



City of Port
Townsend



CITY MANAGER'S BUDGET 2020



2020 CITY MANAGER BUDGET MESSAGE

This budget message provides details regarding the City Manager's 2020 Proposed Budget, a summary of the 2019 – 2022 strategic plan report, an overview of the 2019 Supplemental Budget request, and links to the 2018 Unaudited Financial Statements.

CITY OF PORT TOWNSEND VISION

A thriving community for all...

CITY OF PORT TOWNSEND MISSION STATEMENT

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

FINANCIAL PERFORMANCE HIGHLIGHTS

2018 UNAUDITED FINANCIAL STATEMENTS

The City filed its complete 2018 Annual Report prior to the State Auditor's Office deadline. The City was scheduled for a Single Audit related to federal grant funded projects and a financial audit for 2018. The City's federal awards did not reach the required threshold for a federal Single Audit and the State Auditor's Office requested that the City delay its 2018 audit until 2020 at which time the Auditor's office will conduct a two-year audit. The 2018 unaudited financial reports that were filed with the State Auditor's Office can be located on the City's website.

https://cityofpt.us/sites/default/files/fileattachments/finance/page/6561/2018_unaudited_financial_statements.pdf

2019 BUDGET REVIEW

For Fiscal Year January 1, 2019 to December 31, 2019

2019 financial results indicate another strong year for the City of Port Townsend. The General Government Funds (General, Street, Library, and Community Funds)

all met the Council's reserve targets, while still funding some much needed police vehicles and equipment from General Fund reserves. Operationally, 2019 was a year of change that included the retirement of the City's first City Manager, David Timmons who departed in June after twenty years of service to the City. The Council embarked on the process to recruit a new City Manager in early 2019 when the City adopted its 2019-2022 Strategic Plan and a Governance Relationship Contract establishing the expectations for a new City Manager. A robust community process was led by a Community Task Force and an extensive search was conducted. The City's new City Manager, John Mauro, started employment in November 2019, after relocating to Port Townsend with his family.

In addition to the recruitment of a new City Manager, a few of the City's accomplishments for the year include:

- Adoption of the Rainier/Howard Street sub area plan was the culmination of years of work from the Planning Commission, City Council and City staff. Development regulation changes were adopted in September of 2019 and, along with infrastructure financed by the City, are targeted to improve economic development in the area.
- The City continued its support of affordable housing through the development of a Council Housing Committee, consideration of development related code changes for housing, and consideration of additional fee waivers for non-profit affordable housing providers. The City also negotiated an interlocal agreement with Jefferson County to partner in efforts to address homelessness and housing in our local communities.
- Addition of a Navigator program at the City Police Department, pairing a social worker with our police officers to help community members navigate available services.
- Completion of key City capital improvement projects including, the Visitor Center plaza project and renovations at the Mountain View campus which provided space planning and redesign for City departments and local community partners.
- The opening of the City's dog park at Mountain View campus. The fencing for this park was provided through a generous donation by local residents.
- Development of a Council Transportation Committee to address funding strategies for transportation infrastructure, transportation plans and policies and parking management/parking standards, as just a few of its initial tasks.

Throughout 2019, the City has continued to benefit from a strong economic climate as revenues have exceeded expectations. The City has experienced an increase in assessed property values and the number of utility accounts and business licenses issued. Additionally, retail sales revenue is expected to meet budgetary expectations for the year.

Preliminary property values received from the Jefferson County Assessor's office show that the City's assessed values grew 13.1% over 2018. In addition, utility accounts grew 1.0% over 2018; active business licenses are up by over 400, however, business & occupation tax revenue is expected to decrease by 8.0% from 2018. Year to date 2019 figures indicate that construction activity has declined by 40.6% over 2018,

however, both accommodations and retail trade have increased by 5.1% and 10.6%, respectively.

General fund revenues are expected to exceed original estimates by 3.8% or \$342,544. Included in this estimate are two accounting adjustments that have identical offsetting expenditure amounts: 1) change in method of accounting for utility tax of \$192,596 and 2) change in method of accounting for property tax for the firemen's pension fund allocation of \$34,235. The majority of the remaining increase of \$115,713 is \$60,500 in special purpose tax and \$50,000 in permitting/zoning fees.

Real Estate Excise Tax is projected to reach \$570,000 which is \$60,000 or 11.8% more than anticipated reflecting an active real estate market. Lodging Tax Revenue is also expected to exceed the 2019 adopted budget by \$10,000 indicating strong tourism activity again this year.

The 2019 adopted budget included hiring one additional staff position in the Community Services department. A full time Parks & Community Services Administrative Specialist was hired in May to coordinate facility rentals, volunteer activities and support the Parks, Recreation and Community Services Director. Funding for this position was largely provided through the restructuring of prosecutorial services for the City. The City contracted with the Jefferson County Prosecuting Attorney's Office in February 2019 to provide prosecutorial services for the City, with the implementation of this contract, the City eliminated the full time Prosecutor Position. The net annual savings for this service is \$55,000.

The City's first and only City Manager retired at the end of June 2019. An extensive community engagement and interview process was held in early 2019. The City's new City Manager was selected in July and will officially assume this position on November 1, 2019.

Operating and capital expenditures continue to be closely monitored. A supplemental budget was adopted in the first quarter of 2019 related to capital projects. The remaining appropriations for projects that carried over from 2018 were add to the 2019 budgeted appropriations, such projects included: Mountain View Improvements, Jefferson Street Sidewalk, Visitor Center, Sewer Outfall, and the Rainier Regional Stormwater Facility. The second supplemental budget proposal includes final adjustments related to the Mountain View Improvements project.

Additional proposed supplemental budget general government appropriation items include:

Change of accounting method – In order to more closely align the City's internal financial reporting with the State Auditor's Office reporting standards, a change in accounting method for garbage utility taxes and property tax allocations to the firemen's pension was implemented. While these changes result in an increase in appropriations, they are offset by corresponding revenue increases in the same fund.

The garbage utility tax accounting change for 2019 is \$192,596, the water/sewer/storm utility tax accounting change for 2019 is \$588,955, and the property tax allocation change (firemen's pension) is \$34,235.

Purchase of police vehicles - The City Council authorized the purchase of three new SUVs for the police department to replace Crown Victoria vehicles which have exceeded their useful lives. The full outfitted SUVs are expected to be delivered before the end of 2019 and will cost approximately \$160,000. Fund balance reserves were utilized to pay for this purchase of deferred equipment.

Parks, Recreation and Open Space (PROS) plan – City Council authorized a contract with BERK Consulting for an amount not to exceed \$90,000 to assist with the update of the PROS plan. This engagement includes facilitation of a robust public process to assess the community's needs and desires for parks and recreation services now and in the future. The plan must be adopted by March 1, 2020 for the City to be eligible for recreation grants. The plan will be paid for through an interfund loan from the OGWS (Transmission Line) Fund. Repayment of this loan from the Community Services Fund will be made over the next three years (2020-2022) through the reduction in Mountain View rent payments that begin in 2020.

General Government Union Contract – The City finalized negotiation of its General Government Bargaining Agreement and obtained union membership approval in early January 2019. As the contract was not finalized prior to the adoption of the 2019 budget, the budget included a General Fund reserve for wage adjustments for all City funds. Each fund estimated a 2% wage adjustment and the contract was settled for a 4% wage adjustment for 2019. For equity purposes, the Council also authorized wage increases for the non-represented employees of 4% for 2019 (effective January 15, 2019). The reserve total was \$159,488 and the related actual wage impact for the General Fund was \$76,022 and the Community Services was \$18,345.

Miscellaneous other proposed general government appropriation changes:

Additional unforeseen expenditures at the time the 2019 budget was adopted include the following:

- \$30,375 – Increased share of District Court Costs
- \$9,350 – Voter election costs related to Fire annexation ballot measure
- \$106,000 – General Fund transfer increase to the Community Services Fund to cover operating and maintenance costs
- \$23,200 – Portable audio/video recording systems (Body Cameras) in lieu of in car COBAN recording systems
- \$10,000 – City Manager relocation expenses
- \$12,300 – Renovations to the City Administrative offices to create additional office space and some other minor furnishing purchases
- \$18,000 – Consulting agreement with the former City Manager for a six-month period ending in December 2019
- \$45,277 – MCS Consulting Services contract funding an additional 13 hours per week of Navigator services

- \$10,000 – Facilities general repairs and maintenance
- \$31,000 – Mountain View pump and boiler repairs
- \$16,013 – General operating supplies and small equipment for the Mountain View campus

Proposed supplemental budget enterprise fund appropriation items include:

- Golf Course - \$6,000 payment to the National Golf Foundation for the completion of the golf course study.
- Wage adjustments - \$100,500 for General Government Bargaining Unit contracted wage increases.
- CERB loan payments - \$63,161 based on final amortization schedule from the Department of Commerce. This loan is for the Regional Stormwater Facility that will be completed in 2020.
- Interfund loan - \$90,000 loan from the OGWS (Transmission Line) Fund to the Community Services Fund for the BERK Consulting contract for the development of the PROS plan.
- Payment to the Port Townsend Paper Corporation - \$128,416 for its share of a Forest Service Grant for repair and maintenance of a road in the watershed (offset by the revenue received from the U.S. Forest Service).

Proposed supplemental budget internal service fund appropriation items include:

- Fleet purchases - \$130,000 for two trucks for the Water/Sewer department which were approved by the City Council in early 2019.

Proposed supplemental budget general capital fund appropriation items include:

- Mountain View Phase III project costs increases of \$65,402. These cost increases were related to lead paint abatement and additional fire system improvements added to the project.

The City proposed 2019 Supplemental Budget Fund summary is listed below:

CITY OF PORT TOWNSEND 2019 SUPPLEMENTAL BUDGET FUND SUMMARY										
	2018	2019	2019	2019	2019	2019	2019	2019	2019	2019
	Ending Fund Balance	Adopted Revenues	Amended Revenues	Adopted Expenses	Amended Expenses	Adopted Rev vs. Exp	Amended Rev vs. Exp	Adopted Rev vs. Exp	Amended Rev vs. Exp	Proposed Supplemental Appropriation
GENERAL FUND	1,904,790	9,101,543	10,033,042	9,097,115	10,286,457	4,428	(253,415)	4,428	(253,415)	1,189,342
Drug Enforc. / Contingency	182,489	1,200	3,200	-	-	1,200	3,200	1,200	3,200	
Street	260,855	870,803	866,141	930,573	895,640	(59,770)	(29,499)	(59,770)	(29,499)	
Library	214,522	1,097,144	1,153,456	1,161,673	1,127,071	(64,529)	26,385	(64,529)	26,385	
Real Estate Excise Tax	380,284	512,200	577,227	510,000	510,000	2,200	67,227	2,200	67,227	
Lodging Tax	246,908	550,750	564,416	572,908	573,536	(22,158)	(9,120)	(22,158)	(9,120)	
Fire / EMS	4,622	2,412,574	2,415,171	2,411,574	2,415,000	1,000	171	1,000	171	
Affordable Housing	21,080	10,100	10,454	10,000	10,000	454	454	454	454	
Community Development/Block Grant	176,617	14,424	19,712	15,000	15,000	(576)	4,712	(576)	4,712	
Community Services	101,006	2,016,792	2,242,630	2,010,775	2,241,633	6,017	997	6,017	997	
TOTAL SPECIAL REV FUNDS	1,588,383	7,485,987	7,852,407	7,622,503	7,787,880	(136,516)	64,527	(136,516)	64,527	234,912
DEBT SERVICE FUND	89,905	1,698,035	1,694,210	1,686,855	1,689,855	11,180	4,355	11,180	4,355	3,000
General Capital	1,589,739	518,581	599,600	2,077,681	2,143,083	(1,559,100)	(1,543,483)	(1,559,100)	(1,543,483)	
Street Capital	262,333	2,391,829	1,754,155	2,526,744	1,843,432	(134,915)	(89,277)	(134,915)	(89,277)	
CAPITAL PROJECTS FUNDS	1,852,072	2,910,410	2,353,755	4,604,425	3,986,515	(1,694,015)	(1,632,760)	(1,694,015)	(1,632,760)	65,402
Golf Course	27,728	10,250	8,750	18,229	24,229	(7,979)	(15,479)	(7,979)	(15,479)	
System Development	912,674	338,452	317,228	600,000	405,000	(261,548)	(87,772)	(261,548)	(87,772)	
Water / Sewer Operations	2,160,229	6,957,366	7,954,473	7,059,994	7,930,660	(102,628)	23,813	(102,628)	23,813	
Water / Sewer Capital	1,596,785	3,100,454	2,567,818	2,756,170	1,994,821	344,284	572,997	344,284	572,997	
Transmissison Line Fund	719,177	62,000	253,136	65,045	283,461	(3,045)	(30,325)	(3,045)	(30,325)	
Storm Operations	166,387	747,859	960,621	781,074	986,150	(33,215)	(25,529)	(33,215)	(25,529)	
Storm Capital	1,775	1,090,000	530,614	1,078,000	518,170	12,000	12,444	12,000	12,444	
ENTERPRISE FUNDS	5,584,755	12,306,381	12,592,640	12,358,512	12,142,491	(52,131)	450,149	(52,131)	450,149	1,300,158
Public Works Admin	28,847	611,802	501,171	594,272	507,021	17,530	(5,850)	17,530	(5,850)	
IT Equipment O&M	-	358,979	359,040	355,878	355,878	3,101	3,162	3,101	3,162	
IT Equipment Replacement	-	56,617	56,617	57,000	56,617	(383)	-	(383)	-	
Fleet Equipment O&M	-	528,410	529,376	529,432	484,860	(1,022)	44,516	(1,022)	44,516	
Fleet Equipment Replacement	1,499,762	204,951	245,151	-	130,000	204,951	115,151	204,951	115,151	
Engineering Services	159,548	894,000	809,207	982,310	916,466	(88,310)	(107,259)	(88,310)	(107,259)	
Unemployment Self-Insurance	25,078	20,180	1,931	20,000	1,500	180	431	180	431	
INTERNAL SERVICE FUNDS	1,713,235	2,674,939	2,502,493	2,538,892	2,452,342	136,047	50,151	136,047	50,151	130,000
Firemen's Pension	246,382	35,735	38,606	17,551	26,179	18,184	12,427	18,184	12,427	
Custodial / Refundable Deposits	233,935	-	1,404	-	-	-	1,404	-	1,404	
Memorial Fund	2,549	-	-	-	-	-	-	-	-	
FIDUCIARY FUNDS	482,866	35,795	40,010	17,551	26,179	18,184	13,831	18,184	13,831	8,628
GRAND TOTAL	\$13,216,007	\$36,213,030	\$37,068,557	\$37,925,853	\$38,371,719	(\$1,712,823)	(\$1,303,162)	(\$1,712,823)	(\$1,303,162)	2,931,442
										\$11,912,845
										2,549
										496,697

2020 BUDGET MESSAGE

While 2020 shows signs of being a solid year financially for the City of Port Townsend, the local economy is showing some signs of slowing. 2019 reflected strong levels of activity in the City's competitive housing market and retail sales for goods and services in the City have continued at pre-2019 levels but commercial and government construction has declined. As a result, 2020 revenue projections for retail sales tax are below our 2018 experience rate.

Statewide trends in unemployment rates, interest rates, consumer price index, median home prices, median wage, etc. continue to be positive economic indicators. At the national level, recent rate decreases by the Fed to preserve expansion have occurred, but some economists are citing negative factors such as national and geopolitical issues that may have an impact on the economy. With Port Townsend's unique economy depending on maritime trades, tourism, artisan production, light manufacturing, and public sector activities, a general slowing in the local economy may affect local government revenue sources. The 2020 budget is prepared conservatively with expense and revenue inflation increases of around 2 to 3%. Additionally, the proposed budgeted expenditures are largely built around previously committed increases and programs with additions of expenditures focused on one-time items.

Consistent with the City's strategic plan, the City is reviewing long-term funding strategies to address deferred needs in street maintenance and repairs, parks and recreation services, library services, and other infrastructure improvements. Funding for these services and facilities require many strategies. One such long-term strategy being discussed is the additional property tax revenue capacity through annexation of the City's fire service to the East Jefferson Fire Rescue service district. The annexation ballot measure was approved in the City and the Fire District in February 2019, with governance taking effect in March 2019 and the first levy impact effective in 2020. The city and fire district agreed that the city would limit its authority to raise its pre-existing general levy fire allocated property taxes for a four-year term starting in 2020. This "banked" taxing authority may be phased in over a three-year period starting in 2021 with limitations on how funds will be earmarked. Eligible uses considered are street maintenance, parks & recreation, affordable housing initiatives, and utility tax relief.

The city looks forward to pursuing its strategic objectives and accomplishing several new operational tasks in 2020 including the following:

- Complete contract negotiations with the Port Townsend Paper Corporation to replace agreement expiring in March 2020
- Continue the City's role as a facilitator for affordable housing
- Complete the Parks & Recreation Open Space Plan in the first quarter of 2020
- Complete operational analysis of the city golf course and prepare recommendations
- Identify long-term financing to continue capital project investments
- Recruit new hires for long-term retiring employees
- Negotiate tenant leases at Mountain View following space upgrades for the non-profit tenants

2020 promises to be a busy year with a lot of changes. The City will welcome its second City Manager, John Mauro in late 2019. Mr. Mauro will be charged with working with the City Council to prioritize the strategic plan initiatives into actionable projects to be completed over the 2020-2022 plan cycle. We are looking forward to the opportunities to implement these priorities beginning in 2020. The remainder of this document breaks out the proposed budget into operational and capital categories with key highlights in each section.

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 2020 PROPOSED BUDGET FUND SUMMARY					
	2019	2020	2020	2020	2020
	Ending Fund Balance	Proposed Revenues	Proposed Expenses	Proposed Rev vs. Exp	Projected Ending Fund Balance
GENERAL FUND	1,651,375	10,414,829	10,413,656	1,173	1,652,548
Drug Enforc. / Contingency	185,689	3,000	-	3,000	188,689
Street	231,356	957,247	957,247	-	231,356
Library	240,907	1,127,000	1,146,266	(19,266)	221,641
Real Estate Excise Tax	447,511	516,000	550,000	(34,000)	413,511
Lodging Tax	237,788	543,500	563,624	(20,124)	217,664
Fire / EMS	4,793	15,210	20,000	(4,790)	3
Affordable Housing	21,534	80,008	74,658	5,350	26,884
Community Development Block Grant	181,329	13,020	13,000	20	181,349
Community Services	102,003	2,219,486	2,219,486	0	102,003
TOTAL SPECIAL REV FUNDS	1,652,910	5,474,471	5,544,281	(69,810)	1,583,099
DEBT SERVICE FUND	94,260	1,710,400	1,712,551	(2,151)	92,109
General Capital	46,256	51,086	51,086	-	46,256
Street Capital	173,056	2,568,792	2,577,692	(8,900)	164,156
CAPITAL PROJECTS FUNDS	219,312	2,619,878	2,628,778	(8,900)	210,412
Golf Course	12,249	8,650	15,714	(7,064)	5,185
System Development	824,902	322,500	535,000	(212,500)	612,402
Water / Sewer Operations	2,184,042	8,071,596	7,972,710	98,886	2,282,928
Water / Sewer Capital	2,858,635	2,521,855	2,121,003	400,852	3,259,487
Storm Operations	140,858	1,122,988	1,008,942	114,046	254,904
Storm Capital	14,219	710,350	710,000	350	14,569
ENTERPRISE FUNDS	6,034,904	12,757,939	12,363,369	394,570	6,429,474
Public Works Admin	22,997	598,425	598,134	291	23,288
IT Equipment O&M / Replacement	3,162	446,890	450,052	(3,162)	1
Fleet Equipment O&M / Replacement	1,659,429	815,377	906,064	(90,687)	1,568,742
Engineering Services	52,289	826,200	819,403	6,797	59,086
Unemployment Self-Insurance	25,509	10,400	10,000	400	25,909
INTERNAL SERVICE FUNDS	1,763,386	2,697,292	2,783,653	(86,361)	1,677,025
Firemen's Pension	258,809	38,235	29,027	9,208	268,017
Custodial / Refundable Deposits	235,339	-	-	-	235,339
Memorial Fund	2,549	-	-	-	2,549
FIDUCIARY FUNDS	496,697	38,235	29,027	9,208	505,905
GRAND TOTAL	\$11,912,845	\$35,713,044	\$35,475,314	\$237,730	\$12,150,574

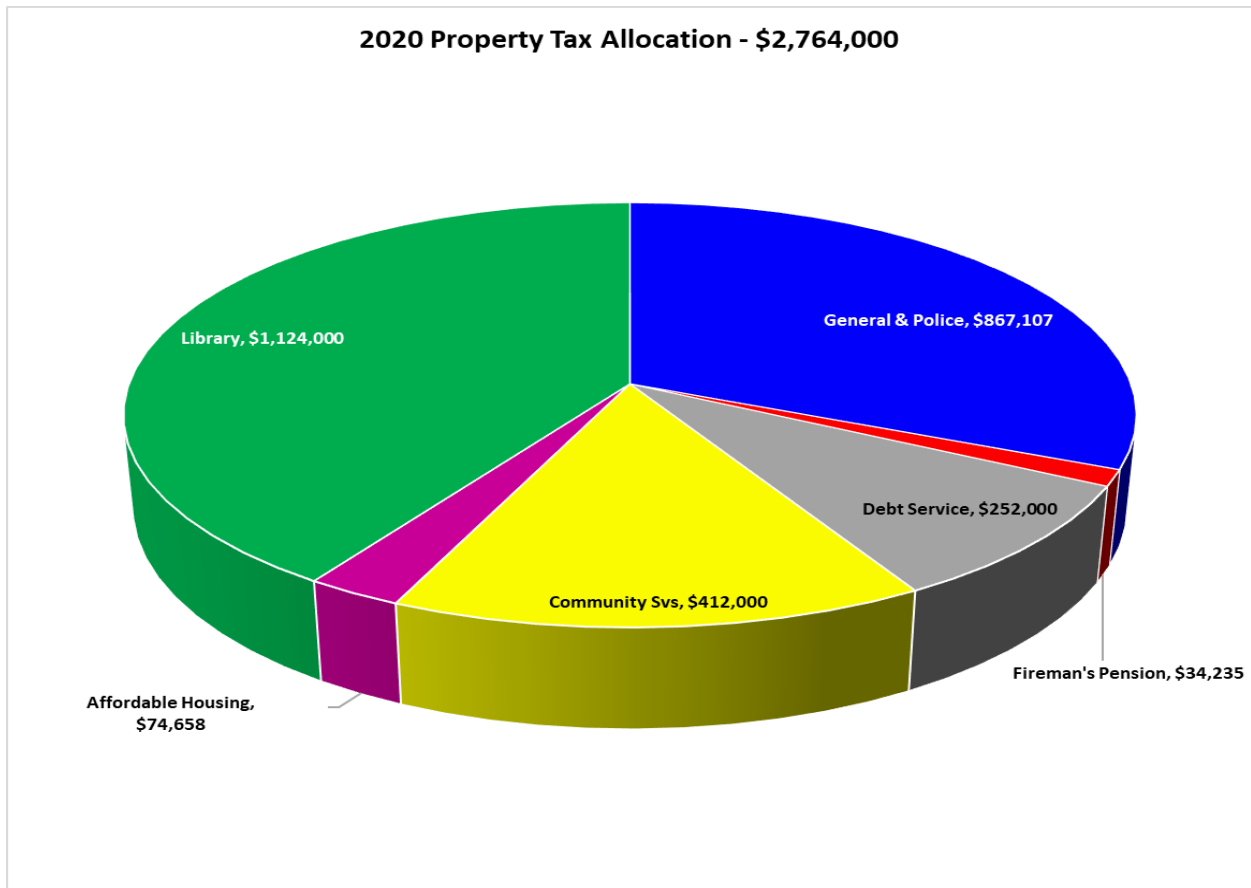
2020 BUDGET ASSUMPTIONS

KEY REVENUE ASSUMPTIONS

The City's Property Tax Levy for 2020 is proposed at \$2,614,000, which includes the allowable statutory increase of 1.0% plus an adjustment for the value of new construction and refunds. The 1% statutory increase is budgeted at \$34,370 for 2020. The new construction for the City is estimated at \$19,886,000. Property values in the City grew in the aggregate by 13.1% or approximately \$250,000,000. The General Levy totals \$2,398,000 but is reduced by \$908,000 consistent with the policy framework that the City Council adopted in December 2018. The resulting General Levy of \$1,490,000 is allocated to Public Safety & General Services, Community Services (Parks, Trails, Facilities), Affordable Housing initiatives, Debt Service and Fireman's Pension. The Library Lid Lift component of the levy is budgeted at \$1,124,000 and is available to be used for library operations.

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

Below is a chart showing the distribution of property taxes:



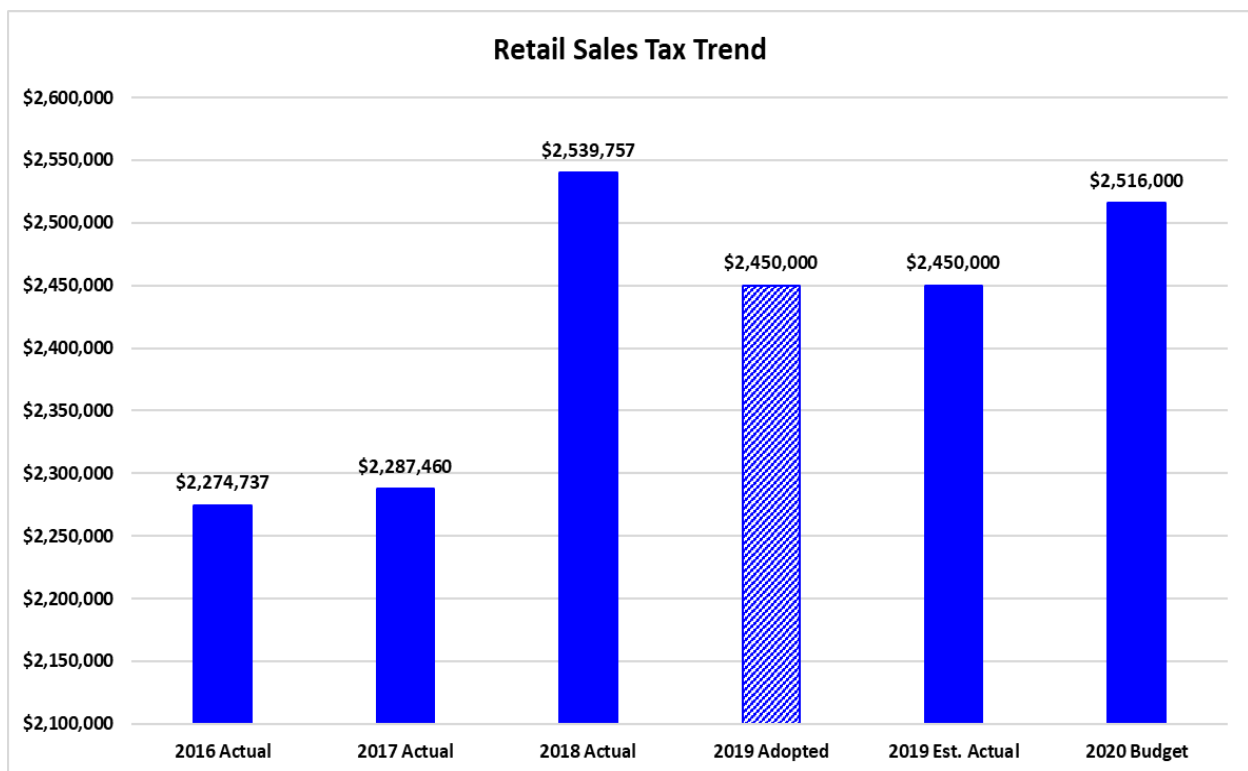
Retail Sales Taxes in 2019 are projected to come in at 3.6% below 2018 and at the adopted budget. Construction activity can skew “normal” revenue from retail sales, business and occupation taxes, permitting fees and special purpose sales taxes trends, so this revenue source is closely monitored to differentiate between improved economic trends as compared to “one-time” revenues related to construction activity. Retail sales in most categories remains strong but construction related activity in 2019 appears to have slowed compared to 2018.

An internal analysis of sales tax data indicates that the decrease in 2019 is due to a 40.6% decline in construction revenues, however, it is mostly offset by strong increases in accommodations and retail trade, which have increased by 5.1% and 10.6%, respectively.

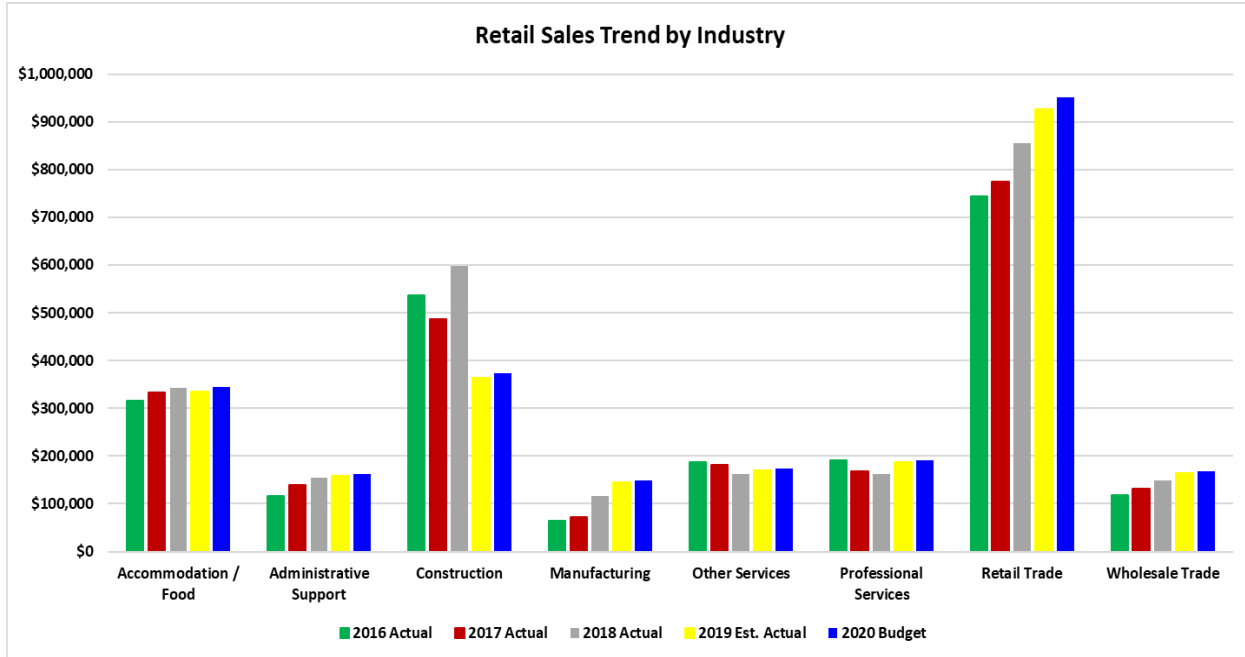
The Market Place Fairness Act went into effect on January 1, 2018 (EHB 2163). This act imposes retail sales tax on remote sellers in Washington State. While the State indicates that local governments are seeing some positive results, a task force is meeting regularly to provide guidance to local governments on the best ways to monitor it. The revenue related to this Act is included in the City’s total retail sales and is not reported separately by the State.

How does this translate to Port Townsend? In 2020, the City’s budget anticipates the slowing of commercial and public sector construction to continue. With ongoing total sales tax activity in the City projected to grow at 2.7%.

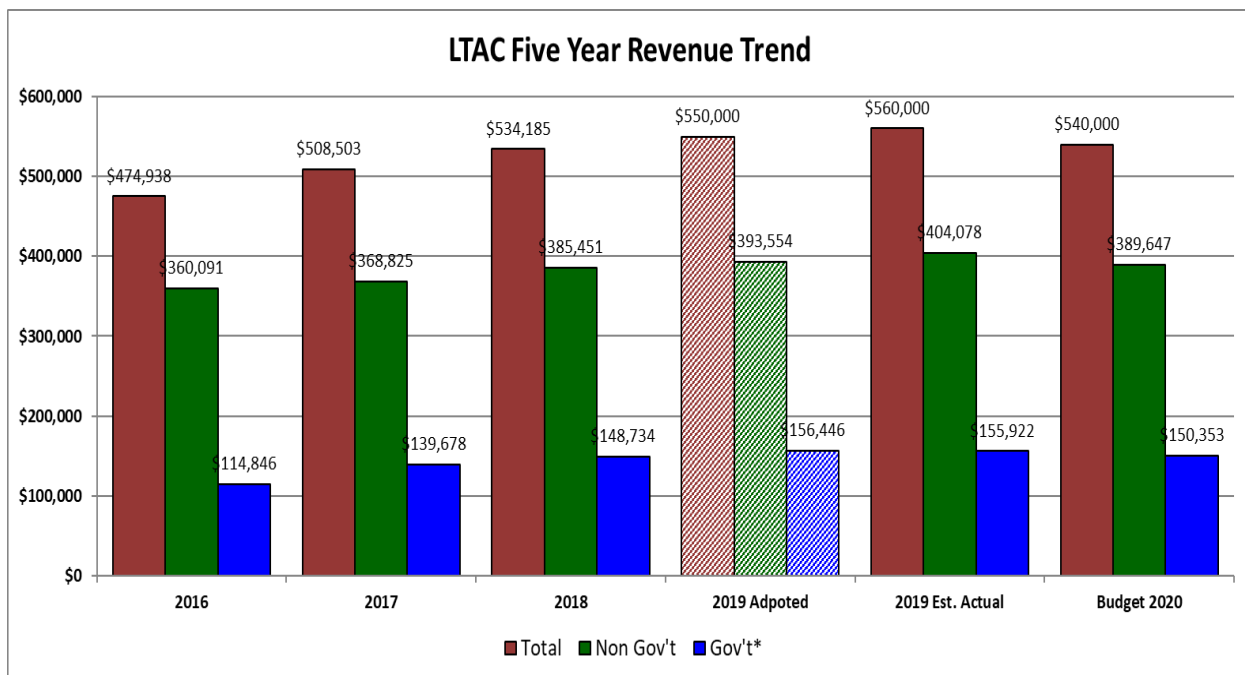
Below is a chart demonstrating the upward trend of retail sales taxes showing the forecasted 2020 revenue, which reflects a 10.6% growth since 2016.



