000	-	-	-	-	-	-	-	750,000
2017 Utility Revenue Bond	-	-	-	-	-	-	-	-	-
SDC	900,000	-	-	-	-	-	-	-	900,000
OGWS	669,500	-	-	-	-	-	-	-	669,500
Other - PTPC	669,500	-	-	-	-	-	-	-	669,500
Total	6,598,764	-	-	160,000	160,000	160,000	160,000	160,000	7,398,764
Expenditures									
Design/Construction	3,808,000	-	-	160,000	160,000	160,000	160,000	160,000	4,608,000
Project Management	260,000	-	-	-	-	-	-	-	260,000
Total	4,068,000	-	-	160,000	160,000	160,000	160,000	160,000	4,868,000
Sewer									
Funding Sources									
Capital Surcharge	-	-	-	160,000	290,000	160,000	160,000	-	770,000
Sewer Transfer SDC	180,000	-	-	100,000	-	-	-	-	280,000
CCWF Loan/Grant	200,000	-	-	200,000	-	-	-	-	400,000
Revenue Bond	-	-	-	-	-	-	-	-	-
Unsecured Funds	-	-	-	-	400,000	4,000,000	260,000	4,795,000	9,455,000
LID	-	-	-	-	-	-	-	-	-
Total	380,000	-	-	460,000	690,000	4,160,000	420,000	4,795,000	10,905,000
Expenditures									
Design/Construction	285,000	-	-	410,000	610,000	3,860,000	360,000	4,380,000	9,905,000
Project Management	95,000	-	-	50,000	80,000	300,000	60,000	415,000	1,000,000
Total	380,000	-	-	460,000	690,000	4,160,000	420,000	4,795,000	10,905,000
Storm									
Funding Sources									
CERB	850,000	-	-	-	-	-	-	-	850,000
Storm Fund	60,000	-	-	-	-	-	-	-	60,000
Capital Surcharge	160,000	-	-	-	-	-	-	-	160,000
Total	1,070,000	-	-	-	-	-	-	-	1,070,000
Expenditures									
Design/Construction	815,000	-	-	-	-	-	-	-	815,000
Project Management	185,000	-	-	-	-	-	-	-	185,000
Total	1,000,000	-	-	-	-	-	-	-	1,000,000

RESOLUTION NO. 17-028

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PORT TOWNSEND, WASHINGTON, APPROVING THE 2018-2023 SIX-YEAR TRANSPORTATION IMPROVEMENT PROGRAM AND AUTHORIZING THE CITY MANAGER TO SUBMIT THIS TO THE STATE

WHEREAS, the City Council has reviewed the 2018-2023 Six-Year Transportation Improvement Program (TIP) and held a public hearing on June 19, 2017 for public comment; and,

WHEREAS, the City is required by the State of Washington Department of Transportation (WSDOT) to adopt its annual six-year Transportation Improvement Program (TIP) by June 30 of each year; and,

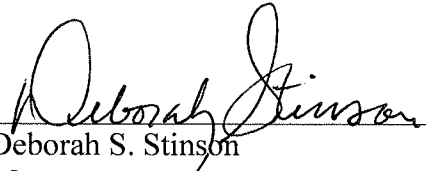
WHEREAS, the TIP is primarily intended to designate federally funded and regionally significant projects; and,

WHEREAS, the City Council has established priorities for transportation improvement projects and these are reflected in the TIP;


NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Port Townsend that the Mayor is hereby authorized to sign this resolution approving the Six-Year Transportation Improvement Program for 2018-2023 for submission to the State Department of Transportation for their State Transportation Improvement Program (STIP).

And that the City Manager may make minor modifications to the TIP for the next 12 months to reflect changes in project funding or implementation schedules that may more closely align with actual project progress and to meet the needs of WSDOT and the STIP.


ADOPTED by the City Council of the City of Port Townsend at a regular meeting thereof, held this 19th day of June 2017.


Deborah S. Stinson
Mayor

Attest:


Joanna Sanders, CMC
City Clerk

Approved as to form:


Steven L. Gross
City Attorney

Six Year Transportation Improvement Program (2018 - 2023)

Port Townsend
 Co. No.: 16
 City No.: 1005

County Name: Jefferson County
 MPO/RTPO: NON/PEN

Functional Class	Priority Number	Project	Project Length	Fund Source Information							Expenditure Schedule						Environment Type	RW Required	
				Phase	Phase Start Year	Funding Status	Federal Fund Code	Federal Funds	State Fund Code	State Funds	Local Funds	1st	2nd	3rd	4th	5th			6th
16	1	<i>Water Street Overlay</i> from: Taylor St to: Ferry Terminal Grind and digouts with 4" overlay, rebuild the pavement and ADA ramp modifications	0.11	CN	2018	S			TIB	550,000	900,000	1,450,000						CE	N
16	2	<i>SR 20 Pedestrian Walkway</i> from: Logan Street to: Hancock Street Construction of an elevated walkway over a ravine that is an 800' gap along a popular, heavily used route by both pedestrians and bicyclists.	0.14	PE CN	2018 2020	S P	TAP TAP	95,000 97,692			1,102,308	13,188	110,880		1,200,000			CE	N
16	3	<i>VIC Parking Improvement</i> from: Thayer to: Benedict	0.11	CN	2018	S					800,000	800,000						CE	N
16	4	<i>Jefferson Street</i> from: Quincy Street to: Tyler Street Sidewalks, shoulders and drainage improvements on Jefferson St between Quincy and Tyler streets, and then on Quincy St between Jefferson and Washington streets.	0.15	CN	2018	P			TIB	329,303	211,281	540,584						CE	N
16	5	<i>Discovery Road I</i> from: Howard Street to: Sheridan Street Rebuild roadway, sidewalks, drainage, shoulder improvements, bike lanes	0.74	PE CN	2020 2021	P P			OTHER OTHER	770,000 7,580,000				770,000		7,580,000		CE	N
14	6	<i>Washington Street</i> from: Monroe Street to: Taylor Street Streetscape improvements; new curb, gutter, pavement, sidewalk repair and replacement	0.30	PE CN	2021 2022	P P					350,000 2,000,000			350,000		2,000,000		CE	N
14	7	<i>Sims Way Improvements III</i> from: Sheridan Street to: SR 20 Ferry Terminal Turn lanes, shoulder improvements, intersection improvements, bike lanes, transit pullouts, sidewalks, mitigation of ferry traffic impacts	1.60	PE CN	2021 2022	P P			WSDOT WSDOT	600,000 6,000,000				600,000		6,000,000		CE	N
14	8	<i>Sims Way Improvements II</i> from: Logan Street to: Sheridan Street Intersection improvements; shoulder improvements; drainage; transit pullouts; sidewalks; pedestrian crossings; stormwater treatment	0.20	PE CN	2022 2023	P P			WSDOT WSDOT	600,000 5,000,000					600,000		5,000,000	CE	N
14	9	<i>Sims Way (SR 20) Intersection Improvements</i> from: Kearney Street to: Washington Street Intersection improvements	0.10	ALL	2023	P			WSDOT	2,000,000						2,000,000		CE	N
16	10	<i>Discovery Road II</i> from: City Limits to: Howard Street Rebuild roadway, bike lanes, sidewalks, pathway, transit pullouts, drainage, intersection improvements	0.74	PE CN	2022 2023	P P			OTHER OTHER	300,000 2,200,000	200,000 300,000				500,000		2,500,000	CE	N
16	11	<i>San Juan Improvements II</i> from: Lopez & San Juan to: 49th & Jackman Grind and install new road surface. Replace utility lines. Sidewalk on one side only.	0.75	ALL	2023	P					1,700,000					1,700,000		CE	N

Six Year Transportation Improvement Program (2018 - 2023)

Port Townsend
 Co. No.: 16
 City No.: 1005

County Name: Jefferson County
 MPO/RTPO: NON/PEN

Functional Class	Priority Number	Project	Project Length	Fund Source Information							Expenditure Schedule						Environment Type	RW Required
				Phase	Phase Start Year	Funding Status	Federal Fund Code	Federal Funds	State Fund Code	State Funds	Local Funds	1st	2nd	3rd	4th	5th		
16	12	<i>Hastings Avenue Improvements</i> from: Discovery Road to: City Limits Shoulder widening, bike lanes, pavement overlay, drainage improvements	1.60	ALL	2023	P					3,725,000					3,725,000	CE	N
16	13	<i>Lawrence Street Improvements</i> from: Kearney Street to: Harrison Street Grind, base upgrade, repave, sidewalks, shoulder improvements	0.50	ALL	2023	P					1,000,000					1,000,000	CE	N
16	14	<i>Jackson / Walnut Improvements</i> from: Reed Street to: W Street Shoulder improvements, overlay, drainage improvements, sidewalks	0.45	ALL	2023	P					500,000					500,000	CE	N
16	15	<i>Howard Street / Rainier Street Extension II</i> from: Discovery Road to: 20th Street New street extension	0.60	PE CN	2022 2023	P P			OTHER OTHER	200,000 2,000,000	500,000 4,000,000				700,000 6,000,000	CE	N	
14	16	<i>Mill Road Intersection</i> from: SR 20 to: Discovery Road Intersection improvements	0.00	ALL	2023	P			WSDOT	10,000,000					10,000,000	CE	Y	
16	17	<i>Admiralty Avenue Improvements</i> from: San Juan Avenue to: Fort Worden State Park Shoulder improvements, sidewalk, bike lanes, drainage	0.17	ALL	2023	P					700,000				700,000	CE	N	
16	18	<i>Monroe Street Improvements</i> from: Washington Street to: Lawrence Street Address road settlement, re-do subgrade, repave	0.22	ALL	2023	P					1,000,000				1,000,000	CE	N	
16	19	<i>McPherson Street Improvements</i> from: Sims Way SR 20 to: Discovery Road Add sidewalks, bike lanes	0.57	ALL	2023	P					1,780,000				1,780,000	CE	N	
16	20	<i>Blaine Street Improvements</i> from: Walker Street to: Tyler Street Sidewalk, shoulder improvements, drainage, curb and gutter	0.50	ALL	2023	P					500,000				500,000	CE	N	
16	21	<i>Walker Street Improvements III</i> from: Washington St to: Lawrence St Sidewalks, drainage, repave	0.10	ALL	2023	P					500,000				500,000	CE	N	
00	22	<i>Non-Motorized Multi Modal Loop Trail</i> from: Kearney Street to: Discovery Rd Loop trail as identified in Non-Motorized Transportation Plan	1.94	ALL	2023	P	STP (E)	150,000	OTHER	150,000	200,000				500,000	CE	N	
19	23	<i>10th Street</i> from: SR 20 to: Sheridan Sidewalks, bike lanes, drainage, shoulders	0.33	ALL	2023	P					600,000				600,000	CE	N	
17	24	<i>9th Street</i>	0.40	ALL	2023	P					700,000				700,000	CE	N	

Six Year Transportation Improvement Program (2018 - 2023)

Port Townsend
 Co. No.: 16
 City No.: 1005

County Name: Jefferson County
 MPO/RTPO: NON/PEN

Functional Class	Priority Number	Project	Project Length	Fund Source Information							Expenditure Schedule						Environment Type		
				Phase	Phase Start Year	Funding Status	Federal Fund Code	Federal Funds	State Fund Code	State Funds	Local Funds	1st	2nd	3rd	4th	5th	6th	CE	N
		from: McPherson to: Sheridan Sidewalks, bike lanes																	
16	25	12th Street from: Landes to: Sheridan Sidewalks, shoulders, drainage improvements	0.38	ALL	2023	P					700,000						700,000	CE	N
16	26	Cherry / Redwood Improvements from: F St to: W St Shoulder improvements, overlay, drainage improvements	0.80	ALL	2023	P					1,000,000						1,000,000	CE	N
16	27	Discovery Road Improvements III from: Hastings Avenue to: 19th Street Rebuild roadway, shoulder improvements, bike lanes, sidewalks, drainage, intersection improvements	0.70	PE CN	2023 2023	P P			TIB OTHER	350,000 1,600,000	50,000						400,000 1,600,000	CE	N
16	28	49th Street / Cook Ave Improvements from: Jackman Avenue to: City Limits Shoulder widening, drainage improvements, pavement overlay, bike and pedestrian accommodations	2.00	ALL	2023	P					1,200,000						1,200,000	CE	N
16	29	W Street Improvements from: Walnut Street to: Admiralty Avenue Shoulder widening, overlay, drainage improvements, sidewalks	0.70	ALL	2023	P					800,000						800,000	CE	N
16	30	Lawrence from: Monroe to: Harrison Road rebuild	0.46	ALL	2023	P					500,000						500,000	CE	N
16	31	Washington II from: Harrison to: Pierce Road rebuild	0.11	ALL	2023	P					500,000						500,000	CE	N
16	32	Monroe from: Roosevelt to: Reed Road rebuild	0.30	ALL	2023	P					500,000						500,000	CE	N
16	33	Sheridan Street from: 10th St to: 15th St Road rebuild	0.25	ALL	2023	P					700,000						700,000	CE	N

6/7/2017

CITY OF PORT TOWNSEND, WASHINGTON

FINANCIAL POLICIES

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

Fund Reserve Policy

Fund Reserve targets were adopted to allow the City to maintain sufficient working capital and to weather emergencies or unexpected revenue declines. The 2018 budget was developed to ensure that ending fund balance amounts would align with the City Council Fund Balance Reserve Policy.