Reviewing the trend by industry specific to Port Townsend shows how other industries such as retail trade and accommodation/food industries demonstrate steady growth, while construction is more erratic, further validating conservative forecasting for this component of revenue. See below for reference:



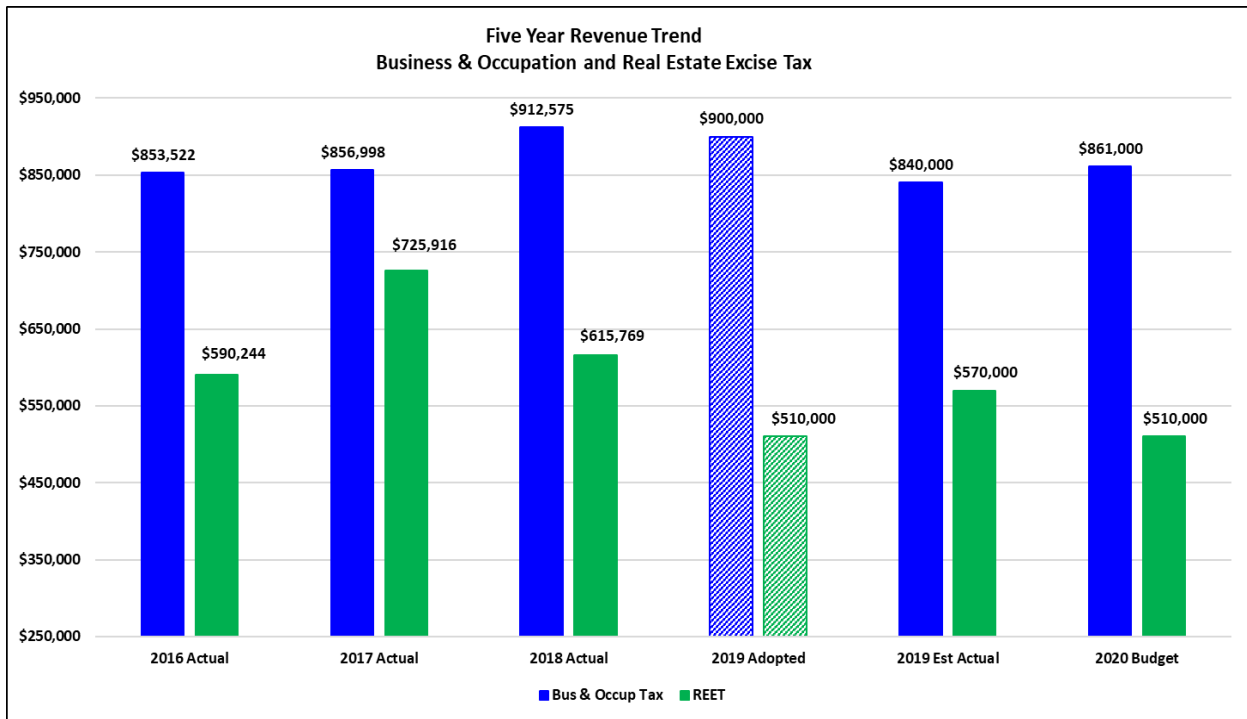
Lodging Taxes are projected at \$540,000 for 2020, which is 1.8% lower than the 2019 adopted budget of \$550,000. The 2020 forecast is slightly lower than the 2019 projection. Expenditures are restricted to marketing and tourism related infrastructure. The chart below depicts continued positive trend in tourism related taxes since 2016 here in Port Townsend:



Business & Occupation Taxes are projected at \$861,000 for 2020, which is 4.3% lower than 2019 adopted budget. In 2018 the City implemented a new license and tax structure. 2019 reflected the first full year of the new tax structure, with actual estimated tax revenue for 2019 at \$840,000. The budget for 2020 projects a 2.5% increase over 2019 estimated actuals.

Real Estate Excise Taxes (REET) year to date collections in 2019 show strong results in real estate transactions, trending slightly behind 2018 collections. The 2019 REET revenues are projected to be \$570,000 or 11.8% more than adopted budget. 2020 REET revenues are budgeted at \$510,000. It is difficult to forecast when large commercial properties or large dollar home sales will occur, which can disproportionately distort this revenue source. These funds are restricted to capital improvements or debt service, which reduces the City’s reliance on general fund dollars to make up city matching project funds.

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



Utility Tax revenues in the proposed 2020 budget are based on a 22% gross receipt public utility tax for all city water, sewer, storm water and garbage services. Two percent of this tax was slated to revert to 20% at the end of 2018, however, City Council renewed the tax for an additional five years (See *Ordinance 3203*). The additional 2% currently supports two Community Services maintenance workers to serve Parks and the Mountain View facility. Total public utility tax forecasted for 2020 is \$1,781,089 and is split amount General Services (45%), Public Safety (7%), Streets (39%) and Community Services (9%).

Private utility tax rates are 6% of the private utility revenue. Telephone and electric private utility taxes are estimated to be \$836,000. The electric utility tax is projected to increase by 4.4%, but telephone utility taxes have been trending downward over the last few years and a 23.5% decrease is anticipated in telephone related taxes.

State Shared Revenues are based on distributions that are shared via state revenue assessments. The City receives distributions for liquor profits and tax, criminal justice and marijuana tax distributions, fuel and multi-modal gas taxes, which primarily support public safety and streets. Some of these distributions are population based with the City's population for 2019 listed by the Office of Financial Management as 9,610 (an increase from 2018's population of 9,545). 2019 projected state shared revenue is \$373,362, which is slightly more than 2019 projections of \$367,861 despite a higher population.

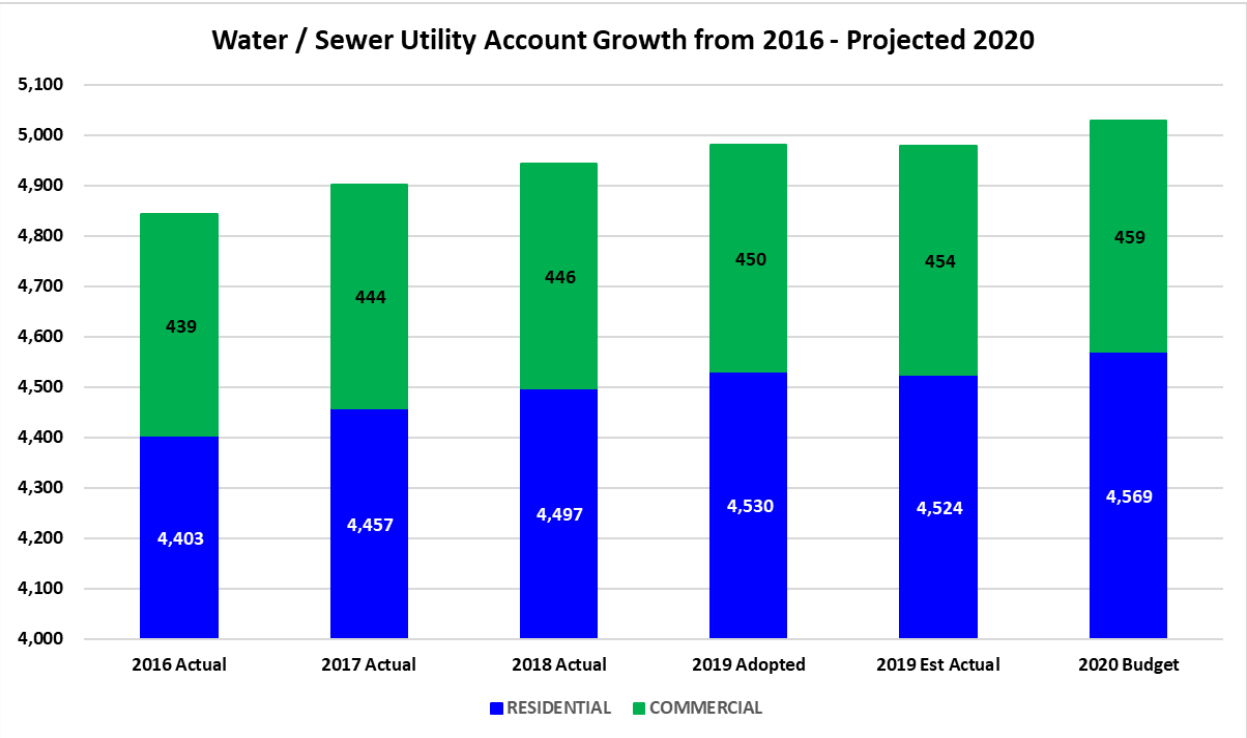
Overhead Cost Recovery is projected to increase by approximately \$138,808, or 9.7% in 2020. This increase is the result of several factors that are inputs in the City's adopted overhead cost recovery model. The allocation model looks back two years to recover overhead costs occurring in 2018 in 2020. The increased revenue in 2020 is primarily the result of allocating more overhead to the Water Sewer Fund and the Storm Fund due to increased debt service costs and council bills in those funds.

Utility Revenues (Water, Sewer and Stormwater) are budgeted at the adopted rate increase per Ordinance 3199 and 3236. In 2017, the City underwent a water and sewer rate study, contracting with *FCS Consulting Group*, to analyze whether our utility rates fully supported capital infrastructure and operations of water and sewer. The results of the rate study recommended increases in both surcharges and usage fees. These revised rates were adopted in May 2018 and took effect January 1, 2019.

Water and sewer operating and maintenance rates are scheduled to increase 3.0%. For 2020, the surcharge for water and sewer will not increase from 2019, with the rates for water remaining at \$20 per account per month and sewer rates at \$8.00 per account per month. The revenue calculations for 2020 also include an increase of 1% for new accounts added to the utility. These assumptions are consistent with the rate model that has been prepared by *FCS Consulting Group*.

The City engaged *FCS Consulting Group* to perform a stormwater rate study. The results of this study were shared with City Council February 2019. In April 2019, the Council adopted an increase to the stormwater surcharge of \$3 per month per account effective July 2019, bringing the total surcharge rate for stormwater to \$6 per account per month. In October 2019, the City Council approved a rate increase to the stormwater month rate of 10.1%. The monthly base rates for stormwater fees have not been changed since 2007. The budget for 2020 includes this anticipated base rate increase and a 1% account growth.

In 2020, the City is projected to have a total of 5,028 water/sewer accounts with 459, or 9.1%, of those projected to be commercial accounts. Below is a chart demonstrating the growth in commercial and residential water/sewer accounts from 2016 through projected 2020:

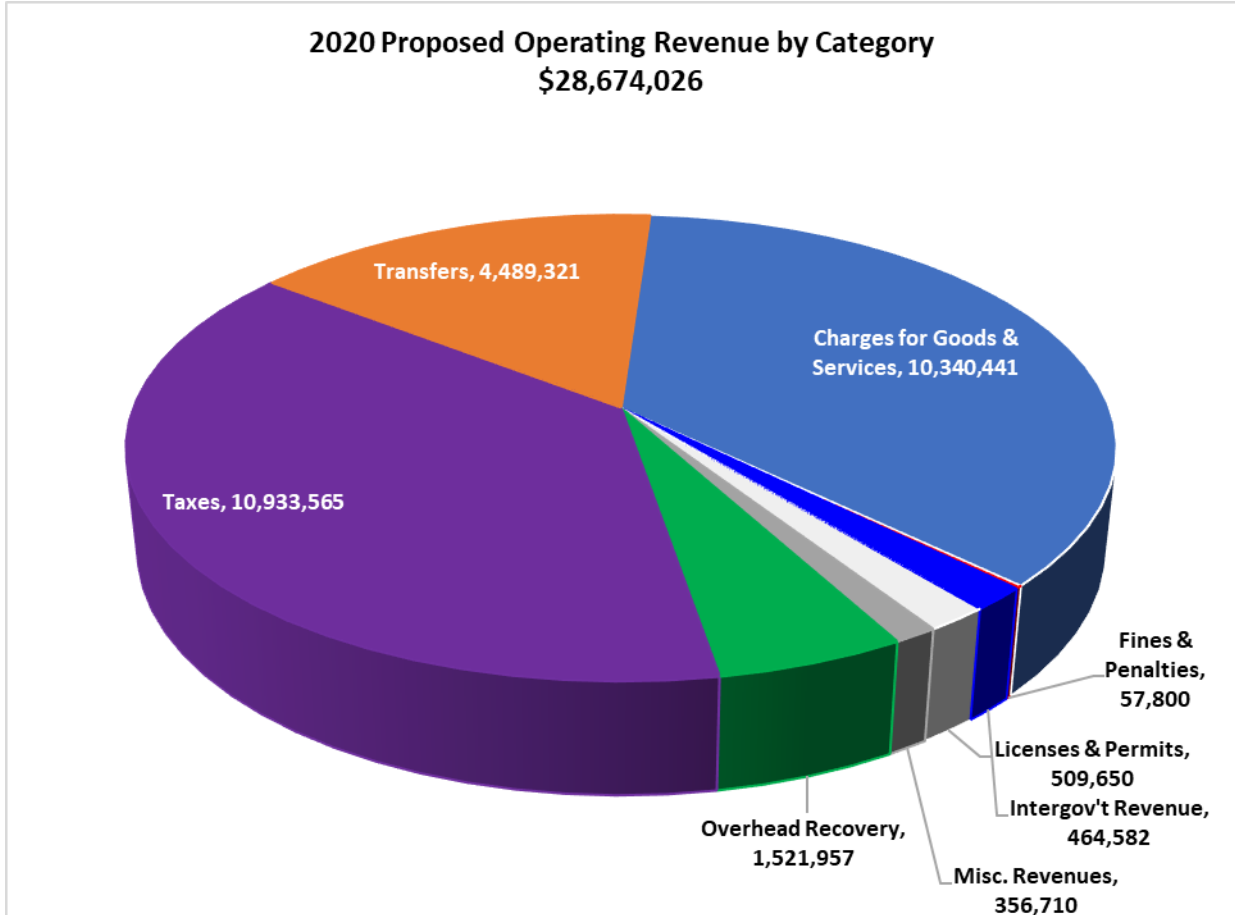


Total water / sewer / storm revenue is forecasted to be \$9,194,584 as compared to \$8,915,094 in 2019, or a 3.1% increase. As noted earlier, this represents scheduled rate increases and 1% account growth.

Total Revenues:

Total Budgeted 2020 revenue is projected at \$35,713,044, comprised of capital funding of \$7,000,783, fiduciary fund revenue of \$38,235, and operating revenue of \$28,674,026.

Several operating funds such as the Library Fund, REET, Lodging Tax, Golf Course, and Equipment Rental Funds are intentionally projected to draw on cash reserves where current year revenues are not expected to cover current year expenditures. All are projected to meet our fund balance reserve policies in 2020.



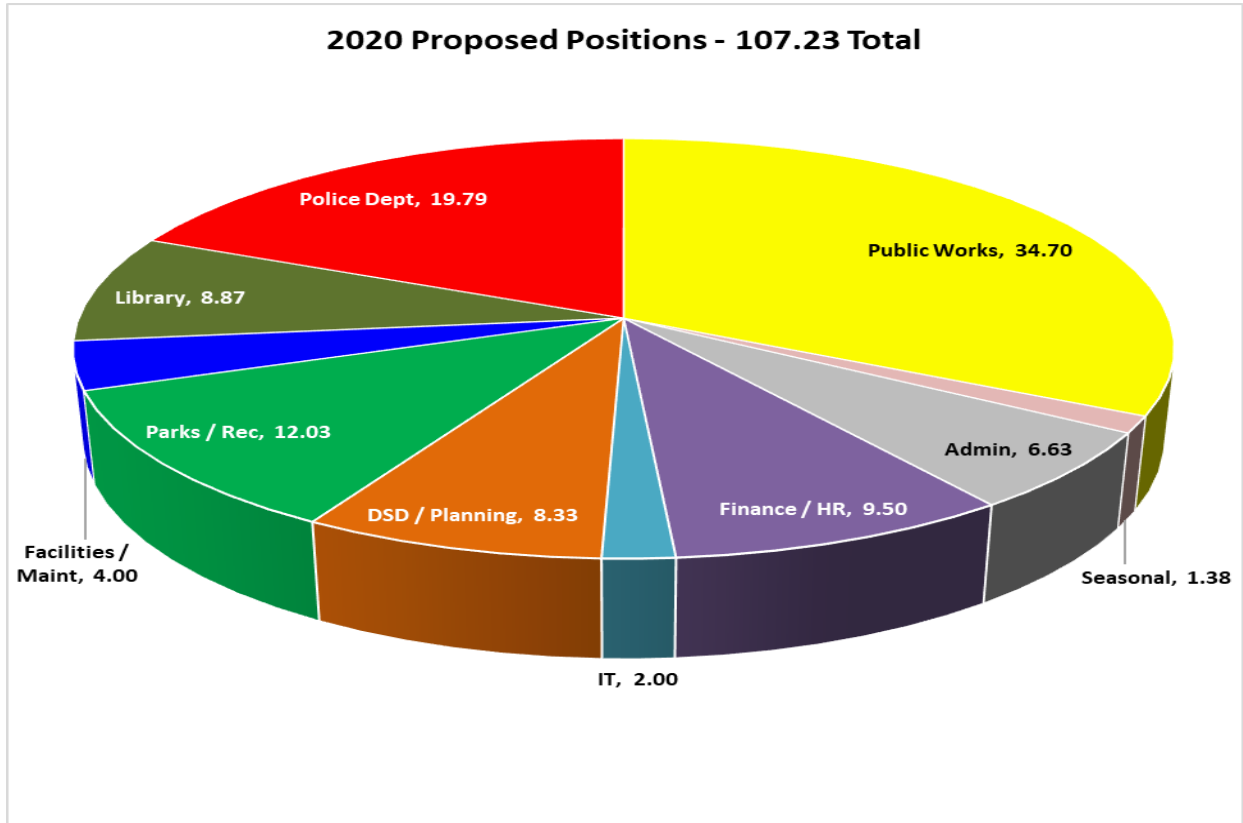
Capital Revenues provide substantial funding for general government, street and utility projects through state and federal grants, public works trust fund loans, and drinking water state revolving fund proceeds. A smaller amount of capital funding may be administered with inter-fund loans, transfers,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

KEY EXPENDITURE ASSUMPTIONS

Labor

Personnel Wages & Benefits represent a significant portion of the City's operating expenses at \$11,011,018 or 38.5% of proposed operating costs, \$28,632,103. If you remove internal transfers and debt service from operating costs, staffing is 51.4% of the total. The City continues to balance the need to retain qualified, capable staff by providing fair and competitive wages while also maintaining appropriate service levels. 2020 will present both challenges and opportunities with our City Manager transition and as other long-term employees with a wealth of institutional knowledge retire.

Total budgeted positions in 2020 are 107.23. The positions are outlined by position in the chart below:



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

The Police Collective Bargaining Unit contract was finalized in early 2018. Adjustments were made to base rates in 2018 and wages were also contracted to increase 2.0% per year effective at the time of the contract signing through December 31, 2020. Assuming no vacancies in 2020, we budgeted 14.0 full time officers and 0.79 part-time reserve officers. Recruiting and retaining officers continues to be a challenge. Three new police officers were hired in October 2019 and will attend the police academy in 2020. These officers will not be available for routine duty until fully trained, towards the latter part of 2020 or the first quarter of 2021.

The General Collective Bargaining Unit expired December 31, 2018 and negotiation of a new three-year agreement completed in early January 2019. The City had budgeted wage increase rates of 2.0% in the 2019 adopted budget. The executed agreement provides these members a wage increase of 4.0% in 2019, 3.0% in 2020 and 2.0% in 2021. The contract was approved by union membership and the City Council authorized the contract in January 2019, with an effective date of January 1, 2019.

The City budgeted a 3.0% increase, in line with the general government negotiated wage agreement, for non-represented staff. The non-represented employees include library, part-time pool, confidential administrative, legal and leadership positions which total 38.53 positions in the 2020 budget. A full list of authorized positions along with the position classification salary schedule approved by council in 2020 is included in the Staffing and Compensation section of the Budget Book.

Benefits offered to employees include medical, dental, vision, long-term disability, life insurance and retirement. Medical costs for 2020 are forecast to increase by approximately 2.0% for the AWC benefit plan (general government non-represented employees), less the 2.0% well-city discount. To achieve the discount, AWC employees participate in a variety of wellness activities that promote a healthy life style.

The Teamsters' benefit plan which covers both the Police and General Government union employees is budgeted to increase 2.0% in 2020. Retirement contributions for most employees (PERS) are funded at 12.86% of eligible employee wages. Police officers are covered by the LEOFF retirement system at a rate of 5.33% of eligible employee wages. This participation rate is mandated by the Washington State Retirement System. Employees also have the choice of enrolling in either the ICMA or Washington State deferred compensation program which is not employer funded.

The 2020 budget includes Seasonal Staff for Streets/Sewer/Wastewater Collection for 2 employees and an additional 2 seasonal employees for Parks maintenance. Seasonal staff are hired to work between May and October and are equivalent to 1.38 full time employees in the calendar year. In 2019, we were able to recruit enough seasonal employees at \$15.00 per hour, so in 2020 we have budgeted these non-benefited employees at \$16.00 hour.

Washington State minimum wage increases in 2020 to \$13.50 per hour, which is a \$1.50 per hour, or 12.5%, increase. This increase impacts pool and seasonal wage rates. Additionally, the increase begins to impact higher level position through wage compression. Wage compression occurs when pay adjustments regardless of experience, skills or seniority increase the base wage and bring those wages closer to the wages of more senior, experienced, skilled positions. Human Resource will continue to monitor the impact of minimum wage adjustments on all City positions.

Non-Labor

Operating non-labor expenditures are largely expected to maintain the status quo for 2020. Below is a list of budget expense highlights as compared to the 2019 adopted budget:

New Items Proposed for Funding in 2020 Budget:

- General Fund – \$10,000 Sexual Assault Nurse Examiner (SANE) support – Jefferson Healthcare
- General Fund – \$70,000 Police Vehicle – purchase 1 new full outfitted SUV

- Streets Fund – \$50,000 increase in other improvements related to pavement management
- Streets Fund - \$13,000 increase in utility costs for additional street lights; includes payment to the PUD for street light installation on water street
- Streets Fund - \$5,000 for street sweeping waste disposal
- Streets Fund - \$6,000 signage replacement and new signage
- Library Fund - \$20,000 increase for consulting services for strategic plan development
- Lodging Tax Fund - \$50,000 contingent expense for downtown tree well lighting
- Community Services Fund - \$30,450 interfund loan repayment to OGWS fund for PROS plan (payment 1 of 3)
- Community Services Fund - \$12,400 increase in boiler repair parts and maintenance at Mountainview
- Water/Sewer Utilities – \$70,100 golf course well pump
- Water/Sewer Utilities – \$15,000 to replace Laboratory Equipment
- Water/Sewer Utilities - \$26,000 City Lake loan payments for property purchased in 2019 (Francis property)
- Water/Sewer Utilities - \$15,000 CDL Licenses for 3 staff
- Water/Sewer Utilities - \$12,622 Scada System Component & Web port replacement
- Water/Sewer Utilities - \$27,500 Carbon Air Scrubber
- Water/Sewer Utilities - \$41,000 for Non-potable water pump rebuild
- Water/Sewer Utilities - \$10,500 Blower equipment rebuilds
- Water/Sewer Utilities – \$30,000 for legal counsel - Mill Rate negotiations
- Storm Utilities - \$50,000 transfer to Storm Capital for Discovery Road project
- Fleet Internal Service Funds - \$13,060 hardware/software upgrade for fuel system
- Fleet Internal Service Funds - \$10,000 CDL license training for 2 staff
- Fleet Internal Service Fund - \$60,000 replacement for two water department vehicles
- Fleet Internal Service Fund - \$35,000 for front load dump bucket
- Fleet Internal Service Fund - \$240,000 Front Loader Tractor for Waste Water/Biosolids Departments

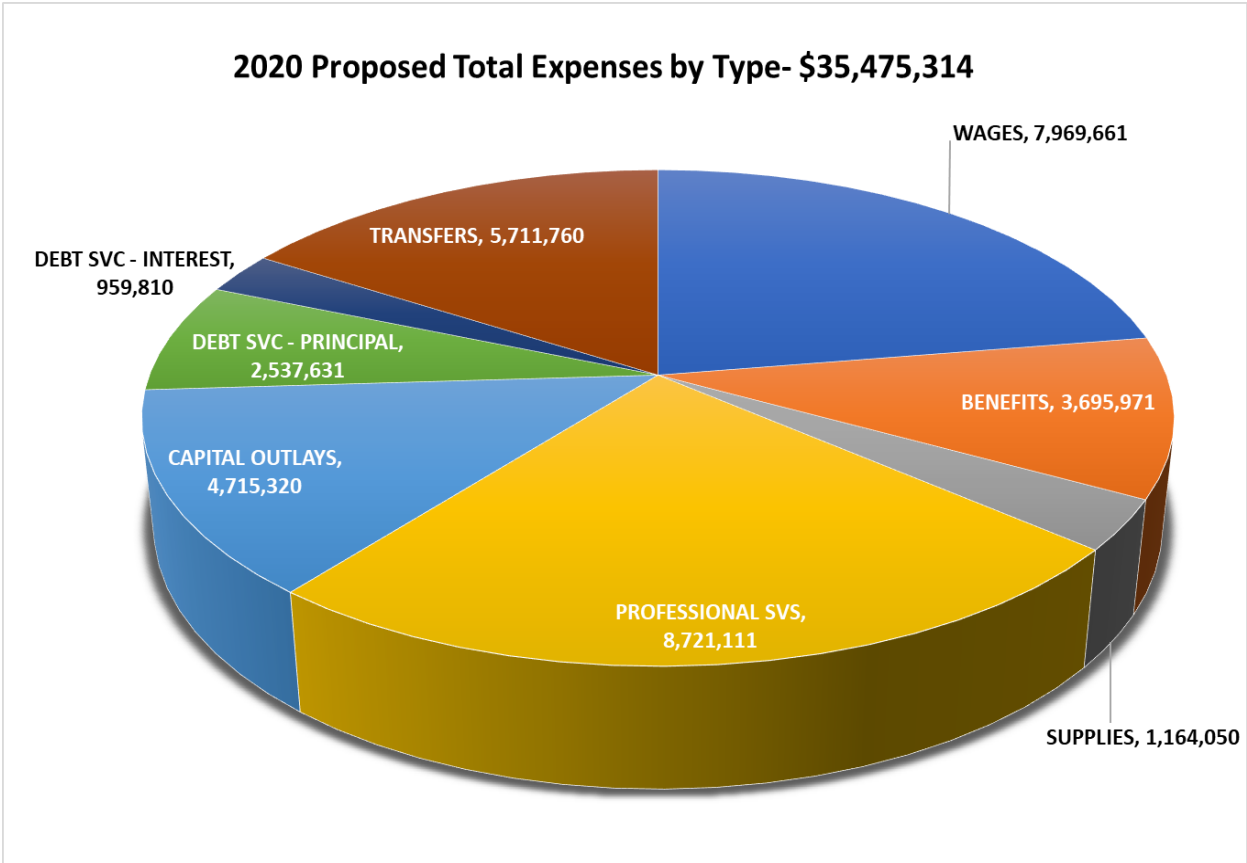
2020 Proposed Budget Expense Increases:

- General Fund – \$18,000 increase in professional services - \$12,000 for dispatch and \$6,000 for jail services
- General Fund - \$73,000 increase in liability and property insurance through our WCIA insurance risk pool
- General Fund - \$22,000 increase in district court costs
- Police Training - \$7,000 increase for mandated training costs
- REET Fund - \$40,000 increase in transfers to the Street CIP fund for Complete Streets funding
- Affordable Housing Fund - \$64,658 debt service payment for Cherry Street/Homeward Bound project previously funded through Council Reserve

- Fire & EMS Services Fund expense increase of \$26,298 is related to increased property tax revenues that are passed through to East Jefferson Fire Rescue
- Community Services Fund - \$4,000 increase in mandated elevator testing
- Community Services Fund - \$36,650 increase in equipment maintenance & repair contributions
- Community Services Fund - \$10,000 increase in small tools and minor equipment for Mountainview
- Debt Service - \$12,365 increased cost for general government debt service
- Water/Sewer Utilities – \$1,266,773 of utility tax collected by the General Fund, Streets Fund and Community Services Fund (accounting change)
- Water/Sewer Utilities - \$77,000 increase in payments to the General Fund for overhead allocation
- Water/Sewer Utilities - \$23,000 increase in utility services for the water treatment facility and the wastewater treatment plant
- Water/Sewer Utilities - \$61,700 increase in equipment repair, maintenance and replacement contributions
- Storm Utilities – \$81,363 Debt Service payments for CERB Loan
- IT Internal Service Fund - \$15,000 increase in communication equipment for firewall and switch replacements
- IT Internal Service Fund - \$7,000 increase in software licenses

2020 Proposed Total Expenditures of \$35,475,314 include all operating fund appropriations in addition to water, sewer, general and street capital funds. Transfers make up \$5,711,760 or 16.1% of total expenditures. Transfers are internal accounting transactions expended in one fund and recognized as an equivalent revenue in another fund. Transfers in the chart below include a \$1,141,687 operating fund transfer from the General Fund to support the Community Services Fund, \$1,301,900 transfers from various funds to support the GO Debt Service Payments, \$1,167,422 in utility debt service transfers, \$854,923 transfers for utility tax, \$110,074 in various General Fund transfers, and \$1,135,754 in capital transfers.

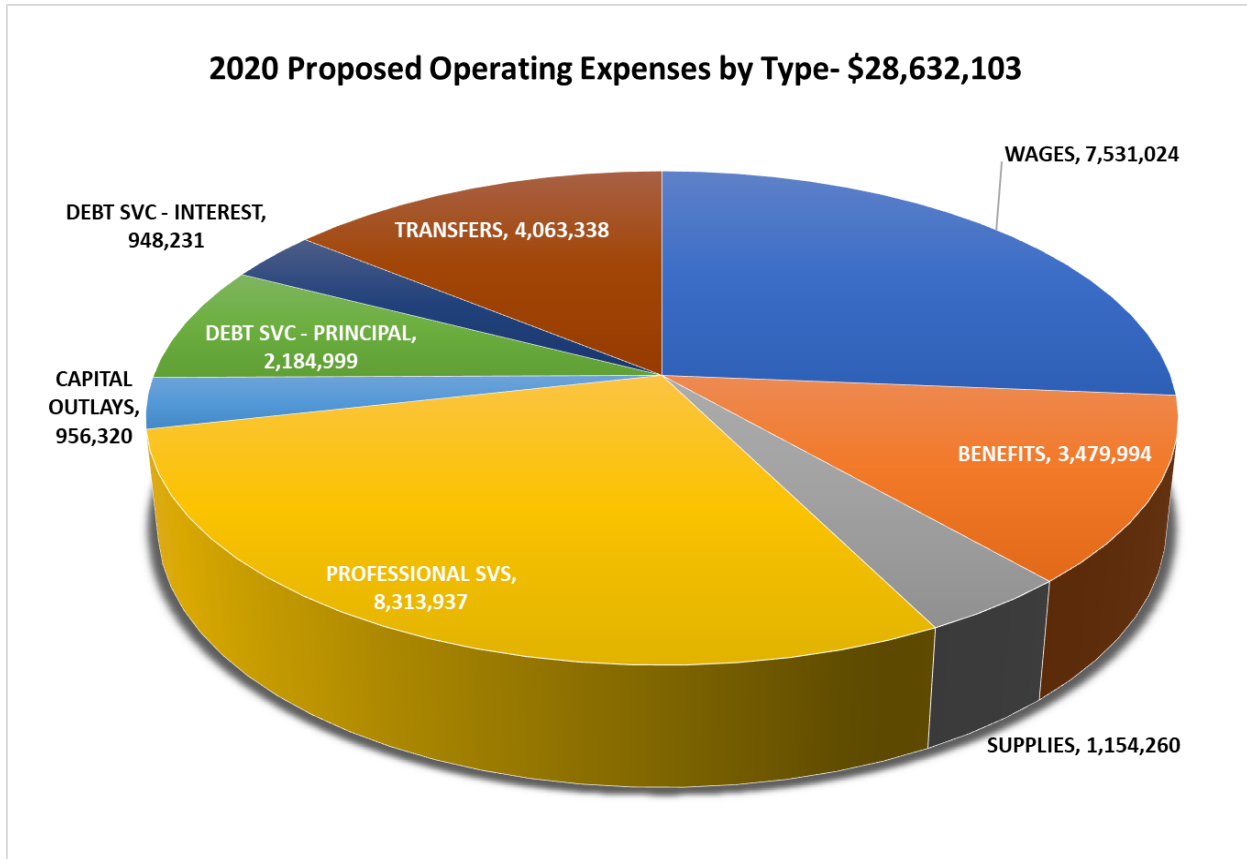
See the chart below for a breakout of Total proposed appropriations in 2020:



2020 Proposed Operating Expenditures are \$28,632,103 (not including fiduciary funds and capital funds, which include General and Street Capital, Engineering Services, System Development, Water / Sewer Capital, Transmission Line, Utility Debt Service and Storm Capital Funds).

Operating expenditures are proposed to be \$809,751 more than the 2019 adopted operating expenditures or an increase of 2.9%. Highlights of labor and non-labor operating expenditures were noted above.

See the breakdown below of proposed 2020 Operating Expenses by Type:



2020 CAPITAL PROJECTS

The proposed 2020 budget has a variety of capital projects that adds both new infrastructure investment and improves aging infrastructure. A breakdown of planned projects is listed below and explained in more detail in the Capital Improvement Plan section of the budget document.

General Government and Street Capital Projects:

- Complete Streets ADA ramps funded by a 2017 TIB grant
- 7th Street design and partial construction funding
- Discovery Road improvements primarily funded by WSDOT grants

Water/Sewer and Stormwater Utility Capital Projects included in the 2020 capital budget that are currently underway and have secured funding sources:

- Cherry Street 4 plex water line improvements funded with system development fund reserves and water/sewer operations transfers.
- Water line replacements – funded with capital surcharge fees
- Sewer Outfall project funded with System Development and Department of Ecology Loans/Grants

- Gaines Street Pump Station corrosion control funded with sewer capital surcharge fees and system development fund reserves
- Logan Street Storm Pond design funded with storm capital surcharge fees
- CERB regional stormwater project funded with CERB Loan funds and storm capital surcharge fees.

2020 COUNCIL AND CITY-WIDE GOALS

The 2019 – 2022 Strategic Plan for the City of Port Townsend was adopted in January 2019. Both 2019 and 2020 are recognized as transition years, with the retirement of the former long tenured City Manager in June 2019 and the recruitment and employment of a new City Manager in late 2019.

The 2019-2022 Strategic Plan focuses on five key areas (*not in any priority of one over the other*):

1. Economic Growth
2. Affordable Housing
3. Infrastructure Assets (Streets/Utilities/Parks)
4. City Organization
5. Community Quality of Life

Council and staff also identified many objectives/actions to be implemented that are associated with these focus areas. The next phase will be to review and prioritize these objectives into an action plan for implementation in early 2020 and continuing through 2022.

DEFERRED MAINTENANCE AND UNMET NEEDS

During the annual budget retreat, department heads came together to identify operating and capital improvement priorities. The City Manager considers these competing community and operating needs against available funding sources and recommends an annual balanced budget. These requests range from additional staffing and operating equipment to maintaining and replacing aging infrastructure. Some of the requested items identified by department heads that the city is not able to fund in 2020 are included in the table below. If funding does come available, such as unexpected increases in retail sales tax revenue, then the City Council can refer to this list to determine if the unmet need can be fulfilled.

City of Port Townsend
Unmet Needs - Deferred & Unfunded Items

Fund/Department	Description of Item	One Time	Ongoing	Priority (H.M.L.)	Explanation
City Clerk	Software	30,000	8,000	HIGH	Upgrade to Laserfiche Software - Records Management
Police Operations	Equipment		140,000	HIGH	Police Vehicles (3 in 2019, 2 each year after) @ \$70,000 ea. - 1 new police vehicle is in the 2020 budget
Street Operations	Professional Services	20,000	5,000	HIGH	Noxious Weed Abatement
Facilities	Repair & Maintenance	250,000		HIGH	HVAC Improvements - Library
Facilities	Repair & Maintenance	7,500		HIGH	Outside - new roadside sign. (Estimate) - Mt. View
Facilities	Repair & Maintenance	5,000		HIGH	Pink House - Carpet Replacement
Facilities	Equipment	165,000		HIGH	Library - replace elevator car. Estimate is based on City Hall estimate from Thyssenkrupp (2019).
Facilities	Equipment	165,000		HIGH	City Hall (Historic) - Elevator Replacement - May need to replace the HCH Elevator in 2018 which is included in line of credit funding proposal
Police Operations	Wages & Benefits		104,143	HIGH	New Officer (16th Officer)
Parks / Trails	Wages & Benefits		100,000	HIGH	Restoration of 1.0 Parks Maintenance FTE
Engineering Services	Equipment / Professional Services	30,000	1,000	HIGH	GIS Software Upgrades
		672,500	358,143		
City Clerk	Hardware / Software	43,000	5,700	MEDIUM	Upgrade Chambers cameras, high definition streaming, additional monitor for presentations and trainings.
City Clerk	Wages & Benefits		83,875	MEDIUM	Public Records Admin Assistant
Finance	Software	105,000		MEDIUM	Financial Software Conversion (cost will be split with Utility Billing)
Human Resources	Professional Services	4,975		MEDIUM	Employee Engagement Survey
Human Resources	Software	831		MEDIUM	Encryption Software
Parks / Trails	Software	6,000	3,600	MEDIUM	Volunteer Management Software
Human Resources	Training		10,250	MEDIUM	City Wide Training & Career Pathing Program
Police Administration	Software	6,062	500	MEDIUM	Check Mate Asset / Inventory Software
Street Operations/WWC/Storm	Wages & Benefits		77,180	MEDIUM	New Maintenance Worker
Facilities	Building Improvements	100,000		MEDIUM	Pink House exterior repairs: Roof Replacement and new siding.
Facilities	Repair & Maintenance	5,000		MEDIUM	Library - New AlarmLocks door handles. Estimate is based on previous AlarmLock purchases.
Facilities	Repair & Maintenance	3,000		MEDIUM	Pink House - New AlarmLocks door handles. Estimate is based on previous AlarmLock purchases.
Parks / Trails	Equipment	10,000		MEDIUM	Kubota Utility Vehicle
Parks / Trails	Repair & Maintenance	8,500		MEDIUM	Re-roof picnic shelter at Kah Tai. Estimate from All Weather Roofing (2018).
Parks / Trails	Repair & Maintenance	10,000		MEDIUM	Replace bluff fence at Chetzemoka with something more permanent that current t-post and wire fence. Estimate
Parks / Trails	Repair & Maintenance	11,000		MEDIUM	Re-roof kitchen shelter at Chetzemoka. Estimate is from Wallyworks Enterprises, LTD. (2017).
Parks / Trails	Repair & Maintenance	??		MEDIUM	Replace restroom building at Chetzemoka.
Parks / Trails	Repair & Maintenance	??		MEDIUM	Replace restroom building at Bobby McGarraugh.
Parks / Trails	Repair & Maintenance	??		MEDIUM	Repurpose restroom building at Kah Tai.
Utility Billing	Software	105,000		MEDIUM	Financial Software Conversion (cost will be split with G/F Finance)
		418,368	181,105		

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

Fund/Department	Description of Item	One Time	Ongoing	Priority (H,M,L)	Explanation
Administration	Wages & Benefits		100,000	LOW	1.0 FTE - Communications Specialist
Administration	Equipment	2,000		LOW	Replace Conference Room Chairs
Administration	Professional Services	20,000		LOW	City Hall Space Planning/Security/Furniture
Finance	Software	20,000	2,000	LOW	Fixed Asset Software
Police Operations	Equipment	12,435		LOW	PPE Equipment - Respirator Masks (Qty 15)
Police Operations	Equipment	13,500		LOW	PPE Equipment - Ballistic Helmets
Police Operations	Equipment	10,866		LOW	Mobile Parking Enforcement Computer(s)
Police Operations	Equipment	85,000		LOW	License Plate Reading System
Street Operations	Professional Services	70,000		LOW	ADA Transition Plan Consulting
Library	Wages & Benefits		85,000	LOW	Adult Services Librarian - Freeze
Library	Wages & Benefits		55,250	LOW	Library Associate - Freeze
Facilities	Repair & Maintenance	10,000		LOW	Rec Building - Foyer Heater Replacement - Mt View
Facilities	Repair & Maintenance	89,137		LOW	Outside - Courtyard - ADA improvements to east entrance from courtyard. Estimate is from Rolluda Architects (2016). - Mt View
Facilities	Repair & Maintenance	3,000		LOW	City Hall - replace carpet in 3rd floor conference room with carpet squares. Estimate
Facilities	Repair & Maintenance	30,000		LOW	Golf Course - replace roofing. This is just a placeholder, don't know age of current roof. Estimate
Golf Course	Repair & Maintenance	1,200,000		LOW	See NGF identified repairs and capital investments
Facilities	Repair & Maintenance	20,000		LOW	Pope Marine Exterior Siding Replacement
Facilities	Repair & Maintenance	6,000		LOW	Plaza - Replace electricity outlets
Parks / Trails	Repair & Maintenance		5,000	LOW	Puget Sound Crew - Trail Maintenance
Parks / Trails	Repair & Maintenance	40,000		LOW	Replace fencing at Skate Park. Estimate
Pool	Equipment	1,200		LOW	Purchase suit spinner for locker rooms. Estimate is based on internet searches.
Utility Billing	Software	20,000	2,000	LOW	Fixed Asset Software (Cost will be split with G/F Finance)
		1,653,138	249,250		

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

Fund/Department	Description of Item	One Time	Ongoing	Priority (H.M.L.)	Explanation
Mayor & Council	Wages & Benefits		??	??	Wage & Benefit Evaluation for City Council Members
Mountain View / Police	Repair & Maintenance	259,673		??	Classroom Building - Police - Relocate evidence room w/ improvements. Estimate is from Rolluda Architects (2017).
Mountain View / Police	Repair & Maintenance	89,127		??	Classroom Building - Police - Relocate gun cleaning and armory w/ improvements. Estimate is from Rolluda Architects (2017).
Mountain View / Police	Repair & Maintenance	151,301		??	Classroom Building - Police - Relocate squad room w/ improvements. Estimate is from Rolluda Architects (2017).
Mountain View / Police	Repair & Maintenance	59,639		??	Classroom Building - Police - Training and fitness room improvements. Estimate is from Rolluda Architects (2017).
Mountain View / Police	Repair & Maintenance	36,516		??	Classroom Building - Police - Chief & Detective office improvements. Estimate is from Rolluda Architects (2017).
Mountain View / Police	Repair & Maintenance	161,699		??	Classroom Building - Police - Relocate public interface and administration w/ improvements. Estimate is from Rolluda Architects (2016).
Mountain View / Police	Repair & Maintenance	397,692		??	Outside - Police - paving/re-surfacing road, improving parking lot, sally port, etc. Estimate is from Rolluda Architects (2016).
Mountain View / Police	Repair & Maintenance	200,000		??	Outside - Generator - upgrade generator to provide greater power capacity. Estimate is from 2015 bond initiative.
Mountain View	Repair & Maintenance	331,752		Pending YMCA Decision	Outside - Courtyard - Courtyard and landscaping improvements. Estimate is from Rolluda Architects (2016).
Mountain View	Repair & Maintenance	40,000		Pending YMCA Decision	Rec. Building - replace roof over gymnasium. Estimate is from 2015 bond initiative.
Mountain View	Repair & Maintenance	10,000		Pending YMCA Decision	Rec. Building - repair chimney. Estimate is from 2015 bond initiative.
Mountain View	Repair & Maintenance	26,000		Pending YMCA Decision	YMCA Portable - siding and roof replacement, ADA compliance issues, etc. Estimate is from 2015 bond initiative.
Mountain View	Repair & Maintenance	28,000		Pending YMCA Decision	Rec. Building - various improvements to gymnasium/cafe/ateria building. Estimate is from 2015 bond initiative.
Mountain View	Repair & Maintenance	150,000		Pending YMCA Decision	Outside - Parking Lot - expand parking lot capacity and improve ingress/egress. Estimate is from 2015 bond initiative.
Mountain View	Repair & Maintenance	20,000		Pending YMCA Decision	Outside - build dumpster enclosure. Estimate is from 2015 bond initiative.
Mountain View	Repair & Maintenance	25,000		Pending YMCA Decision	Outside - repairs to chain link fencing. Estimate is from 2015 bond initiative.
Pool	Equipment	1,500		Pending YMCA Decision	Drinking Fountain with Bottle Filler
Pool	Equipment	18,000		Pending YMCA Decision	Climbing Wall
Pool	Equipment	15,000		Pending YMCA Decision	Slide
Pool	Equipment	10,000		Pending YMCA Decision	W/it inflatable/floating playground
Pool	Equipment	4,000		Pending YMCA Decision	Replace sound-deadening panels in panels in natatorium. Estimate is based on cost of panels from Home Depot (2017).
Pool	Equipment	8,000		Pending YMCA Decision	Replace diving blocks. Estimate
Pool	Repair & Maintenance	10,000		Pending YMCA Decision	Paint natatorium ceiling. Estimate
Pool	Repair & Maintenance	36,000		Pending YMCA Decision	Pump room water line and ventilation improvements. Estimate is from 2015 bond initiative.
Pool	Repair & Maintenance	5,000		Pending YMCA Decision	Replace sliding door. Estimate
Pool	Repair & Maintenance	40,000		Pending YMCA Decision	Replace membrane roof over pool. Estimate
Pool	Repair & Maintenance	9,000		Pending YMCA Decision	Polish and seal concrete floors in locker rooms. Estimate is from Durashine (2018).
Total		2,141,899	-		
		4,885,905	788,498		

ORDINANCE NO. 3237

**AN ORDINANCE OF THE CITY OF PORT TOWNSEND, WASHINGTON, ADOPTING
2019 SUPPLEMENTAL #2 BUDGET APPROPRIATIONS**

WHEREAS, the City Council adopted an additional supplemental budget per Ordinance 3226 on May 13, 2019 and was set forth in the document entitled “City of Port Townsend Budget 2019 Supplemental Fund Summary”; and

WHEREAS, the City Manager of the City of Port Townsend, Washington completed and filed an additional proposed supplemental budget for 2019 on November 4, 2019; and

WHEREAS, the City Council reviewed the second supplemental budget and held a public hearing on November 4, 2019 and considered the matter further on November 18, 2019;

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

Section 1. The second supplemental budget for the City of Port Townsend, Washington, for the fiscal year 2019, is adopted as set forth in the document entitled “City of Port Townsend Budget 2019 Supplemental #2 Fund Summary”, a copy of which is on file with the office of the City Clerk, and is incorporated into this Ordinance. The budget supplemental #2 summary is attached as Exhibit A, making revenue and expenditure revisions.

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

ADOPTED by the City Council of the City of Port Townsend, Washington, by a vote of the majority of the City Council plus one, at a special business meeting thereof, held this 18th day of November 2019.

Deborah S. Stinson
Mayor

Attest:

Approved as to legal form:

Joanna Sanders, MMC
City Clerk

Heidi Greenwood
City Attorney

CITY OF PORT TOWNSEND 2019 SUPPLEMENTAL BUDGET FUND SUMMARY									
	2018	2019	2019	2019	2019	2019	2019	2019	2019
	Ending Fund Balance	Adopted Revenues	Amended Revenues	Adopted Expenses	Amended Expenses	Adopted Rev vs. Exp	Amended Rev vs. Exp	Proposed Supplemental Appropriation	2019 Projected Ending Fund Balance
GENERAL FUND	1,904,790	9,101,543	10,033,042	9,097,115	10,286,457	4,428	(253,415)	1,189,342	1,651,375
Drug Enforc. / Contingency	182,489	1,200	3,200	-	-	1,200	3,200		185,689
Street	260,855	870,803	866,141	930,573	895,640	(59,770)	(29,499)		231,356
Library	214,522	1,097,144	1,153,456	1,161,673	1,127,071	(64,529)	26,385		240,907
Real Estate Excise Tax	380,284	512,200	577,227	510,000	510,000	2,200	67,227		447,511
Lodging Tax	246,908	550,750	564,416	572,908	573,536	(22,158)	(9,120)	628	237,788
Fire / EMS	4,622	2,412,574	2,415,171	2,411,574	2,415,000	1,000	171	3,426	4,793
Affordable Housing	21,080	10,100	10,454	10,000	10,000	100	454		21,534
Community Development Block Grant	176,617	14,424	19,712	15,000	15,000	(576)	4,712		181,329
Community Services	101,006	2,016,792	2,242,630	2,010,775	2,241,633	6,017	997	230,858	102,003
TOTAL SPECIAL REV FUNDS	1,588,383	7,485,987	7,852,407	7,622,503	7,787,880	(136,516)	64,527	234,912	1,652,910
DEBT SERVICE FUND	89,905	1,698,035	1,694,210	1,686,855	1,689,855	11,180	4,355	3,000	94,260
General Capital	1,589,739	518,581	599,600	2,077,681	2,143,083	(1,559,100)	(1,543,483)	65,402	46,256
Street Capital	262,333	2,391,829	1,754,155	2,526,744	1,843,432	(134,915)	(89,277)		173,056
CAPITAL PROJECTS FUNDS	1,852,072	2,910,410	2,353,755	4,604,425	3,986,515	(1,694,015)	(1,632,760)	65,402	219,312
Golf Course	27,728	10,250	8,750	18,229	24,229	(7,979)	(15,479)	6,000	12,249
System Development	912,674	338,452	317,228	600,000	405,000	(261,548)	(87,772)		824,902
Water / Sewer Operations	2,160,229	6,957,366	7,954,473	7,059,994	7,930,660	(102,628)	23,813	870,666	2,184,042
Water / Sewer Capital	1,596,785	3,100,454	2,567,818	2,756,170	1,994,821	344,284	572,997		2,169,782
Transmisison Line Fund	719,177	62,000	253,136	65,045	283,461	(3,045)	(30,325)	218,416	688,852
Storm Operations	166,387	747,859	960,621	781,074	986,150	(33,215)	(25,529)	205,076	140,858
Storm Capital	1,775	1,090,000	530,614	1,078,000	518,170	12,000	12,444		14,219
ENTERPRISE FUNDS	5,584,755	12,306,381	12,592,640	12,358,512	12,142,491	(52,131)	450,149	1,300,158	6,034,904
Public Works Admin	28,847	611,802	501,171	594,272	507,021	17,530	(5,850)		22,997
IT Equipment O&M	-	358,979	359,040	355,878	355,878	3,101	3,162		3,162
IT Equipment Replacement	-	56,617	56,617	57,000	56,617	(383)	-		-
Fleet Equipment O&M	-	528,410	529,376	529,432	484,860	(1,022)	44,516		44,516
Fleet Equipment Replacement	1,499,762	204,951	245,151	-	130,000	204,951	115,151	130,000	1,614,913
Engineering Services	159,548	894,000	809,207	982,310	916,466	(88,310)	(107,259)		52,289
Unemployment Self-Insurance	25,078	20,180	1,931	20,000	1,500	180	431		25,509
INTERNAL SERVICE FUNDS	1,713,235	2,674,939	2,502,493	2,538,892	2,452,342	136,047	50,151	130,000	1,763,386
Firemen's Pension	246,382	35,735	38,606	17,551	26,179	18,184	12,427	8,628	258,809
Custodial / Refundable Deposits	233,935	-	1,404	-	-	-	1,404		235,339
Memorial Fund	2,549	-	-	-	-	-	-		2,549
FIDUCIARY FUNDS	482,866	35,735	40,010	17,551	26,179	18,184	13,831	8,628	496,697
GRAND TOTAL	\$13,216,007	\$36,213,030	\$37,068,557	\$37,925,853	\$38,371,719	(\$1,712,823)	(\$1,303,162)	2,931,442	\$11,912,845

City of Port Townsend
 2019 Supplemental Budget Amendment #2
 Updated on 11/12/19

Description	Fund	Department	Ongoing vs one-time	2019 Expense Increase/ (Decrease)	Explanation
General Fund - Supplemental Appropriations					
Utility Tax - Transfer Out	General Fund	General	ongoing	192,596	Transfer of Garbage Utility Tax to Comm. Svs. Fund and Street Fund. (Accounting Change)
Utility Tax - Transfer Out	General Fund	General	ongoing	588,955	Transfer of W/S/S Utility Tax to Comm. Svs. Fund and Street Fund. (Accounting Change)
Property Tax - Transfer Out	General Fund	General	ongoing	34,235	Transfer of Property Tax collections for Fireman's Pension Fund. (Accounting Change)
Voter Election Costs	General Fund	City Council	one-time	9,350	Additional Voter Election Costs allocated by Jefferson County
Fleet Purchases	General Fund	Police	one-time	160,000	Police Vehicles - Fully Outfitted SUVs
Fleet Purchases	General Fund	Police	one-time	5,000	Police Vehicle - Used Ford Escape - Detective Car
Body Cameras	General Fund	Police	one-time	23,200	Portable Audio / Visual Recording Systems (Body Cameras) - Approved by council in lieu of COBAN units inside police vehicles
Relocation Expenditures	General Fund	Administration	one-time	10,000	New City Manager moving expenses (amount above budget appropriation)
District Court Costs	General Fund	City Attorney	ongoing	30,375	Additional District Court Costs allocation by Jefferson County
Administration Office Improvements	General Fund	Administration	one-time	12,300	Improvements to City Administrative Offices
Contracted Services	General Fund	City Manager	one-time	18,000	Contract for six months of consulting by former City Manager - Approved by City Council
Community Services	General Fund	General	one-time	106,000	Transfer to fund community services - parks, facilities, pool & MV
MCS Consulting - Navigator Contract	General Fund	Police	ongoing	45,277	Funding to increase Navigator services to provide 40 hours per week of navigator service
Salary and Wages	General Fund	All Depts	ongoing	76,022	Wage Adjustments - 2% budget vs. 4% approved for wage increase in 2019
General Expense Savings from Budget	General Fund	General	one-time	(121,968)	Various other savings in general fund expense line items (partially offset wage adjustments budgeted as \$159,488 to cover General Fund & Community Services increases in negotiated rate increases)
Total General Fund Supplemental Appropriations				1,189,342	
Lodging Tax Fund - Supplemental Appropriations					
Contracted Services	Lodging Tax Fund	Tourism	ongoing	628	Adjustment for Big Belly Solid Waste Expenses
Total Lodging Tax Fund Supplemental Appropriations				628	
FIRE / EMS Services					
Pass through Property Tax Payments	Fire / EMS		one-time	3,426	Estimated payments to EJFR adjusted higher for increased property valuations
Total Fire / EMS Fund Supplemental Appropriations				3,426	

City of Port Townsend
 2019 Supplemental Budget Amendment #2
 Updated on 11/12/19

Description	Fund	Department	Ongoing vs one-time	2019 Expense Increase/ (Decrease)	Explanation
Community Services Fund - Supplemental Appropriations					
					Wage Adjustments - 2% budget vs. 4% approved for wage increase in 2019; Wage Scale Adjustments for Pool staff approved in the bargaining unit contract; Additional Seasonal Help for Public Restroom
Salary and Wages	Community Services	All Depts	ongoing	18,345	Cleaning
Salary and Wages	Community Services	Parks & Facilities	ongoing	40,000	Volunteer Coordinator position (New: partially offset by General Fund Savings)
Professional Services Contract	Community Services	All Depts	one-time	90,000	Contract with BERK Consulting for the Parks, Recreation, Open Space plan
Dog Park	Community Services	Parks	one-time	25,500	Dog Park Fencing - Offset by donation
Repair & Maintenance	Community Services	Facilities	one-time	31,000	Mtn View Pump and Boiler Repairs
Repair & Maintenance	Community Services	Facilities	one-time	10,000	Genera Repairs and Maintenance
Facilities - Operating Supplies	Community Services	Facilities - Mtn View	ongoing	16,013	General Operating Supplies and Small Equipment - Mtn View
Total Community Svs. Fund Supplemental Appropriations				230,858	
GO BOND Debt Svs Fund - Supplemental Appropriations					
GO Bond Closing Costs	GO Debt Service Fund	N/A	one-time	3,000	Line of Credit Closing Costs higher than appropriated
Total GO Bond Debt Service Fund Supplemental Appropriations				3,000	
General Capital Funds - Supplemental Appropriations					
Mountain View - Phase III	General Capital	Mtn View	one-time	65,402	Additional Costs for Mtn View Phase III project approved by council
Total General Capital Fund Supplemental Appropriations				65,402	

City of Port Townsend
2019 Supplemental Budget Amendment #2
Updated on 11/12/19

Description	Fund	Department	Ongoing vs one-time	2019 Expense Increase/ (Decrease)	Explanation
Enterprise Funds - Supplemental Appropriations					
Golf Course - Professional Services	Golf Course Fund		one-time	6,000	National Golf Foundation Study - Residual Invoice from 2018 Study paid in 2019
Utility Tax Transfer out	Water / Sewer Oper.		ongoing	1,097,925	Water/Sewer Utility Tax Transfer out to Gen. Fund, Streets Fund, Comm. Svs. Fund (Accounting Change)
Salaries and Wages	Water / Sewer Oper.	All Depts.	ongoing	66,000	Wage Adjustments - 2% budget vs. 4% approved for wage increase in 2019
Audit Fees savings	Water / Sewer Oper.	All Depts.	one-time	(10,000)	Savings from no annual audit fees (split between Wtr/Swr Fund and General Fund)
Public Works Allocation savings	Water / Sewer Oper.	All Depts.	one-time	(69,050)	Public Works Administration allocation lower than budget due to staffing vacancies
Principal and Interest Payments on LT2/5MG savings	Water / Sewer Oper.	Water Treatment	ongoing	(177,234)	Water Treatment Plant and 5MG Reservoir loan amortization schedules changed when transferred from PWTF Board to Dept. of Drinking Water SRF
Real Estate Purchase - City Lake	Water / Sewer Oper.	Water Distribution	one-time	17,500	Additional appropriations needed for City Lake Property Purchase
		Water Distrib. / Waste			
Capital Funding Transfer savings	Water / Sewer Oper.	Water	one-time	(157,500)	Transfer to Water/Sewer Capital less than expected in 2019 to fund capital projects
Kuhn St. Bldg. Repair and Maintenance	Water / Sewer Oper.	Waste Water	one-time	35,000	Reappropriation from 2019 for Kuhn Street House Roof and Window Repairs
Equipment Repair	Water / Sewer Oper.	Waste Water	one-time	13,000	Blower Repair at Waste Water Facility
		Waste Water /			
Equipment Fleet Replacement Charge	Water / Sewer Oper.	Biosolids	ongoing	42,300	Increase in Fleet Replacement Allocation - Waste Water/Biosolids
Repair and Maintenance - Biosolids Barn Roof	Water / Sewer Oper.	Biosolids	one-time	5,000	Additional appropriations needed for Barn Roof Repair at Biosolids
Salaries and Wages	Storm Operations	Storm Oper.	ongoing	34,500	Wage Adjustments - 2% budget vs. 4% approved for wage increase in 2019
					CERB Loan Payments higher than budget. Amortization received from WA State is based full loan balance rather than Life to Date Draw Balance
Storm Fund Loan Financing	Storm Operations	Storm Oper.	ongoing	63,161	
Public Works Allocation savings	Storm Operations	Storm Oper.	one-time	(9,700)	Public Works Administration allocation lower than budget due to staffing vacancies
Utility Tax Transfer out	Storm Operations	Storm Oper.	ongoing	129,065	Stormwater Utility Tax Transfer out to Gen. Fund, Streets Fund, Comm. Svs. Fund (Accounting Change)
Equipment Savings - Storm Operations	Storm Operations	Storm Oper.	one-time	(12,000)	Equipment Budget Not Used
	OGWS (Transmission				Payment to paper mill for proportionate share of Forest Service Grant for repair and maintenance of
Paper mill Reimbursement	Line Fund)	N/A	one-time	128,416	washed out road
	OGWS (Transmission				
Interfund Loan	Line Fund)	N/A	one-time	90,000	Interfund Loan from OGWS Fund to Comm. Svs. Fund to finance PROS Plan
General Operating Expenses				7,775	Misc. Other operating Costs
Total Enterprise Fund Supplemental Appropriations				1,300,158	

City of Port Townsend
 2019 Supplemental Budget Amendment #2
 Updated on 11/12/19

Description	Fund	Department	Ongoing vs one-time	2019 Expense Increase/ (Decrease)	Explanation
Internal Service Funds - Supplemental Appropriations					
Fleet Purchases	Fleet Replacement	Replacement	one-time	130,000	Fleet Purchases (Two Trucks for Water / Sewer Dept) approved by Council but not in budget
Total Internal Service Fund Supplemental Appropriations				130,000	
Fiduciary Funds - Supplemental Appropriations					
Firemans Pension Benefit Distributions	Fireman's Pension Fund		ongoing	8,628	Additional appropriations for Benefit Distributions
Total Fiduciary Fund Supplemental Appropriations				8,628	
TOTAL ALL FUNDS - SUPPLEMENTAL APPROPRIATIONS				2,931,442	

ORDINANCE NO. 3240

**AN ORDINANCE ADOPTING THE BUDGET FOR THE CITY OF PORT
TOWNSEND, WASHINGTON, FOR THE FISCAL YEAR
ENDING DECEMBER 31, 2020**

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, 2020 (the “2020 Preliminary Budget”), and a notice was published that the City Council would conduct a public hearing on the 4th of November 2019 at 6:30 p.m., at City Hall for the purpose of receiving public testimony regarding the preliminary budget for the 2020 fiscal year; and

WHEREAS, the City Council held a public hearing on November 4, 2019 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 18, 2019 and December 2, 2019 to consider the 2020 Final Budget and receive further public comment, and made adoptions and changes, as it deemed necessary and proper; and

WHEREAS, the 2020 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 2020 Final Budget, and the estimated expenditures in each fund set forth in the 2020 Final Budget are all necessary to carry on the government of the City for fiscal year 2020, 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 2020, is hereby adopted at the fund level as set forth in the document entitled “City of Port Townsend Final Budget 2020,” 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 2020, 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 2020 budget year.

Section 3. The City Clerk is directed to transmit a certified copy of the City of Port Townsend Final Budget 2020 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 2nd day of December 2019.

Deborah S. Stinson
Mayor

Attest:

Approved as to Form:

Joanna Sanders, MMC
City Clerk

Heidi Greenwood
City Attorney

CITY OF PORT TOWNSEND 2020 PROPOSED BUDGET FUND SUMMARY					
	2019	2020	2020	2020	2020
	Ending Fund Balance	Proposed Revenues	Proposed Expenses	Proposed Rev vs. Exp	Projected Ending Fund Balance
GENERAL FUND	1,651,375	10,414,829	10,413,656	1,173	1,652,548
Drug Enforc. / Contingency	185,689	3,000	-	3,000	188,689
Street	231,356	957,247	957,247	-	231,356
Library	240,907	1,127,000	1,146,266	(19,266)	221,641
Real Estate Excise Tax	447,511	516,000	550,000	(34,000)	413,511
Lodging Tax	237,788	543,500	563,624	(20,124)	217,664
Fire / EMS	4,793	15,210	20,000	(4,790)	3
Affordable Housing	21,534	80,008	74,658	5,350	26,884
Community Development Block Grant	181,329	13,020	13,000	20	181,349
Community Services	102,003	2,219,486	2,219,486	0	102,003
TOTAL SPECIAL REV FUNDS	1,652,910	5,474,471	5,544,281	(69,810)	1,583,099
DEBT SERVICE FUND	94,260	1,710,400	1,712,551	(2,151)	92,109
General Capital	46,256	51,086	51,086	-	46,256
Street Capital	173,056	2,568,792	2,577,692	(8,900)	164,156
CAPITAL PROJECTS FUNDS	219,312	2,619,878	2,628,778	(8,900)	210,412
Golf Course	12,249	8,650	15,714	(7,064)	5,185
System Development	824,902	322,500	535,000	(212,500)	612,402
Water / Sewer Operations	2,184,042	8,071,596	7,972,710	98,886	2,282,928
Water / Sewer Capital	2,858,635	2,521,855	2,121,003	400,852	3,259,487
Storm Operations	140,858	1,122,988	1,008,942	114,046	254,904
Storm Capital	14,219	710,350	710,000	350	14,569
ENTERPRISE FUNDS	6,034,904	12,757,939	12,363,369	394,570	6,429,474
Public Works Admin	22,997	598,425	598,134	291	23,288
IT Equipment O&M / Replacement	3,162	446,890	450,052	(3,162)	1
Fleet Equipment O&M / Replacement	1,659,429	815,377	906,064	(90,687)	1,568,742
Engineering Services	52,289	826,200	819,403	6,797	59,086
Unemployment Self-Insurance	25,509	10,400	10,000	400	25,909
INTERNAL SERVICE FUNDS	1,763,386	2,697,292	2,783,653	(86,361)	1,677,025
Firemen's Pension	258,809	38,235	29,027	9,208	268,017
Custodial / Refundable Deposits	235,339	-	-	-	235,339
Memorial Fund	2,549	-	-	-	2,549
FIDUCIARY FUNDS	496,697	38,235	29,027	9,208	505,905
GRAND TOTAL	\$11,912,845	\$35,713,044	\$35,475,314	\$237,730	\$12,150,574

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

General Fund	2017	2018	2019	2019	2020	Increase/Decrease 2020 Proposed vs 2019 Adopted
	Actual	Actual	Adopted	Supplemental	Proposed	
Beginning Fund Balance	1,421,392	1,776,965	1,904,790	1,904,790	1,651,375	
Revenues						
Taxes	6,229,393	6,688,161	5,981,453	7,414,761	7,660,431	28.1%
Licenses & Permits	389,926	439,649	393,090	496,380	509,150	29.5%
Intergovernmental Services	234,154	287,812	244,864	237,368	237,279	-3.1%
Charges for Goods & Services	1,477,229	1,747,092	1,701,376	1,701,963	1,837,069	8.0%
Fines & Penalties	50,933	58,811	52,300	52,135	57,800	10.5%
Miscellaneous Revenue	68,446	111,796	88,725	128,560	111,300	25.4%
Other Financing Sources	257,495	2,036	500	1,875	1,800	260.0%
Operating Transfers In	10,150	14,807	639,235	-	-	-100.0%
Total Revenue	8,717,726	9,350,164	9,101,543	10,033,042	10,414,829	14.4%
Expenditures						
Salaries & Wages	3,104,370	3,323,881	3,420,298	3,450,950	3,600,234	5.3%
Personnel Benefits	1,268,171	1,397,150	1,462,016	1,417,531	1,573,202	7.6%
Supplies	55,226	61,500	71,945	78,292	68,545	-4.7%
Insurance	356,571	402,567	493,276	490,873	566,586	14.9%
Professional Services	297,348	249,128	1,027,835	1,181,264	1,138,026	10.7%
Communications	59,497	55,477	60,476	59,743	51,996	-14.0%
Advertising	39,537	10,594	40,950	35,950	34,000	-17.0%
Operating Rents & Leases	52,433	58,731	57,132	57,020	38,606	-32.4%
Intergovernmental Services	806,212	872,517	-	-	-	
Machinery & Equipment	88,289	63,196	222,028	343,444	117,599	-47.0%
Repair & Maintenance	24,728	34,214	35,748	38,551	6,150	-82.8%
Equipment Rental	303,930	446,058	382,101	382,101	406,275	6.3%
Training/Memberships & Travel	90,468	106,947	132,279	144,270	126,079	-4.7%
Miscellaneous	302,547	88,538	68,996	67,147	47,554	-31.1%
Transfers Out	1,512,826	2,051,844	1,622,035	2,539,321	2,638,804	62.7%
Total Expenditure	8,362,153	9,222,339	9,097,115	10,286,457	10,413,656	14.5%
Net Change in Fund Balance	355,573	127,824	4,428	(253,415)	1,173	-73.5%
Ending Fund Balance	1,776,965	1,904,790	1,909,218	1,651,375	1,652,548	
Fund Bal. 8-15 % of Revenue	20.4%	20.4%	21.0%	16.5%	15.9%	Meets Policy
General Fund - Expenditures by Department						
Mayor & Council	163,466	132,746	120,729	125,798	105,673	-12.5%
City Manager	354,010	339,138	327,249	399,443	330,323	0.9%
City Attorney	553,724	665,652	647,519	677,570	619,148	-4.4%
Human Resources	373,240	388,576	414,680	421,832	322,118	-22.3%
Planning & Development Services	1,042,027	1,103,785	1,089,287	1,121,089	1,128,350	3.6%
Finance Department	295,449	325,944	351,727	326,866	486,968	38.5%
Police Administration	505,149	605,558	651,119	696,523	680,530	4.5%
Police Operations	2,603,645	2,792,117	2,808,809	3,060,148	3,122,624	11.2%
Police Training	31,634	31,716	30,105	30,155	37,401	24.2%
City Clerk	261,949	268,510	274,882	298,214	304,381	10.7%
Contracts & Intergovernmental	660,222	514,962	752,474	625,033	631,336	-16.1%
PEG Access	20,875	14,615	21,500	9,200	11,000	-48.8%
Transfers Out	1,496,763	2,039,020	1,607,035	2,494,586	2,633,804	63.9%
Total Expenditures	8,362,153	9,222,339	9,097,115	10,286,457	10,413,656	14.5%

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

Contingency Fund	2017	2018	2019	2019	2020	Increase/Decrease 2020 Proposed vs 2019 Adopted
	Actual	Actual	Adopted	Supplemental	Proposed	
Beginning Fund Balance	120,835	171,342	182,489	182,489	185,689	
Revenues						
Taxes	-	-	-	-	-	
Miscellaneous Revenue	507	1,704	1,200	3,200	3,000	150%
Operating Transfers In	50,000	9,443	-	-	-	
Total Revenue	50,507	11,147	1,200	3,200	3,000	150%
Expenditures						
Miscellaneous	-	-	-	-	-	
Transfers Out	-	-	-	-	-	
Total Expenditure	-	-	-	-	-	
Net Change in Fund Balance	50,507	11,147	1,200	3,200	3,000	150.0%
Ending Fund Balance	171,342	182,489	183,689	185,689	188,689	
Fund Balance 2% of GF Rev	2.1%	2.0%	2.0%	2.0%	2.0%	Meets Policy