The supplemental budget for 2017 includes a transfer of \$50,000 from the Community Services Fund to the Contingency Fund. In late October 2016, Mountain View facility boilers required emergency repairs. The funds to pay for the repairs were drawn from the Contingency Fund. That transfer brought the Contingency Fund below the 2.0% reserve target. The transfer back to the Contingency Fund from the Community Services Fund in the 2017 supplemental budget brings the Fund back into compliance with the Financial Policies.

The financial policies indicate the fund target for Public Works Administration as 2-3% of expenditures. However, this fund is an internal service fund, providing administrative services to Streets, the Water/Sewer utility, the Storm utility and the Equipment Rental & Replacement funds. An internal service fund would typically not have a substantial fund reserve. A recommendation to change the fund reserve requirement to “sufficient to meet obligations” will be presented during the next financial policy updates (slated for 2018). Additionally, the Water Sewer Fund is slightly under its fund reserve target of 60 days operating expenses. An expense reduction will be made in the final proposed budget to ensure that the reserve target is met.

The City is evaluating the Equipment Rental & Replacement (ERR) fund model to determine the best means to move forward with an appropriate structure to capture revenue needed to replace city fleet and IT equipment not only in 2017 and 2018 but over the long term. The 2018 contributions for city fleet and IT equipment cover operating and maintenance costs of the fund as well as a small contribution towards equipment replacement. During the first half of 2018, staff will develop policy framework for the fund along with a replacement schedule for equipment and vehicles.

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

STATUS OF PERFORMANCE COMPARED TO FINANCIAL POLICIES

City of Port Townsend Ending Fund Balance Scorecard

FUNDS	COUNCIL POLICY FUND TARGET (Policy Adopted August, 2016)	2015	2016	2017	2018
		Actual Fund Reserve %	Actual Fund Reserve %	Estimated Fund Reserve %	Budget Fund Reserve %
Operating Funds					
General Fund	8 - 15% of operating revenue	13.0%	17.2%	16.9%	17.1%
Contingency Fund	No less than 2% of operating revenue	2.0%	1.5%	2.0%	2.0%
Street Fund	2 - 3% of expenditures	28.9%	42.2%	35.4%	39.7%
Library Fund	5 - 8% of property tax revenue	15.1%	20.1%	21.1%	19.0%
Real Estate Excise Tax Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets
Lodging Tax Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets
Fire & EMS Services Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets
Housing Trust Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets
Community Development Block Grant Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets
Community Services Fund	2 - 3% of expenditures	7.7%	7.5%	3.7%	3.6%
Equipment Rental & Replacement Fund	Sufficient to meet obligations	Under Review			
Self-Insurance Unemployment Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets
Firemen's Pension Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets
Enterprise Funds					
Public Works Admin Fund	2 - 3% of expenditures	12.3%	11.4%	0.1%	0.2%
Water Sewer Fund	60 days of operating expenses	186	247	189	62
Stormwater Fund	60 days of operating expenses	76	45	122	63
Capital, Debt, & Trust Funds					
General Capital Improvement Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets
Street Vacation Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets
Street Capital Improvement Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets
2015 Bond Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets
2017 Bond Fund	Sufficient to meet obligations	N/A	N/A	Meets	Meets
System Development Charges Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets
Transmission Line Replacement Fund **	Sufficient to meet obligations	Meets	Meets	Meets	Meets
G.O. Debt Service Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets
78 Water Sewer Revenue Bond Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets
Utility Construction Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets
Utility Debt Reserve	Sufficient to meet obligations	Meets	Meets	Meets	Meets
Stormwater Capital Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets
Engineering Service Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets
Refundable Deposits	Sufficient to meet obligations	Meets	Meets	Meets	Meets
Agency Funds	Sufficient to meet obligations	Meets	Meets	Meets	Meets
Golf Course Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets
Memorial Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets
GO Debt Service as a % of General Government Revenue					
		2015 Actual	2016 Actual	2017 Estimated	2018 Budget
Annual Debt Service as % of Revenue	Less than 15%	8.5%	10.1%	10.5%	10.7%
Parks & Pool Fees					
		2015 Actual	2016 Actual	2017 Estimated	2018 Budget
Operating revenues 50% or more than pool operating expenses		45.9%	41.6%	42.7%	46.9%

OVERHEAD INDIRECT COST RECOVERY POLICY

The City adopted a policy that allocates the indirect overhead costs, from the General Fund to other funds. Consistent with the prior three years, City staff used the cost recovery model developed by FCS Consultants to identify city-wide overhead costs, which include Council, City Manager, City Clerk, Human Resources, City Attorney, Finance and Facility related overhead costs. The model uses actual costs from two years previous; that is, the 2017 allocation was based on 2015 historical costs and the 2018 budget allocation was based on 2016 historical costs and activities.

Allocations to funds are based on pre-determined allocation factors. The chart below represents the City-wide overhead costs for 2018 and the associated allocation factors that determine how much each receiving fund is charged for overhead services.

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

Indirect Cost Pools and Allocation Factors			
Indirect cost pools		Total Citywide Allocable Costs	Allocation Factor
011	Mayor & Council	\$ 96,326	Council Bills
012	City Manager	309,134	50/50 Split: Actual Expenditures & FTEs
013	City Attorney - Civil	233,930	33/33/33 Split: Actual Expenditures, FTEs, & Council Bills
041	Finance - General	307,292	Actual Expenditures
041	Finance - AP	80,837	AP Invoices
015	Payroll	120,248	FTEs
015	Human Resources	201,077	FTEs
080	City Clerk - Council Support	150,119	Council Bills
080	City Clerk - General Other	38,430	Vehicle Insurance
080	City Clerk - Records Management	52,229	Records Count
FD 199	Community Services - City Facilities	381,871	Square Feet by Building
	Liability Insurance	248,677	FTEs
	Property Insurance	57,399	Value of Insured Property
	Vehicle Insurance	2,228	# of Vehicles
	TOTAL	\$ 2,279,796	

A comparison of the 2018 and 2017 overhead allocation charged to funds is shown on the following table:

Funds Charged with Overhead / Indirect Costs				
City Department		Adopted Cost Recovery Budget 2017	2018 Proposed Overhead Allocation Charges	Increase / (Decrease)
FD 110	Street	\$ 51,127	\$ 45,642	\$ (5,485)
FD 120	Library	\$ 197,968	\$ 214,972	\$ 17,004
FD 140	Public Works Administration	\$ 55,942	\$ 58,810	\$ 2,868
FD 150	Lodging Tax	\$ 9,361	\$ 12,838	\$ 3,477
FD 199	Community Services	\$ 148,105	\$ 225,017	\$ 76,912
FD 301	General CIP Projects	\$ 61,676	\$ 25,841	\$ (35,835)
FD 305	CIP Street	\$ 44,284	\$ 39,489	\$ (4,795)
FD 411	Water Sewer Fund (excl. Utility Billing)	\$ 279,704	\$ 275,370	\$ (4,334)
FD 411	Finance - Utility Billing	\$ 58,078	\$ 55,294	\$ (2,784)
FD 412	Storm Fund	\$ 41,209	\$ 50,800	\$ 9,591
FD 415	Water Sewer CIP	\$ 128,958	\$ 276,590	\$ 147,632
FD 417	1956 Trans Line Replacement	\$ 15,159	\$ 2,304	\$ (12,855)
FD 500	Equipment Rental - Fleet	\$ 29,990	\$ 44,269	\$ 14,279
FD 500	Equipment Rental - IT	\$ 25,057	\$ 27,129	\$ 2,072
FD 555	Engineering Services	\$ 83,175	\$ 84,211	\$ 1,036
FD 610	Firemen's Pension and Relief	\$ 2,087	\$ 1,414	\$ (673)
FD 623	Golf Course	\$ 2,698	\$ 5,419	\$ 2,721
Total Overhead Charged to Funds		\$ 1,234,578	\$ 1,445,408	\$ 210,830
Total Calculated Overhead				
		\$ 1,832,998	\$ 2,040,450	\$ 207,452

The increase in O/H allocation of \$207,452 from 2017 to 2018 is largely the result of capital project funds which is not expected to continue in the long term. In addition, the revenue increase to the General Fund from the Community Services Fund is offset by an increased operating transfer back to the Community Services Fund to cover costs in Parks, Facilities & Maintenance.

RESOLUTION NO. 16-042

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

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

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

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

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


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

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

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

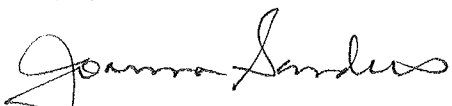
Section 2. The Annual Budget Ordinance and Supplemental Ordinances shall be considered as a part of and implementing document for the City's Finance and Budget Policy Guidelines.

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




Deborah S. Stinson
Mayor

Attest:



Joanna Sanders, CMC
City Clerk

Approved as to form:



Steven L. Gross
City Attorney

City of
Port Townsend

Comprehensive
Financial
Management
Policy Guidelines

Adopted September 19, 2016

Comprehensive Financial Management Policies Index

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I. FINANCIAL POLICY GUIDELINES

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

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

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

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

II. ORGANIZATION

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

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

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

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

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

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

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

III. ACCOUNTING, AUDITING AND FINANCIAL REPORTING

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

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

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

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

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

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

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

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

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

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

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

IV. FUND STRUCTURE & FUND RESERVE GUIDELINES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ENDING FUND BALANCE, RESERVES, CONTINGENCY SUMMARY

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

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

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

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

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

V. REVENUE POLICIES

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

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

One-time revenues shall support one-time expenditures.