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

Street Fund	2017 Actual	2018 Actual	2019 Adopted	2019 Supplemental	2020 Proposed	Increase/Decrease 2020 Proposed vs 2019 Adopted
Beginning Fund Balance	304,942	380,773	260,855	260,855	231,356	
Revenues						
Taxes	607,528	627,707	635,010	635,010	694,625	9.4%
Licenses & Permits	-	462	500	500	500	0.0%
Intergovernmental Services	215,390	221,353	222,493	212,090	217,283	-2.3%
Charges for Goods & Services	13,326	8,259	10,000	12,956	-	-100.0%
Miscellaneous Revenue	44,661	4,335	2,800	4,897	4,000	42.9%
Other Financing Sources	3,340	8,111	-	688	-	
Operating Transfers In	0	-	-	-	40,839	
Total Revenue	884,245	870,227	870,803	866,141	957,247	9.9%
Expenditures						
Salaries & Wages	128,981	144,190	156,218	136,969	136,867	-12.4%
Personnel Benefits	62,825	73,343	79,521	69,212	72,902	-8.3%
Supplies	41,141	37,906	42,490	45,000	41,000	-3.5%
Professional Services	4,783	8,961	21,950	28,580	26,130	19.0%
Communications	598	598	500	500	500	0.0%
Advertising	-	-	-	-	-	
Operating Rents & Leases	-	306	-	-	300	
Intergovernmental Services	6,329	1,000	-	-	-	
Machinery & Equipment	-	3,570	15,000	17,490	3,762	-74.9%
Other Improvements	87,469	138,539	50,000	50,000	100,000	100.0%
Repair & Maintenance	42,975	57,564	60,000	60,000	60,000	0.0%
Equipment Rental	45,718	91,797	65,585	70,013	68,562	4.5%
Utilities	116,129	138,380	135,000	135,000	147,920	9.6%
Training/Memberships & Travel	1,890	955	2,500	2,500	2,900	16.0%
Overhead Allocation	85,523	108,969	119,909	101,976	118,657	-1.0%
Miscellaneous	4,397	9,168	3,500	3,500	2,847	-18.7%
Transfers Out	179,656	174,900	178,400	174,900	174,900	-2.0%
Total Expenditure	808,414	990,144	930,573	895,640	957,247	2.9%
Net Change in Fund Balance	75,831	(119,918)	(59,770)	(29,499)	-	100.0%
Ending Fund Balance	380,773	260,855	201,085	231,356	231,356	
Fund Bal. 2-3 % of Expenditures	47.1%	26.3%	21.6%	25.8%	24.2%	Meets Policy

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

Library Fund	2017	2018	2019	2019	2020	Increase/Decrease 2020 Proposed vs 2019 Adopted
	Actual	Actual	Adopted	Supplemental	Proposed	
Beginning Fund Balance	205,694	240,914	214,522	214,522	240,907	
Revenues						
Taxes	1,039,847	1,068,190	1,095,824	1,095,824	1,124,000	2.6%
Licenses & Permits	-	-	-	-	-	
Intergovernmental Services	-	-	-	-	-	
Charges for Goods & Services	-	-	-	-	-	
Fines & Penalties	4,325	1,412		1,603	-	
Miscellaneous Revenue	3,744	7,711		52,373	-	
Other Financing Sources	1,267	74	1,320	3,656	3,000	127.3%
Operating Transfers In	-	-	-	-	-	
Total Revenue	1,049,183	1,077,387	1,097,144	1,153,456	1,127,000	2.7%
Expenditures						
Salaries & Wages	410,243	436,068	458,773	432,410	446,347	-2.7%
Personnel Benefits	173,105	187,399	198,422	187,174	189,318	-4.6%
Supplies	10,872	12,936	12,500	12,500	11,000	-12.0%
Professional Services	21,778	37,942	27,000	27,000	43,724	61.9%
Communications	15,790	12,834	14,436	14,436	15,000	3.9%
Advertising	-	235	500	500	1,500	200.0%
Operating Rents & Leases	1,733	2,239	1,968	1,968	2,000	1.6%
Intergovernmental Services	-	-	-	-	-	
Equipment & Acquisitions	68,993	75,480	71,500	76,009	66,500	-7.0%
Repair & Maintenance	-	1,099	-	-	2,500	
Equipment Rental	63,806	74,412	94,443	94,443	91,774	-2.8%
Utilities	27,921	28,100	32,016	32,016	32,000	0.0%
Training/Memberships & Travel	7,880	7,646	8,500	8,500	12,315	44.9%
Miscellaneous	10,592	12,417	7,200	7,200	7,200	0.0%
Overhead Allocation	197,968	214,972	232,915	232,915	225,088	-3.4%
Transfers Out	3,282		1,500	-	-	-100.0%
Total Expenditure	1,013,963	1,103,779	1,161,673	1,127,071	1,146,266	-1.3%
Net Change in Fund Balance	35,220	(26,392)	(64,529)	26,385	(19,266)	70.1%
Ending Fund Balance	240,914	214,522	149,993	240,907	221,641	
Fund Balance 5-8% of Tax Rev.	23.2%	20.1%	13.7%	22.0%	19.7%	Meets Policy

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

REET	2017 Actual	2018 Actual	2019 Adopted	2019 Supplemental	2020 Proposed	Increase/Decrease 2020 Proposed vs 2019 Adopted
Beginning Fund Balance	179,939	301,052	380,284	380,284	447,511	
Revenues						
Taxes	725,916	615,769	510,000	570,000	510,000	0.0%
Miscellaneous Revenue						
Other Financing Sources	1,196	3,463	2,200	7,227	6,000	172.7%
Operating Transfers In	-	-	-	-	-	
Total Revenue	<u>727,113</u>	<u>619,232</u>	<u>512,200</u>	<u>577,227</u>	<u>516,000</u>	0.7%
Expenditures						
Miscellaneous	-	-	-	-		
Transfers Out	606,000	540,000	510,000	510,000	550,000	7.8%
Total Expenditure	<u>606,000</u>	<u>540,000</u>	<u>510,000</u>	<u>510,000</u>	<u>550,000</u>	7.8%
Net Change in Fund Balance	121,113	79,232	2,200	67,227	(34,000)	-1645.5%
Ending Fund Balance	301,052	380,284	382,484	447,511	413,511	
Sufficient to Meet Obligations						Meets Policy

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

Lodging Tax	2017	2018	2019	2019	2020	Increase/Decrease
	Actual	Actual	Adopted	Supplemental	Proposed	2020 Proposed vs 2019 Adopted
Beginning Fund Balance	177,611	252,500	246,908	246,908	237,788	
Revenues						
Taxes	508,503	534,185	550,000	560,000	540,000	-1.8%
Miscellaneous Revenue	-	-	-	-	-	
Other Financing Sources	-	1,616	750	4,416	3,500	366.7%
Operating Transfers In	-	-	-	-	-	
Total Revenue	508,503	535,801	550,750	564,416	543,500	-1.3%
Expenditures						
Professional Services	267,860	321,328	293,500	293,500	313,000	6.6%
Advertising	49,558	38,188	25,000	25,000	28,500	14.0%
Machinery & Equipment	-	-	-	-	-	
Other Improvements	-	-	76,000	76,000	65,000	-14.5%
Miscellaneous	6,835	44,040	43,500	44,128	10,300	-76.3%
Overhead Allocation	9,361	12,838	9,908	9,908	21,824	120.3%
Transfers Out - Debt Service	100,000	125,000	125,000	125,000	125,000	0.0%
Total Expenditure	433,614	541,394	572,908	573,536	563,624	-1.6%
Net Change in Fund Balance	74,889	(5,592)	(22,158)	(9,120)	(20,124)	9.2%
Ending Fund Balance	252,500	246,908	224,750	237,788	217,664	
Sufficient to Meet Obligations						Meets Policy

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

Fire/EMS	2017	2018	2019	2019	2020	Increase/Decrease
	Actual	Actual	Adopted	Supplemental	Proposed	2020 Proposed vs 2019 Adopted
Beginning Fund Balance	15,887	2,525	4,622	4,622	4,793	
Revenues						
Taxes	2,293,433	2,369,499	2,411,574	2,411,574	15,000	-99.4%
Miscellaneous Revenue	632	2,067	1,000	3,597	210	-79.0%
Operating Transfers In	-	-	-	-	-	
Total Revenue	2,294,065	2,371,565	2,412,574	2,415,171	15,210	-99.4%
Expenditures						
Intergovernmental Services	2,307,427	2,369,469	2,411,574	2,415,000	20,000	-99.2%
Miscellaneous	-	-	-	-	-	
Transfers Out	-	-	-	-	-	
Total Expenditure	2,307,427	2,369,469	2,411,574	2,415,000	20,000	-99.2%
Net Change in Fund Balance	(13,362)	2,097	1,000	171	(4,790)	-579.0%
Ending Fund Balance	2,525	4,622	5,622	4,793	3	
Sufficient to Meet Obligations						Meets Policy

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

Affordable Housing	2017	2018	2019	2019	2020	Increase/Decrease
	Actual	Actual	Adopted	Supplemental	Proposed	2020 Proposed vs 2019 Adopted
Beginning Fund Balance	40,780	10,922	21,080	21,080	21,534	
Revenues						
Taxes	10,000	10,000	10,000	10,000	79,658	696.6%
Miscellaneous Revenue	142	158	100	454	350	250.0%
Operating Transfers In	-	-	-	-	-	
Total Revenue	10,142	10,158	10,100	10,454	80,008	692.2%
Expenditures						
Miscellaneous	30,000		10,000	10,000	10,000	0.0%
Transfers Out	10,000	-	-	-	64,658	
Total Expenditure	40,000	-	10,000	10,000	74,658	646.6%
Net Change in Fund Balance	(29,858)	10,158	100	454	5,350	5250.0%
Ending Fund Balance	10,922	21,080	21,180	21,534	26,884	
Sufficient to Meet Obligations						Meets Policy

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

CDBG	2017	2018	2019	2019	2020	Increase/Decrease 2020 Proposed vs 2019 Adopted
	Actual	Actual	Adopted	Supplemental	Proposed	
Beginning Fund Balance	148,159	168,421	176,617	176,617	181,329	
Revenues						
Intergovernmental Services	19,619	46,519	13,424	16,090	10,020	-25.4%
Miscellaneous Revenue	643	1,677	1,000	3,622	3,000	200.0%
Operating Transfers In	-	-	-	-	-	
Total Revenue	20,262	48,196	14,424	19,712	13,020	-9.7%
Expenditures						
Miscellaneous	-	40,000	15,000	15,000	13,000	-13.3%
Transfers Out	-	-	-	-	-	
Total Expenditure	-	40,000	15,000	15,000	13,000	-13.3%
Net Change in Fund Balance	20,262	8,196	(576)	4,712	20	103.5%
Ending Fund Balance	168,421	176,617	176,041	181,329	181,349	
Sufficient to Meet Obligations						Meets Policy

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

Community Svcs	2017	2018	2019	2019	2020	Increase/Decrease 2020 Proposed vs 2019 Adopted
	Actual	Actual	Adopted	Supplemental	Proposed	
Beginning Fund Balance	125,939	88,594	101,006	101,006	102,003	
Revenues						
Taxes	706,067	643,135	575,901	585,036	602,476	4.6%
Charges for Goods & Services	172,767	194,916	229,500	202,831	237,775	3.6%
Fines & Penalties	-	-	-	-	-	
Miscellaneous Revenue	84,709	69,514	60,900	107,397	57,400	-5.7%
Other Financing Sources	-	19,840	18,950	109,500	19,500	2.9%
Operating Transfers In	912,711	1,124,000	1,131,541	1,237,866	1,302,335	15.1%
Total Revenue	1,876,254	2,051,405	2,016,792	2,242,630	2,219,486	10.1%
Expenditures						
Salaries & Wages	678,420	729,419	748,547	795,571	855,701	14.3%
Personnel Benefits	334,090	355,240	371,639	382,960	426,200	14.7%
Supplies	255,239	184,641	180,280	173,956	179,500	-0.4%
Professional Services	63,253	66,526	73,600	178,250	89,821	22.0%
Communications	13,654	13,385	14,140	14,140	14,400	1.8%
Advertising	625	1,174	3,000	1,810	3,000	0.0%
Operating Rents & Leases	43,619	44,533	44,269	44,533	5,050	-88.6%
Intergovernmental Services	-	500	-	-	-	
Machinery & Equipment	6,714	3,474	9,810	5,633	-	-100.0%
Other Improvements	(2,426)	-	-	-	-	
Repair & Maintenance	82,257	123,058	65,120	131,049	77,525	19.0%
Equipment Rental	51,838	83,106	59,511	59,511	97,549	63.9%
Utilities	147,683	165,768	155,000	165,998	176,500	13.9%
Training/Memberships & Travel	15,023	14,078	15,753	15,399	20,350	29.2%
Miscellaneous	25,633	27,825	23,782	26,500	28,365	19.3%
Overhead Allocation	148,105	225,017	246,324	246,323	215,075	-12.7%
Debt Principal (Interfund Loan)	-	-	-	-	30,000	
Debt Interest (Interfund Loan)	-	-	-	-	450	
Transfers Out	49,871	1,250	-	-	-	
Total Expenditure	1,913,599	2,038,993	2,010,775	2,241,633	2,219,486	10.4%
Net Change in Fund Balance	(37,345)	12,412	6,017	997	-	-100.0%
Ending Fund Balance	88,594	101,006	107,023	102,003	102,003	
Fund Bal. 2-3 % of Expenditures	4.6%	5.0%	5.3%	4.6%	4.6%	Meets Policy
Community Services Fund - Expenditures by Department						
GF Overhead	148,105	225,017	246,324	246,323	215,075	-12.7%
Arts Commission	25,359	22,751	24,600	24,600	24,600	0.0%
City Facilities	469,166	503,726	507,781	626,227	596,972	17.6%
Mountain View Facilities	323,668	271,733	187,564	231,893	181,325	-3.3%
Parks Maintenance	474,265	529,920	484,940	556,650	609,405	25.7%
Pool	423,035	484,596	558,566	554,940	591,109	5.8%
Events	-	-	1,000	1,000	1,000	0.0%
Transfers Out	50,000	1,250	-	-	-	
Total Expenditures	1,913,599	2,038,993	2,010,775	2,241,633	2,219,486	10.4%

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

General Debt Svs **	2017	2018	2019	2019	2020	Increase/Decrease 2020 Proposed vs 2019 Adopted
	Actual	Actual	Adopted	Supplemental	Proposed	
Beginning Fund Balance	71,095	86,745	89,905	89,905	94,260	
Revenues						
Taxes	400,257	405,648	411,135	402,000	402,000	-2.2%
Miscellaneous Revenue	6,404	5,502	3,000	8,310	6,500	116.7%
Bond Proceeds	3,304,098	-	-	-	-	
Operating Transfers In	1,292,488	1,257,400	1,283,900	1,283,900	1,301,900	1.4%
Total Revenue	5,003,247	1,668,550	1,698,035	1,694,210	1,710,400	0.7%
Expenditures						
Debt Service Principal	890,000	870,000	895,000	895,000	944,503	5.5%
Debt Service Interest	688,619	793,891	788,855	788,855	763,048	-3.3%
Professional Services	1,595	1,500	3,000	6,000	5,000	66.7%
Bond Issue Costs	103,285	-	-	-	-	
Transfers Out	3,304,098	-	-	-	-	
Total Expenditure	4,987,597	1,665,391	1,686,855	1,689,855	1,712,551	1.5%
Net Change in Fund Balance	15,650	3,160	11,180	4,355	(2,151)	-119.2%
Ending Fund Balance	86,745	89,905	101,085	94,260	92,109	
Sufficient to Meet Obligations						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	2017	2018	2019	2019	2020	Increase/Decrease 2020 Proposed vs 2019 Adopted
	Actual	Actual	Adopted	Supplemental	Proposed	
Beginning Fund Balance	1,309,017	3,419,308	1,589,739	1,589,739	46,256	
Revenues						
State & Federal Grants	13,019	206,876	203,500	203,500	-	-100.0%
Miscellaneous Revenue	18,992	26,563	83,000	103,617	-	-100.0%
Other Financing Sources	-	834,000	-	60,000	-	
Operating Transfers In	<u>3,027,177</u>	<u>1,394,944</u>	<u>232,081</u>	<u>232,483</u>	<u>51,086</u>	<u>-78.0%</u>
Total Revenue	3,059,187	2,462,384	518,581	599,600	51,086	-90.1%
Expenditures						
G/F Overhead	61,676	25,841	29,331	29,331	51,086	74.2%
Intergovernmental Services	191,247	46,461	40,000	43,000	-	-100.0%
Building Improvements	258,409	1,606,389	366,500	428,500	-	-100.0%
Land Acquisitions	-	-	-	-	-	
Other Improvements	-	-	580,100	580,100	-	-100.0%
Debt Service Principal	-	250,000	-	-	-	
Debt Service Interest	-	4,495	-	-	-	
Debt Issue Costs	-	1,500	-	-	-	
Transfers Out	<u>437,564</u>	<u>2,357,267</u>	<u>1,061,750</u>	<u>1,062,152</u>	<u>-</u>	<u>-100.0%</u>
Total Expenditure	948,896	4,291,953	2,077,681	2,143,083	51,086	-97.5%
Net Change in Fund Balance	2,110,291	(1,829,569)	(1,559,100)	(1,543,483)	-	100.0%
Ending Fund Balance	3,419,308	1,589,739	30,639	46,256	46,256	
Sufficient to Meet Obligations						Meets Policy
General CIP Fund Breakdown:						
	<u>Beginning</u>	<u>2017 Change in</u>	<u>2018 Change in</u>	<u>2019 Change in</u>	<u>2020 Change in</u>	<u>2020 Ending</u>
	<u>Fund Balance</u>	<u>Fund Balance</u>	<u>Fund Balance</u>	<u>Fund Balance</u>	<u>Fund Balance</u>	<u>Fund Balance</u>
301 - General Capital	80,048	(75,048)	(82,849)	78,152	-	303
315 - 2015 Bonds	1,228,970	(68,157)	(1,010,488)	(150,255)	-	70
350 - 2017 Bonds	-	2,253,496	(1,320,221)	(898,771)	-	34,504
355 - 2018 Bonds	-	-	583,989	(572,609)	-	11,380
Total	1,309,017	2,110,291	(1,829,569)	(1,543,483)	-	46,256

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

Street CIP	2017	2018	2019	2019	2020	Increase/Decrease 2020 Proposed vs 2019 Adopted
	Actual	Actual	Adopted	Supplemental	Proposed	
Beginning Fund Balance	(116,722)	(328,825)	262,333	262,333	173,056	
Revenues						
State & Federal Grants	2,153,285	775,306	1,266,000	654,426	2,259,000	78.4%
Miscellaneous Revenue	271	276,770	125	27,569	1,100	780.0%
Other Financing Sources	19,178	836,273	170,000	116,456	210,000	23.5%
Operating Transfers In	863,160	1,057,653	955,704	955,704	98,692	-89.7%
Total Revenue	3,035,894	2,946,003	2,391,829	1,754,155	2,568,792	7.4%
Expenditures						
G/F Overhead	44,284	39,489	96,704	96,704	58,692	-39.3%
Intergovernmental Services	557,515	270,980	391,000	348,800	350,000	-10.5%
Land Acquisitions	-	-	-	-	-	
Road Improvements	2,646,198	1,846,658	1,097,000	869,613	1,829,000	66.7%
Sidewalk Improvements	-	197,717	535,000	451,835	30,000	-94.4%
Debt Issue Costs	-	-	407,040	76,480	310,000	-23.8%
Miscellaneous	-	-	-	-	-	
Transfers Out	-	-	-	-	-	
Total Expenditure	3,247,998	2,354,844	2,526,744	1,843,432	2,577,692	2.0%
Net Change in Fund Balance	(212,103)	591,159	(134,915)	(89,277)	(8,900)	93.4%
Ending Fund Balance	(328,825)	262,333	127,418	173,056	164,156	
Sufficient to Meet Obligations						Meets Policy
Street CIP Fund Breakdown:						
	<u>Beginning Fund Balance</u>	<u>2017 Change in Fund Balance</u>	<u>2018 Change in Fund Balance</u>	<u>2019 Change in Fund Balance</u>	<u>2020 Change in Fund Balance</u>	<u>2020 Ending Fund Balance</u>
304 - Street Vacation Proceeds	5,325	20	26,501	37,403	600	69,849
305 - Street Capital Fund	(122,046)	(212,124)	564,657	(126,680)	(9,500)	94,307
	-	-	-	-	-	-
Total	(116,722)	(212,103)	591,159	(89,277)	(8,900)	164,156

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

Golf Course Fiduciary Fund	2017 Actual	2018 Actual	2019 Adopted	2019 Supplemental	2020 Proposed	Increase/Decrease 2020 Proposed vs 2019 Adopted
Beginning Fund Balance	37,297	42,296	27,728	27,728	12,249	
Revenues						
Miscellaneous Revenue	9,883	8,298	10,000	8,400	8,400	-16.0%
Other Financing Sources	-	350	250	350	250	0.0%
Operating Transfers In	-	-	-	-	-	
Total Revenue	9,883	8,648	10,250	8,750	8,650	-15.6%
Expenditures						
G/F OH Alloc	2,698	20,243	7,229	7,229	10,714	48.2%
Supplies	2,186	1,861	6,000	6,000	2,500	-58.3%
Repair & Maintenance		1,112	5,000	5,000	2,500	-50.0%
Other Improvements			-	-	-	
Miscellaneous	-	-		6,000		
Transfers Out	-	-	-	-	-	
Total Expenditure	4,884	23,216	18,229	24,229	15,714	-13.8%
Net Change in Fund Balance	4,999	(14,568)	(7,979)	(15,479)	(7,064)	11.5%
Ending Fund Balance	42,296	27,728	19,749	12,249	5,185	
Sufficient to Meet Obligations						Meets Policy

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

SDCs	2017	2018	2019	2019	2020	Increase/Decrease 2020 Proposed vs 2019 Adopted
	Actual	Actual	Adopted	Supplemental	Proposed	
Beginning Fund Balance	1,997,066	1,715,738	912,674	912,674	824,902	
Revenues						
Charges for Goods & Services	397,507	294,786	328,452	300,744	308,500	-6.1%
Miscellaneous Revenue	8,166	12,150	10,000	16,484	14,000	40.0%
Operating Transfers In	-	-	-	-	-	
Total Revenue	405,672	306,936	338,452	317,228	322,500	-4.7%
Expenditures						
Miscellaneous	-	-	-	-	-	
Overhead Allocation	-	-	-	-	-	
Transfers Out	687,000	1,110,000	600,000	405,000	535,000	-10.8%
Total Expenditure	687,000	1,110,000	600,000	405,000	535,000	-10.8%
Net Change in Fund Balance	(281,328)	(803,064)	(261,548)	(87,772)	(212,500)	18.8%
Ending Fund Balance	1,715,738	912,674	651,126	824,902	612,402	
Sufficient to Meet Obligations						Meets Policy

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

Water Sewer Op	2017	2018	2019	2019	2020	Increase/Decrease 2020 Proposed vs 2019 Adopted
	Actual	Actual	Adopted	Supplemental	Proposed	
Beginning Fund Balance	3,018,070	3,327,671	2,160,229	2,160,229	2,184,042	
Revenues						
Intergovernmental Services	528			-	-	
Charges for Goods & Services	4,920,688	5,527,213	5,529,875	6,709,035	6,833,424	23.6%
Fines & Penalties	-	-	-	-	-	
Miscellaneous Revenue	76,831	83,563	74,000	101,663	99,750	34.8%
Other Financing Sources			2,700	-		-100.0%
Operating Transfers In	676,863	981,146	1,350,791	1,143,775	1,138,422	-15.7%
Total Revenue	5,674,911	6,591,921	6,957,366	7,954,473	8,071,596	16.0%
Expenditures						
Overhead Charges	690,696	716,494	790,381	721,323	876,278	10.9%
Salaries & Wages	1,351,620	1,439,343	1,480,076	1,540,806	1,589,853	7.4%
Personnel Benefits	646,910	713,740	757,397	762,757	792,224	4.6%
Supplies	219,025	234,507	273,912	251,934	305,453	11.5%
Debt Principal	798,627	1,239,506	1,289,679	1,202,989	1,164,096	-9.7%
Debt Interest	136,499	227,823	274,358	183,814	149,771	-45.4%
Professional Services	142,761	77,984	391,977	1,536,298	1,486,652	279.3%
Communications	38,325	46,610	43,757	45,234	43,962	0.5%
Advertising	923	434	880	880	900	2.3%
Operating Rents & Leases	10,850	11,292	15,657	15,692	12,025	-23.2%
Intergovernmental Services	525,748	580,396	335,991	351,000	376,331	12.0%
Machinery & Equipment	30,792	302,906	59,000	84,440	15,000	-74.6%
Other Improvements	45,723	183,759	235,000	232,531	170,100	-27.6%
Repair & Maintenance	57,040	63,619	70,300	84,052	127,322	81.1%
Equipment Rental	311,054	405,777	372,724	416,854	409,083	9.8%
Training/Memberships & Travel	13,218	15,755	37,950	36,950	55,045	45.0%
Miscellaneous	141,046	138,023	49,576	49,226	38,639	-22.1%
Transfers Out	204,452	1,361,395	581,379	413,880	359,976	-38.1%
Total Expenditure	5,365,310	7,759,363	7,059,994	7,930,660	7,972,710	12.9%
Net Change in Fund Balance	309,601	(1,167,442)	(102,628)	23,813	98,886	196.4%
Ending Fund Balance	3,327,671	2,160,229	2,057,601	2,184,042	2,282,928	
60 Days of Operating Expenses	226	102	106	101	105	Meets Policy
Water/Sewer Operations - Expenditures by Department:						
Utility Billing	505,845	565,075	583,462	535,179	583,313	0.0%
Water Distribution	1,456,649	2,092,781	1,931,670	2,428,141	2,418,723	25.2%
Water Quality / WTF	1,347,075	1,975,671	2,062,819	1,903,505	1,907,632	-7.5%
Wastewater Treatment	731,302	1,487,697	981,583	1,540,342	1,608,773	63.9%
Wastewater Collection	911,533	953,142	993,909	1,014,036	969,652	-2.4%
Biosolids	412,906	684,996	506,551	509,457	484,617	-4.3%
Transfers Out	-	-	-	-	-	
Total Expenditures	5,365,310	7,759,363	7,059,994	7,930,660	7,972,710	12.9%

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

Water Sewer CIP **	2017	2018	2019	2019	2020	Increase/Decrease 2020 Proposed vs 2019 Adopted
	Actual	Actual	Adopted	Supplemental	Proposed	
Beginning Fund Balance	1,993,823	1,425,357	2,315,963	2,315,963	2,858,635	
Revenues						
Intergovernmental Services	-	567	405,000	482,806	100,000	-75.3%
Charges for Goods & Services	1,194,086	985,818	1,272,075	1,272,075	1,461,329	14.9%
Miscellaneous Revenue	11,676	531,526	214,000	247,194	40,100	-81.3%
Other Financing Sources	3,106,577	2,903,749	-	-	30,450	
Operating Transfers In	<u>1,157,958</u>	<u>2,616,790</u>	<u>1,271,379</u>	<u>818,879</u>	<u>889,976</u>	<u>-30.0%</u>
Total Revenue	5,470,297	7,038,450	3,162,454	2,820,954	2,521,855	-20.3%
Expenditures						
G/F Overhead	144,117	278,894	107,081	107,081	118,370	10.5%
Interfund Loan Payments	250,000	-	-	90,000	-	
Debt Service Principal	72,632	672,632	170,132	181,132	52,632	-69.1%
Debt Service Interest	34,727	42,114	42,711	61,711	1,579	-96.3%
Intergovernmental Services	552,663	408,817	287,500	235,157	220,000	-23.5%
Other Improvements - Water	3,871,963	2,851,659	280,000	215,080	230,000	-17.9%
Other Improvements - Sewer	190,804	254,437	605,000	266,346	385,000	-36.4%
Miscellaneous	-	23,409	-	-	-	
Transfers Out***	<u>921,857</u>	<u>1,615,882</u>	<u>1,328,791</u>	<u>1,121,775</u>	<u>1,113,422</u>	<u>-16.2%</u>
Total Expenditure	6,038,763	6,147,844	2,821,215	2,278,282	2,121,003	-24.8%
Net Change in Fund Balance	(568,465)	890,606	341,239	542,672	400,852	17.5%
Ending Fund Balance	1,425,357	2,315,963	2,657,202	2,858,635	3,259,487	
Sufficient to Meet Obligations						Meets Policy
Water / Sewer CIP Fund Breakdown:						
	<u>Beginning Fund Balance</u>	<u>2017 Change in Fund Balance</u>	<u>2018 Change in Fund Balance</u>	<u>2019 Change in Fund Balance</u>	<u>2020 Change in Fund Balance</u>	<u>2020 Ending Fund Balance</u>
415 - Water / Sewer CIP	(598,618)	(764,520)	1,269,658	93,597	1,100	1,217
417 - 1956 Trans Line Fund	1,182,821	(27,846)	(435,798)	(30,325)	27,845	716,697
419 - 1978 Revenue Bond Fund	-	-	-	-	-	-
430 - Utility Debt Reserve Fund	<u>1,409,619</u>	<u>223,901</u>	<u>56,746</u>	<u>479,400</u>	<u>375,907</u>	<u>2,545,573</u>
Total	1,993,822	(568,465)	890,606	542,672	404,852	3,263,487

** 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 OPERATIONS
BUDGET SUMMARY**

Storm Water Operating Fund	2017 Actual	2018 Actual	2019 Adopted	2019 Supplemental	2020 Proposed	Increase/Decrease 2020 Proposed vs 2019 Adopted
Beginning Fund Balance	76,244	175,136	166,387	166,387	140,858	
Revenues						
Taxes	-	-	-	-	-	
Licenses & Permits	-	-	-	-	-	
Intergovernmental Services	-	-	-	-	-	
Charges for Goods & Services	565,801	740,339	746,659	956,778	1,119,788	50.0%
Miscellaneous Revenue	510	1,792	1,200	3,843	3,200	166.7%
Operating Transfers In	-	-	-	-	-	
Total Revenue	566,311	742,131	747,859	960,621	1,122,988	50.2%
Expenditures						
G/F OH Charges	87,859	100,304	106,236	96,513	126,363	18.9%
Salaries & Wages	201,950	215,824	224,715	250,489	248,669	10.7%
Personnel Benefits	101,948	109,983	117,047	125,846	130,546	11.5%
Supplies	495	9,450	7,480	7,000	7,000	-6.4%
Debt Principal	-		6,700	34,593	46,400	592.5%
Debt Interest	-		11,500	46,768	34,963	204.0%
Professional Services	912	6,655	14,141	143,686	158,891	1023.6%
Communications	-					
Advertising	-					
Operating Rents & Leases	-					
Intergovernmental	12,584	13,015				
Machinery & Equipment	-		12,000		12,000	0.0%
Other Improvements	-					
Repair & Maintenance	8,019		4,000	4,000	4,000	0.0%
Equipment Rental	49,742	95,222	115,755	115,755	88,610	-23.5%
Training/Memberships & Travel	-		1,000	1,000	1,000	0.0%
Miscellaneous	706	428	500	500	500	0.0%
Transfers Out	3,204	200,000	160,000	160,000	150,000	-6.3%
Total Expenditure	467,419	750,880	781,074	986,150	1,008,942	29.2%
Net Change in Fund Balance	98,892	(8,749)	(33,215)	(25,529)	114,046	443.4%
Ending Fund Balance	175,136	166,387	133,172	140,858	254,904	
60 Days of Operating Expenses	137	81	62	52	92	Meets Policy

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

Storm Water CIP	2017	2018	2019	2019	2020	Increase/Decrease
	Actual	Actual	Adopted	Supplemental	Proposed	2020 Proposed vs 2019 Adopted
Beginning Fund Balance	126,627	(28,016)	1,775	1,775	14,219	
Revenues						
Intergovernmental Services	-	59,360	-	-		
Charges for Goods & Services	156,714	-	-	-	-	
Miscellaneous Revenue	429	-	-	614	350	
Other Financing Sources	-	378,000	930,000	370,000	560,000	-39.8%
Operating Transfers In	-	200,000	160,000	160,000	150,000	-6.3%
Total Revenue	157,143	637,360	1,090,000	530,614	710,350	-34.8%
Expenditures						
Interfund Loan Payments	-	-	-	-		
Debt Service Principal	-	-	68,000	108,000		-100.0%
Debt Service Interest	-	-	-	3,350		
Intergovernmental Services	130,288	163,692	165,000	130,500	195,000	18.2%
Other Improvements - Storm	181,498	443,877	845,000	276,320	515,000	-39.1%
Other Improvements	-	-	-	-	-	
Miscellaneous	-	-	-	-	-	
Transfers Out	-	-	-	-	-	
Total Expenditure	311,786	607,569	1,078,000	518,170	710,000	-34.1%
Net Change in Fund Balance	(154,643)	29,791	12,000	12,444	350	-97.1%
Ending Fund Balance	(28,016)	1,775	13,775	14,219	14,569	
Sufficient to Meet Obligations						Meets Policy

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

PW Admin (Internal Service Fund)	2017 Actual	2018 Actual	2019 Adopted	2019 Supplemental	2020 Proposed	Increase/Decrease 2020 Proposed vs 2019 Adopted
Beginning Fund Balance	40,295	26,226	28,847	28,847	22,997	
Revenues						
Charges for Goods & Services	490,119	553,053	611,602	500,001	597,425	-2.3%
Fines & Penalties	-	-	-	-	-	
Miscellaneous Revenue	290	7,860	200	1,170	1,000	400.0%
Operating Transfers In	76	-	-	-	-	
Total Revenue	490,486	560,913	611,802	501,171	598,425	-2.2%
Expenditures						
Salaries & Wages	275,377	307,667	348,160	296,593	342,565	-1.6%
Personnel Benefits	110,308	108,454	143,848	108,684	136,754	-4.9%
Supplies	2,186	2,615	4,500	2,872	3,000	-33.3%
Professional Services	20,602	11,825	10,000	10,000	13,000	30.0%
Communications	2,385	1,652	2,000	2,000	2,000	0.0%
Advertising	-	455	1,000	500	1,000	0.0%
Operating Rents & Leases	2,672	2,632	3,600	2,603	3,840	6.7%
Intergovernmental Services	-	-	-	-	-	
Machinery & Equipment	-	-	1,000	1,000	1,000	0.0%
Repair & Maintenance	-	-	500	-	-	-100.0%
Equipment Rental	23,770	28,822	17,617	17,617	40,777	131.5%
Training/Memberships & Travel	10,534	572	8,000	11,105	5,500	-31.3%
Miscellaneous	779	1,516	1,500	1,500	1,500	0.0%
Overhead Allocation	55,942	58,810	52,547	52,547	47,198	-10.2%
Transfers Out	-	33,271	-	-	-	
Total Expenditure	504,554	558,292	594,272	507,021	598,134	0.6%
Net Change in Fund Balance	(14,069)	2,621	17,530	(5,850)	291	-98.3%
Ending Fund Balance	26,226	28,847	46,377	22,997	23,288	
Sufficient to Meet Obligations						Meets Policy

City of Port Townsend
EQUIPMENT RENTAL & REPLACEMENT FUND
BUDGET SUMMARY

ERR (Internal Service Fund)	2017	2018	2019 **	2019	2020	Increase/Decrease 2020 Proposed vs 2019 Adopted
	Actual	Actual	Adopted	Supplemental	Proposed	
Beginning Fund Balance	790,920	714,116	1,499,762	1,499,762	1,662,591	
Revenues						
Charges for Goods & Services	865,318	1,270,799	1,146,957	1,146,957	1,236,917	7.8%
Miscellaneous Revenue	11,822	14,227	2,000	43,227	25,350	1167.5%
Operating Transfers In	39	905,111	-	-	-	
Total Revenue	877,179	2,190,137	1,148,957	1,190,184	1,262,267	9.9%
Expenditures						
Salaries & Wages	300,838	298,920	302,847	286,517	310,788	2.6%
Personnel Benefits	140,651	134,976	142,261	128,289	148,848	4.6%
Supplies	142,221	162,006	164,500	165,230	172,445	4.8%
Professional Services	2,357	2,059	4,650	4,650	7,285	56.7%
Communications	17,857	19,418	20,380	20,685	19,956	-2.1%
Operating Rents & Leases	188	78	500	500	300	-40.0%
Intergovernmental Services	-	-	-	-	-	
Machinery & Equipment	177,554	619,994	102,853	232,357	474,120	361.0%
Repair & Maintenance	34,669	13,323	32,000	32,000	36,255	13.3%
Equipment Rental	2,997	10,803	8,901	8,901	5,226	-41.3%
Utilities	12,771	12,760	13,900	13,900	14,355	3.3%
Training/Memberships & Travel	5,025	2,062	8,400	8,095	20,550	144.6%
Miscellaneous	5,649	2,302	4,500	4,500	3,705	-17.7%
Overhead Allocation	111,206	125,790	136,618	121,731	142,282	4.1%
Transfers Out	-	-	-	-	-	
Total Expenditure	953,983	1,404,492	942,310	1,027,355	1,356,115	43.9%
Net Change in Fund Balance	(76,804)	785,645	206,647	162,829	(93,848)	-145.4%
Ending Fund Balance	714,116	1,499,762	1,706,409	1,662,591	1,568,743	
Sufficient to Meet Obligations						Meets Policy
ERR Fund Breakdown:						
	<u>Beginning Fund Balance</u>	<u>2017 Change in Fund Balance</u>	<u>2018 Change in Fund Balance</u>	<u>2019 Change in Fund Balance</u>	<u>2020 Change in Fund Balance</u>	<u>2020 Ending Fund Balance</u>
500 - ERR Fleet Replacement	790,920	(76,804)	785,645	115,151	(74,154)	1,540,758
510 - ERR Fleet O&M	-	-	-	44,516	(16,532)	27,984
520 - ERR I.T. O&M	-	-	-	3,162	(3,162)	-
525 - ERR I.T. Replacement	-	-	-	-	-	-
Total	790,920	(76,804)	785,645	162,829	(93,848)	1,568,742
** The Equipment Rental & Replacement Fund as a whole was re-established in 2019 and broken into four Internal Service Funds.						