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

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

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

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

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

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

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

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

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

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

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

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

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

VI. OVERHEAD COST RECOVERY (COST ALLOCATION)

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

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

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

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

VII. GENERAL BUDGET POLICIES

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

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

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

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

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

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

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

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

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

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

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

Budget Monitoring-

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

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

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

VIII. FINANCIAL PLANNING POLICIES

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

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

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

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

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

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

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

IX. ENTERPRISE FUNDS

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

X. CAPITAL INVESTMENT PROGRAM PLAN POLICIES

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

XI. DEBT MANAGEMENT POLICY

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

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

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

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

Debt financing will not be considered appropriate for:

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

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

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

Options for Interim or "Bridge" financing may include:

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

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

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

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

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

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

XII. PURCHASING POLICY

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

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

XIII. GRANTS MANAGEMENT POLICY

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

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

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

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

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

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

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

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

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

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

CITY OF PORT TOWNSEND, WASHINGTON, GENERAL GOVERNMENT DEBT, UTILITY & INTERGOVERNMENTAL DEBT AND INTERFUND LOANS

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

General Government Debt

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

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

During 2017, the City refinanced its 2008 limited tax general obligation bonds through an advance refunding. As a part of this refinance, the City borrowed \$3,200,000 of additional new debt to finance library, street, sidewalk and other general government projects. The resulting bonds were sold into issues – Series A (bank qualified issue) in the amount of \$9,155,000; and Series B (taxable issue) in the amount of \$1,060,000. The total interest cost of the bonds was 3.29%. The refinancing of the 2008 LTGO Bonds produced net present value savings of \$980,000 or 13.1% as a percentage of the refunded bonds' principal amount.

The City's total non-voted debt will have an outstanding balance of \$16,735,000 as of January 1, 2018. Currently the City has three outstanding councilmanic bond issues:

- Series 2010 limited tax general obligation bonds issued to for sidewalks, utility and street improvements, and Carnegie library retrofit. *Outstanding balance as of January 1, 2018 - \$3,355,000.*
- Series 2012 limited tax general obligation refunding bond issue, refunded 1999 bonds and a portion of the 2002, 2003 and 2005 general obligation bonds. The refunding saved the City \$645,221 in interest cost over a 13-year period. *Outstanding balance as of January 1, 2018 - \$3,165,000.*
- Series 2017 (Series A & B) limited tax general obligation bonds issued to refund the Series 2008 bonds and to finance road and sidewalk improvements, tourism, infrastructure and waterfront access improvements. *Outstanding balance as of January 1, 2018 - \$10,215,000.*

Principal payments on the outstanding non-voted debt for 2018 are \$685,000, due on December 1, 2018.

In February 2015, 71.37% of the voters of the City of Port Townsend approved a ballot measure to authorize the City to issue up to \$3,600,000 in bonds for the Mountain View Commons energy retrofit and other campus improvements. The bonds were issued in June 2015 in the amount of \$3,385,000, with a net interest cost of 3.06%. The annual debt service will be just under \$300,000 in 2018. The City will levy property taxes in the amount of \$150,000. The remainder of the debt service will be funded by Special Purpose Sales Tax receipts.

General Obligation Line of Credit

The City Council authorized the City Manager to execute an agreement with Cashmere Valley Bank to provide a line of credit for \$1,500,000 in November 2014. In November 2017, the City Council voted to approve Ordinance 3186, amending Ordinance 3123, as amended by Ordinance 3157, to extend the maturity date of the note an additional eighteen months to May 31, 2019. There are no current amounts outstanding on this line of credit. Only outstanding amounts on the line of credit impact the calculation of the City’s debt capacity.

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

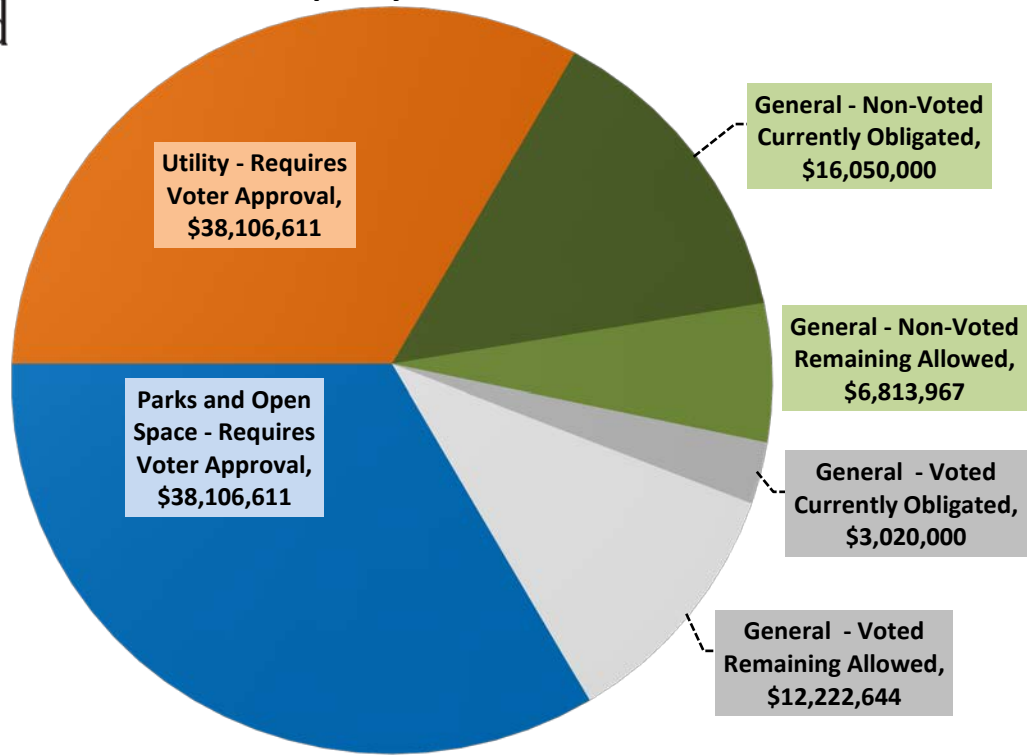
Debt Financial Policies

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

GO Debt Service as a % of General Government Revenue					
		2015 Actual	2016 Actual	2017 Estimated	2018 Budget
Annual Debt Service as % of Revenue	Less than 15%	8.5%	10.1%	10.5%	10.7%

The following chart and table reflects the current general obligation non-voted and voted bond debt capacity based on the Jefferson County Assessor’s 2017 preliminary assessed values for 2018 taxes; preliminary assessed values increased by approximately 5.7%, consequently, increasing the City’s available debt capacity:

2018 Debt Capacity - AV \$1,524,264,440



2017 Assessed Valuation (1)	\$ 1,524,264,440
General Purposes - Non-Voted	
Non-voted General Obligation Debt Capacity (1.50% of AV)	\$ 22,863,967
Less: Outstanding Non-voted General Obligation Debt (2)	\$ (16,050,000)
Less: Outstanding Line of Credit Balance (3)	\$ -
Remaining Non-Voted General Obligation Debt Capacity	\$ 6,813,967
Percent of Non-Voted Debt Capacity Remaining	29.80%
General Purposes - Requires Voter Approval	
Voted General Obligation Debt Capacity (1.00% of AV)	\$ 15,242,644
Less: Outstanding Voted General Obligation Debt	\$ (3,020,000)
Less: Outstanding Line of Credit Balance (3)	\$ -
Remaining Voted General Obligation Debt Capacity	\$ 12,222,644
Percent of Voted Total Debt Capacity Remaining	80.19%
Parks and Open Space Purpose - Requires Voter Approval	
Voted General Obligation Debt Capacity (2.50% of AV)	\$ 38,106,611
Less: Outstanding Voted Debt for Parks	\$ -
Remaining Voted Debt Capacity for Parks	\$ 38,106,611
Utility Purpose - Requires Voter Approval	
Voted General Obligation Debt Capacity (2.50% of AV)	\$ 38,106,611
Less: Outstanding Voted General Obligation Debt for Utility Purpos	\$ -
Remaining Voted Debt Capacity for Utility Purpose	\$ 38,106,611
Notes:	
(1) Estimate from County Assessor's Preliminary Valuations 2017 Assessments for 2018 Taxes	
(2) Includes only LTGO Bonds issued through 2017. Other general obligation debts may count against debt capacity. Includes principal payments through 12/31/2018.	
(3) Line of credit for \$1,500,000 authorized by Council on 11/3/14; renewed 11/6/17; no current \$ outstanding	

Utility & Intergovernmental Debt

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

In January 2017, the City's new drinking water treatment facility and reservoir, estimated cost of approximately \$24 million, were placed in service. Public Works Trust Fund Loans and Drinking Water State Revolving fund a significant portion of this project. The City's contribution for this project was approximately \$2,500,000 and was funded through transfers from the System Development Fund and reserves in the Water/Sewer Operating and Capital funds.

Repayment of the loans will come from utility revenues, which include a capital surcharge that is currently being assessed. A utility debt reserve fund has been established to reserve collected surcharge amounts for these future debt payments. At

the end of 2018, the debt reserve fund is estimated to have a fund balance of approximately \$1,600,000.

Utility Line of Credit

The City Council authorized the City Manager to execute an agreement with Kitsap Bank to provide a line of credit for \$3,000,000 in February 2016. This line of credit is used to fund vendor payments in advance of receiving loan/grant funding from state or federal agencies. There is currently \$1,700,000 outstanding on this line of credit.

Future Utility Capital Improvement Funding

The City has identified utility capital improvement projects that require funding in 2018 and beyond. The table below provides a list of these projects. In 2017, the City budgeted for a utility rate study update to determine the best option for funding these projects. The rate study is nearing completion and a combination of intergovernmental loans, revenue bonds or use of the utility’s own cash reserves to fund future projects is being considered.

Utility Capital Improvement Projects	Funding Required
Water Street Overlay - Water / Sewer / Storm Upgrades	\$1,040,000
Big Quil Diversion Dam	\$1,300,000
LT2 Water Filtration Treatment Facility - Closeout	\$1,868,000
Sewer Outfall Replacement	\$5,000,000
Southwest Sewer Pump Station	\$4,330,000
Gaines Street Sewer Pump Station	\$465,000
Sewer Infiltration/Inflow Removal	\$260,000
Total Utility Capital Improvement Projects	\$14,263,000

The City will also be developing a Regional Stormwater facility in the Upper SIMS Way & Mill Road area. Estimated cost for this facility will be approximately \$1,200,000. This project is currently in the design stage and will be funded via a CERB loan. Interim funding for the City’s match for this project will be through an inter-fund loan. Permanent funding will be identified in the Stormwater functional plan. The City will be assessing repayment options for the CERB loan during 2018.

Inter-fund Loans

The City had one outstanding inter-fund loan as of January 1, 2017 for \$500,000. This inter-fund loan was approved as a part of the 2016 budget plan and was due no later than January 1, 2019. This inter-fund loan was paid off through the 2017 advance refunding/new money debt issuance discussed at the beginning of this section. The City currently has no outstanding inter-fund loans. The 2017 supplemental budget includes an inter-fund loan for \$250,000 from the Transmission Line Fund to the General Fund. The details of this loan are as follows:

In 2017, the City entered into a loan agreement with Homeward Bound to provide temporary funding for an affordable housing project. The loan is scheduled to be

repaid to the City's general fund by December 26, 2017. Homeward Bound is completing its financing plan but will likely request that the City extend the loan term. An inter-fund loan to repay the General Fund for the initial \$250,000 loan will be considered by the City Council in late November 2017.

RESOLUTION NO. 17-052

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PORT TOWNSEND, WASHINGTON RELATED TO AFFORDABLE HOUSING; AUTHORIZING THE CITY MANAGER TO EXTEND THE REPAYMENT DATE ON THE LOAN TO HOMEWARD BOUND D/B/A OLYMPIC HOUSING TRUST

WHEREAS, the City of Port Townsend (“City”) adopted Resolution 17-019, which in part authorized the City Manager to enter into a loan agreement with Homeward Bound, d/b/a Olympic Housing Trust (“Homeward Bound”) for \$250,000, which loan was to be repaid not later than December 26, 2017; and,

WHEREAS, because of market conditions, Homeward Bound has not been able to secure commercial funding; and,

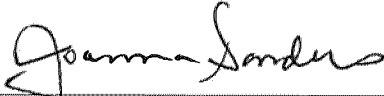
WHEREAS, the City Manager has recommended extension of the due date for one year, to allow Homeward Bound’s newly-elected Board of Directors to organize and seek additional funding.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Port Townsend that the City Manager is authorized to enter into agreements to extend the loan to Homeward Bound until December 26th, 2018.