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

Engineering Internal Service Fund	2017	2018	2019	2019	2020	Increase/Decrease 2020 Proposed vs 2019 Adopted
	Actual	Actual	Adopted	Supplemental	Proposed	
Beginning Fund Balance	175,381	210,780	159,548	159,548	52,289	
Revenues						
Charges for Goods & Services	1,003,706	955,679	892,500	807,457	825,000	-7.6%
Miscellaneous Revenue	847	2,119	1,500	1,750	1,200	-20.0%
Operating Transfers In	157	-	-	-	-	
Total Revenue	1,004,710	957,798	894,000	809,207	826,200	-7.6%
Expenditures						
Salaries & Wages	572,227	583,739	517,716	495,546	435,834	-15.8%
Personnel Benefits	260,639	259,432	239,452	216,644	190,977	-20.2%
Supplies	5,859	8,772	6,000	6,000	5,000	-16.7%
Professional Services	875	-	10,000	10,000	10,000	0.0%
Communications	8,619	8,685	8,700	8,500	8,000	-8.0%
Advertising	115	48	600	600	500	-16.7%
Operating Rents & Leases	-	-	-	-	-	
Intergovernmental Services	-	-	-	-	-	
Machinery & Equipment	18,652	18,619	41,600	29,600	6,500	-84.4%
Repairs & Software Maintenance	-	-	1,000	-	13,000	1200.0%
Equipment Rental	12,463	34,801	30,420	30,420	29,061	-4.5%
Training/Memberships & Travel	5,150	6,630	19,600	10,934	11,000	-43.9%
Miscellaneous	1,537	4,092	2,000	3,000	3,000	50.0%
Overhead Allocation	83,175	84,211	105,222	105,222	106,531	1.2%
Transfers Out	-	-	-	-	-	
Total Expenditure	969,311	1,009,030	982,310	916,466	819,403	-16.6%
Net Change in Fund Balance	35,400	(51,232)	(88,310)	(107,259)	6,797	107.7%
Ending Fund Balance	210,780	159,548	71,238	52,289	59,086	
Sufficient to Meet Obligations						Meets Policy

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

Unemployment Internal Service Fund	2017 Actual	2018 Actual	2019 Adopted	2019 Supplemental	2020 Proposed	Increase/Decrease 2020 Proposed vs 2019 Adopted
Beginning Fund Balance	24,732	24,832	25,078	25,078	25,509	
Revenues						
Miscellaneous Revenue	100	246	180	431	400	122.2%
Other Financing Sources						
Operating Transfers In	30,637	32,835	20,000	1,500	10,000	-50.0%
Total Revenue	30,737	33,081	20,180	1,931	10,400	-48.5%
Expenditures						
Personnel Benefits	30,637	32,835	20,000	1,000	10,000	-50.0%
Miscellaneous				500	-	
Transfers Out	-	-	-	-	-	
Total Expenditure	30,637	32,835	20,000	1,500	10,000	-50.0%
Net Change in Fund Balance	100	246	180	431	400	122.2%
Ending Fund Balance	24,832	25,078	25,258	25,509	25,909	
Sufficient to Meet Obligations						Meets Policy

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

LEOFF 1 Fiduciary Fund	2017 Actual	2018 Actual	2019 Adopted	2019 Supplemental	2020 Proposed	Increase/Decrease 2020 Proposed vs 2019 Adopted
Beginning Fund Balance	226,297	231,925	246,382	246,382	258,809	
Revenues						
Taxes	35,245	34,235	34,235	34,235	34,235	0.0%
Miscellaneous Revenue	943	2,451	1,500	4,371	4,000	166.7%
Other Financing Sources	-	-	-	-	-	
Operating Transfers In	-	-	-	-	-	
Total Revenue	36,188	36,686	35,735	38,606	38,235	7.0%
Expenditures						
Salaries & Wages	11,803	7,165	5,699	4,070	2,803	-50.8%
Personnel Benefits	16,669	13,651	10,000	20,257	25,000	150.0%
Overhead Allocation	2,087	1,414	1,852	1,852	1,224	-33.9%
Transfers Out	-	-	-	-	-	
Total Expenditure	30,559	22,230	17,551	26,179	29,027	65.4%
Net Change in Fund Balance	5,628	14,456	18,184	12,427	9,208	-49.4%
Ending Fund Balance	231,925	246,382	264,566	258,809	268,017	
Sufficient to Meet Obligations						Meets Policy

CITY OF PORT TOWNSEND, WASHINGTON CAPITAL IMPROVEMENT PLAN

The six-year Capital Improvement Plan (CIP) includes capital projects for 2020 – 2025. This plan includes capital projects that add new infrastructure to the City and those that replace and improve aging City infrastructure. The most significant planned capital projects included in this plan are:

Complete Streets

The City received \$250,000 in grant funding from TIB for improvements to ADA ramps and sidewalks. The major sidewalk project included with this grant was 9th Street between Hancock and Grant Street, which has been completed. The remaining ADA ramp projects will be completed by spring of 2020.

7th Street

This project will connect Rainier Street to Discovery Road serving as a frontage street for new commercial development. The 2017 bond funded the conceptual design and the City received a \$300,000 grant from the Jefferson County Public Infrastructure Fund. The remainder of the project costs will need to be funded by the benefitting properties.

Discovery Road Sidewalk and Bicycle Facility – Rainier to Sheridan

This project is the planning, design and construction of a sidewalk, bicycle pathway on the south side of Discovery Road from Rainier Street to Sheridan Street, along with stormwater improvements and crossing improvements. The project is funded by a \$0.43 million Federal Surface Transportation Program (STP) grant, a \$1.442 million grant through WSDOT's Pedestrian & Bicycle Safety program, and City matching funds. The second phase, not currently funded, would be to construct similar facilities on the north side of Discovery along with new pavement, curbs, planter strips, and drainage from the roundabout to Sheridan Street. A grant application through TIB has been submitted for the second phase for both design and construction. The City is awaiting TIB's grant award announcement which will be in early 2020.

Outfall Replacement

Replacement of the existing sewer outfall is a requirement of the City's Department of Ecology wastewater discharge permit. A preliminary design has been completed. The discussion with the permitting agencies began in 2018, permitting and field work continued in 2019, with permitting and final design continuing in 2020 and construction anticipated in 2021. The permitting and pre-design are funded by a Department of Ecology grant and loan. Funding for final design and construction is unsecured, however, the City applied for a loan through the Department of Ecology and is awaiting the outcome of the loan application submission.

Gaines Street Pump Station Corrosion Control

This station pumps wastewater from the downtown to the City's Wastewater Treatment Plant. This project will repair the deteriorated concrete caused from the natural corrosive elements of wastewater and place a protective seal coat on the walls to prevent future corrosion.

CERB Rainier (formerly Howard Street) Street and Regional Stormwater projects

The CERB funding provides for a portion of the stormwater facilities on the Howard Street Extension project, as well as, funding of a regional stormwater pond and conveyance system for the runoff from the properties adjacent to Rainier Street from Discovery Road, south to Sims Way and properties south of Sims Way. The new system will allow denser development to occur in the commercial district while providing necessary stormwater detention in an area where stormwater can infiltrate into the soil. Total CERB loan funding is \$1,200,000, of which a portion already funded the stormwater conveyance system installed during the Howard Street Extension project. The remaining funds will be used for the design, property acquisition and construction of the regional facility which is due to be completed by October 2020.

Logan Street Storm Pond

This project is to repair the stormwater pond overflow to prevent further slope erosion.

2019 Completed Projects:

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 construction work centered on improvements to the interior and exterior of the Mountain View Commons including, improved ADA access to the classroom building and the pool and gym building; fire alarm and emergency lighting system replacement; improvements to the Food Bank and Working Image leased spaces; new locker room and bathroom for the Police Department; hallway upgrades and painting; paving of the police entrance; and painting the building exterior. This final phase used the remainder of the 2015 Mountain Bond funds as well as an additional \$414,000 Community Development Block Grant (CDBG) received for the Food Bank and Working Image.

Library Improvements

The Library was programmed in 2017 for roof and window replacements on the Annex building, replacement of the exterior retaining wall in front of the Pink house, as well as other miscellaneous repairs to the walkway and stairs at the Lawrence Street Library entrance. The project was funded by the 2017 capital projects bond as well as Library Foundation donations for the wall repair. All projects have currently been completed except for window replacements.

Jefferson Street Sidewalk

The City was awarded a Transportation Improvement Board (TIB) grant to install a sidewalk on Jefferson Street from Taylor Street to Washington Street, to fill in a missing link that will connect an accessible route from downtown to uptown. The project provides an alternative to the Haller fountain stairs and the “buggy trail.”

Visitor Center – Sims Way Frontage Improvements

This project added sidewalks, stormwater management, parking and streetscape enhancements as well as the placement of public art on Sims Way in front of the visitor center and the Thayer Street intersection. The project was funded by the 2017 Bond.

Other Future Projects

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

- Elevators for Historic City Hall & Library \$ 330,000
- Pink House Restorations \$ 100,000
- Discovery Road - Sheridan to Rainier \$ 6,842,000
- 1MG Re-Coat \$ 750,000
- Infiltration/Inflow Removal \$ 260,000
- Wastewater Master Plan \$ 130,000
- South West Sewer Pump Station \$ 4,330,000
- Cliff Street Sewer \$ 425,000
- Basin Planning Study \$ 50,000
- Stormwater Master Plan Update \$ 100,000
- Stormwater Street Improvements \$ 335,000

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

Ordinance No. 3239

**AN ORDINANCE OF THE CITY OF PORT TOWNSEND, WASHINGTON,
ADOPTING THE CAPITAL IMPROVEMENT PLAN FOR 2020 THROUGH 2025**

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 4, 2019, on the proposed 2020-2025 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 2020-2025 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 2020-2025 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 18th day of November 2019.

Deborah S. Stinson
Mayor

Attest:

Approved as to Form:

Joanna Sanders, MMC
City Clerk

Heidi Greenwood
City Attorney

Capital Improvement Plan 2020 - 2025
General Government

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

Project	2020		2020 Revised	2021	2022	2023	2024	2025	6-Year Total
	Preliminary	Supplemental 1							
Elevators (City Hall & Library)									
Funding Sources									
Unsecured Funds				165,000	165,000				-
Total	-	-	-	165,000	165,000	-			330,000
Expenditures									
Design/Construction				165,000	165,000				330,000
Project Management									-
Total	-	-	-	165,000	165,000	-			330,000
Pink House Restorations									
Funding Sources									
Unsecured Funds				100,000					-
Total	-	-	-	100,000	-	-	-	-	100,000
Expenditures									
Design/Construction				100,000					100,000
Project Management									-
Total	-	-	-	100,000	-	-			100,000
Funding Sources									
Total	-	-	-	-	-	-			-
Expenditures									
Design/Construction									-
Project Management									-
Total	-	-	-	-	-	-			-

Capital Improvement Plan 2020 - 2025

Street

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

Project		2020	2020	2020	2021	2022	2023	2024	2025	6-Year Total
		Preliminary	Supplemental 1	Revised						
1058	Howard St (Rainier St)									
	Funding Sources									
	WSDOT									-
	TIB									-
	CERB	300,000								300,000
	Total	300,000	-	-	-	-	-	-	-	300,000
	Expenditures									
	Line of Credit (LOC)	300,000								300,000
	Interest on LOC									-
	Project Management									-
	Total	300,000	-	-	-	-	-	-	-	300,000
1009	Complete Sts (TIB)									
	Funding Sources									
	Note: \$250,000 Grant Funds received in 2017									-
	TIB									-
	REET	40,000								40,000
	Total	40,000	-	-	-	-	-	-	-	40,000
	Expenditures									
	Design									-
	Construction	30,000								30,000
	Project Management	10,000								10,000
	Total	40,000	-	-	-	-	-	-	-	40,000
1047	7th St Design									
	Rainier to Discovery Rd									
	Funding Sources									
	PIF Grant	300,000								300,000
	2017 Bond									-
	Unsecured Funds				600,000					600,000
	Total	300,000	-	-	600,000	-	-	-	-	900,000
	Expenditures									
	Design	260,000								260,000
	Construction				500,000					500,000
	Project Management	40,000			100,000					140,000
	Total	300,000	-	-	600,000	-	-	-	-	900,000

Capital Improvement Plan 2020 - 2025

Street

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

Project	2020		2020	2021	2022	2023	2024	2025	6-Year Total
	Preliminary	Supplemental 1	Revised						
1208 Discovery Road Pedestrian and Bicycle Facilities				Rainier to Sheridan					
Funding Sources									
WSDOT - STP Funds	217,000								217,000
Line of Credit	210,000								210,000
WSDOT - Bike/Ped Grant	1,442,000								1,442,000
Total	1,869,000	-	-	-	-	-	-	-	1,869,000
Expenditures									
Design	257,000								257,000
Construction	1,312,000								1,312,000
Project Management	300,000								300,000
Total	1,869,000	-	-	-	-	-	-	-	1,869,000
Discovery Road Improvements									
Rainier to Sheridan									
Funding Sources									
TIB (unsecured)					5,500,000				5,500,000
Unsecured Funds					1,342,000				1,342,000
Total	-	-	-	-	6,842,000	-	-	-	6,842,000
Expenditures									
Design					971,500				971,500
Construction					4,975,000				4,975,000
Project Management					895,500				895,500
Total	-	-	-	-	6,842,000	-	-	-	6,842,000
Sidewalk Project - ADA									
Funding Sources									
Unsecured Funds				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									
Design									-
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

Capital Improvement Plan 2020 - 2025

Water

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

Project		2020	2020	2020	2021	2022	2023	2024	2025	6-Year Total
		Preliminary	Supplemental 1	Revised						
6000	Water General									
	Funding Sources									
	Operating Transfer									-
	SDC	220,000			220,000	220,000	220,000	220,000	220,000	1,320,000
	Total	220,000	-	-	220,000	220,000	220,000	220,000	220,000	1,320,000
	Expenditures									
	Design/Construction	150,000			150,000	150,000	150,000	150,000	150,000	900,000
	Project Management	70,000			70,000	70,000	70,000	70,000	70,000	420,000
	Total	220,000	-	-	220,000	220,000	220,000	220,000	220,000	1,320,000
6033	Discovery Road									
	Rainier to Sheridan									
	Funding Sources									
	Operating Transfer	80,000								80,000
	SDC	20,000								20,000
	Total	100,000	-	-	-	-	-	-	-	100,000
	Expenditures									
	Design/Construction	80,000								80,000
	Project Management	20,000								20,000
	Total	100,000	-	-	-	-	-	-	-	100,000
	1MG - Re-Coat									
	Funding Sources									
	Unsecured Funds					750,000				750,000
	Total	-	-	-	-	750,000	-	-	-	750,000
	Expenditures									
	Design/Construction					720,000				720,000
	Project Management					30,000				30,000
	Total	-	-	-	-	750,000	-	-	-	750,000

Capital Improvement Plan 2020 - 2025

Sewer

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

Project		2020	2020	2020	2021	2022	2023	2024	2025	6-Year Total
		Preliminary	Supplemental 1	Revised						
7001	Collection System Improvements									
	Funding Sources									
	Operating Transfer	40,000			40,000	40,000	40,000	40,000	40,000	240,000
	Sewer Capital Surcharge	120,000			120,000	120,000	120,000	120,000	120,000	720,000
	Total	160,000	-	-	160,000	160,000	160,000	160,000	160,000	960,000
	Expenditures									
	Design/Construction	100,000			100,000	100,000	100,000	100,000	100,000	600,000
	Project Management	60,000			60,000	60,000	60,000	60,000	60,000	360,000
	Total	160,000	-	-	160,000	160,000	160,000	160,000	160,000	960,000
7013	Outfall Replacement									
	Infrastructure Condition									
	Funding Sources									
	CCWF Loan/Grant	100,000								100,000
	SDC	75,000								75,000
	Unsecured Funds				4,000,000					4,000,000
	Total	175,000	-	-	4,000,000	-	-	-	-	4,175,000
	Expenditures									
	Design/Construction	145,000			3,700,000					3,845,000
	Project Management	30,000			300,000					330,000
	Total	175,000	-	-	4,000,000	-	-	-	-	4,175,000
7026	Gaines Street Pump Station									
	Infrastructure Condition Mandate (Vulnerability)									
	Funding Sources									
	Sewer Capital Surcharge	80,000								80,000
	SDC	100,000								
	Unsecured Funds						465,000			465,000
	Total	180,000	-	-	-	-	465,000	-	-	645,000
	Expenditures									
	Design/Construction	140,000					400,000			540,000
	Project Management	40,000					65,000			105,000
	Total	180,000	-	-	-	-	465,000	-	-	645,000

Capital Improvement Plan 2020 - 2025

Sewer

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

Project	2020	2020	2020	2021	2022	2023	2024	2025	6-Year Total
	Preliminary	Supplemental 1	Revised						
Infiltration/Inflow Removal									
Desirable Investment in System									
Funding Sources									
Sewer Capital Surcharge				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
Wastewater Master Plan/WWTP									
Funding Sources									
Sewer Capital Surcharge					130,000				130,000
Total	-	-	-	-	130,000	-	-	-	130,000
Expenditures									
Design/Construction					30,000				30,000
Project Management					100,000				100,000
Total	-	-	-	-	130,000	-	-	-	130,000
South West Sewer Pump Station									
Contributes to Economic Development									
Funding Sources									
Unsecured Funds								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

Capital Improvement Plan 2020 - 2025

Sewer

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

Project	2020			2021	2022	2023	2024	2025	6-Year Total
	Preliminary	Supplemental 1	Revised						
Cliff Street Sewer									
Funding Sources									
Unsecured Funds								425,000	425,000
									-
	Total	-	-	-	-	-	-	425,000	425,000
Expenditures									
Design/Construction								375,000	375,000
Project Management								50,000	50,000
									-
	Total	-	-	-	-	-	-	425,000	425,000
Funding Sources									
Unsecured Funds									-
	Total	-	-	-	-	-	-	-	-
Expenditures									
Design/Construction									-
Project Management									-
									-
	Total	-	-	-	-	-	-	-	-
Funding Sources									
Unsecured Funds									-
	Total	-	-	-	-	-	-	-	-
Expenditures									
Design/Construction									-
Project Management									-
									-
	Total	-	-	-	-	-	-	-	-

Capital Improvement Plan 2020 - 2025

Storm

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

Project		2020	2020	2020	2021	2022	2023	2024	2025	6-Year Total
		Preliminary	Supplemental 1	Revised						
8000	Stormwater System Improvements									
	Funding Sources									
	Operating Transfer	50,000	-	-	50,000	150,000	50,000	50,000	50,000	400,000
	Total	50,000	-	-	50,000	150,000	50,000	50,000	50,000	400,000
	Expenditures									
	Design/Construction				40,000	120,000	40,000	40,000	40,000	280,000
	Project Management	50,000			10,000	30,000	10,000	10,000	10,000	120,000
	Total	50,000	-	-	50,000	150,000	50,000	50,000	50,000	400,000
8028	CERB Regional Facility									
	Funding Sources									
	CERB	560,000								560,000
	Operating Transfer									-
	Total	560,000	-	-	-	-	-	-	-	560,000
	Expenditures									
	Design/Construction	475,000								475,000
	Project Management	85,000								85,000
	Total	560,000	-	-	-	-	-	-	-	560,000
8022	Logan Street									
	Funding Sources									
	Operating Transfer	50,000	-	-						50,000
	Total	50,000	-	-	-	-	-	-	-	50,000
	Expenditures									
	Design/Construction	40,000								40,000
	Project Management	10,000								10,000
	Total	50,000	-	-	-	-	-	-	-	50,000

Capital Improvement Plan 2020 - 2025

Storm

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

Project		2020	2020	2020	2021	2022	2023	2024	2025	6-Year Total
		Preliminary	Supplemental 1	Revised						
8017	Discovery Road	Rainier to Sheridan								
	Funding Sources									
	Operating Transfer	50,000			250,000					300,000
	Unsecured Funds									-
	Total	50,000	-	-	250,000	-	-	-	-	300,000
	Expenditures									
	Design/Construction	-			240,000					240,000
	Project Management	50,000			10,000					60,000
	Total	50,000	-	-	250,000	-	-	-	-	300,000
	Basin Planning Studies									
	Funding Sources									
	Operating Transfer					50,000				50,000
	Total	-	-	-	-	50,000	-	-	-	50,000
	Expenditures									
	Design/Construction					25,000				25,000
	Project Management					25,000				25,000
	Total	-	-	-	-	50,000	-	-	-	50,000
	Stormwater Management Plan Update									
	Funding Sources									
	Operating Transfer							100,000		100,000
	Total	-	-	-	-	-	-	100,000	-	100,000
	Expenditures									
	Design/Construction							75,000		75,000
	Project Management							25,000		25,000
	Total	-	-	-	-	-	-	100,000	-	100,000

Capital Improvement Plan 2020 - 2025

Storm

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

Project	2020			2021	2022	2023	2024	2025	6-Year Total
	Preliminary	Supplemental 1	Revised						
16th St - Sheridan to Landes									
Funding Sources									
Operating Transfer					60,000	150,000			210,000
Total	-	-	-	-	60,000	150,000	-	-	210,000
Expenditures									
Design/Construction					40,000	110,000			150,000
Project Management					20,000	40,000			60,000
Total	-	-	-	-	60,000	150,000	-	-	210,000
Center St - San Juan Ave to Olympic Ave									
Funding Sources									
Operating Transfer								125,000	125,000
Total	-	-	-	-	-	-	-	125,000	125,000
Expenditures									
Design/Construction								85,000	85,000
Project Management								40,000	40,000
Total	-	-	-	-	-	-	-	125,000	125,000
Funding Sources									
Operating Transfer									-
Total	-	-	-	-	-	-	-	-	-
Expenditures									
Design/Construction									-
Project Management									-
Total	-	-	-	-	-	-	-	-	-

Capital Improvement Plan 2020 - 2025

City-Wide

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

	2020	2020	2020	2021	2022	2023	2024	2025	6-Year Total
General Government									
Funding Sources									
	Preliminary	Supplemental 1	Revised						
CDBG	-	-	-	-	-	-	-	-	-
Donations	-	-	-	-	-	-	-	-	-
Voted Bond	-	-	-	-	-	-	-	-	-
2017 Bond	-	-	-	-	-	-	-	-	-
Unsecured Funds	-	-	-	265,000	165,000	-	-	-	430,000
Total	-	-	-	265,000	165,000	-	-	-	430,000
Expenditures									
Design/Construction	-	-	-	265,000	165,000	-	-	-	430,000
Project Management	-	-	-	-	-	-	-	-	-
Total	-	-	-	265,000	165,000	-	-	-	430,000
Street									
Funding Sources									
WSDOT - STP funds	217,000	-	-	-	-	-	-	-	217,000
WSDOT - Bike/Ped Grant	1,442,000	-	-	-	-	-	-	-	1,442,000
PIF Grant	300,000	-	-	-	-	-	-	-	300,000
2017 Bond	-	-	-	-	-	-	-	-	-
CERB	300,000	-	-	-	-	-	-	-	300,000
REET	40,000	-	-	-	-	-	-	-	40,000
Fund Balance	-	-	-	-	-	-	-	-	-
Line of Credit	210,000	-	-	-	-	-	-	-	210,000
TIB (unsecured)	-	-	-	-	5,500,000	-	-	-	5,500,000
Unsecured Funds	-	-	-	650,000	1,392,000	50,000	50,000	50,000	2,192,000
Total	2,509,000	-	-	650,000	6,892,000	50,000	50,000	50,000	10,201,000
Expenditures									
ROW	-	-	-	-	-	-	-	-	-
Line of Credit (LOC)	300,000	-	-	-	-	-	-	-	300,000
Interest on LOC	-	-	-	-	-	-	-	-	-
Design	517,000	-	-	-	971,500	-	-	-	1,488,500
Construction	1,342,000	-	-	550,000	5,025,000	50,000	50,000	50,000	7,067,000
Project Management	350,000	-	-	100,000	895,500	-	-	-	1,345,500
Total	2,509,000	-	-	650,000	6,892,000	50,000	50,000	50,000	10,201,000
Water									
Funding Sources									
Capital Surcharge	-	-	-	-	-	-	-	-	-
DWSRF	-	-	-	-	-	-	-	-	-
PWTF	-	-	-	-	-	-	-	-	-
Operating Transfer	80,000	-	-	-	-	-	-	-	80,000
SDC	240,000	-	-	220,000	220,000	220,000	220,000	220,000	1,340,000
OGWS	-	-	-	-	-	-	-	-	-
Unsecured Funds	-	-	-	-	750,000	-	-	-	750,000
Total	320,000	-	-	220,000	970,000	220,000	220,000	220,000	2,170,000
Expenditures									
Design/Construction	230,000	-	-	150,000	870,000	150,000	150,000	150,000	1,700,000
Project Management	90,000	-	-	70,000	100,000	70,000	70,000	70,000	470,000
Interest on LOC	-	-	-	-	-	-	-	-	-
Total	320,000	-	-	220,000	970,000	220,000	220,000	220,000	2,170,000
Sewer									
Funding Sources									
Sewer Capital Surcharge	200,000	-	-	380,000	250,000	120,000	120,000	120,000	1,190,000
SDC	175,000	-	-	-	-	-	-	-	175,000
CCWF Loan/Grant	100,000	-	-	-	-	-	-	-	100,000
Operating Transfer	40,000	-	-	40,000	40,000	40,000	40,000	40,000	240,000
LTAC	-	-	-	-	-	-	-	-	-
Unsecured Funds	-	-	-	4,000,000	-	465,000	-	4,755,000	9,220,000
Total	515,000	-	-	4,420,000	290,000	625,000	160,000	4,915,000	10,925,000
Expenditures									
Design/Construction	385,000	-	-	4,000,000	130,000	500,000	100,000	4,475,000	9,590,000
Project Management	130,000	-	-	420,000	160,000	125,000	60,000	440,000	1,335,000
Total	515,000	-	-	4,420,000	290,000	625,000	160,000	4,915,000	10,925,000
Storm									
Funding Sources									
CERB	560,000	-	-	-	-	-	-	-	560,000
Storm Fund	-	-	-	-	-	-	-	-	-
Operating Transfer	150,000	-	-	300,000	260,000	200,000	150,000	175,000	1,235,000
Line of Credit	-	-	-	-	-	-	-	-	-
Unsecured Funds	-	-	-	-	-	-	-	-	-
Total	710,000	-	-	300,000	260,000	200,000	150,000	175,000	1,795,000
Expenditures									
Design/Construction	515,000	-	-	280,000	185,000	150,000	115,000	125,000	1,370,000
Project Management	195,000	-	-	20,000	75,000	50,000	35,000	50,000	425,000
Total	710,000	-	-	300,000	260,000	200,000	150,000	175,000	1,795,000

RESOLUTION NO. 19-056

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PORT TOWNSEND, WASHINGTON, APPROVING THE 2020-2025 SIX-YEAR TRANSPORTATION IMPROVEMENT PROGRAM AND AUTHORIZING THE CITY MANAGER TO SUBMIT THIS TO THE STATE

WHEREAS, the City Council has reviewed the 2020-2025 Six-Year Transportation Improvement Program (TIP) and held a public hearing on June 17, 2019 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,

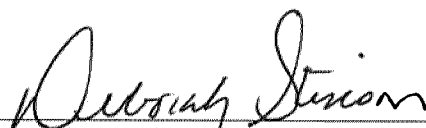
WHEREAS, the TIP is primarily intended to designate federally funded and regionally significant projects; and,

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 2020-2025 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 17th day of June 2019.




Deborah S. Stinson
Mayor

Attest:



Joanna Sanders, MMC
City Clerk

Approved as to form:



Heidi Greenwood
City Attorney

Six Year Transportation Improvement Program (2020 - 2025)

Port Townsend

County Name
MPO/RTPO:

Jefferson County
NON/PEN

Co. No.: 16

City No.: 1005

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>Discovery Road (Two-Way Cycletrack & Sidewalks)</i> from: Rainier Street to: Sheridan Street Two-way cycletrack, sidewalks, curb ramps, pedestrian activated flashing beacons, dashed green bike lane intersection markings	0.74	PE	2020	S	STP	260,000	Ped/Bike Prc	20,000	44,000	324,000						CE	Y
				RW	2020	S		38,000		23,120	20,000	81,120							
				CN	2020	S		112,674			1,302,962	1,300,000	301,636						
16	2	<i>Discovery Road I</i> from: Rainier Street to: Sheridan Street Rebuild roadway, sidewalks, drainage, shoulder improvements, bike lanes	0.82	PE	2025	P			OTHER	770,000							770,000	CE	Y
				CN	2025	P			OTHER	7,580,000							7,580,000		
14	3	<i>Washington Street</i> from: Monroe Street to: Taylor Street Streetscape improvements; new curb, gutter, pavement, sidewalk repair and replacement	0.30	PE	2024	P					350,000					350,000		CE	N
				CN	2025	P					2,000,000						2,000,000		
14	4	<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	2025	P			WSDOT	600,000							600,000	CE	N
				CN	2025	P			WSDOT	6,000,000							6,000,000		
14	5	<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	2024	P			WSDOT	600,000						600,000		CE	N
				CN	2025	P			WSDOT	5,000,000							5,000,000		
16	6	<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	ALL	2025	P			WSDOT	1,200,000							1,200,000	CE	Y
14	7	<i>Sims Way (SR 20) Intersection Improvements</i> from: Kearney Street to: Washington Street Intersection improvements	0.10	ALL	2025	P			WSDOT	2,500,000							2,500,000	CE	N
16	8	<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	2025	P			OTHER	300,000	200,000						500,000	CE	N
				CN	2025	P			OTHER	3,000,000	300,000						3,300,000		
16	9	<i>San Juan Improvements II</i> from: Lopez & San Juan to: 49th & Jackman Grind and install new road surface. Replace utility lines. Sidewalk and bike lanes.	0.75	ALL	2025	P					1,700,000						1,700,000	CE	N

Six Year Transportation Improvement Program (2020 - 2025)

Port Townsend

County Name
MPO/RTPO:

Jefferson County
NON/PEN

Co. No.: 16

City No.: 1005

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	10	<i>Hastings Avenue Improvements</i> from: Discovery Road to: City Limits Shoulder widening, bike lanes, pavement overlay, drainage improvements, sidewalks or multi use pathway	1.60	ALL	2020	P					3,500,000						3,500,000	CE	N
16	11	<i>Lawrence Street Improvements</i> from: Kearney Street to: Harrison Street Grind, base upgrade, repave, sidewalks, shoulder improvements	0.50	ALL	2025	P						1,000,000					1,000,000	CE	N
16	12	<i>Jackson / Walnut Improvements</i> from: Reed Street to: W Street Shoulder improvements, overlay, drainage improvements, sidewalks	0.45	ALL	2025	P						700,000					700,000	CE	N
16	13	<i>Howard Street / Rainier Street Extension II</i> from: Discovery Road to: 20th Street New street extension	0.60	PE CN	2025 2025	P P				OTHER OTHER	200,000 2,000,000	500,000 4,000,000					700,000 6,000,000	CE	N
14	14	<i>Mill Road Intersection</i> from: SR 20 to: Discovery Road Intersection improvements	0.03	ALL	2025	P				WSDOT	10,000,000						10,000,000	CE	Y
16	15	<i>Admiralty Avenue Improvements</i> from: San Juan Avenue to: Fort Worden State Park Shoulder improvements, sidewalk, bike lanes, drainage	0.17	ALL	2025	P						700,000					700,000	CE	N
16	16	<i>Monroe Street Improvements</i> from: Washington Street to: Lawrence Street Address road settlement, re-do subgrade, repave	0.22	ALL	2025	P						1,000,000					1,000,000	CE	N
16	17	<i>McPherson Street Improvements</i> from: Sims Way SR 20 to: Discovery Road Roadway rebuild, sidewalks, bike lanes	0.57	ALL	2025	P						1,780,000					1,780,000	CE	N
16	18	<i>Blaine Street Improvements</i> from: Walker Street to: Tyler Street Sidewalk, shoulder improvements, drainage, curb and gutter	0.50	ALL	2025	P						500,000					500,000	CE	N
00	19	<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	2025	P				OTHER	500,000	200,000					700,000	CE	N

Six Year Transportation Improvement Program (2020 - 2025)

Port Townsend

County Name
MPO/RTPO:

Jefferson County
NON/PEN

Co. No.: 16
City No.: 1005

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	
19	20	10th Street from: SR 20 to: Sheridan Sidewalks, bike lanes, drainage, shoulders	0.33	ALL	2025	P					600,000						600,000	CE	N
17	21	9th Street from: McPherson to: Sheridan Sidewalks, bike lanes	0.40	ALL	2025	P					700,000						700,000	CE	N

Six Year Transportation Improvement Program (2020 - 2025)

Port Townsend

County Name
MPO/RTPO:

Jefferson County
NON/PEN

Co. No.: 16

City No.: 1005

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	22	12th Street from: Landes to: Sheridan Sidewalks, shoulders, drainage improvements	0.38	ALL	2025	P					700,000					700,000	CE	N
16	23	Cherry / Redwood Improvements from: F St to: W St Shoulder improvements, overlay, drainage improvements	0.80	ALL	2025	P					1,000,000					1,000,000	CE	N
16	24	Discovery Road Improvements III from: Hastings Avenue to: 19th Street Rebuild roadway, shoulder improvements, bike lanes, sidewalks, drainage, intersection improvements	0.70	PE CN	2025 2025	P P			TIB OTHER	350,000 1,600,000	50,000					400,000 1,600,000	CE	N
16	25	49th Street / Cook Ave Improvements from: Jackman Avenue to: City Limits Shoulder widening, drainage improvements, pavement overlay, bike and pedestrian accommodations	2.00	ALL	2025	P					1,200,000					1,200,000	CE	N
16	26	W Street Improvements from: Walnut Street to: Admiralty Avenue Shoulder widening, overlay, drainage improvements, sidewalks	0.70	ALL	2025	P					800,000					800,000	CE	N
16	27	Lawrence from: Monroe to: Harrison Road rebuild (roadway, drainage, sidewalks, bikeways)	0.46	ALL	2025	P					500,000					500000	CE	N
16	28	Washington II from: Harrison to: Pierce Road rebuild	0.11	ALL	2025	P					500,000					500000	CE	N
16	29	Monroe from: Roosevelt to: Reed Road rebuild	0.30	ALL	2025	P					500,000					500000	CE	N
16	30	Sheridan Street from: 10 th St to: 15 th St Sidewalks, bike lanes, road rebuild.	0.25	ALL	2025	P					700,000					700000	CE	N

Complete Streets



Project Description:

The City received a TIB Grant for sidewalk, ADA and miscellaneous complete streets improvements. The projects include ADA ramps on Washington Street at Quincy Street, an ADA ramp at the Post Office, and a new sidewalk on 9th Street between Hancock Street and Grant Street in the Hospital District.

Service Impact:

Improve pedestrian accessibility.

	Project Estimate	Prior Years Actual	2019 Adopted Budget	2019 YTD Actual	2019 Projected	2020 Projected	2021 Projected	2022 Projected	2023 Projected	2024 Projected	2025 Projected	Total Project
Revenues												
TIB Grant	250,000	250,000										250,000
REET	30,000	3,000				40,000						43,000
Funds needed			40,000		-							
Total Project Revenues	280,000	253,000	40,000			40,000						293,000

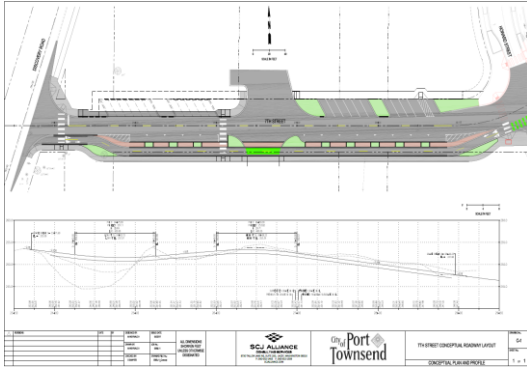
Expenditures												
Planning/Preliminary Engineering												
Design	20,000	3,004	15,000	1,280	15,000							18,004
Permitting												
Construction	230,000	8	230,000		190,000	30,000						220,008
Construction Engineering												
Project Management	30,000	4,063	40,000	42,847	40,000	10,000						54,063
Miscellaneous												
Construction Contingency												
Total Project Expenditures	280,000	7,074	285,000	44,127	245,000	40,000						292,074

Estimated Impact on Future Operating Budgets		2019 Current Budget	2019 YTD	2019 Projected	2020 Projected	2021 Projected	2022 Projected	2023 Projected	2024 Projected	2025 Projected
Operating										
Debt			40,000	-						
Total Impact			40,000	-	-	-	-	-	-	-

Notes:

The 9th Street sidewalk has been completed. The remaining ADA curb ramps will be constructed towards the end of 2019 and the first part of 2020. This project will require a city match of approximately \$40,000, which will come from REET.

7th Street Design



Project Description:

The 7th Street project will connect new Rainier Street with Discovery and will serve as the frontage for new commercial development along the street. A concept design has been prepared. Partial funding has been received from the Jefferson County Public Infrastructure Fund (PIF). The remainder of the project cost will be funded by benefitting properties.

Service Impact:

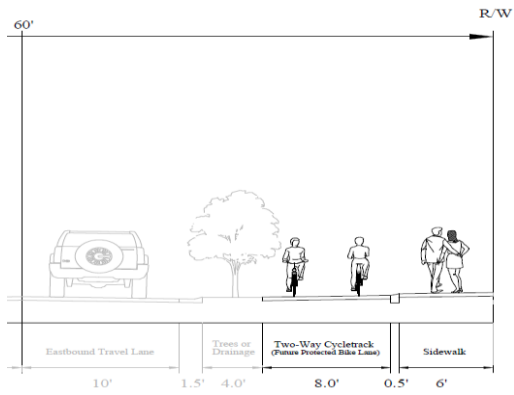
Economic development. Serves adjacent commercial properties.

	Project Estimate	Prior Years Actual	2019 Adopted Budget	2019 YTD Actual	2019 Projected	2020 Projected	2021 Projected	2022 Projected	2023 Projected	2024 Projected	2025 Projected	Total Project
Revenues												
2017 Bond	30,000	24,564	5,500	2,415	5,500							30,064
REET												
PIF Grant	300,000					300,000						300,000
Funds needed	600,000						600,000					600,000
Total Project Revenues	930,000	24,564	5,500	2,415	5,500	300,000	600,000					930,064
Expenditures												
Planning/Preliminary Engineering												
Design	143,000	22,780				166,000						188,780
Permitting	18,000					18,000						18,000
Right-of-Way	76,000					76,000						76,000
Construction	388,000						388,000					388,000
Construction Engineering	47,000						47,000					47,000
Project Management	132,000	1,784	5,500	2,415	5,500	40,000	100,000					147,284
Miscellaneous	35,000											
Construction Contingency	91,000						65,000					65,000
Total Project Expenditures	930,000	24,564	5,500	2,415	5,500	300,000	600,000					930,064
Estimated Impact on Future Operating Budgets												
			2019 Current Budget	2019 YTD	2019 Projected	2020 Projected	2021 Projected	2022 Projected	2023 Projected	2024 Projected	2025 Projected	
Operating												
Debt							600,000					
Total Impact			-	-	-	-	600,000	-	-	-	-	600,000

Notes:

The 7th Street Project is scheduled to begin the design phase in 2020 with the use of the PIF grant. Construction is anticipated for 2021 and will need approximately \$600,000 in funding to complete this project.

Discovery Road Pedestrian and Bicycle Facilities - Rainier to Sheridan



Project Description:

The project is to construct a bicycle way, sidewalk and curb ramps on the south side of Discovery Road connecting the roundabout at Rainier Street to the Salish School and on to Sheridan Street. The project will also include flashing crossing beacons

Service Impact:

Safety improvements for pedestrians and bicyclists.

	Project Estimate	Prior Years Actual	2019 Adopted Budget	2019 YTD Actual	2019 Projected	2020 Projected	2021 Projected	2022 Projected	2023 Projected	2024 Projected	2025 Projected	Total Project
Revenues												
WSDOT	435,000		435,000		218,000	217,000						435,000
REET												
WSDOT - Bike/Ped	1,442,000					1,442,000						1,442,000
Funds needed	250,000		80,000		40,000	210,000						250,000
Total Project Revenues	2,127,000		515,000		258,000	1,869,000						2,127,000

Expenditures												
Planning/Preliminary Engineering												
Design	250,000			300	208,000	92,000						300,000
Permitting	60,000					60,000						60,000
Right-of-Way	105,000					105,000						105,000
Construction	972,000					972,000						972,000
Construction Engineering	115,000					115,000						115,000
Project Management	250,000			11,630	50,000	300,000						350,000
Miscellaneous	65,000											
Construction Contingency	310,000					225,000						225,000
Total Project Expenditures	2,127,000			11,930	258,000	1,869,000						2,127,000

Estimated Impact on Future Operating Budgets	2019 Current Budget	2019 YTD	2019 Projected	2020 Projected	2021 Projected	2022 Projected	2023 Projected	2024 Projected	2025 Projected
Operating									
Debt		80,000	40,000	210,000					
Total Impact		80,000	-	40,000	210,000	-	-	-	-

Notes:

Design of this project will start in late 2019 with possible construction in 2020. These two grants require a city match of approximately \$250,000, which will need interim financing until permanent funding is secured.

Water General - Priority Waterlines



Project Description:

This project category is for extension and replacement projects for the City's water distribution system. Current anticipated projects include: • Cherry Street - This property had a City water main running across the lot that had to be abandoned. A new water main must now be installed around the property to restore the looping in the water system. This line will be designed and installed in 2020.

Other 2020 Priority Waterline Projects:

- 17th Street
- 52nd Street

Cherry and D Street

Service Impact:

Infrastructure preservation and upgrades.

	Project Estimate	Prior Years Actual	2019 Adopted Budget	2019 YTD Actual	2019 Projected	2020 Projected	2021 Projected	2022 Projected	2023 Projected	2024 Projected	2025 Projected	Total Project
Revenues												
Water/Sewer Fund	250,000		250,000	116,374	172,500	300,000	220,000	220,000	220,000	220,000	220,000	1,572,500
Water SDC	50,000		50,000	4,097	30,000	20,000						50,000
Funds needed												
Total Project Revenues	300,000		300,000	120,471	202,500	320,000	220,000	220,000	220,000	220,000	220,000	1,622,500

Expenditures												
Planning/Preliminary Engineering												
Design												
Permitting												
Construction	250,000		250,000	56,010	100,000	230,000	150,000	150,000	150,000	150,000	150,000	1,080,000
Construction Engineering												
Project Management	50,000		50,000	64,461	100,000	90,000	70,000	70,000	70,000	70,000	70,000	540,000
Miscellaneous												
Construction Contingency												
Total Project Expenditures	300,000		300,000	120,471	200,000	320,000	220,000	220,000	220,000	220,000	220,000	1,620,000

Estimated Impact on Future Operating Budgets	2019 Current Budget	2019 YTD	2019 Projected	2020 Projected	2021 Projected	2022 Projected	2023 Projected	2024 Projected	2025 Projected
Operating									
Debt									
Total Impact		-	-	-	-	-	-	-	-

Notes: \$100k of the \$320k 2020 budget consist of possible waterline repairs during the Discovery Rd Bike/Ped project.

Collection System Improvements



Project Description:

This project category is for sewer line extensions, sewer line replacement and maintenance hole installation that improve the wastewater collection infrastructure. Upcoming priority projects include a two-block section of the City's main trunk sewer that is undersized and needs replacement. This section limits the capacity of the sewer trunk line. The project is programmed for design in 2019 and construction in 2020.

Service Impact:

System Improvement.

	Project Estimate	Prior Years Actual	2019 Adopted Budget	2019 YTD Actual	2019 Projected	2020 Projected	2021 Projected	2022 Projected	2023 Projected	2024 Projected	2025 Projected	Total Project
Revenues												
Water/Sewer Fund	22,900		22,900	21,827	21,827	40,000	40,000	40,000	40,000	40,000	40,000	261,827
Sewer Capital Surcharge	17,100		17,100	17,100	17,100	120,000	120,000	120,000	120,000	120,000	120,000	737,100
Sewer SDC	50,000		50,000	18,340	50,000							50,000
Funds needed												
Total Project Revenues	90,000		90,000	57,267	88,927	160,000	160,000	160,000	160,000	160,000	160,000	1,048,927
Expenditures												
Planning/Preliminary Engineering												
Design												
Permitting												
Construction				26,549	6,346	100,000	100,000	100,000	100,000	100,000	100,000	606,346
Construction Engineering												
Project Management	90,000		90,000	30,717	82,581	60,000	60,000	60,000	60,000	60,000	60,000	442,581
Miscellaneous												
Construction Contingency												
Total Project Expenditures	90,000		90,000	57,267	88,927	160,000	160,000	160,000	160,000	160,000	160,000	1,048,927
Estimated Impact on Future Operating Budgets												
			2019 Current Budget	2019 YTD	2019 Projected	2020 Projected	2021 Projected	2022 Projected	2023 Projected	2024 Projected	2025 Projected	
Operating												
Debt												
Total Impact			-	-	-	-	-	-	-	-	-	-

Notes:

Sewer Outfall



Project Description:

This project includes permitting, design and construction to replace the off-shore portion of the existing wastewater treatment plant outfall system with a new outfall and diffuser. The new outfall will provide hydraulic capacity for current and future effluent flows, and allowing the system to meet state water quality standards for discharge to the Strait of Juan De Fuca.

Service Impact:

Replacement of aging infrastructure. A secondary benefit of this project is the expanded capacity to accommodate projected increases in future flows by gravity under varying tide conditions.

	Project Estimate	Prior Years Actual	2019 Adopted Budget	2019 YTD Actual	2019 Projected	2020 Projected	2021 Projected	2022 Projected	2023 Projected	2024 Projected	2025 Projected	Total Project
Revenues												
ECY Grant/Loan	408,000	2,667	405,000	197,767	305,000	100,000						407,667
Sewer SDC	165,000	65,000	100,000	9,408	25,000	75,000						165,000
Water/Sewer Fund												
Funds needed	4,000,000						4,000,000					4,000,000
Total Project Revenues	4,573,000	67,667	505,000	207,175	330,000	175,000	4,000,000					4,572,667

Expenditures												
Planning/Preliminary Engineering												
Design/Permitting	463,000	116,487	345,000	144,385	200,000	145,000						461,487
Right-of-Way												
Construction	2,805,000						2,805,000					2,805,000
Construction Engineering	435,000						435,000					435,000
Project Management	410,000	34,936	75,000	17,624	45,000	30,000	300,000					409,936
Miscellaneous	60,000						60,000					60,000
Construction Contingency	400,000						400,000					400,000
Total Project Expenditures	4,573,000	151,423	420,000	162,009	245,000	175,000	4,000,000					4,571,423

Estimated Impact on Future Operating Budgets	2019 Current Budget	2019 YTD	2019 Projected	2020 Projected	2021 Projected	2022 Projected	2023 Projected	2024 Projected	2025 Projected
Operating									
Debt					4,000,000				
Total Impact					4,000,000				

Notes: The City has applied for funding from the Department of Ecology for design and construction.

Gaines Street Pump Station Corrosion Control



Project Description:

The Gaines Street pump station collects wastewater from the downtown area and pumps it to the trunk sewer that transmits wastewater to the City's Wastewater treatment plant. The pump station has experienced degradation due to the corrosive nature of the wastewater. The fix will require removing the pump station from service, temporary bypass of wastewater, and repairing walls and covering with a protective seal coat. The pump station also needs shoreline stabilization and armoring.

Service Impact:

Protecting critical infrastructure.

	Project Estimate	Prior Years Actual	2019 Adopted Budget	2019 YTD Actual	2019 Projected	2020 Projected	2021 Projected	2022 Projected	2023 Projected	2024 Projected	2025 Projected	Total Project
Revenues												
Water/Sewer Fund												
Sewer SDC	100,000		100,000		-	100,000						100,000
Sewer Capital Surcharge	595,000		130,000	9,505	50,000	80,000			465,000			595,000
Funds needed												
Total Project Revenues	695,000		230,000	9,505	50,000	180,000			465,000			695,000
Expenditures												
Planning/Preliminary Engineering												
Design												
Permitting												
Construction	590,000		200,000	9,505	50,000	140,000			400,000			590,000
Construction Engineering												
Project Management	105,000		30,000		-	40,000			65,000			105,000
Miscellaneous												
Construction Contingency												
Total Project Expenditures	695,000		230,000	9,505	50,000	180,000			465,000			695,000
Estimated Impact on Future Operating Budgets												
			2019 Current Budget	2019 YTD	2019 Projected	2020 Projected	2021 Projected	2022 Projected	2023 Projected	2024 Projected	2025 Projected	
Operating												
Debt												
Total Impact			-	-	-	-	-	-	-	-	-	-

Notes:

Storm System Improvements



Project Description:

The storm system improvements are a combination of conveyance system improvements (i.e. roadside ditches, swales infiltration system, curbing, etc.) along the City's arterials and collectors. In addition, every 4-5 years the City anticipates doing a major arterial or collector roadway reconstruction and part of a roadway reconstruction is to upgrade and/or enhance the roadway drainage system. In 2020 and 2021, the projected amount is for the stormwater improvements for roadway work on Discovery Road.

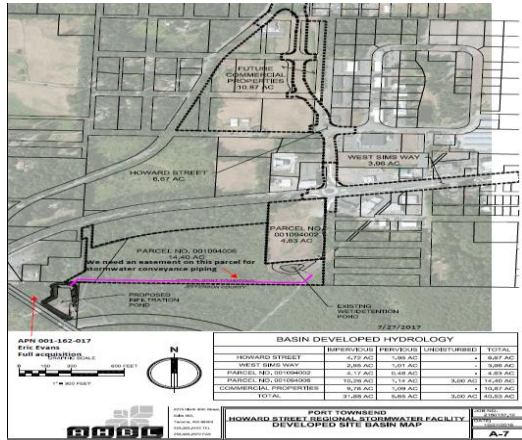
Service Impact:

System Improvement.

	Project Estimate	Prior Years Actual	2019 Adopted Budget	2019 YTD Actual	2019 Projected	2020 Projected	2021 Projected	2022 Projected	2023 Projected	2024 Projected	2025 Projected	Total Project
Revenues												
Storm Fund	120,000		120,000	24,202	60,000	100,000	300,000	150,000	50,000	50,000	50,000	760,000
Sewer SDC												
Lodging Tax												
Funds needed												
Total Project Revenues	120,000		120,000	24,202	60,000	100,000	300,000	150,000	50,000	50,000	50,000	760,000
Expenditures												
Planning/Preliminary Engineering												
Design												
Permitting												
Construction	90,000		90,000	1,978	29,050		225,000	120,000	40,000	40,000	40,000	494,050
Construction Engineering												
Project Management	30,000		30,000	22,225	30,950	100,000	75,000	30,000	10,000	10,000	10,000	265,950
Miscellaneous												
Construction Contingency												
Total Project Expenditures	120,000		120,000	24,202	60,000	100,000	300,000	150,000	50,000	50,000	50,000	760,000
Estimated Impact on Future Operating Budgets												
			2019 Current Budget	2019 YTD	2019 Projected	2020 Projected	2021 Projected	2022 Projected	2023 Projected	2024 Projected	2025 Projected	
Operating												
Debt												
Total Impact			-	-	-	-	-	-	-	-	-	-

Notes:

\$50k of the \$100k 2020 budget is for storm system design for the Discovery Rd Bike/Ped project and \$250k of the \$300k 2021 projection is for storm system construction for the Discovery Rd project. \$100k of the \$150k in 2022 is for local street stormwater improvements as outlined in the Stormwater Management Plan.



Project Description:

This project will construct a new regional stormwater detention and infiltration system to serve commercial properties along the Rainier Street, where soil conditions limit stormwater management options. The project is funded large part by a CERB loan.

Service Impact:

Economic development.

	Project Estimate	Prior Years Actual	2019 Adopted Budget	2019 YTD Actual	2019 Projected	2020 Projected	2021 Projected	2022 Projected	2023 Projected	2024 Projected	2025 Projected	Total Project
Revenues												
Storm Fund	155,000	124,765	30,000		30,000							154,765
CERB	930,000		930,000	188,645	370,000	560,000						930,000
Misc Contributions				170	170							170
Funds needed												
Total Project Revenues	1,085,000	124,765	960,000	188,815	400,170	560,000						1,084,935

Expenditures												
Planning/Preliminary Engineering	10,000	3,481	6,500	890	6,500							9,981
Design	240,000	115,492	55,500	122,919	123,000							238,492
Permitting												
Construction	575,000		648,000		100,500	475,000						575,500
Construction Engineering												
Project Management	158,000	23,098	100,000	38,094	50,000	85,000						158,098
Miscellaneous	102,000	102,162	30,000									102,162
Construction Contingency												
Total Project Expenditures	1,085,000	244,233	840,000	161,903	280,000	560,000						1,084,233

Estimated Impact on Future Operating Budgets	2019 Current Budget	2019 YTD	2019 Projected	2020 Projected	2021 Projected	2022 Projected	2023 Projected	2024 Projected	2025 Projected
Operating									
Debt		18,200	81,362	81,362	81,362	81,362	81,362	81,362	81,362
Total Impact		18,200	81,362	81,362	81,362	81,362	81,362	81,362	81,362

Notes:

The project has a completion deadline of October 2020.

CITY OF PORT TOWNSEND, WASHINGTON

FINANCIAL POLICIES

The City Council adopted updated “Finance and Budget Policy Guidelines” on October 21, 2019 (Resolution 19-085). These policy guidelines lay the framework for fund reserves, revenue policies, transfers and inter-fund loans, general expenditure policies, debt management, grant administration and budget and long-range forecasting.

Fund Reserve Policy

Fund Reserve targets were adopted to allow the City to maintain enough working capital and to weather emergencies or unexpected revenue declines. The 2020 budget was developed to ensure that ending fund balance amounts would align with the City Council Fund Balance Reserve Policy.

The financial policies were changed to update the fund target for non-operating enterprise funds, including the Golf Course Fund, to “Sufficient to Meet Obligations”. The Golf Course operating lease expires at the end of 2020. A study was done by NGF Consulting to determine the best way to operate the golf course after the lease expires, and Council is currently weighing their recommendation to transition to a city-run golf course versus contracting with a third-party operator.

The Stormwater Operations Fund is projected to fall below the reserve balance of 60 Days of Operating Expenses in 2019. This is primarily due to funding storm capital project investments. The city performed a rate study analysis with FCS Group to determine adequate funding levels to bring the Stormwater Operations Reserve balance back in to compliance with the fund balance reserve policies. Moderate rate adjustments have been approved by Council for 2020 and the reserve balance is projected to be above the 60 Days requirement.

Along with Fund Reserve requirements, our financial policies provide that, in general, operating revenues should cover operating expenditures. For 2020, the Library Fund, Real Estate Excise Tax (REET) Fund, Lodging Tax Fund, Fire & EMS Fund, Debt Service Fund, Golf Course Fund, and Equipment Rental & Replacement (ER&R) Fund have expenditures in excess of revenues.

The Library Fund, REET Fund, Lodging Tax Fund, ER&R Fund, and Debt Service Fund are projected to use a portion of fund balance excess reserves to fund expenditures for 2020.

- REET funds will be utilized to fund \$40,000 for City match for capital projects.
- Lodging Tax funds of \$50,000 are proposed to be used for downtown tree well lighting.
- ER&R Fund is used to fund the replacement of vehicles and adheres to the adopted policy guidelines for this type of fund.

- Debt Service Fund is using a small portion (\$2,151) of reserves to fund expenditures in 2020.
- The Library budget proposes using \$20,000 of reserves to fund the cost of contracting with BERK to complete a strategic plan for service sustainability.

The Fire & EMS Fund will no longer be needed due to the annexation of City fire services to East Jefferson Fire Rescue. Receipts that are received after December 31, 2019 for the EMS or Fire Levy Lid Lift will be passed through to East Jefferson Fire Rescue, and the fund should be at a zero balance at the end of 2020.

Fund Balance Reserve Summary:

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

STATUS OF PERFORMANCE COMPARED TO FINANCIAL POLICIES						
City of Port Townsend Ending Fund Balance Scorecard						
FUNDS	COUNCIL POLICY FUND TARGET (Policy Adopted July, 2018)	2016 Actual Fund Reserve %	2017 Actual Fund Reserve %	2018 Actual Fund Reserve %	2019 Estimated Fund Reserve %	2020 Budget Fund Reserve %
General Operating Fund						
General Fund	8 - 15% of operating revenue	17.2%	20.4%	20.4%	16.5%	15.9%
Special Revenue Funds						
Contingency Fund	No less than 2% of estimated operating revenue	1.5%	2.1%	2.0%	2.0%	2.0%
Street Fund	2 - 3% of expenditures	42.2%	47.1%	26.3%	25.8%	24.2%
Library Fund	5 - 8% of property tax revenue	20.1%	23.2%	20.1%	22.0%	19.7%
Real Estate Excise Tax Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets	Meets
Lodging Tax Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets	Meets
Fire & EMS Services Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets	Meets
Affordable Housing Trust Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets	Meets
Community Development Block Grant Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets	Meets
Community Services Fund	2 - 3% of expenditures	7.5%	4.6%	5.0%	5.0%	5.0%
General Obligation Debt Service Fund						
G.O. Debt Service Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets	Meets
Capital Projects Funds						
General Capital Improvement Funds	Sufficient to meet obligations	Meets	Meets	Meets	Meets	Meets
Street Vacation Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets	Meets
Street Capital Improvement Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets	Meets
2015 Bond Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets	Meets
2017 Bond Fund	Sufficient to meet obligations	N/A	Meets	Meets	Meets	Meets
Enterprise Funds						
System Development Charges Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets	Meets
Water Sewer Operating Fund	60 days of operating expenses	247	226	102	101	105
Water Sewer Capital Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets	Meets
Stormwater Operating Fund	60 days of operating expenses	45	137	81	52	92
Stormwater Capital Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets	Meets
Transmission Line Replacement Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets	Meets
78 Water Sewer Revenue Bond Fund	Sufficient to meet obligations	Meets	Meets	Meets	N/A	N/A
Utility Debt Reserve Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets	Meets
Golf Course Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets	Meets
Internal Service Funds						
Public Works Admin Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets	Meets
Equipment Rental & Replacement Fund	Sufficient to meet obligations	under review		Meets	Meets	Meets
Engineering Service Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets	Meets
Self-Insurance Unemployment Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets	Meets
Fiduciary Funds						
Firemen's Pension Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets	Meets
Refundable Deposits Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets	Meets
Agency Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets	Meets
Memorial Fund	Sufficient to meet obligations	Meets	Meets	Meets	Meets	Meets
GO Debt Service as a % of General Government Revenue						
		2016 Actual	2017 Actual	2018 Actual	2019 Estimated	2020 Budget
Annual Debt Service as % of Revenue	Less than 15%	11.5%	10.4%	10.4%	10.2%	12.0%
Parks & Pool Fees						
		2016 Actual	2017 Actual	2018 Actual	2019 Estimated	2020 Budget
Operating revenues 50% or more than pool operating expenses		41.6%	43.2%	42.7%	36.8%	40.6%

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 2019 allocation was based on 2017 historical costs and the 2020 budget allocation was based on 2018 historical costs and activities.

Allocations to funds are based on pre-determined allocation factors. The chart below represents the City-wide overhead costs for 2020 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.

Budget 2020 - Indirect Cost Pools and Allocation Factors			
Indirect cost pools		Total Citywide Allocable Costs	Allocation Factor
011	Mayor & Council	\$ 114,123	Council Bills
012	City Manager	340,079	50/50 Split: Actual Expenditures & FTEs
013	City Attorney - Civil	246,411	33/33/33 Split: Actual Expenditures, FTEs, & Council Bills
041	Finance - General	374,067	Actual Expenditures
041	Finance - AP	65,881	AP Invoices
015	Payroll	156,286	FTEs
015	Human Resources	214,683	FTEs
080	City Clerk - Council Support	142,207	Council Bills
080	City Clerk - General Other	74,278	Vehicle Insurance
080	City Clerk - Records Management	52,527	Records Count
FD 199	Community Services - City Facilities	503,726	Square Feet by Building
	Liability Insurance	341,905	FTEs
	Property Insurance	58,370	Value of Insured Property
	Vehicle Insurance	2,272	# of Vehicles
	TOTAL	\$ 2,686,815	

A comparison of the 2020 and 2019 overhead allocation charged to funds is shown on the following table:

Funds Charged with Overhead / Indirect Costs				
City Department		Adopted Cost Recovery Budget 2019	2020 Proposed Overhead Allocation Charges	Increase / (Decrease)
FD 110	Street	\$ 45,743	\$ 48,006	\$ 2,263
FD 120	Library	\$ 232,915	\$ 225,088	\$ (7,827)
FD 150	Lodging Tax	\$ 9,908	\$ 21,824	\$ 11,916
FD 199	Community Services	\$ 246,324	\$ 215,075	\$ (31,249)
FD 301	General CIP Projects	\$ 29,331	\$ 51,086	\$ 21,755
FD 305	CIP Street	\$ 96,704	\$ 58,692	\$ (38,012)
FD 411	Water Sewer Fund (excl. Utility Billing)	\$ 327,983	\$ 416,971	\$ 88,988
FD 411	Finance - Utility Billing	\$ 38,952	\$ 42,964	\$ 4,012
FD 412	Storm Fund	\$ 52,612	\$ 74,414	\$ 21,802
FD 415	Water Sewer CIP	\$ 96,379	\$ 100,976	\$ 4,597
FD 417	1956 Trans Line Replacement	\$ 10,702	\$ 17,394	\$ 6,692
FD 423	Golf Course	\$ 7,229	\$ 10,714	\$ 3,485
FD 510	Equipment Rental - Fleet	\$ 45,992	\$ 49,706	\$ 3,714
FD 520	Equipment Rental - IT	\$ 30,259	\$ 34,094	\$ 3,835
FD 540	Public Works Administration	\$ 52,547	\$ 47,198	\$ (5,349)
FD 555	Engineering Services	\$ 105,222	\$ 106,531	\$ 1,309
FD 610	Firemen's Pension and Relief	\$ 1,852	\$ 1,224	\$ (628)
Total Overhead Charged to Funds		\$ 1,430,655	\$ 1,521,957	\$ 91,302
Total Calculated Overhead				
		\$ 2,541,997	\$ 2,686,815	\$ 144,818

The total calculated overhead for 2020 is \$2,686,815 or \$144,818 greater than the 2019 overhead. Some funds without sustainable resources (e.g. the CDBG Fund and the Affordable Housing Fund) are not charged overhead and the General Fund does not recover overhead from itself. For 2020, the overhead allocation recovered by the General Fund increased by \$91,302 largely due to an increase in overhead charges to the Water/Sewer and Storm funds which had increased expenditures in both operations and capital projects in 2018 as compared to 2017. The General Fund transfers funds to support the overhead allocation for both the Community Services Fund and the General and Street Capital Project Funds. The net result of the changes in the overhead allocation received by the General Fund in 2020 is \$138,808 more than the amount received in 2019.

City of
Port Townsend

Comprehensive
Financial
Management
Policy Guidelines

Adopted October 21, 2019

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 guide short-term financial and budget decisions to help ensure the City is able to meet its immediate and long-term financial service objectives and obligations. These policies will be reviewed and/or updated no less than every three years.

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

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

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

II. ORGANIZATION

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

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

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

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

The Department Heads are responsible to the City Manager for department operations, budget observance, capital project management, and grants administration. Department Heads monitor related revenue performance and expenditure control with the assistance of the Finance Department.

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

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

III. ACCOUNTING, AUDITING AND FINANCIAL REPORTING

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

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

Capital Assets – As a cash basis entity, the City records and reports only inflows and outflows of cash. When a capital asset is purchased the entire expenditure is recorded when the cash is expended and depreciation is not recorded. The City considers capital assets to be real and intangible assets above \$5,000 in value that have an anticipated life of one year or more. Capital assets are tracked by the Finance Department as a fixed asset

inventory . Items that are no longer needed or no longer functional will be disposed according to the City surplus policy (PTMC 3.44.030) and state law.

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

Small and Attractive Assets - The City identifies small and attractive assets as items with a cost greater than \$300 but less than \$5,000. These items have a life expectancy of more than one year AND are not likely to be immediately missed upon disappearance. These items are generally mobile in nature and may be easily transported from the workplace. Some exceptions to the \$300 minimum include tablets, phones, personal computers and other lower cost items that have ongoing maintenance or service costs associated with them. Department Heads are accountable for the security of these items and are responsible for following the Small and Attractive Assets Policy and Procedures that have been adopted by Council (Resolution 16-022). The Finance and Administrative Services Director has oversight responsibility for this policy and the associated inventory of these items.

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

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

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

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

- The City will maintain a cash management program, which includes internal control practices for collection of accounts receivable, disbursement of funds, and prudent investment of its available cash.
- The Finance & Administrative Services Director (Finance Director) serves as the investment officer of the City of Port Townsend. The Finance Director is authorized to oversee the investment program and to develop operating procedures to administer the program. The Finance Director may delegate the authority to conduct investment transactions and manage the operation of the investment portfolio to one or more subordinates as outlined in the investment program operating procedures. All participants in the City’s investment process shall act responsibly as custodians of the public trust.

- As permitted by law and City ordinances and to maximize the effective investment of assets, all funds needed for general obligations may be pooled into one account for investment purposes. The income derived from this account will be distributed to the various funds based on their average fund balances on a periodic basis.

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

IV. FUND STRUCTURE & FUND RESERVE GUIDELINES

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

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

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

GENERAL FUND COUNCIL RESERVE (*Included in the General Fund*) – The annual budget for the General Fund shall provide for a “Council Reserve” equivalent to approximately 1% of estimated operating revenues in the General Fund (010). Only the General Fund shall maintain a “Council Reserve.” The Council Reserve is established to provide for community requests or unanticipated needs deemed necessary by Council. The Council Reserve shall be suspended during times of significant economic downturn, especially during years when the General Fund ending fund balance falls below 8%. The Council Reserve is a budgeted appropriation expected to be specifically allocated at the Council’s discretion. Unspent council reserves will not carry over to the next fiscal year.

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

activities defined when the fund is established or outlined by state law. Apart from any unrestricted General Fund contributions to a Special Revenue Fund, the unexpended ending fund balances carry over year to year and should retain enough revenue to cover operating cash flow and anticipated major project or program obligations of the fund.

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

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

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

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

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

ENTERPRISE FUNDS (400) – These funds are the proprietary or “business-like” funds for operations providing services to the general public supported primarily through user’s fees (Water, Sewer, and Stormwater).

The Ending Fund Balances of the operating funds should be equal to or greater than 60 days of operating expenditures and any additional amounts needed to build towards future project cash or debt payment needs. To the extent that the reserved Fund Balance and operating cash flow are not adequate to fund needed utility system improvements or maintain 60 days of operating expenditures, additional rate increases or surcharges may be adopted by Council.

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

Revenue bonds may be issued by the Enterprise Funds. Investors may require additional lending requirements or covenants (such as a pledge of future revenue streams from the fund). The ending fund balance of the Enterprise Funds should include a reserve to cover any additional covenant requirements.

INTERNAL SERVICE FUNDS (500) – These funds are also internal “business-like” funds for operations providing services to other City departments (funds) on a direct cost-reimbursement basis (e.g. Equipment Rental including Information Technology services and equipment, Public Works Administration and internal Engineering Services). The purpose of a reserve in an internal service fund is to ensure that the fund is able to continue to provide the service without interruption. Fund balances should break even after set aside of funds for future capital equipment replacements.

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

ENDING FUND BALANCE, RESERVES, CONTINGENCY SUMMARY

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

- General Fund 8-15% of operating revenue
- Library 5-8% of property tax
- Street..... 2-3% of expenditures
- Community Services 2-3% of expenditures
- Other Special Revenue Funds Sufficient to meet obligations
- Contingency..... No less than 2% of estimated operating revenue
- Debt Service Sufficient to meet obligations
- General and Enterprise Capital Funds Sufficient to meet obligations
- Enterprise Operating Funds..... 60 days of operating expenditures
- Internal Service..... Sufficient to meet obligations
- Fiduciary Funds Sufficient to meet obligations

The undesignated General Fund Balance (the balance not tied to a known project) will be maintained at a level that provides the City with sufficient working capital and a comfortable margin of safety to address emergencies and unexpected declines in revenue without borrowing. The City should not use the undesignated General Fund Balance to

finance recurring operating expenditures. Annual General Fund revenues should be equal to or greater than annual regular operating expenditures.