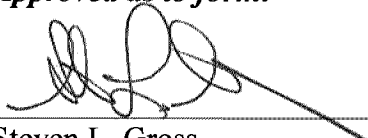
ADOPTED by the City Council of the City of Port Townsend at a special meeting thereof, held this 13th day of November, 2017.


Deborah S. Stinson
Mayor

Attest:


Joanna Sanders, MMC
City Clerk

Approved as to form:


Steven L. Gross
City Attorney

RESOLUTION NO. 17-053

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PORT TOWNSEND,
WASHINGTON, AUTHORIZING AN INTERFUND LOAN RELATED TO
AFFORDABLE HOUSING**


Recitals:

- A. This Resolution authorizes a \$250,000 interfund loan from the Transmission Line Replacement Fund to the General Government fund.
- B. The City Council adopted Resolution 17-019 on April 24, 2017. The Resolution authorized a loan from the City to Homeward Bound, a Washington non-profit corporation for an affordable housing project.
- C. The funds used for the loan came from the City’s General Fund.
- D. Staff recommends an interfund loan that will be repaid through a permanent financing plan to be identified by Homeward Bound.


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

- 1. The City Manager is authorized to take necessary steps and execute necessary documents to effect an interfund loan from the Transmission Line Replacement Fund to the General Fund to reimburse the General Fund for the loan to Homeward Bound.
- 2. The amount is not to exceed \$250,000. The term is not to exceed 3 years and one month at an interest rate equal to the average LGIP investment interest rate for the loan term.
- 3. The loan will be repaid no later than December 31, 2019.


ADOPTED by the City Council of the City of Port Townsend at a special business meeting thereof, held this 13th day of November, 2017.


 Deborah S. Stinson
 Mayor

Attest:


 Joanna Sanders, MMC
 City Clerk

Approved as to form:


 Steven L. Gross
 City Attorney

CITY OF PORT TOWNSEND, WASHINGTON

STAFFING AND COMPENSATION

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

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

2018 Budget Assumptions for General Government Agreement

The General Government Agreement covers Public Works, Development Services, Finance and Police Administration employees. The General Government Agreement with the Teamsters defines the pay scales, seniority rates and annual inflationary adjustments to salaries for this group of employees. The proposed 2018 budget was prepared by reviewing each employee’s position and seniority as compared to the wage charts. The cost of living adjustment is tied to 100% of the change in the Consumer Price Index for Seattle-Tacoma-Bremerton (CPI-U) from June to June of the previous year. For 2018 salaries, the inflationary increase is 3.0%. Full time employees receive a full benefit package that includes health, life, dental and retirement benefits. Employees in this group contribute 10% of the total cost of the medical benefit costs for themselves and any covered dependents. Teamster benefit rates are not expected to increase in 2018.

The General Government Agreement expires December 31, 2018.

2018 Budget Assumptions for Police Agreement

The Police Agreement with the Teamsters defines the pay scales, compensated hours, seniority rates and inflationary adjustments to salaries for police officers and sergeants. The agreement with the Police bargaining unit will expire on December 31, 2017. Negotiations are currently under way to renew this contract but will likely not be finalized prior to adoption of the 2018 budget. For 2018 wage and benefit assumptions, the city forecasted increases based on the current contract. Any changes resulting from the finalized agreement will be incorporated into a supplemental budget request in 2018, if necessary.

2018 Budget assumptions are therefore forecasted with an inflationary increase of 3.0% (this contract is also tied to 100% of the change in the Consumer Price Index for Seattle-Tacoma-Bremerton (CPI-U) from June to June of the previous year). Full-time employees receive a full benefit package that includes health, life, dental and retirement benefits. Employees contribute 10% of the medical benefit costs for themselves and any covered dependents. Teamster benefit rates are not expected to increase in 2018.

2018 Budget Assumptions for Non-represented employees

The non-represented employee group is made up of management and professional level staff, library staff, and confidential/administrative staff. This group has no formal contractual agreement and benefit and wage increases have historically been dictated by performance and availability of budget dollars. Full time employees receive a full benefit package that includes health, life, dental and retirement benefits. Employees contribute 15% of the total cost of these benefits for themselves and any covered dependents. Medical benefit rates are forecasted to increase 7.2% which is partially offset by a 2.0% discount for well city designation. Dental premiums are forecasted to increase on average of 1.5%. There are no increases forecasted for Vision benefit rates.

A classification scale and compensation policy for non-represented employees was approved by the City Council in 2015 to formalize wages and establish a predictable compensation system. Wage scales for this group of employees are updated each year with expected inflationary increases and new positions.

The 2018 budget includes a cost of living adjustment for non-represented employees of 3.0%.

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

One of the objectives in the Council's three-year strategic plan for 2016 - 2018 is to foster a healthy City organization through investing in leadership development and training and adopting and implementing best employment practices.

In 2017, the Human Resource Manager performed a city-wide training needs assessment and implemented city-wide training opportunities, all of which were well attended. Training classes included Anti-Harassment, Budgeting Basics, Time Management, Communication Skills, First Aid/CPR, and Microsoft software training. Human Resources continues to update personnel policies to comply with current laws, rules, regulations and practices. A best practice the city invested time and resources to was the implementation of an employee self-serve software. Employees are now able to access accrual balances and paperless paystubs on a secure web hosted site, eliminating the need for paper paystubs.

A study and analysis was completed in 2017 to recommend efficiencies regarding the administration of B&O taxes & licensing in the Finance Department. City Council passed Ordinance 3187 in November that will benefit small businesses in our city and reduce administrative time in processing B&O returns. Once this administrative process transition has occurred, these staffing resources can now be re-directed toward more value-added projects and tasks.

The Police Chief recruited an Executive Assistant to handle confidential matters on his behalf. This position is responsible for administrative duties including assisting the chief with personnel matters, scheduling, budget management, invoice coding, expenditure tracking, and travel arrangements and reimbursements. In October 2017, a team led by the Executive Assistant, sponsored by the City Manager, participated in a value stream process improvement event to recommend efficiencies in administering special events and facility rentals. This team was successful in mapping out our current processes, defining non-value-added tasks for elimination, and developing a recommendation to improve efficiencies, eliminate waste, and increase customer satisfaction. One of the recommendations of this team is the recruitment of a position to administer special events, facility rentals and parking enforcement as a community service officer. The 2018 Proposed Budget includes this new position in the General Fund.

The Engineering and Development Services departments participated in a LEAN event in 2016 under the guidance of an assigned Lean Six Sigma Coach with the State Auditor's Office. That team continues to meet and follow up on recommended best practices and initiate new process improvements.

Succession planning continues to be a priority to allow a smooth transition when key employees retire or leave the organization. In December 2017, the City's long tenured Public Works Director is retiring. His replacement was recruited the first of September, allowing time to transition responsibilities and "download" historical information and working knowledge of the utility systems.

Other new recruits added in 2017 include the Police Executive position noted above, an unbudgeted Civil Engineer, a budgeted permit technician, two budgeted full-time swim instructors replacing part time staff adding a total of .63 FTEs, and two budgeted part-time swim team coaches adding a total of .60 FTEs.

The Civil Engineer was added in July to assist the public works staff and development services staff with the Water Street Overlay, Howard Street Sub Area Planning and other projects. Engineer salaries & benefits are funded by capital project revenue.

Swim instructors lead classes that drive additional pool revenue. The revenue associated with these instructors covers the direct cost of the instructors' salaries and benefits. In 2017, the City Council approved the transfer of the management of the Port Townsend Swim Team from the parent-led non-profit to a City recreation program. The swim team coach positions are offset by revenues charged to swim team participants.

In March 2017, the city recruited an additional permit technician to work at the Development Services counter assisting with increased demand for public works infrastructure development permit processing.

In addition to the positions noted above, two unbudgeted temporary employees were recruited to assist the city with economic development planning. These temporary positions are budgeted to end at the close of 2017.

In 2018 and beyond the focus on developing career pathing and city-wide training opportunities for growth for existing employees and to enhance the city's ability to retain valued employees will continue. The Council financial policies target 1% of salaries for spending on department level training and 1% of salaries for City wide training expenditures. The 2018 budget includes these resources. Department managers work with the Human Resources team to implement training that both ensures regulatory compliance in required certification programs as well as employee education and professional development programs.

The 2018 budget includes requests for seasonal help for parks & recreation, Streets/Storm-water/Waste-water, and Water Distribution/Water Treatment Facility departments. In addition, a request for a full-time maintenance worker at the Water Treatment Facility is requested to staff the facility 24/7 per state requirements. Finally, the 2018 Budget includes a proposed full-time Community Services Officer with a delayed start until April 2018. The Community Services Officer will be funded by the General Fund and is planned to support parking enforcement, special event management and facility rentals.

City Finance and Administration carefully monitor sustainable funding before recommending new staff. Department Heads requested additional staff that are deferred due to funding limitations. A chart below shows the trend by department of staffing changes in the last five years:

CITY OF PORT TOWNSEND - AUTHORIZED POSITIONS

Department/Division	2013	2014	2015	2016	2017	2018	2018 vs 2017	2018 vs 2016
General Government								
City Manager	2.0	2.0	2.0	2.0	2.0	2.0	0.0	0.0
City Attorney	3.0	2.7	3.5	3.6	3.6	3.6	0.0	0.0
Development Service & Planning	6.3	6.2	6.8	7.3	8.3	8.3	0.0	1.0
Finance & Utility Billing (UB)	8.5	6.1	6.1	6.1	6.4	6.0	-0.4	-0.1
Police Admin & Operations	16.9	17.0	17.4	18.0	19.0	19.8	0.8	1.8
City Clerk/Human Resources	1.9	2.9	4.0	3.8	5.0	5.0	0.0	1.2
PEG TV Studio	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
City Events, Facilities & Restrooms	2.3	2.7	2.9	3.5	3.5	3.5	0.0	0.0
Street	2.0	1.8	1.8	2.1	2.1	2.2	0.1	0.1
Parks Maintenance & Recreation	2.3	2.8	2.4	3.5	4.2	4.2	0.0	0.7
Pool	4.1	5.5	4.9	6.9	7.7	7.9	0.2	1.0
Library	11.1	11.0	10.2	9.6	9.6	9.6	0.0	0.0
Equipment Rental	2.8	3.8	3.8	3.9	4.3	4.3	0.0	0.4
Total General Government	63.2	64.5	65.8	70.3	75.7	76.4	0.6	6.0
Public Works & Utilities (excl UB)								
Public Works Administration	2.3	2.1	2.1	2.1	3.2	3.3	0.1	1.2
Public Works Engineering	4.7	6.6	6.7	8.3	7.0	7.8	0.8	-0.5
Utilities							0.0	0.0
Water Distribution	5.0	5.0	5.0	5.0	5.0	5.8	0.8	0.8
Water Quality & Resource	2.0	3.0	3.0	3.0	3.0	3.8	0.8	0.8
Wastewater Collection	2.4	2.5	2.5	2.5	2.5	2.7	0.2	0.2
Wastewater Treatment	3.2	3.3	3.3	3.5	3.5	3.5	0.0	0.0
Biosolids	2.2	2.3	2.3	2.5	2.5	2.5	0.0	0.0
Stormwater	3.3	3.1	3.1	3.5	3.5	3.6	0.0	0.1
Total Public Works & Utilities	25.1	27.9	28.0	30.4	30.2	33.0	2.8	2.6
TOTAL CITY FTES	88.3	92.4	93.8	100.7	105.9	109.3	3.4	8.6
							3.5%	8.8%

With the seasonal help and the addition of a new operator at the Water Treatment Plant, and Community Services Officer, a total of 109.3 positions are requested in 2018, not including volunteer hours, overtime, or accrued leave payouts. Volunteer hours amount to approximately 3.36 FTEs and assist with police operations, library operations, and parks maintenance. City wide overtime hours are also budgeted at 3,931 hours with most of those hours dedicated to police operations.