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

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

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

V. REVENUE POLICIES

General Revenue Policies - The City will strive to maintain a diversified and stable revenue system to shelter the government from short-term fluctuations in any one revenue source and ensure its ability to provide ongoing service. The revenue portfolio will strive to draw resources from the community that is perceived as fair and equitable.

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

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

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

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

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

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

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

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

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

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

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

Rental fees will be established to recover full cost of use of the property or facility. Fees related to the rental of City properties may be waived only through approval of the City Manager. The waiver of fees will only be provided if the purpose of the rental or its associated event will benefit the community at large.

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

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

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

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

VI. OVERHEAD COST RECOVERY (COST ALLOCATION)

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

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

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

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

VII. GENERAL BUDGET POLICIES

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

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

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

Expense (Appropriation) Policies – Operating expenditures will be proposed at a level that will be supported by ongoing annual operating revenues. The city will strive to a level of expenditures sufficient to ensure the ongoing health, safety and welfare of the community.

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

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

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

Equipment Replacement & Maintenance - Equipment replacement and maintenance projections will be updated according to the Fleet Equipment Rental and Replacement Fund and Fleet Operations and Maintenance Fund Policies (**EXHIBIT A**) and the Information Technology(I.T.) Equipment Rental and Replacement Fund and I.T. Operations and Maintenance Fund Policy (**EXHIBIT B**).

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

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

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

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

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

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

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

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

Budget Monitoring-

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

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

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

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

VIII. FINANCIAL PLANNING POLICIES

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

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

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

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

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

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

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

IX. ENTERPRISE FUNDS

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

X. CAPITAL INVESTMENT PROGRAM PLAN POLICIES

General Policy Considerations - The major resources for funding capital improvement and capital maintenance programs are revenues, grants and debt. Financing planned capital replacement costs are an ongoing challenge. Preparing for the challenges of infrastructure replacement or enhancements demands a long-term view of replacement needs. In order to plan for these needs the City will develop a six-year Capital Improvement Plan (CIP) for adoption by Council as required by the Washington's Growth Management Act. The CIP will be consistent with the Capital Facilities Element of the City's Comprehensive Plan. A capital project over \$15,000 with a minimum of a five-year anticipated life will be included in the CIP.

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

The CIP should include the following:

- Project description

- Identify anticipated funding sources

- Outline the project's proposed timing and scope

XI. DEBT MANAGEMENT POLICY

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

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

Long Term Debt - The City will manage its long-term debt in a manner designed to utilize its credit to optimize City services while balancing overall debt levels and annual debt service obligations. Long-term debt includes Bonds, Federal or State loans (e.g. Public Works Trust Fund, Federal Housing Administration, State Revolving Fund), or private placement financing. The City shall only use long-term debt for capital projects that cannot be financed out of current revenues. Annual debt payments should not exceed 15% of the total of annual General Government operating revenues plus budgeted transfers from capital funding sources. General Government Funds include the General Fund, Contingency Fund and Special Revenue Funds.

Debt financing will generally be limited to capital improvement projects identified in the capital improvement planning process and only under the following circumstances:

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

Debt financing will not be considered appropriate for:

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

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

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

Options for Interim or “Bridge” financing may include:

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

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

Tax anticipation debt will be retired annually, and bond anticipation notes should be retired within twelve (12) months of the completion of the project or prior to maturity. Short-term debt outstanding at the end of the year will not exceed 5% of net operating revenue (including tax anticipation notes but excluding bond anticipation notes.)

Transfers – General Fund transfers to other funds are intended as payments for the support of specific programs or services. Amounts not needed to support such specific program or service expenses will remain in the General Fund’s fund balance. Operating transfers result in a change in fund equity. For example, the General Fund may make transfers to the Debt Fund to fund annual debt service payments or to the Community Services Fund to support parks or service programs.

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

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

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

XII. PURCHASING POLICY

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

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

The Finance & Administrative Services Director is charged with developing administrative/operating procedures to implement sound purchasing policies. These procedures will be based on guidelines provided in State Law and by the State Auditor's Office. All purchases made by the City will ultimately be approved by the Council through the voucher approval process.

XIII. GRANTS MANAGEMENT POLICY

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

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

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

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

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

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

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

Award and Contract – Upon formal Notice of Grant Award (NOGA) or informal notification, a written contract must be approved prior to any City commitment, formal or otherwise. All grant contracts must be within the City's Purchasing levels. Any needed

budget amendments for grant match not otherwise within general budget authority shall be adopted prior to formal grant acceptance and contract signing.

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

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

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

APPENDIX A: INVESTMENT POLICY –

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

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

The City will strive to maximize the return on its investments, with the primary objective of preserving capital and prudent investment practices, including diversification.

Investments will be made in accordance with the following objectives:

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

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

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

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

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

The Finance & Administrative Services Director will periodically furnish the City Manager and Council with a report that shall include the amount of interest earned to date. At least annually, a report summarizing investment activity and rate of return will be provided.

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

CITY OF PORT TOWNSEND FEDERAL AWARD STANDARDS:

PURPOSE

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

INTERNAL CONTROLS

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

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

ADVANCE PAYMENTS AND REIMBURSEMENTS

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

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

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

ALLOWABLE COSTS

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

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

PROCUREMENT

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

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

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

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

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

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

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

SINGLE AUDIT ACT

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

CLOSURE

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

CITY OF PORT TOWNSEND CODE OF CONDUCT:

PURPOSE

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

APPLICATION

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

REQUIREMENTS

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

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

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

REMEDIES

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

EXHIBIT A



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

Policy

November 2018

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II. Overview

A. Purpose:

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

B. General Policy:

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

C. Funds Purpose:

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

D. Services:

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

III. Replacement Reserve Management

A. Donation of Equipment to FERRF:

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

B. Replacement Reserves for FERRF Owned Equipment:

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

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

C. Prohibited uses of Reserves:

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

D. Purpose and Uses of Reserves:

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

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

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

IV. Replacement Rules

A. FERRF Owned Assets:

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

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

B. Useful Life:

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

C. Acquisition and Disposal of Assets:

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

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

V. Operations & Maintenance

A. Maintenance Rates:

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

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

B. Maintenance and Services:

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

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

VI. Appendix

A. Acronyms:

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

B. Roles and Responsibilities:

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

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

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

C. Chronology of Significant Events:

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

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

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

EXHIBIT B



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

Policy

November 2018

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II. Overview

A. Purpose:

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

B. General Policy:

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

C. Funds Purpose:

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

D. Services:

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

III. Replacement Reserve Management

A. Donation of Equipment to ITERRF:

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

B. Replacement Reserves for ITERRF Owned Equipment:

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

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

C. Prohibited Uses of Reserves:

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

D. Purpose and Uses of Reserves:

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

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

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

IV. Replacement Rules

A. ITERRF Owned Assets:

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

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

B. Useful Life:

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

C. Acquisition and Disposal of Assets:

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

V. Operations & Maintenance

A. Maintenance Rates:

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

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

B. Maintenance and Services:

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

VI. Appendix

A. Acronyms:

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

B. Roles and Responsibilities:

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

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

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

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

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

EXHIBIT C



Purchasing Policies and Procedures Manual

250 Madison Street
Port Townsend, WA 98368
cityofpt.us

PURCHASING MATRIX – BID LIMITS & SIGNING AUTHORIZATION

(Always include applicable sales tax when determining dollar amounts)

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

Public Works Projects	Bidding Process	Contract and Payment Requirements	Authorization
\$5,000 or less	<p>Required to have three estimates</p> <p>May use MRSC Small Works Roster</p> <p>Award to lowest qualified contractor</p> <p>Alternatively, may use day labor (City staff)</p>	<p>Small public works contract</p> <p>Insurance</p> <p>W-9</p> <p>Prevailing wage (<i>Contractor may use Combined Intent/Affidavit Form for projects \$2,500 or less</i>)</p> <p>5% retainage or retainage bond, unless waived in advertisement by City Manager, department head, or designee</p> <p>Performance and payment bonds, unless waived in advertisement by City Manager, department head, or designee</p>	<p>Department head or designee</p>
<p>Less than \$50,000 <u>Limited</u> Small Public Works process</p>	<p>Obtain estimates from at least <u>three</u> contractors on MRSC Small Works Roster²</p> <p>Award to lowest qualified contractor</p> <p>Alternatively, may use formal bidding or day labor (City staff)</p>	<p>Small public works contract</p> <p>Insurance</p> <p>W-9</p> <p>Prevailing wage</p> <p>5% retainage or retainage bond, unless waived in advertisement by City Manager</p> <p>Performance and payment bonds, unless waived in advertisement by City Manager</p> <p>Contractor may choose to have 10% retainage held instead of providing performance and payment bonds</p> <p>Purchase order (encumbrance) if >\$10,000, except capital projects</p>	<p>City Manager for less than \$20,000 single trade or \$35,000 multiple trades³</p> <p>Contracts over these limits require Council approval</p> <p>Contract signed by City Manager</p>
<p>\$350,000 or less Small Public Works Roster process</p>	<p>Obtain estimates from at least <u>five</u> contractors on MRSC Small Works Roster</p> <p>All contractors in applicable roster category</p>	<p>Small public works contract</p> <p>Insurance</p> <p>W-9</p>	<p>Council approval (see above)</p> <p>Contract signed by City Manager</p>

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

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

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

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Sources

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

1.0 Introduction

1.1 Purpose of the Manual

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

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

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

1.2 Contact Information

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

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

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

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

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

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

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

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

1.4 Conflict of Interest

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

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

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

1.5 Unauthorized Purchases

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

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

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

Speaking the Same Language

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

Purchasing, Procurement

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

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

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

1.6 Sustainable Purchasing

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

Environmental factors to consider in selecting products include:

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

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

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

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

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

1.7 What This Manual Covers

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

The goals are to ensure that the purchase process:

Speaking the Same Language

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

Vendor, Contractor, and Consultant:

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

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

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

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

From Start to Finish...

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

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

1.8 Define the Need

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

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

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

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

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

Speaking the Same Language

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

Bid, Estimate/Quote, Proposal

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

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

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

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

Materials, Supplies, and Equipment:

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

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

Services:

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

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

1.9 Determine the Cost

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

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

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

1.10 Determine Contract Value

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

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

Acronyms

SOQ – Statement of Qualifications

RFQ – Request for Qualifications

RFP – Request for Proposal

ITB – Invitation to Bid (Formal Bid)

ITQ – Invitation to Quote (Small Works)

MWDBE – Minority, Women, and Disadvantaged Business Enterprise

CIP – Capital Improvement Plan

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

1.11 Exemptions to the Competitive Bidding Process

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

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

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

Tips & FAQs

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

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

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

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

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

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

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

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

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

1.12 Declared Emergency

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

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

Tips & FAQs

Tax revenue from purchases:

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

Preference for recycled products:

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

2.0 New Procurement

2.1 Initiate a New Procurement

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

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

2.2 Purchases of Goods, Supplies, & Equipment

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

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

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

Tips & FAQs

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Formal Bidding Process:

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

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

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

2.3 Food and Beverage Purchases

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

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

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

Tips & FAQs

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

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

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

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

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

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

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

Tips & FAQs

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

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

Tip

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

Tip

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

Tip

Advertising:

Advertising requirements are found in the following codes:

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

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

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

2.4 Piggybacking (State Contracts and Interlocal Purchasing Agreements)

State Contract Piggybacking Process

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

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

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

Interlocal Purchasing Agreements

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

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

Tips & FAQs

Q: *What is a public work?*

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

Q: *What is ordinary maintenance?*

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

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

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

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

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

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

2.5 Public Works

Bid Limit:

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

Determining the Cost of a Public Work:

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

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

Tips & FAQs

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

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

Developing Scope of Work:

Things to consider when developing your scope:

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

Other considerations when developing the contract:

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

Duration of Contracts:

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

Bid Splitting:

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

Small Works Roster:

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

Publication:

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

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

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

Process:

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

Tips & FAQs

Equitable Distribution:

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

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

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

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

Mailing a notice to these contractors; or

Sending a notice to these contractors by email.

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

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

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

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

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

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

Alternative to Process:

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

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

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

Process:

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

Tips & FAQs

Deadlines for estimates:

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

Contractor requirements for formal bidding at time bid is submitted:

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

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

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

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

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

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

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

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

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

Tips & FAQs

Contractor requirements after selection as lowest bidder:

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

Tip

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

Tip

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

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

Bidding process:

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

2.9 Equipment Purchases Including Installation

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

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

Tips & FAQs

Determining the total cost for an equipment purchases with installation:

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

Tip

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

Tip

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

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

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

How do we bid this project?

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

What kind of contract do we use?

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

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

Approval Process:

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

2.10 Unit Priced Contracts

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

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

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

Tips & FAQs

Examples of general services:

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

Formal competitive bidding for general services:

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

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

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

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

2.11 Services

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

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

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

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

Tips & FAQs

Examples of Professional Services:

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

Examples of A&E Services:

Engineers, land surveyors, architects & landscape architects

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

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

Advertising:

Advertising requirements are found in the following codes:

RCW 39.80.030 – Architectural and Engineering Services

RCW 35.23.352(1) – Public Works

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

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

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

Contract Award Process:

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

Approval Limits:

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

Tips & FAQs

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

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

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

Sample evaluation criteria for RFPs:

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

2.12 Purchases of Architectural & Engineering Services

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

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

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

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

Contract Award Process:

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

Tips & FAQs

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

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

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

Approval Limits:

Refer to the matrix at the beginning of this manual.

2.13 RFPs and RFQs

Request for Proposals:

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

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

Elements of an RFP:

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

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

Request for Qualifications:

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

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

Elements of an RFQ:

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

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

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

Process for RFPs or RFQs:

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

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

2.14 Bid Opening Process

Bid Due Dates

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

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

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

Equal Treatment of Bidders

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

Receiving Bids Checklist

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

Withdrawal & Modification of Bids

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

Modifying Bids from a Distance

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

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

Subcontractor’s List

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

Opening the Bids

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

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

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

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

No Bids or Submittals Received:

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

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

Determining Lowest Responsible Bidder:

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

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

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

Non-Responsive and/or Not-Responsible:

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

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

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

Bid Protest:

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

2.16 Contracting 101

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

Invitation:

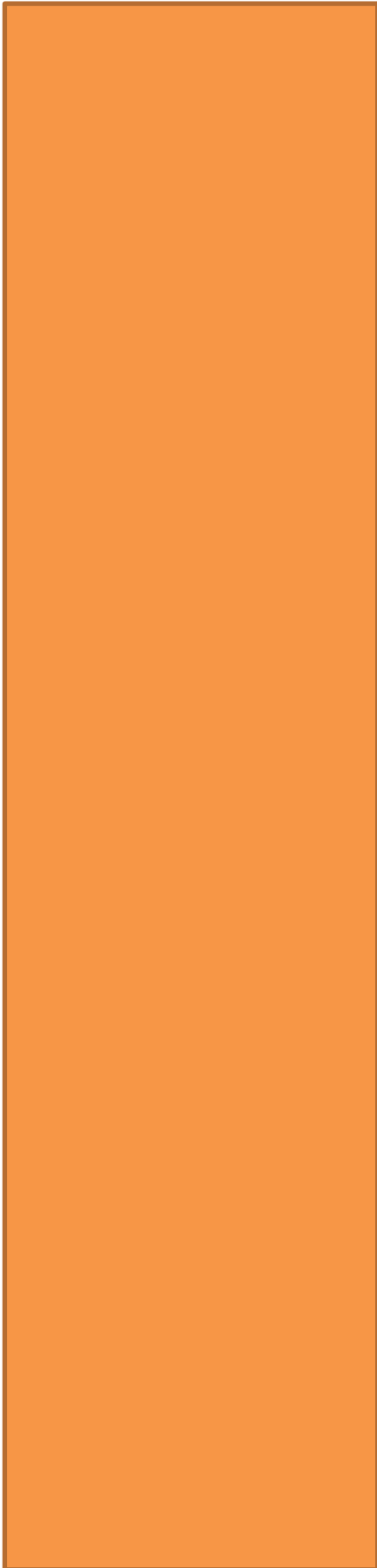
- A solicitation (ITB, ITQ, or RFP) is an invitation to a contractor to make an offer.
- These are most often directed at multiple parties and outline the needs of the City.

Offer:

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

Acceptance:

- The City must now accept one of the offers.



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

Tips & FAQs

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

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

3.0 Other Considerations

3.1 Rule 171 – Sales Tax Exemptions

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

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

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

3.2 Prevailing Wages

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

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

Tips & FAQs

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

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

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

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

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

What provisions must be made for prevailing wage?

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

What are the public building service maintenance contract requirements?

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

What are awarding agency requirements when disbursing public funds?

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

What are the contractor’s filing requirements?

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

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

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

When does the contractor file an Intent?

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

When does the contractor file an Affidavit?

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

3.3 Retainage

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

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

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

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

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

4.0 Contract Administration

4.1 Risk Management Considerations

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

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

4.2 Payment Options

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

Hourly/Time and Materials:

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

Fixed or Lump Sum:

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

Cost Reimbursement:

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

Performance Based:

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

4.3 Contract Execution & Administration

Contract Execution:

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

Contract Administration:

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

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

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

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

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

4.4 Contract Monitoring - Performance

Monitoring Contract Performance:

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

The purpose of monitoring is to ensure the contractor is:

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

Monitoring Activities May Include:

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

4.5 Contract Monitoring - Payment

Reviewing Invoices for Payment:

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

Considerations:

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

Tips & FAQs

Renewals vs. Year-to-Year Contracts:

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

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

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

Documented Benefit to City:

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

- Food
- Miscellaneous expenses

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

4.6 Amendments & Change Orders

Amendments:

Amendments are changes to service contracts.

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

Change Orders:

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

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

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

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

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

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

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

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

Amendment and Change Order Approval:

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

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

4.7 Contract Close-Out & Termination

Contract Termination:

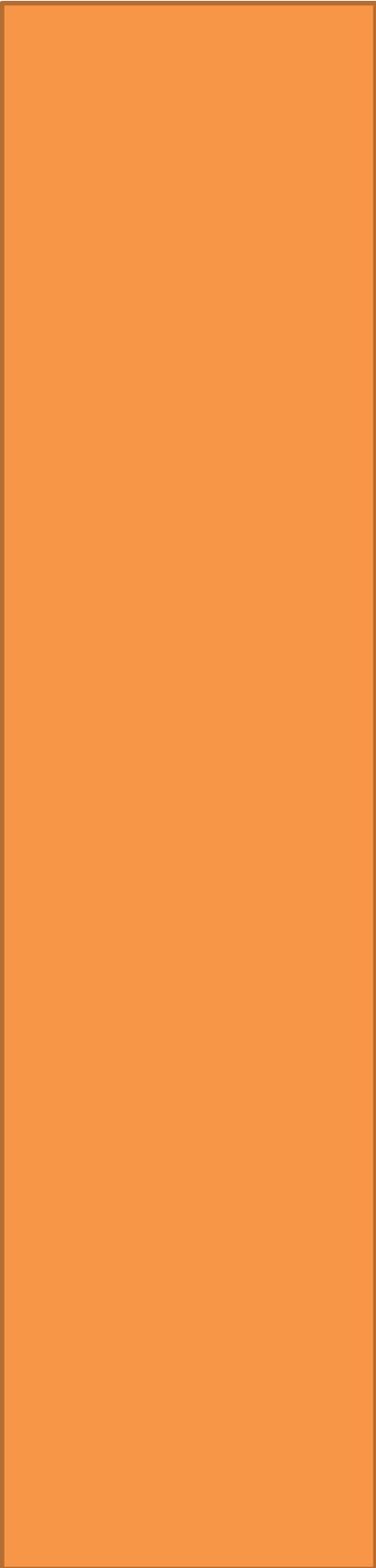
Contracts may be terminated prior to the completion date of the contract either for convenience of the parties or for cause. Contact the City Attorney’s Office for guidance when considering a contract termination.

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

Contract Close-Out Process:

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

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

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

Liens

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

Invoices Submitted after Close-Out Process

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

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

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

Tips & FAQs

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

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

5.0 Surplus and Disposition of Assets

5.1 General Information

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

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

5.2 Declaring Surplus

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

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

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

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

5.3 Disposition of Personal Property

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

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

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

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

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

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

Tips & FAQs

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

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

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

5.5 Surplus of Real Property (Land)

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

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

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

6.0 Purchasing Cards

6.1 Purchasing Cards as a Method of Payment

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

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

Tips & FAQs

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

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

6.2 Purchasing Card Administration

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

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

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

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

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

6.3 Authorized Charges and Uses

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

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

When making a purchase:

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

6.4 Unauthorized Purchases

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

Examples of unauthorized uses and purchasing include:

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

Examples of inappropriate uses:

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

6.5 Returns and Exchanges

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

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

6.6 Account Maintenance

Online account maintenance:

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

Name changes:

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

Lost or stolen card or fraud detection:

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



Termination of employment or revocation of purchasing card privilege:

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

Spending Limits:

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

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

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

7.0 Definitions and Acronyms

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

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

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

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

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

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

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

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

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

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

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

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

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

DES: Washington State Department of Enterprise Services.

Delivery Terms: Conditions in a contract relating to freight charges, place of delivery, time of delivery, or method of transportation.

Effective Date of Contract: The date on which the contract starts.

Emergency: Unforeseen circumstances beyond the control of the agency that present a real, immediate, and extreme threat to the proper performance of essential functions or which may reasonably be expected to result in excessive loss or damage to property, bodily injury, or loss of life.

Emergency Purchase: A purchase in which the normal competitive purchasing procedures have been waived by a declaration of emergency issued by the City Council or City Manager.

Encumbrance: Interchangeable with “purchase order.”

Equitably distribute opportunities: Means that the local government may not favor certain contractors on the appropriate small works roster over other contractors on the same roster who perform similar services.

Formal Competitive Bid: The process of advertising and receiving sealed written bids from prospective vendors or contractors. The selection of the vendor or contractor is primarily based on the lowest cost from a responsible vendor.

General Services: Interchangeable with “purchased services.”

Goods and Services: Material, supplies, services, and equipment offered for purchase by a vendor or contractor and required by an agency to accomplish continuing and necessary functions.

Informal Solicitations: Price quotes from vendors that are obtained using a variety of mediums such as phone, fax, email, or writing. Results must be documented and submitted to the Finance Department to obtain a purchase order (encumbrance). The selection of the vendor is based on lowest cost from a responsible vendor.

Interlocal Agreements: The exercise of governmental powers in a joint or cooperative undertaking with another public agency.

L&I: Washington State Department of Labor and Industries.

MRSC: Municipal Resources and Services Center. A Washington-based non-profit that provides information and educational services to local government agencies. The City of Port Townsend uses MRSC’s vendor, consultant, and small public works rosters.

Ordinary Maintenance: Defined by [WAC 296-127-010](#) as: “ work not performed by contract and that is performed on a regularly scheduled basis (e.g., daily, weekly, monthly, seasonally, semiannually, but not less frequently than once per year), to service, check, or replace items that are not broken; or work not performed by contract that is not regularly scheduled but is required to maintain the asset so that repair does not become necessary.”

Personal Services: Interchangeable with “professional services.”

Prevailing Wage Rate: The rate of hourly wage, usual benefits, and overtime paid in the locality to the majority of workers, laborers, or mechanics in the same trade or occupation; required to be paid on all public works and public building service maintenance contracts. These rates are set by L&I.

Professional Services: Services that involve technical expertise provided by a consultant to accomplish a specific study, project, task, or other work. These activities and products are mostly intellectual in nature and do not include architectural and engineering (A&E) services. Examples of personal services include accounting, legal, comprehensive planning, and real estate services.

Proposal: An offer to perform a contract to supply goods or services in response to a request for proposal (RFP).

Purchase: The buying, leasing, renting or lease-purchasing of goods or services.

Purchase Order (also called encumbrance): A form issued by the Finance Department or Legal Assistant, which reserves the purchase amount in the applicable fund and can sometimes serve as a written request to a vendor to provide the item being purchased.

Purchased Services (also called general services): Services that are generally routine, repetitive, or mechanical in nature and support the City’s day-to-day operations. Purchased services include janitorial, debt collections, equipment service agreements, machine repair, or delivery services.

Public Work: A project including all work, construction, alteration, repair, or improvement other than ordinary maintenance executed at the cost of the City. Public work projects include the related materials, supplies, and equipment to complete the project.

Purchase Order (Encumbrance): Official document used in authorizing the encumbrance of City funds toward a purchase.

Quotation: An offer, including price, to perform a contract to supply goods and/or services in response to a request for quotation.

Request for Proposals (RFP): A process that requests interested firms to submit a statement of their proposal for completing a project. Proposals are evaluated based on suitability, practicality, quality of the proposal, experience, and cost.

Request for Qualifications (RFQ): a request for only a firm’s general capabilities, including a list of principals, previous projects, number of employees, and licenses. An RFQ doesn’t not including pricing information.

Requisition Form: A standard form providing detail information as to quantity, description, estimated price, vendor, fund account, signature, and other information necessary to make a purchasing decision.

Responsible Bidder: Contractor, supplier, or vendor who is determined to be qualified to provide services or goods to the City based on the criteria in [RCW 39.04.350](#).

Responsive Bidder: An entity whose bids conforms in all material respects to the terms and conditions, the specifications, and other requirements of a solicitation.

Sealed Bid (Formal Bid): An advertised solicitation for a requirement in which the cost exceeds the bid limit. The bids are opened during a public opening.

Sole Source (also called a single source purchase): An exception to competitive bidding. A purchase of goods or services that is clearly and legitimately limited to a single source of supply in which the purchase price may be best established by direct negotiation.

Solicitation: Notification to prospective bidders about a future project or purchase, with a request for competitive bids, quotes, or proposals.

Splitting: The separation of continuing/repetitive requirements for the same good or service into several purchases to avoid dollar limitations or competition.

Small Works Roster: List of contractors by work category who have registered with MRSC and requested to be notified by the City about upcoming projects or purchases and bid opportunities.

Specification: A clear, complete, and accurate statement of the technical requirements descriptive of a material, item, or service.

State Contract: Contracts for goods or services administered by the Department of Enterprise Services on behalf of agencies. The contract document will identify the conditions under which usage by agencies is allowed.

Subcontractor: A person or business that is, or will be, providing or performing an essential aspect of a contract under the direction and responsibility of the primary contractor.

Supplier: A vendor of purchased goods and services.

Surplus Property: Personal property belonging to the City for which the City has no further use.

Vendor: A provider of materials, supplies, goods, or equipment.

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

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

General Government Debt

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

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

The City's total non-voted debt will have an outstanding balance of \$16,174,000 as of January 1, 2020. Principal payments on the outstanding non-voted debt for 2020 are \$749,503, due on December 1, 2020.

Currently the City has four outstanding councilmanic bond issues:

1. **Series 2010** Limited Tax General Obligation bonds issued for sidewalks, utility and street improvements, and Carnegie Library retrofit. *Outstanding balance as of January 1, 2020 - \$2,950,000.*
2. **Series 2012** Limited Tax General Obligation Refunding bond issue, refunded 1999 bonds and a portion of the 2002, 2003 and 2005 general obligation bonds. *Outstanding balance as of January 1, 2020 - \$2,175,000.*
3. **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, 2020 - \$10,215,000.*
4. **Series 2018** Limited Tax General Obligation bond issued to fund the Homeward Bound/Cherry Street affordable housing project. *Outstanding balance as of January 1, 2020 - \$834,000*

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 \$302,400 in 2020. 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. *Outstanding balance as of January 1, 2020 - \$2,835,000*

General Obligation Line of Credit

The City Council authorized the City Manager to execute an agreement with *Cashmere Valley Bank* to provide a line of credit for \$1,500,000 in 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. On May 13, 2019, the City Council voted to approve Ordinance 3227, establishing a new line of credit for \$1,500,000 to be used to repay the existing line of credit maturing on May 31, 2019 and to finance capital improvements to city streets and facilities. The new line of credit is with Cashmere Valley Bank and matures on June 1, 2021.

As of the end of 2020, the City intends to have an outstanding balance of \$840,000 on the line of credit. The City will need to find permanent financing and may either refinance the series 2010 bonds and add additional debt in late 2020 or use cash reserves to fund the following projects:

- Water Street Overlay - \$225,000 for cost increases for the Street component of the project
- Water Street Overlay - \$270,000 for cost increases for the Storm component of the project
- Discovery Road - \$250,000 for City match for design and construction
- Mt View Phase III - \$60,000
- SR20 Pedestrian Walkway - \$35,000 for the feasibility study

Inter-fund Loans

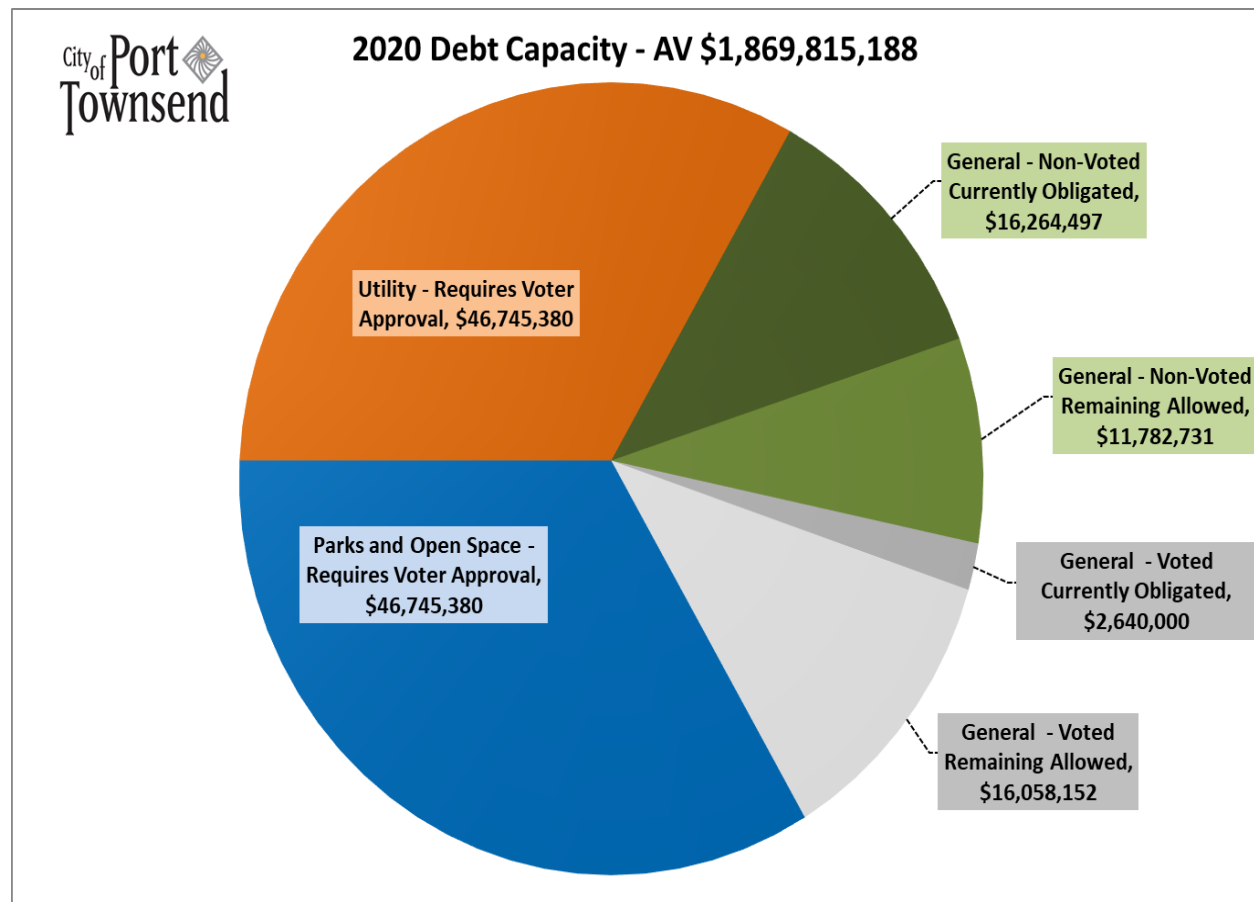
The City will have one outstanding inter-fund loan in 2019 for \$90,000. The loan will be from the Transmission Line Fund to the Community Services Fund for \$90,000 for a term of 3 years at an interest rate equal to the average LGIP investment interest rate for the loan term. The loan is to provide the Community Services Fund the ability to contract with BERK Consulting, Inc. to perform a comprehensive park study. Annual payments will be made from the annual reduction in the Mountain View lease, beginning in 2020.

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						
		2016 Actual	2017 Actual	2018 Actual	2019 Estimated	2020 Budget
Annual Debt Service as a % of Revenue	Less than 15%	11.5%	10.4%	10.4%	10.2%	12.0%

The following chart and table reflect the current general obligation non-voted and voted bond debt capacity based on the Jefferson County Assessor's 2019 preliminary assessed values for 2020 taxes; preliminary assessed values increased by approximately 13.0%, consequently, increasing the City's available debt capacity:



2019 Assessed Valuation (1)	\$ 1,869,815,188
General Purposes - Non-Voted	
Non-voted General Obligation Debt Capacity (1.50% of AV)	\$ 28,047,228
Less: Outstanding Non-voted General Obligation Debt (2)	\$ (15,424,497)
Less: Outstanding Line of Credit Balance (3)	\$ (840,000)
Remaining Non-Voted General Obligation Debt Capacity	\$ 11,782,731
Percent of Non-Voted Debt Capacity Remaining	42.01%
General Purposes - Requires Voter Approval	
Voted General Obligation Debt Capacity (1.00% of AV)	\$ 18,698,152
Less: Outstanding Voted General Obligation Debt	\$ (2,640,000)
Less: Outstanding Line of Credit Balance (3)	\$ -
Remaining Voted General Obligation Debt Capacity	\$ 16,058,152
Percent of Voted Total Debt Capacity Remaining	85.88%
Parks and Open Space Purpose - Requires Voter Approval	
Voted General Obligation Debt Capacity (2.50% of AV)	\$ 46,745,380
Less: Outstanding Voted Debt for Parks	\$ -
Remaining Voted Debt Capacity for Parks	\$ 46,745,380
Utility Purpose - Requires Voter Approval	
Voted General Obligation Debt Capacity (2.50% of AV)	\$ 46,745,380
Less: Outstanding Voted General Obligation Debt for Utility Purpo:	\$ -
Remaining Voted Debt Capacity for Utility Purpose	\$ 46,745,380
Notes:	
(1) Estimate from County Assessor's Preliminary Valuations 2018 Assessments for 2019 Taxes	
(2) Includes only LTGO Bonds issued through 2018. Other general obligation debts may count against debt capacity. Includes principal payments through 12/31/2020.	
(3) Line of credit for \$1,500,000 authorized by Council on 11/3/14; renewed 11/6/17 & 5/13/19; estimated draws through 12/31/2019 with permanent financing secured in 2020	

Utility & Intergovernmental Debt

The City has funded utility/public works projects with intergovernmental loans from the Public Works Board (Public Works Trust Fund loans used to fund public work projects) and the State Revolving Fund (Department of Ecology low interest loans for water quality projects). These loans are repaid from utility revenues rather than property tax revenues. Loan payments for 2020 for utility debt are budgeted at approximately \$1,450,000 for principal and interest combined. As the city draws on these loans the payment schedules and outstanding principle changes. Currently, the outstanding principal on utility debt at the end of 2019 is \$17,792,610.