Below are two tables that outline salary schedules and positions budgeted in 2018 for Elected Officials, Non Represented Employees and Represented Employees positions:

**CITY OF PORT TOWNSEND
NON-BARGAINING EMPLOYEE POSITION CLASSIFICATION SALARY SCHEDULE
BUDGET 2018**

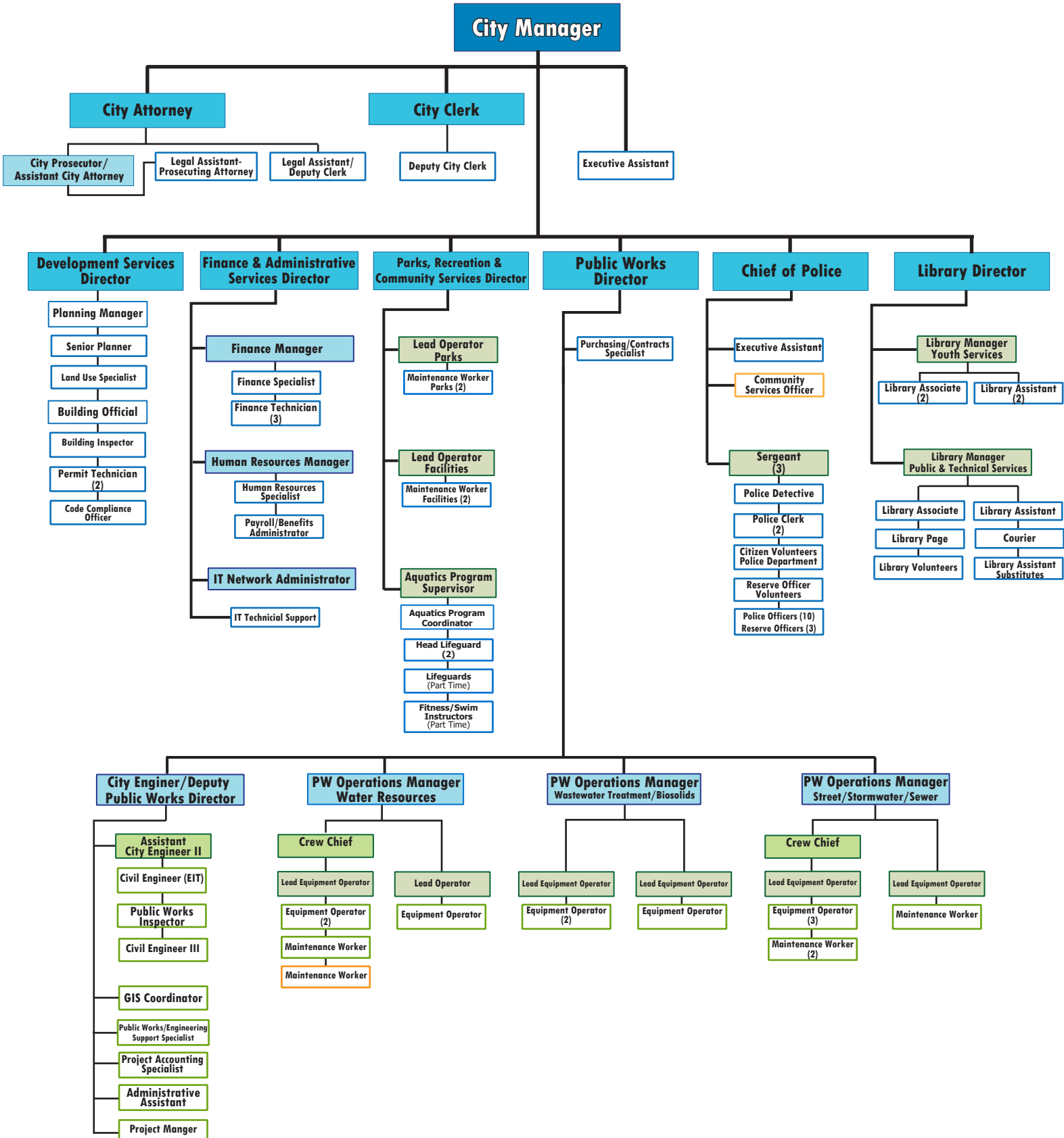
Elected Officials			
Classification	Minimum	Maximum	Positions
Mayor	\$ 9,000.00	\$ 9,000.00	1.00
Councilmembers	\$ 6,000.00	\$ 6,000.00	6.00
Non Represented Employees			
Classification	Minimum	Maximum	Positions
City Manager	\$ 124,962	\$ 152,126	1.00
Public Works Director	\$ 110,802	\$ 135,596	1.00
City Attorney	\$ 108,662	\$ 130,394	1.00
Chief of Police	\$ 100,513	\$ 128,082	1.00
Finance and Administrative Services Director	\$ 97,795	\$ 124,962	1.00
Planning Director - Development Services	\$ 97,795	\$ 119,527	1.00
Deputy Police Chief	\$ 88,843	\$ 108,276	0.00
Deputy Public Works Director/City Engineer	\$ 88,843	\$ 108,276	1.00
Parks, Recreation & Community Services Director	\$ 88,843	\$ 108,276	1.00
Assistant City Engineer II	\$ 81,537	\$ 102,276	1.00
Assistant City Engineer I	\$ 78,780	\$ 98,817	0.00
Library Director	\$ 78,780	\$ 97,795	1.00
Human Resources Manager	\$ 78,237	\$ 97,794	1.00
Prosecuting Attorney/Assistant City Attorney	\$ 75,637	\$ 93,002	1.00
Public Works Operations Manager WW/Bio	\$ 74,705	\$ 89,645	1.00
Public Works Operations Manager - Water Resources	\$ 74,705	\$ 89,645	1.00
Public Works Operations Manager - Streets/Sewer/Stormwater	\$ 74,705	\$ 89,645	1.00
Building Official	\$ 74,705	\$ 89,645	1.00
Planning Manager	\$ 75,637	\$ 93,002	1.00
City Clerk	\$ 72,205	\$ 93,790	1.00
Operations Manager - Parks, Recreation & Facilities	\$ 70,630	\$ 97,795	0.00
Finance Manager	\$ 70,630	\$ 94,535	1.00
Civil/Project Engineer - temp contract	\$ 91,197	\$ 91,197	0.00
Civil Engineer III	\$ 68,985	\$ 95,142	1.00
Senior Planner	\$ 68,067	\$ 87,005	1.00
Library Manager - Public and Technical Services	\$ 59,650	\$ 70,220	1.00
Library Manager - Youth Services	\$ 59,650	\$ 70,220	1.00
Civil Engineer EIT	\$ 55,746	\$ 72,054	1.00
Deputy City Clerk	\$ 53,290	\$ 70,540	1.00
Executive Assistant to City Manager	\$ 53,290	\$ 70,540	1.00
Human Resources Specialist	\$ 53,290	\$ 70,540	1.00
Legal Assistant/Deputy Clerk	\$ 53,290	\$ 70,540	1.00
Legal Assistant	\$ 53,290	\$ 70,540	0.60
Payroll and Benefits Administrator	\$ 53,290	\$ 70,540	1.00
Executive Assistant to Chief of Police	\$ 50,330	\$ 66,659	1.00
Hourly Part-Time Positions			
Library Associate	\$ 18.85	\$ 22.22	2.77
Library Assistant	\$ 14.21	\$ 16.76	2.13
Library Assistant Substitute	\$ 14.21	\$ 14.21	0.54
Library Courier, Library Page	\$ 12.10	\$ 14.63	1.19
Aquatics Recreation Aide	\$ 11.50	\$ 11.50	0.00
Lifeguard, Swim Instructor	\$ 12.10	\$ 13.46	2.70
Fitness Instructor	\$ 14.37	\$ 16.08	0.61
TEMPORARY PART TIME Hourly Pool Positions			
Assistant Swim Team Coach	\$ 14.37	\$ 21.70	0.30
Head Swim Team Coach	\$ 15.73	\$ 24.11	0.30
Total Non-Represented Employees			41.14

**CITY OF PORT TOWNSEND
UNION/REPRESENTED EMPLOYEE POSITION CLASSIFICATION SALARY SCHEDULE
BUDGET 2018**

Union/Represented Employees			
Classification	Minimum/hr	Maximum/hr **	Positions
Accountant	\$ 31.38	\$ 35.62	0.00
Aquatics Program Coordinator	\$ 16.79	\$ 18.85	1.00
Aquatics Program Supervisor	\$ 25.81	\$ 29.20	1.00
Assistant Planner	\$ 27.18	\$ 30.88	0.00
Associate Planner	\$ 30.29	\$ 36.65	0.00
Building Inspector	\$ 28.47	\$ 32.34	1.00
Code Compliance Officer	\$ 28.47	\$ 32.34	1.00
Community Services Officer	\$ 21.22	\$ 24.26	0.75
Crew Chief	\$ 29.72	\$ 33.75	2.00
Equipment Operator	\$ 25.81	\$ 29.20	9.00
Finance Specialist	\$ 27.18	\$ 30.88	1.00
Finance Tech II	\$ 20.52	\$ 23.31	3.00
Finance Tech III	\$ 23.27	\$ 26.42	0.00
Fitness Instructor	\$ 14.37	\$ 16.08	0.00
GIS Coordinator	\$ 29.16	\$ 33.17	1.00
Head Lifeguard I	\$ 14.37	\$ 16.08	1.00
Head Lifeguard II	\$ 15.57	\$ 17.46	1.00
IT Network Administrator	\$ 36.39	\$ 41.31	1.00
IT Technical Support	\$ 29.16	\$ 33.17	1.00
Land Use Specialist	\$ 27.18	\$ 30.88	1.00
Lead Equipment Operator	\$ 27.65	\$ 31.39	5.00
Lead Operator	\$ 27.65	\$ 31.39	3.00
Lifeguard	\$ 12.10	\$ 13.46	0.00
Maintenance Worker	\$ 21.22	\$ 24.26	9.00
Mechanic	\$ 26.40	\$ 29.98	0.00
Permit Tech	\$ 20.52	\$ 23.31	2.00
Police Clerk	\$ 23.27	\$ 26.42	2.00
Police Officer	\$ 27.82	\$ 37.01	11.00
Sergeant	\$ 32.82	\$ 44.11	3.00
Reserve Officers		\$ 15.00	1.00
Project Accounting Specialist	\$ 27.18	\$ 30.88	1.00
Public Works Inspector	\$ 28.47	\$ 32.34	1.00
Public Works/Engineering Support Specialist III	\$ 23.27	\$ 26.42	1.00
Purchasing/Contracts Specialist	\$ 27.18	\$ 30.88	1.00
Public Works/Engineering Support Specialist II	\$ 20.52	\$ 23.31	0.40
Seasonal Workers		\$ 15.00	2.04
Swim Instructor	\$ 12.10	\$ 13.46	0.00
Total Union/Represented Employees			68.19
<i>**max pay does not include longevity or other premiums as may be applicable</i>			
TOTAL CITY POSITIONS (Excluding Elected Officials)			109.34

Residents of Port Townsend

Mayor Deborah Stinson	Deputy Mayor Catharine Robinson	Council Member Amy Howard	Council Member David Faber	Council Member Michelle Sandoval	Council Member Pamela Adams	Council Member Robert Gray
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RESOLUTION NO. 17-058

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PORT TOWNSEND,
WASHINGTON, RELATED TO PERSONNEL, ADOPTING CLASSIFICATION
SCHEDULES FOR REPRESENTED AND NON-REPRESENTED EMPLOYEES**

RECITALS:

- A. The City Manager is authorized by RCW 35A.13.080(1) to have general supervision of the administrative affairs of the City. RCW 35A.13.090 reserves to the Council the right to create "...such departments, offices, and employments as it may find necessary or advisable, and may determine the powers and duties of each department or office."
- B. In 2014, the City Council adopted Resolution 14-061, adopting a compensation plan and salary schedule for non-represented employees. The City subsequently completed a compensation study for non-represented employees, including wage and benefit comparisons.
- C. At its October 5, 2015 meeting, the City Council approved a proposed compensation plan procedure and classification schedule for non-represented employees, which procedure places new and existing non-represented employees into the correct range of the salary schedule and provides a procedure for existing employees to move forward in the compensation schedule. Council directed staff to present revised schedules for its approval if the annual budget includes cost of living adjustments.
- D. At its March 7, 2016 meeting, the City Council approved an amendment to the non-represented employee salary schedule to add a new position, Human Resource Specialist.
- E. At its September 6, 2016 meeting, the City Council approved amending the non-represented employee salary schedule to add a new position, Executive Assistant to the Chief of Police. Other recent additions include Head Swim Team Coach, Assistant Swim Team Coach and Aquatics Recreation Aide. Additional changes include market value adjustments to the salary ranges for the Public Works Director, Chief of Police, Deputy Police Chief, City Engineer, Assistant City Engineer and City Clerk. The schedule has also been updated to reflect the new 2017 minimum wage and 1.8% COLA.
- F. Salaries for represented employees are adopted when Council authorizes each individual bargaining unit agreement. A salary schedule for General Government employees was attached to the 2016-2018 agreement approved by City Council on December 14, 2015, and an update to the schedule was approved by Council on September 6, 2016, adding a Head Lifeguard position. Other recent changes include moving the Fitness Instructor from Classification 3 to Classification 4,

and the Aquatics Program Supervisor from Classification 11 to Classification 15. The schedule has also been updated to reflect the new 2017 minimum wage and 1.8% COLA.

G. In 2017, Council has approved the following changes to the salary schedules:

1. added positions for Assistant Planner, Associate Planner and Accountant (Resolution 17-013);
2. updated to reflect current market value for the Public Works Director position, and the addition of a position for Civil Engineer III (Resolution 17-013);
3. added a Head Lifeguard II position (Resolution 17-017)
4. added positions for Deputy Public Works Director/City Engineer, Parks Recreation & Community Services Director and Assistant City Engineer II, and changed the salary schedule for General Government union employees by adding the Public Works Engineering Support Specialist II position (Resolution 17-036).

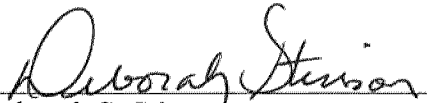
H. Staff recommends amending the 2018 salary schedules to reflect a 3% cost-of-living adjustment for non-represented employees, and 3% as provided for in the applicable collective bargaining units. Additional recommendations include updating the salary schedules to reflect 2018 minimum wage, moving the Lifeguard position up one level to classification 3, increasing starting pay for Lifeguards, Swim Instructors, Library Courier and Page to \$12.10 and adding part-time (non-represented) pool jobs to the non-represented schedule using a 5-step system to mirror the pool's scale. Finally, staff recommends moving the Building Official position from the General Government Appendix A Salary Classification Schedule to the Non-Bargaining Classification Schedule, and adding a Planning Manager position.

I. The City Council, having carefully considered these recommendations, has determined it to be in the best interests of the City to adopt them.

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

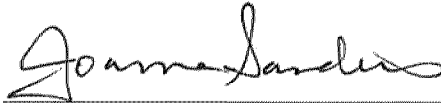
1. The Council adopts the proposed salary schedule for non-represented employees in substantially the same form as the schedule at Exhibit A.
2. The Council adopts the proposed salary schedule for represented employees substantially the same form as the schedule at Exhibit B.
3. All previously-adopted salary schedules are superseded.
4. The City Manager is authorized to take administrative actions consistent with this Resolution.

ADOPTED by the City Council of the City of Port Townsend at a regular meeting thereof, held this 4th day of December, 2017.



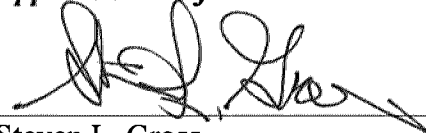
Deborah S. Stinson
Mayor

Attest:



Joanna Sanders, MMC
City Clerk

Approved as to form:



Steven L. Gross
City Attorney

Non-Bargaining Unit Classification Schedule
January 1, 2018

Steps	1	2	3	4	5	6	7	8	9
Years	0	3	6	9	12	15	18	21	24
	2018 Low Range	2018 Low Range	2018 Low Range	2018 Mid Range	2018 Mid Range	2018 Mid Range	2018 Mid Range	2018 Mid Range	2018 Mid Range
Administrative and Management Staff									
City Manager	\$124,962	\$128,358	\$131,753	\$135,149	\$138,544	\$141,941	\$145,336	\$148,732	\$152,126
Public Works Director	\$110,802	\$113,902	\$116,977	\$120,135	\$123,199	\$126,304	\$129,486	\$132,749	\$135,596
City Attorney	\$108,662	\$111,379	\$114,095	\$116,812	\$119,529	\$122,245	\$124,962	\$127,678	\$130,394
Chief of Police	\$100,513	\$109,905	\$113,496	\$117,088	\$120,679	\$122,488	\$124,325	\$126,190	\$128,082
Finance and Administrative Services Director	\$97,795	\$101,192	\$104,587	\$107,984	\$111,379	\$114,775	\$118,170	\$121,566	\$124,962
Development Services Director	\$97,795	\$100,513	\$103,229	\$105,946	\$108,662	\$111,379	\$114,095	\$116,812	\$119,527
Deputy Police Chief	\$88,843	\$91,271	\$93,702	\$96,130	\$98,559	\$100,988	\$103,419	\$105,848	\$108,276
Deputy Public Works Director/City Engineer	\$88,843	\$91,271	\$93,702	\$96,130	\$98,559	\$100,988	\$103,419	\$105,848	\$108,276
Parks, Recreation & Community Services Director	\$88,843	\$91,271	\$93,702	\$96,130	\$98,559	\$100,988	\$103,419	\$105,848	\$108,276
Assistant City Engineer II (with supervisor duties)	\$81,537	\$88,827	\$91,430	\$94,031	\$96,363	\$97,808	\$99,275	\$100,764	\$102,276
Assistant City Engineer I	\$78,780	\$85,823	\$88,338	\$90,851	\$93,104	\$94,501	\$95,918	\$97,357	\$98,817
Library Director	\$78,780	\$81,157	\$83,535	\$85,911	\$88,288	\$90,665	\$93,043	\$95,419	\$97,795
Human Resources Manager	\$78,237	\$80,682	\$83,127	\$85,572	\$88,016	\$90,461	\$92,906	\$95,351	\$97,794
Prosecuting Attorney/Assistant City Attorney	\$75,637	\$77,809	\$79,979	\$82,150	\$84,320	\$86,491	\$88,661	\$90,832	\$93,002
Planning Manager	\$75,637	\$77,809	\$79,979	\$82,150	\$84,320	\$86,491	\$88,661	\$90,832	\$93,002
Building Official	\$74,705	\$76,573	\$78,440	\$80,308	\$82,176	\$84,044	\$85,911	\$87,779	\$89,645
Public Works Operations Manager WW/Bio	\$74,705	\$76,573	\$78,440	\$80,308	\$82,176	\$84,044	\$85,911	\$87,779	\$89,645
Public Works Operations Manager - Water Resources	\$74,705	\$76,573	\$78,440	\$80,308	\$82,176	\$84,044	\$85,911	\$87,779	\$89,645
Public Works Operations Manager - Streets/Sewer/Stormwater	\$74,705	\$76,573	\$78,440	\$80,308	\$82,176	\$84,044	\$85,911	\$87,779	\$89,645
City Clerk	\$72,205	\$75,816	\$79,427	\$83,037	\$86,647	\$88,380	\$90,148	\$91,951	\$93,790
Operations Manager - Parks, Recreation & Facilities	\$70,630	\$74,027	\$77,422	\$80,818	\$84,213	\$87,610	\$91,005	\$94,401	\$97,795
Finance Manager	\$70,630	\$73,619	\$76,607	\$79,595	\$82,583	\$85,572	\$88,560	\$91,548	\$94,535
Civil/Project Engineer - temp contract									\$91,197
Civil Engineer III	\$68,985	\$72,228	\$75,478	\$78,724	\$82,060	\$85,343	\$88,585	\$91,863	\$95,142
Senior Planner	\$68,067	\$70,519	\$72,874	\$75,229	\$77,585	\$79,939	\$82,295	\$84,650	\$87,005
Library Manager - Public and Technical Services	\$59,650	\$60,958	\$62,288	\$63,595	\$64,925	\$66,254	\$67,584	\$68,891	\$70,220
Library Manager - Youth Services	\$59,650	\$60,958	\$62,288	\$63,595	\$64,925	\$66,254	\$67,584	\$68,891	\$70,220
Civil Engineer EIT	\$55,746	\$57,785	\$59,824	\$61,863	\$63,901	\$65,939	\$67,978	\$70,016	\$72,054
Deputy City Clerk	\$53,290	\$55,449	\$57,605	\$59,761	\$61,916	\$64,072	\$66,229	\$68,385	\$70,540
Executive Assistant to City Manager	\$53,290	\$55,449	\$57,605	\$59,761	\$61,916	\$64,072	\$66,229	\$68,385	\$70,540
Human Resources Specialist	\$53,290	\$55,449	\$57,605	\$59,761	\$61,916	\$64,072	\$66,229	\$68,385	\$70,540
Legal Assistant/Deputy Clerk	\$53,290	\$55,449	\$57,605	\$59,761	\$61,916	\$64,072	\$66,229	\$68,385	\$70,540
Legal Assistant	\$53,290	\$55,449	\$57,605	\$59,761	\$61,916	\$64,072	\$66,229	\$68,385	\$70,540
Payroll and Benefits Administrator	\$53,290	\$55,449	\$57,605	\$59,761	\$61,916	\$64,072	\$66,229	\$68,385	\$70,540
Executive Assistant to Chief of Police	\$50,330	\$52,343	\$54,385	\$56,397	\$58,427	\$60,472	\$62,528	\$64,591	\$66,659

Non-Bargaining Unit Classification Schedule
January 1, 2018

Steps	1	2	3	4	5	6	7	8	9
Years	0	3	6	9	12	15	18	21	24
	2018 Low Range	2018 Low Range	2018 Low Range	2018 Mid Range	2018 Mid Range	2018 Mid Range	2018 Mid Range	2018 Mid Range	2018 Mid Range
Hourly Library Positions									
Library Associate	\$18.85	\$19.26	\$19.69	\$20.11	\$20.54	\$20.95	\$21.37	\$21.80	\$22.22
Library Assistant	\$14.21	\$14.54	\$14.85	\$15.17	\$15.49	\$15.80	\$16.12	\$16.43	\$16.76
Library Assistant Substitute									\$14.21
Library Courier	\$12.10	\$12.43	\$12.71	\$13.03	\$13.37	\$13.64	\$13.97	\$14.21	\$14.63
Library Page	\$12.10	\$12.43	\$12.71	\$13.03	\$13.37	\$13.64	\$13.97	\$14.21	\$14.63

PART TIME Hourly Pool Positions	Step 1	Step 2	Step 3	Step 4	Step 5
Aquatics Recreation Aide	\$11.50				
Lifeguard/Swim Instructor	\$12.10	\$12.35	\$12.75	\$13.10	\$13.46
Fitness Instructor	\$14.37	\$14.80	\$15.21	\$15.65	\$16.08
Assistant Swim Team Coach	\$14.37	\$16.20	\$18.03	\$19.86	\$21.70
Head Swim Team Coach	\$15.73	\$17.82	\$19.92	\$22.01	\$24.11

City of Port Townsend and Local Teamsters Union No. 589 Contract 2016-2018
APPENDIX A Salary Classification Schedule
Effective January 1, 2018

Union Salary Classification	Job Titles	Yrs	1	2	3	4	5
		Step	A	B	C	D	E
1	No Positions Assigned						
2	No Positions Assigned		11.50	11.87	12.19	12.55	12.87
3	Lifeguard Swim Instructor		12.10	12.35	12.75	13.10	13.46
4	Head Lifeguard I Fitness Instructor		14.37	14.80	15.21	15.65	16.08
4.5	Head Lifeguard II		15.57	16.05	16.50	16.98	17.46
5	Aquatics Program Coordinator		16.79	17.29	17.80	18.32	18.85
7	Finance Tech II Permit Tech PW/Engineering Support Specialist II		20.52	21.16	21.81	22.50	23.31
9	Maintenance Worker: ▪ Facilities ▪ Parks ▪ Streets/Storm/Sewer ▪ Fleet ▪ Water Distribution ▪ Water Resources		21.22	21.93	22.65	23.39	24.26
11	No Positions Assigned		21.62	22.33	23.05	23.76	24.47
13	Finance Tech III Police Clerk Public Works/Engineering Support Specialist III		23.27	23.85	24.45	25.06	26.42
15	Aquatics Program Supervisor Equipment Operator: ▪ Streets/Storm/Sewer ▪ Water Distribution ▪ Water Resources ▪ Wastewater Trtmnt ▪ Biosolids		25.81	26.59	27.39	28.20	29.20

City of Port Townsend and Local Teamsters Union No. 589 Contract 2016-2018
APPENDIX A Salary Classification Schedule
Effective January 1, 2018

Union Salary Classification	Job Titles	Yrs	1	2	3	4	5
		Step	A	B	C	D	E
17	Mechanic		26.40	27.25	28.12	29.03	29.98
19	Assistant Planner Land Use Specialist Finance Specialist Project Accounting Specialist Purchasing/Contracts Specialist		27.18	28.05	28.95	29.84	30.88
21	Lead Operator: ▪ Parks ▪ Facilities Lead Equipment Operator: ▪ Streets/Storm/Sewer ▪ Water Distribution ▪ Water Resources ▪ Wastewater Trtmnt ▪ Biosolids		27.65	28.53	29.45	30.36	31.39
23	Building Inspector Public Works Inspector Code Compliance Officer		28.47	29.34	30.26	31.27	32.34
25	GIS Coordinator IT Technical Support		29.16	30.10	31.05	32.02	33.17
27	No Positions Assigned		30.71	31.35	31.99	32.66	33.33
29	Crew Chief: ▪ Water Distribution ▪ Streets/Storm/Sewer		29.72	30.67	31.64	32.63	33.75
29.3	Associate Planner		30.29	31.61	32.93	34.78	36.65
29.5	Accountant		31.38	32.33	33.29	34.45	35.62
31	IT Network Administrator		36.39	37.30	38.23	39.09	41.31

CITY OF PORT TOWNSEND, WASHINGTON

PROPERTY TAX

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

In early November, the Jefferson County Assessor provides the City's assessed value (AV) for use in computing the levy rates for the following tax year. The City's 2017 AV grew by 5.7% from the 2016 AV. New construction in the City was \$21,688,678 for 2017 which adds to the City's tax base.

The total proposed property tax levy for the City General 2017 property tax levy for 2018 taxes is \$4,085,609, or approximately \$2.69 per \$1,000 AV. This levy includes the levy lid lift for the Port Townsend Library authorized by the voters in 2008 as well as the Fire/EMS lid lift approved by the voters in 2011. The Library lid lift provides funds to pay for operating expenses for the Carnegie Library and Pink House. The Fire/EMS lid lift provides funds for fire and emergency rescue services and the receipts from this levy are remitted to Jefferson County Fire District No. 1 (East Jefferson Fire Rescue).

In 2010, Port Townsend voters approved an emergency medical service (EMS) levy lid lift to \$0.50 per \$1,000 of AV. These taxes are remitted to East Jefferson Fire Rescue as part of an Interlocal agreement. While the EMS levy is subject to a \$0.50 per \$1,000 AV limitation, an increase in the County Assessor's estimated AV for the City allows an increase in the amount of this levy beyond the 1% level. A 4.9% increase is proposed for the EMS levy for 2018.

The total proposed tax levy for EMS levy lid lift for 2018 is \$756,00.

In February 2015, the voters of the City of Port Townsend approved a ballot measure to authorize the City to issue up to \$3,600,000 in bonds for the Mountain View Commons energy retrofit and other building improvements. The bond will be partially paid with an additional property tax levy for a period not to exceed 15 years. The annual debt payments are approximately \$300,000 a year. The City Council intends to use special purpose sales tax revenue to fund 50% of the payment and to levy an additional amount equivalent to the remainder of the bond payment. The levy for the Mountain View Commons bond is \$150,000 for 2018. This excess levy amount is approximately \$0.10050 per \$1,000 of assessed values.

The City of Port Townsend records property tax amounts when collected (cash basis accounting recognition system). The following chart reflects the proposed property tax levies and budget allocations by fund. The total amount is slightly higher than the

proposed levy amounts listed above to allow for 2017 new construction additions or refunds/changes that may be identified and valued by the County Assessor before the end of the year.

CITY OF PORT TOWNSEND PROPERTY TAX LEVY								
ASSESSED VALUE & LEVY RATES - BY TAX YEAR								
	2010 for 2011 taxes	2011 for 2012 taxes	2012 for 2013 taxes	2013 for 2014 taxes	2014 for 2015 taxes	2015 for 2016 taxes	2016 for 2017 taxes	2017 for 2018 taxes
Assessed Valuation (000's)	1,463,343	1,468,539	1,469,136	1,219,761	1,299,381	1,340,801	1,442,618	1,524,264
Levy Rate - General	1.39077	1.40521	1.42529	1.73897	1.66940	1.63449	1.56531	1.52015
Levy Rate - Library Lid Lift	0.64563	0.65371	0.66400	0.80908	0.77421	0.76037	0.72350	0.70654
Levy Rate - Fire Lid Lift	-	0.43117	0.43708	0.53429	0.51206	0.50217	0.48254	0.46682
City of PT Total General Levy	2.03640	2.49009	2.52637	3.08234	2.95567	2.89703	2.77135	2.69351
Levy Rate - EMS	0.50000	0.50000	0.50000	0.50000	0.50000	0.50000	0.50000	0.49598
Excess Levy Rate - Mountain View	-	-	-	-	-	0.05093	0.10595	0.10050
Total City Tax Levy Rate	2.53640	2.99009	3.02637	3.58234	3.45567	3.44796	3.37730	3.28999
BUDGET ALLOCATIONS								
	2011	2012	2013	2014	2015	2016	2017	2018
General	581,741	675,681	682,899	740,000	750,000	770,329	811,808	850,146
Contingency	21,000	21,000	39,689	4,000	4,000	-	-	-
Community Services	400,000	400,000	399,242	408,000	412,000	412,000	412,000	412,000
General Government Debt Service	150,000	101,000	99,823	102,000	102,000	102,000	102,000	102,000
Firemen's Pension	34,000	34,000	34,000	35,000	35,000	39,245	35,245	34,235
Housing Trust Fund	-	10,000	6,235	10,000	10,000	10,000	10,000	10,000
Library Fund	944,778	960,000	967,644	989,000	1,006,000	1,019,185	1,043,224	1,076,951
EMS Levy	740,000	740,000	673,319	610,000	655,000	675,000	742,000	765,000
Fire/EMS General Levy	848,039	1,463,319	1,474,972	1,511,598	1,542,721	1,559,047	1,583,723	1,620,276
Mountain View Levy	-	-	-	-	-	67,012	150,000	150,000
Total	3,719,558	4,405,000	4,377,823	4,409,598	4,516,721	4,653,818	4,890,000	5,020,608
Indicates Voter Approved Levy Amounts								
Note: Budget Allocations are intentionally slightly higher than the Property Tax Levy amounts in the Ordinance. The County Assessor provides guidance on budgeting higher than the levy to account for new construction/refunds and other valuation adjustments.								

ORDINANCE NO. 3188

AN ORDINANCE OF THE CITY OF PORT TOWNSEND, WASHINGTON, FIXING AND ADOPTING 2018 PROPERTY TAX LEVIES FOR THE GENERAL LEVY WITH A TOTAL INCREASE OF ONE PERCENT (1.00%) AND FOR THE EMERGENCY MEDICAL SERVICES LEVY AN INCREASE OF APPROXIMATELY THREE AND 0/10 PERCENT (3.00%) (INCLUDES BANKED CAPACITY) AND A VOTER-APPROVED TAX LEVY FOR THE MOUNTAIN VIEW COMMONS CAPITAL IMPROVEMENTS OF \$150,000 FOR THE UNLIMITED TAX GENERAL OBLIGATION BONDS

WHEREAS, as provided by and pursuant to RCW 84.55.120 and other applicable statutes, the City of Port Townsend has properly given notice of the public hearing held on November 6, 2017, to consider the City of Port Townsend's General Fund, Contingency Fund, Library Fund, Fire and Emergency Medical Services Fund, Community Services Fund, Debt Service Fund and Firemen Pension Fund budget for the 2018 calendar year, pursuant to RCW 84.55.120; and,

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

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

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

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

Section 1. That an increase in the regular property tax levy of 1.0%, in addition to any amount resulting from the addition of new construction and improvements to property and any increase in the value of state-assessed property, and any increase due to re-levying for any refunds made in the previous year, is hereby authorized for the 2018 levy in amounts as follows:

1.1. There is hereby levied upon all taxable property in the City of Port Townsend, for the year of 2018, the sum of \$4,007,630 as a general tax levy, which is a percentage increase of 1.0%, in addition to any amount resulting from the addition of new construction and improvements to property and any increase in the value of state-assessed property, and any increase due to re-levying for any refunds and cancellations/supplementals made in the previous year, resulting in an increase of \$39,679 from the previous year.

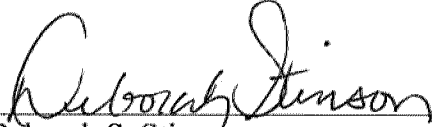
1.2. In addition to the above, there is hereby levied upon all taxable property in the City of Port Townsend, for the year of 2018, the sum of \$742,425 as an emergency medical services property tax levy, which is a percentage increase of approximately 3.0% (includes banked capacity), resulting in an increase of \$21,624 from the previous year due to assessed value revisions.

1.3. In addition to the above, there is hereby levied upon all taxable property in the City of Port Townsend, for the year of 2018, the sum of \$150,000 for the 2015 Unlimited Tax General Obligation Bonds approved by voters in February 2015 for capital improvements at the Mountain View Commons, which is a tax levy at approximately \$0.10500 per \$1,000 assessed value.

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


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

ADOPTED by the City Council of the City of Port Townsend, Washington, at a regular meeting thereof, held this 13th day of November, 2017.




Deborah S. Stinson
Mayor

Attest:



Joanna Sanders, MMC
City Clerk

Approved as to form:



Steven L. Gross
City Attorney

City of Port Townsend

Property Tax Estimate for 2018 Budget	General w/Library Lid Lift & Fire Lid Lift	General with Library Lid Lift Only	General without Library & Fire Lid Lifts	EMS Levy	Mountain View (MV)	TOTAL GENERAL + EMS + MV
2016 for 2017 AV	1,442,618,411	1,442,618,411	1,442,618,411	1,442,618,411	1,415,756,900	
2016 New Construction	12,000,000	12,000,000	12,000,000	12,000,000		
2016 Levy Rate	2.7505	2.2739	1.5523	0.5000	0.1060	
2016 Actual Levy Amount	3,967,951	3,280,388	2,239,306	720,801	150,000	4,838,752
Increase of 1% (Ordinance amount)	39,680	32,804	22,393	7,346	-	47,025
Banked Capacity	-			13,766		13,766
New Const (Est) - \$21,668,678	59,600	49,273	33,635	10,834	-	70,434
Refunds (Est) - \$18,513	18,378	15,192	10,371	3,260		18,378
Statutory Amount				756,007		
						-
Total Calculated Levy Estimate	4,085,609	3,377,657	2,305,705	756,007	150,000	4,988,356
Budget on the high side	4,105,609	3,394,057	2,317,105	765,000	150,000	5,020,609
2017 for 2018 AV	1,524,264,440	1,524,264,440	1,524,264,440	1,524,264,440	1,492,549,446	
Levy Rate	2.69350	2.22668	1.52015	0.50188	0.10050	
New Const (Est) - \$21,668,678	21,668,678	21,668,678	21,668,678	21,668,678		
Property Tax Budget	General	Library	FIRE	EMS	MV	Total
Budget on the high side	2,317,105	1,076,951	711,552	765,000	150,000	3,232,105
2017 Budget Levy Rate	1.52015	0.70654	0.46682	0.49598	0.10050	2.11663
ALLOCATION						
General	850,146					
Contingency	-					
Community Services	412,000					
General Government Debt Service	102,000					
Firemen's Pension	34,235					
Housing Trust Fund	10,000					
Library Fund	1,076,951					
EMS Levy	765,000					
Fire/EMS General Levy	1,620,276					
Total	4,870,609					
MV LEVY	150,000					
TOTAL CITY LEVY - BUDGET	5,020,609					
CHECK TOTAL	-					

Payment to EJFR:	
FIRE	711,552
EMS	765,000
1% increase per contract	908,724
EJFR	2,385,276

2017 Base	870,222
1% Increase	8,702
2018 Base	878,924
1/2 New Construction	29,800
2018 Cap to EJFR	908,724

CITY OF PORT TOWNSEND PROPERTY TAX LEVY

ASSESSED VALUE & LEVY RATES - BY TAX YEAR

	2010 for 2011 taxes	2011 for 2012 taxes	2012 for 2013 taxes	2013 for 2014 taxes	2014 for 2015 taxes	2015 for 2016 taxes	2016 for 2017 taxes	2017 for 2018 taxes
Assessed Valuation (000's)	1,463,343	1,468,539	1,469,136	1,219,761	1,299,381	1,340,801	1,442,618	1,524,264
Levy Rate - General	1.39077	1.40521	1.42529	1.73897	1.66940	1.63449	1.56531	1.52015
Levy Rate - Library Lid Lift	0.64563	0.65371	0.66400	0.80908	0.77421	0.76037	0.72350	0.70654
Levy Rate - Fire Lid Lift	-	0.43117	0.43708	0.53429	0.51206	0.50217	0.48254	0.46682
City of PT Total General Levy	2.03640	2.49009	2.52637	3.08234	2.95567	2.89703	2.77135	2.69351
Levy Rate - EMS	0.50000	0.50000	0.50000	0.50000	0.50000	0.50000	0.50000	0.49598
Excess Levy Rate - Mountain View	-	-	-	-	-	0.05093	0.10595	0.10595
Total City Tax Levy Rate	2.53640	2.99009	3.02637	3.58234	3.45567	3.44796	3.37730	3.29544

BUDGET ALLOCATIONS

	2011	2012	2013	2014	2015	2016	2017	2018
General	581,741	675,681	682,899	740,000	750,000	770,329	811,808	850,146
Contingency	21,000	21,000	39,689	4,000	4,000	-	-	-
Community Services	400,000	400,000	399,242	408,000	412,000	412,000	412,000	412,000
General Government Debt Service	150,000	101,000	99,823	102,000	102,000	102,000	102,000	102,000
Firemen's Pension	34,000	34,000	34,000	35,000	35,000	39,245	35,245	34,235
Housing Trust Fund	-	10,000	6,235	10,000	10,000	10,000	10,000	10,000
Library Fund	944,778	960,000	967,644	989,000	1,006,000	1,019,185	1,043,224	1,076,951
EMS Levy	740,000	740,000	673,319	610,000	655,000	675,000	742,000	765,000
Fire/EMS General Levy	848,039	1,463,319	1,474,972	1,511,598	1,542,721	1,559,047	1,583,723	1,620,276
Mountain View Levy	-	-	-	-	-	67,012	150,000	150,000
Total	3,719,558	4,405,000	4,377,823	4,409,598	4,516,721	4,653,818	4,890,000	5,020,608

Indicates Voter Approved Levy Amounts

Note: Budget Allocations are intentionally slightly higher than the Property Tax Levy amounts in the Ordinance. The County Assessor provides guidance on budgeting higher than the levy to account for new construction/refunds and other valuation adjustments.

2017 City Council

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

COUNCIL COMMITTEE ASSIGNMENTS

Updated November 7, 2017

COUNCIL STANDING COMMITTEES

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

CITY BODIES WITH COUNCIL REPRESENTATIVES

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

OUTSIDE BODIES WITH COUNCIL REPRESENTATIVES

Economic Development

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

Health

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

Infrastructure

Public Infrastructure Board ----- MS

Law and Justice

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

Transportation

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

Other

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

City of Port Townsend Citizen Advisory Boards, Commissions and Committees

PARKS, RECREATION & TREE ADVISORY BOARD (5-7)		
Meets 4:30pm 4th Tuesday at City Hall		
Pos.	Name & Experience	Exp.
1	Paul Schutt, Chair	5/1/19
2	Jim Todd	5/1/20
3	Ed Robeau, Chair	5/1/20
4	Roarke Jennings	5/1/20
5	Jake Marley	5/1/19
6	Brenda McMillan	5/1/18
7	Deborah Jahnke, Vice Chair	5/1/18

HISTORIC PRESERVATION COMMITTEE (5-7)		
Meets 3:00pm 1st Tuesday at City Hall		
Pos.	Name	Exp.
1	Don Schussler	5/1/20
2	Cate Comerford	5/1/20
3	George Randels	5/1/20
4	Charles Paul, Chair	5/1/18
5	Richard Berg, Vice Chair	5/1/18
6	Craig Britton	5/1/19
7	Kathleen Croston	5/1/19

LODGING TAX ADVISORY COMMITTEE (11 voting)		
Meets 3:00pm quarterly 2nd Tuesday at City Hall		
Pos.	Name & Role	Exp.
1	Michelle Sandoval (Elected Official)	5/1/18
2	Sherri Hanke (At Large Position)	5/1/20
3	Amanda Milholland (At Large Position)	5/1/19
4	Robert Birman (Recipient)	5/1/19
5	Barb Trailer (Recipient)	5/1/18
6	Janette Force (Recipient)	5/1/19
7	Denise Winter (Recipient)	5/1/19
8	Cindy Hill Finnie (Collector)	5/1/19
9	VACANT (Collector)	5/1/20
10	Fort Worden PDA Designee (Collector)	5/1/20
11	Nathan Barnett (Collector)	5/1/18
12	Main Street Designee (Nonvoting)	5/1/18
13	Teresa Verraes (Nonvoting)	5/1/20
14	William Roney (Nonvoting)	5/1/20

ARTS COMMISSION (9 max.)		
Meets 3:00pm 1st Wednesday at City Hall		
Pos.	Name	Exp.
1	Stan Rubin, Chair	5/1/20
2	VACANT	
3	Kris Morris, Vice Chair	5/1/20
4	Owen Rowe	5/1/18
5	Dominica Lord-Wood	5/1/19
6	Lisa Wentworth	5/1/19
7	Abbie Greene	5/1/18
8	Dan Groussman	5/1/19
9	VACANT	

NON-MOTORIZED TRANSPORTATION ADV. BOARD (9)		
Meets 4:30pm 1st Thursday at City Hall		
Pos.	Name	Exp.
1	Joseph Finn	5/1/20
2	Mike Kaill	5/1/20
3	Jolly Wahlstrom, Vice Chair	5/1/18
4	Hendrik Taatgen	5/1/18
5	Scott Walker, Chair	5/1/18
6	Lys Burden	5/1/19
7	Pat Teal	5/1/19
8	Richard Dandridge	5/1/19
9	Mark Henthorn	5/1/20

LIBRARY ADVISORY BOARD (5-7)		
Meets 3:30pm 3rd Monday at the Pink House		
Pos.	Name	Exp.
1	Ann Raymond, Chair	5/1/19
2	Sarah Fairbank	5/1/18
3	Sarah McNulty	5/1/18
4	Kathryn Ryan	5/1/20
5	Sidonie Wilson	5/1/20
6	Owen Rowe	5/1/20
7	VACANT	

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

CLIMATE ACTION COMMITTEE (15)		
Meets quarterly on 4th Wednesday		
Pos.	Name	Exp.
1	Jefferson County BoCC (Kate Dean)	N/A
2	City Council (Deborah Stinson)	N/A
3	JeffPUD (Jeff Randall - <i>Vice Chair</i>)	N/A
4	Jefferson County Public Health (Laura Tucker)	N/A
5	Jefferson Healthcare (Matt Ready)	N/A
6	Jeff. Transit (Tammi Rubert/Leesa Monroe)	N/A
7	Port of PT (Eric Toews/Sam Gibboney)	N/A
8	PT Paper Corp. (Kevin Scott)	N/A
9	Cindy Jayne - <i>Chair</i>	12/31/20
10	Sonja Hammar	12/31/19
11	David Wilkinson	12/31/19
12	Scott Walker	12/31/18
13	Ashley Rosser	12/31/18
14	VACANT	
15	VACANT	

PLANNING COMMISSION (7)		
Meets 6:30pm 2nd & 4th Thursday at City Hall		
Pos.	Name	Exp.
1	Paul Rice, Chair	12/31/18
2	Monica MickHager	12/31/17
3	Rick Jahnke, Vice Chair	12/31/18
4	Kirit Bhansali	12/31/17
5	Lois Stanford	12/31/19
6	Robert Doyle	12/31/19
7	Ariel Speser	12/31/19

CIVIL SERVICE COMMISSION (3)		
Pos.	Name	Exp.
1	Gail Ryan	12/31/19
2	Jewel Atwell	12/31/19
3	Richard Knight	12/31/23

FORT WORDEN PDA (9-11)		
Meets at Fort Worden Commons B		
Pos.	Name	Exp.
1	Bill James	10/24/19
2	Jeff Jackson	10/24/19
3	Norm Tonina	10/24/19
4	Bill Brown	10/24/19
5	Gee Heckscher	10/24/17
6	Jane Kilburn	10/24/17
7	Lela Hilton	10/24/17
8	Cindy Hill Finnie	10/24/18
9	VACANT	10/24/18
10	Herb Cook	10/24/18
11	Harold Andersen	10/24/17