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 2020, the debt reserve fund is estimated to have a fund balance of approximately \$2,500,000.

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 or to provide interim financing while permanent financing options are reviewed. The line of credit matured in March 2018 and the City subsequently renewed the line of credit through March 1, 2021.

As of the end of 2020, the City intends to have an outstanding balance of \$1,885,000 on the line of credit. The City will require permanent financing prior to May 31, 2021. The following projects require funding:

- 5mg Reservoir & LTII Treatment Plant - \$1,250,000 for City match for the project
- Big Quil Diversion Dam - \$635,000 for project costs over the original project estimate

CITY OF PORT TOWNSEND, WASHINGTON
STAFFING AND COMPENSATION SUMMARY

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.

2020 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 2020 budget was prepared by reviewing each employee’s position and seniority as compared to the wage charts. The contract agreement for these employees expires December 31, 2021 and is currently under negotiation.

Full time employees receive a full benefit package that includes health, life, dental and retirement benefits. The current contract calls for employees in this group to contribute 10% of the total cost of the medical benefit costs for themselves and any covered dependents, which is how the city budgeted these costs. Teamster benefit rates are budgeted to increase 2.0% in 2020.

2020 Budget Assumptions for Police Agreement

The Police Agreement with the Teamsters defines the pay scales, compensated hours, seniority rates and cost of living adjustments to salaries for police officers and sergeants. The two-year agreement with the Police bargaining unit will expire on December 31, 2020.

2020 Budget assumptions are forecasted with a cost of living increase of 2.0% per the contract agreement. Full-time employees receive a full benefit package that includes health, life, dental and retirement benefits. Employees contribute 10% of the medical

benefit costs for themselves and any covered dependents. Teamster benefit rates are budgeted to increase 2.0% in 2020.

2020 Budget Assumptions for Non-represented employees

The non-represented employee group is made up of management and professional level staff, part-time pool staff, library staff, and confidential/administrative staff. This group has no formal contractual agreement and benefit and wage increases have historically been dictated by performance and availability of budget dollars. Full time employees receive a full benefit package that includes health, life, dental and retirement benefits. Employees contribute 15% of the total cost of these benefits for themselves and any covered dependents. Medical benefit rates are forecasted to increase 2.0% which is partially offset by a 2.0% discount for well city designation. Employees may choose from two dental plans. The Dental premiums are budgeted to increase 1% for 2020. 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 inflationary increases and new positions.

The 2020 budget includes a cost of living adjustment for non-represented employees of 3.0%.

Minimum Wage

Initiative 1433, approved by Washington state voters in 2016, required a statewide minimum wage of \$11.00 per hour in 2017, \$11.50 in 2018, \$12.00 in 2019 and \$13.50 in 2020. For 2020, this \$1.50 per hour is a 12.5% increase. This increase impacts pool and seasonal wage rates. Additionally, the increase begins to impact higher level position through wage compression. Wage compression occurs when pay adjustments regardless of experience, skills or seniority increase the base wage and bring those wages closer to the wages of more senior, experienced, skilled positions. Human Resource will continue to monitor the impact of minimum wage adjustments on all City positions.

Recruiting Staff, Succession Planning and Best Practices

The city continues to strive to foster a healthy City organization through investing in leadership development and training and adopting and implementing best employment practices.

Human Resources continues to develop 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 2020 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 City adopted an updated Accident Prevention Program in January 2019. The city-wide training program for 2019 was largely centered around trainings that helped implement the new program including Respiratory Safety, Lock Out Tag Out, Bloodborne Pathogens and continue Hazard Communication and First Aid/CPR training. Additionally, an employee financial management workshop was held as well as Respectful Workplace Anti-Harassment training.

In 2019, the Police Chief has also requested an additional position to assist in a county-wide effort to coordinate benefits and resources to homeless and other people in need. The City was unable to fund that position and was placed on the unmet needs list. In the first quarter of 2019, MCS Counseling received a grant from the One-Tenth of One Percent sales tax fund to provide a part-time 27 hour per week Navigator for 2019 and 2020. The Navigator will assist police with the increasing number of calls for service for individuals with mental health and/or substance abuse disorders. In June of 2019, the Council authorized funding to MCS for an additional 13 hours per week, making this position available 40 hours per week in Port Townsend. The new Navigator has already made a positive impact in the community, linking at risk individuals with services for mental health care, substance abuse treatment, housing, medical care, food, transportation and other needs. The services provided by the Navigator help extend the police staff through the consulting service, but the Navigator position is not included in the total number of authorized staff positions.

The Community Services Department has requested the approval of a Volunteer Coordinator position for the past several years. The City has been unable to fund this position. During 2019, the City Attorney reviewed our prosecutor's case load and was presented with an opportunity to contract with the County Prosecutor's office to handle these cases. With the execution of this contract, the City eliminated the City Prosecutor position. The annual savings related to this change was \$55,000 to the General Fund. In March 2019, City Council authorized the addition of a Parks & Community Services Administrative Support Specialist with an estimated cost of \$77,000 to be largely funded by the savings from the change in prosecutorial services. This position will provide volunteer coordination along with managing facility rentals and providing support to the Parks, Recreation and Community Services Director.

The 2020 budget includes requests for seasonal help for parks & recreation, Streets/Storm-water/Waste-water. Due to difficulties recruiting seasonal help in 2018, the budgeted wage was adjusted to \$15.00 per hour for 2019 and this rate is also budgeted for 2020. These positions are critical to assist with managing fast growing vegetation during the spring and summer months, among other assignments.

No new positions are proposed in the 2020 budget. New positions requested include an additional Police Officer, Public Records Officer, an Administrative Assistant for

Administration and a Maintenance Worker for Streets and Wastewater Collection. Equipment Operator. These positions have been added to the Unmet Needs/Deferred Items list and will be evaluated in the future should sustainable funding become available for new positions

A chart below shows the trend by department of authorized staffing changes in the last five years:

CITY OF PORT TOWNSEND - AUTHORIZED POSITIONS *							
Department/Division	2016	2017	2018	2019	2020	2020 vs 2019	2020 vs 2018
General Government							
City Manager	2.0	2.0	2.0	2.0	2.0	0.0	0.0
City Attorney	3.6	3.6	3.6	3.6	2.6	-1.0	-1.0
Development Service & Planning	7.3	8.3	8.3	8.3	8.3	0.0	0.0
Finance & Utility Billing (UB)	6.1	6.4	6.0	6.3	7.5	1.3	1.5
Police Admin & Operations	18.0	19.0	19.8	20.0	19.8	-0.2	0.0
City Clerk/Human Resources	3.8	5.0	5.0	5.0	4.0	-1.0	-1.0
PEG TV Studio	0.0	0.0	0.0	0.0	0.0	0.0	0.0
City Events, Facilities & Restrooms	3.5	3.5	3.5	3.5	4.0	0.5	0.5
Street	2.1	2.1	2.2	2.2	1.9	-0.3	-0.3
Parks Maintenance & Recreation	3.5	4.2	4.2	4.5	4.0	-0.5	-0.2
Pool	6.9	7.7	7.9	8.3	8.0	-0.3	0.1
Library	9.6	9.6	9.6	9.6	8.9	-0.8	-0.8
Equipment Rental	3.9	4.3	4.3	4.0	4.0	0.0	-0.3
Total General Government	70.3	75.7	76.4	77.3	75.1	-2.3	-1.3
Public Works & Utilities (excl UB)							
Public Works Administration	2.1	3.2	3.3	4.2	4.2	0.0	0.8
Public Works Engineering	8.3	5.9	7.8	6.7	5.4	-1.3	-2.3
Utilities							
Water Distribution	5.0	5.0	5.8	5.5	5.5	0.0	-0.3
Water Quality & Resource	3.0	3.0	3.8	3.5	3.5	0.0	-0.3
Wastewater Collection	2.5	2.5	2.7	2.5	2.6	0.1	-0.1
Wastewater Treatment	3.5	3.5	3.5	3.8	3.6	-0.1	0.1
Biosolids	2.5	2.5	2.5	2.5	2.5	0.0	0.0
Stormwater	3.5	3.5	3.6	3.3	3.5	0.2	0.0
Total Public Works & Utilities	30.4	29.1	33.0	31.9	30.8	-1.1	-2.2
TOTAL CITY FTES	100.7	104.9	109.3	109.2	105.9	-3.3	-3.5
Percentage Change						-3.1%	-3.3%
Positions not currently counted as FTES							
	2016	2017	2018	2019	2020		
Mayor/Council	7.0	7.0	7.0	7.0	7.0		
<i>* Does not include leave payouts or seasonal positions</i>							

With the seasonal help, a total of 107.23 positions are included in the proposed budget for 2020, 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 4,552 hours with most of those hours dedicated to police operations.

Below are two tables that outline salary schedules and positions budgeted in 2020 for Elected Officials, Non-represented Employees and Represented Employees positions:

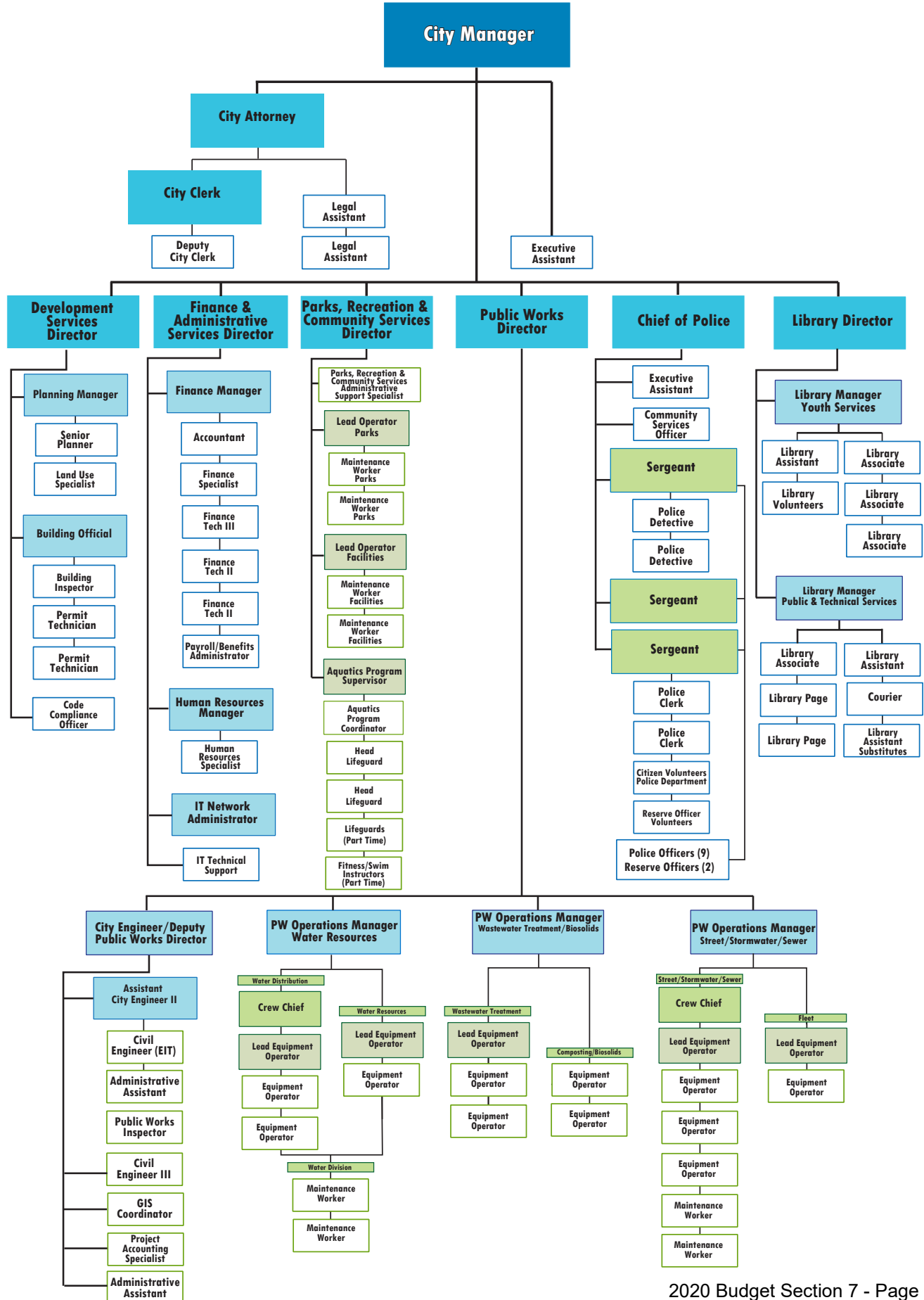
CITY OF PORT TOWNSEND NON-BARGAINING EMPLOYEE POSITION CLASSIFICATION SALARY SCHEDULE BUDGET 2020			
Elected Officials			
Classification	Minimum	Maximum	Positions
Mayor	\$ 9,000.00	\$ 9,000.00	1.00
Councilmembers	\$ 6,000.00	\$ 6,000.00	6.00
Non Represented Employees			
Classification	Minimum	Maximum	Positions
City Manager	\$ 128,750	\$ 167,890	1.00
Public Works Director	\$ 118,691	\$ 145,251	1.00
City Attorney	\$ 116,398	\$ 139,678	1.00
Chief of Police	\$ 107,669	\$ 137,201	1.00
Finance and Administrative Services Director	\$ 104,758	\$ 133,859	1.00
Development Services Director	\$ 104,758	\$ 128,037	1.00
Deputy Police Chief	\$ 95,168	\$ 115,985	0.00
Deputy Public Works Director/City Engineer	\$ 95,168	\$ 115,985	1.00
Parks, Recreation & Community Services Director	\$ 95,168	\$ 115,985	1.00
Assistant City Engineer II	\$ 87,342	\$ 109,558	0.00
Assistant City Engineer I	\$ 84,389	\$ 105,853	0.00
Library Director	\$ 84,389	\$ 104,758	1.00
Human Resources Manager	\$ 81,700	\$ 113,162	1.00
Prosecuting Attorney/Assistant City Attorney	\$ 81,022	\$ 99,624	0.00
Planning Manager	\$ 81,022	\$ 99,624	1.00
Building Official	\$ 80,024	\$ 96,028	1.00
Public Works Operations Manager WW/Bio	\$ 80,024	\$ 96,028	1.00
Public Works Operations Manager - Water Resources	\$ 80,024	\$ 96,028	1.00
Public Works Operations Manager - Streets/Sewer/Stormwater	\$ 80,024	\$ 96,028	1.00
City Clerk	\$ 77,346	\$ 100,467	1.00
Operations Manager - Parks, Recreation & Facilities	\$ 75,659	\$ 104,758	0.00
Finance Manager	\$ 77,979	\$ 108,585	1.00
Civil Engineer III	\$ 73,897	\$ 101,916	1.00
Senior Planner	\$ 72,913	\$ 93,200	1.00
Library Manager - Public and Technical Services	\$ 63,897	\$ 75,220	1.00
Library Manager - Youth Services	\$ 63,897	\$ 75,220	1.00
Civil Engineer EIT	\$ 59,714	\$ 77,184	1.00
Deputy City Clerk	\$ 57,085	\$ 75,562	1.00
Executive Assistant to City Manager	\$ 57,085	\$ 75,562	1.00
Human Resources Specialist	\$ 57,085	\$ 75,562	1.00
Legal Assistant/Deputy Clerk	\$ 57,085	\$ 75,562	1.00
Legal Assistant	\$ 57,085	\$ 75,562	0.63
Payroll and Benefits Administrator	\$ 57,085	\$ 75,562	1.00
Executive Assistant to Chief of Police	\$ 53,913	\$ 71,405	1.00
Hourly Part-Time Positions			
Library Associate	\$ 20.19	\$ 23.80	2.01
Library Assistant	\$ 15.22	\$ 17.95	2.13
Library Assistant Substitute	\$ -	\$ 15.22	0.54
Library Courier, Library Page	\$ 13.50	\$ 16.32	1.19
Aquatics Recreation Aide	\$ -	\$ 13.50	0.00
Lifeguard, Swim Instructor	\$ 13.90	\$ 15.47	3.16
Fitness Instructor	\$ 15.39	\$ 17.22	0.74
TEMPORARY PART TIME Hourly Pool Positions			
Assistant Swim Team Coach	\$ 15.39	\$ 23.25	0.12
Head Swim Team Coach	\$ 16.85	\$ 25.82	0.01
Total Non-Represented Employees			38.53

**CITY OF PORT TOWNSEND
REPRESENTED EMPLOYEE POSITION CLASSIFICATION SALARY SCHEDULE
BUDGET 2020**

GENERAL GOVERNMENT REPRESENTED EMPLOYEES			
Classification	Minimum/hr	Maximum/hr **	Positions
Accountant	\$ 33.62	\$ 38.15	1.00
Administrative Assistant - Public Works	\$ 21.98	\$ 24.97	1.00
Aquatics Program Coordinator	\$ 22.73	\$ 25.99	1.00
Aquatics Program Supervisor	\$ 28.27	\$ 32.12	1.00
Assistant Planner	\$ 29.12	\$ 33.07	0.00
Associate Planner	\$ 32.45	\$ 39.25	0.00
Building Inspector	\$ 30.50	\$ 34.65	1.00
Code Compliance Officer	\$ 30.50	\$ 34.65	1.00
Community Services Officer	\$ 22.73	\$ 25.99	1.00
Crew Chief	\$ 31.83	\$ 36.15	2.00
Equipment Operator	\$ 27.65	\$ 31.28	11.13
Finance Specialist	\$ 29.12	\$ 33.07	1.00
Finance Tech II	\$ 22.73	\$ 25.99	2.00
Finance Tech III	\$ 24.93	\$ 28.30	1.00
GIS Coordinator	\$ 31.24	\$ 35.52	1.00
Head Lifeguard I	\$ 15.39	\$ 17.22	1.00
Head Lifeguard II	\$ 16.69	\$ 18.70	1.00
IT Network Administrator	\$ 38.99	\$ 44.26	1.00
IT Technical Support	\$ 31.24	\$ 35.52	1.00
Land Use Specialist	\$ 29.12	\$ 33.07	1.00
Lead Equipment Operator	\$ 29.61	\$ 33.63	4.00
Lead Operator	\$ 29.61	\$ 33.63	3.00
Maintenance Worker	\$ 22.73	\$ 25.99	8.00
Mechanic	\$ 28.27	\$ 32.09	0.00
Parks/Rec Community Services Admin Support Specialist	\$ 23.15	\$ 26.21	1.00
Permit Tech	\$ 22.73	\$ 25.99	2.00
Police Clerk	\$ 24.93	\$ 28.30	2.00
Project Accounting Specialist	\$ 29.12	\$ 33.07	1.00
Public Works Inspector	\$ 30.50	\$ 34.65	1.00
Public Works/Engineering Support Specialist III	\$ 24.93	\$ 28.30	0.00
Public Works/Engineering Support Specialist II	\$ 22.73	\$ 25.99	0.00
Purchasing/Contracts Specialist	\$ 29.12	\$ 33.07	0.00
Public Works Administrative Assistant		\$ 19.90	0.40
Seasonal Workers		\$ 16.00	1.38
Total General Government Represented Employees			53.91
POLICE OFFICER REPRESENTED EMPLOYEES			
Classification	Minimum/hr	Maximum/hr **	Positions
Police Officer	\$ 32.38	\$ 37.15	11.00
Sergeant	\$ 41.62	\$ 45.52	3.00
Hourly Part-Time Non-Represented Positions			
Reserve Police Officers		\$ 18.00	0.79
Total Police (Sworn Officer) Employees			14.79
<i>**max pay does not include longevity or other premiums as may be applicable</i>			
TOTAL CITY POSITIONS (Excluding Elected Officials)			107.23

CITIZENS OF PORT TOWNSEND

Mayor
Deputy Mayor
Council Member
Council Member
Council Member
Council Member
Council Member



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 October, the Jefferson County Assessor provides the City's assessed value (AV) for use in computing the levy rates for the following tax year. The City's 2019 AV grew by 13.1% from the 2018 AV. New construction in the City was \$19,886,000 for 2019 which adds to the City's tax base. During 2019, the Assessor's office conducted a complete review of assessed values in the City, leading to the 13.1% increase in total City wide AV.

In February 2019, the voters of the City of Port Townsend voted on a measure to annex the City of Port Townsend into Jefferson County Fire Protection District #1 (EJFR). The measure was approved by 69.28% of the voters, resulting in a merge of the geographic area of Port Townsend into the service area of District #1. With this approval, the City no longer levies property taxes for the Fire Levy Lid Lift or Emergency Management Services, as these services will now be provided by EJFR. EJFR will now levy taxes for these services. The City's General Fund Levy had previously supplied additional funding to EJFR, with the funding amount for 2019 estimated at \$908,724. The City retains the authority to levy the \$908,724.

While Washington state does not allow the property tax levy to be reduced through a vote once it has been established, the City Council may adjust the amount to be levied. The City put together a means to limit its property tax levy authority for a period of five years.

The Council has adopted an enforceable policy that limits the Council's tax authority in December 2018. The policy is accessible on the City's website at: <https://cityofpt.us/administration/page/post-annexation-property-tax-policy-qa>. This policy provides that the City will not assess any of the \$908,724 increase in 2020 (the first year it would go into effect if annexation is approved). Thereafter starting in 2021 through 2023 the Council will have limited authority as provided for by the policy. The policy requires that any amount of the \$908,724 be phased in at a rate not to exceed 33% per each year starting in 2021. Further, it restricts what the money can be used for as outlined in the adopted policy.

For 2020, the policy dictates that the full amount of the \$908,724 will not be levied. Not levying this amount will create "banked capacity" of \$908,724. This banked

capacity will be available for the City to use in the future but not during the 2020-2023 period covered in the policy agreement.

The total proposed property tax levy for the City General 2019 property tax levy for 2020 taxes is \$2,614,000, or approximately \$1.39800 per \$1,000 AV. This levy includes the Library lid lift which provides funds to pay for operating expenses for the Carnegie Library and Pink House. *Previously the General Fund levy also included the Fire/EMS lid lift levy which provided funds for fire and emergency rescue services and the receipts from this levy were remitted to Jefferson County Fire District No. 1 (East Jefferson Fire Rescue). As of January 1, 2020, this levy has been eliminated.*

In 2010, Port Townsend voters approved an additional emergency medical service (EMS) levy for \$0.50 per \$1,000 of AV. These taxes were remitted to East Jefferson Fire Rescue as part of an Interlocal agreement. The total proposed tax levy for EMS levy lid lift for 2018 was \$774,000. As of January 1, 2020, this levy has now been eliminated.

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 2020. This excess levy amount is approximately \$0.08173 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 2020 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									
	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	2018 for 2019 taxes	2019 for 2020 taxes
Assessed Valuation (000's)	1,468,539	1,469,136	1,219,761	1,299,381	1,340,801	1,442,618	1,524,264	1,653,040	1,869,815
Levy Rate - General	1.40521	1.42529	1.73897	1.66940	1.63449	1.56531	1.52015	1.42554	0.79687
Levy Rate - Library Lid Lift	0.65371	0.66400	0.80908	0.77421	0.76037	0.72350	0.70654	0.66291	0.60113
Levy Rate - Fire Lid Lift	0.43117	0.43708	0.53429	0.51206	0.50217	0.48254	0.46682	0.43799	-
City of PT Total General Levy	2.49009	2.52637	3.08234	2.95567	2.89703	2.77135	2.69351	2.52644	1.39800
Levy Rate - EMS	0.50000	0.50000	0.50000	0.50000	0.50000	0.50000	0.49598	0.46823	-
Excess Levy Rate - Mountain View	-	-	-	-	0.05093	0.10595	0.10595	0.09261	0.08173
Total City Tax Levy Rate	2.99009	3.02637	3.58234	3.45567	3.44796	3.37730	3.29544	3.08728	1.47973
BUDGET ALLOCATIONS									
	2012	2013	2014	2015	2016	2017	2018	2019	2020
General	675,681	682,899	740,000	750,000	770,329	811,808	850,146	884,670	867,107
Contingency	21,000	39,689	4,000	4,000	-	-	-	-	-
Community Services	400,000	399,242	408,000	412,000	412,000	412,000	412,000	412,000	412,000
General Government Debt Service	101,000	99,823	102,000	102,000	102,000	102,000	102,000	102,000	102,000
Firemen's Pension	34,000	34,000	35,000	35,000	39,245	35,245	34,235	34,235	34,235
Housing Trust Fund	10,000	6,235	10,000	10,000	10,000	10,000	10,000	10,000	74,658
Library Fund	960,000	967,644	989,000	1,006,000	1,019,185	1,043,224	1,076,951	1,095,824	1,124,000
EMS Levy	740,000	673,319	610,000	655,000	675,000	742,000	765,000	774,000	-
Fire/EMS General Levy	1,463,319	1,474,972	1,511,598	1,542,721	1,559,047	1,583,723	1,620,276	1,637,574	-
Mountain View Levy	-	-	-	-	67,012	150,000	150,000	150,000	150,000
Total	4,405,000	4,377,823	4,409,598	4,516,721	4,653,818	4,890,000	5,020,608	5,100,303	2,764,000
<p>Note: Budget Allocations may be 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.</p>									

ORDINANCE NO. 3238

AN ORDINANCE OF THE CITY OF PORT TOWNSEND, WASHINGTON, FIXING AND ADOPTING 2020 PROPERTY TAX LEVIES FOR THE GENERAL LEVY WITH A TOTAL INCREASE OF ONE PERCENT (1.00%) 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 4, 2019, to consider the City of Port Townsend's General Fund, Contingency Fund, Library Fund, Affordable Housing Fund, Community Services Fund, Debt Service Fund and Firemen Pension Fund budget for the 2020 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, at the February 12, 2015 special election, the citizens of Port Townsend and the East Jefferson Fire Protection District No. 1 approved the annexation of the City of Port Townsend into the East Jefferson Fire Protection District No. 1; and

WHEREAS, per fire annexation agreement, the City Council agreed to reduce its property tax levy by \$908,724, which represents the approximate amount the City's general fund would have paid for fire protection services by the East Jefferson Fire Protection District and is considered "banked capacity" for the City of Port Townsend; and

WHEREAS, as a result of the fire annexation, responsibility for levying the EMS levy and the Fire/EMS levy lid lift transfers to East Jefferson Fire Protection District No. 1; and

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

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

Section 1. That an increase in the regular property tax levy of 1.0%, in addition to any amount resulting from the addition of new construction and improvements to property and any increase in the value of state-assessed property, and any increase due to re-levying for any refunds made in the previous year, is hereby authorized for the 2020 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 2020, the sum of \$3,471,411 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 \$34,370 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 2020, 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 \$0.081733 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 18th day of November 2019.

Deborah S. Stinson
Mayor

Attest:

Approved as to form:

Joanna Sanders, MMC
City Clerk

Heidi Greenwood
City Attorney

City of Port Townsend Property Tax Calculation - 2020

CITY OF PORT TOWNSEND - PROPERTY TAX ESTIMATE FOR 2020 BUDGET	GENERAL LEVY	LIBRARY LEVY	MTN VIEW LEVY	TOTAL
2018 for 2019 Assessed Value	\$ 1,653,051,001	\$ 1,653,051,001	\$ 1,619,766,431	
2018 New Construction	\$ 21,668,678	\$ 21,668,678	\$ 21,668,678	
2019 Levy Rate	1.418640	0.659890	0.092610	2.171140
2019 Actual Levy Amount	\$ 2,345,852	\$ 1,091,188	\$ 149,999	\$ 3,587,039
Increase of 1%	\$ 23,459	\$ 10,912	\$ -	\$ 34,370
Banked Capacity	\$ -	\$ -	\$ -	\$ -
2020 New Construction Estimate	\$ 25,000	\$ 10,000		\$ 35,000
2020 Refunds estimate	\$ 2,854	\$ 975		\$ 3,829
Total Calculated Levy Estimate	\$ 2,397,164	\$ 1,113,075	\$ 150,000	\$ 3,660,238
Less: EJFR Interlocal Agreement/Banked Capacity	\$ (908,724)	\$ -	\$ -	\$ (908,724)
Adjusted Calculated Levy Estimate	\$ 1,488,440	\$ 1,113,075	\$ 150,000	\$ 2,751,514
2019 for 2020 Assessed Value (13.1%)	\$ 1,869,815,188	\$ 1,869,815,188	\$ 1,835,238,451	
2020 Levy Rate	0.796036	0.595286	0.081733	1.473056
Budget amount	\$ 1,490,000	\$ 1,124,000	\$ 150,000	\$ 2,764,000
ALLOCATION				
GENERAL FUND	\$ 867,107	\$ 250,048,757		
CONTINGENCY FUND	-			
COMMUNITY SERVICES	412,000			
GO DEBT SERVICE	102,000			
FIREMEN'S PENSION	34,235			
HOUSING TRUST FUND	74,658			
LIBRARY FUND	1,124,000			
TOTAL	2,614,000			
MTN VIEW LEVY	\$ 150,000			
TOTAL CITY LEVY BUDGET	\$ 2,764,000			

City of Port Townsend Property Tax Calculation - 2019

Property Tax Estimate for 2019 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
2017 for 2018 - AV	1,528,558,379	1,528,558,379	1,528,558,379	1,528,558,379	1,497,191,373	
2017 New Construction	21,668,678	21,668,678	21,668,678	21,668,678		
2018 Levy Rate	2.6557	2.1953	1.4982	0.4928	0.1002	
2018 Actual Levy Amount (Per Ordinance)	4,059,328	3,355,648	2,290,158	753,266	150,000	4,962,594
Increase of 1% (Ordinance amount)	40,593	33,556	22,902	7,532.66	-	48,126
Banked Capacity	-	-	-	-	-	-
2019 New Const (Est) - \$19,375,000	51,700	42,741	29,174	9,589	-	61,289
Refunds (Est) - \$5,449	4,681	3,947	2,835	767	-	5,449
Total Calculated Levy Estimate	4,156,303	3,435,892	2,345,068	771,155	150,000	5,077,458
2018 for 2019 AV	1,653,040,117	1,653,040,117	1,653,040,117	1,653,040,117	1,619,766,431	
Levy Rate	2.51434	2.07853	1.41864	0.46651	0.09261	
Budget on the high side	4,176,303	3,452,292	2,356,468	774,000	150,000	5,100,303
Property Tax Budget	General	Library	FIRE	EMS	MV	Total
Budget on the high side	2,356,468	1,095,824	724,011	774,000	150,000	3,280,468
2019 Budget Levy Rate	1.42554	0.66291	0.43799	0.46823	0.09261	3.08727
ALLOCATION						
General	884,670					
Contingency	-					
Community Services	412,000					
General Government Debt Service	102,000					
Firemen's Pension	34,235					
Housing Trust Fund	10,000					
Library Fund	1,095,824					
EMS Levy	774,000					
Fire/EMS General Levy	1,637,574					
Total	4,950,303					
MV LEVY	150,000					
TOTAL CITY LEVY - BUDGET	5,100,303					
			Payment to EJFR:			
			FIRE	724,011		
			EMS	774,000		
			1% increase per contract	913,563		
			EJFR	2,411,574		
			2018 Base	878,924		
			1% Increase	8,789		
			2019 Base	887,713		
			1/2 New Construction	25,850		
			2019 Cap to EJFR	913,563		

CITY OF PORT TOWNSEND PROPERTY TAX LEVY									
ASSESSED VALUE & LEVY RATES - BY TAX YEAR									
	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	2018 for 2019 taxes	2019 for 2020 taxes
Assessed Valuation (000's)	1,468,539	1,469,136	1,219,761	1,299,381	1,340,801	1,442,618	1,524,264	1,653,040	1,869,815
Levy Rate - General	1.40521	1.42529	1.73897	1.66940	1.63449	1.56531	1.52015	1.42554	0.79687
Levy Rate - Library Lid Lift	0.65371	0.66400	0.80908	0.77421	0.76037	0.72350	0.70654	0.66291	0.60113
Levy Rate - Fire Lid Lift	0.43117	0.43708	0.53429	0.51206	0.50217	0.48254	0.46682	0.43799	-
City of PT Total General Levy	2.49009	2.52637	3.08234	2.95567	2.89703	2.77135	2.69351	2.52644	1.39800
Levy Rate - EMS	0.50000	0.50000	0.50000	0.50000	0.50000	0.50000	0.49598	0.46823	-
Excess Levy Rate - Mountain View	-	-	-	-	0.05093	0.10595	0.10595	0.09261	0.08173
Total City Tax Levy Rate	2.99009	3.02637	3.58234	3.45567	3.44796	3.37730	3.29544	3.08728	1.47973
BUDGET ALLOCATIONS									
	2012	2013	2014	2015	2016	2017	2018	2019	2020
General	675,681	682,899	740,000	750,000	770,329	811,808	850,146	884,670	867,107
Contingency	21,000	39,689	4,000	4,000	-	-	-	-	-
Community Services	400,000	399,242	408,000	412,000	412,000	412,000	412,000	412,000	412,000
General Government Debt Service	101,000	99,823	102,000	102,000	102,000	102,000	102,000	102,000	102,000
Firemen's Pension	34,000	34,000	35,000	35,000	39,245	35,245	34,235	34,235	34,235
Housing Trust Fund	10,000	6,235	10,000	10,000	10,000	10,000	10,000	10,000	74,658
Library Fund	960,000	967,644	989,000	1,006,000	1,019,185	1,043,224	1,076,951	1,095,824	1,124,000
EMS Levy	740,000	673,319	610,000	655,000	675,000	742,000	765,000	774,000	-
Fire/EMS General Levy	1,463,319	1,474,972	1,511,598	1,542,721	1,559,047	1,583,723	1,620,276	1,637,574	-
Mountain View Levy	-	-	-	-	67,012	150,000	150,000	150,000	150,000
Total	4,405,000	4,377,823	4,409,598	4,516,721	4,653,818	4,890,000	5,020,608	5,100,303	2,764,000
<p>Note: Budget Allocations may be 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.</p>									

CITY COUNCIL 2019

Name	Public Phone	Email	Term Expires
Michelle Sandoval	360-379-2980	msandoval@cityofpt.us	12/31/21 Pos. 1
Ariel Speser	360-379-2980	aspeser@cityofpt.us	12/31/21 Pos. 2
Deborah Stinson	360-379-2980	dstinson@cityofpt.us	12/31/19 Pos. 3
Robert Gray	360-379-2980	rgray@cityofpt.us	12/31/19 Pos. 4
Pamela Adams	360-379-2980	padams@cityofpt.us	12/31/21 Pos. 5
Amy Howard	360-379-2980	ahoward@cityofpt.us	12/31/19 Pos. 6
David Faber	360-379-2980	dfaber@cityofpt.us	12/31/19 Pos. 7

Fax Number for all Council members is the Admin fax line: 360-385-4290

COUNCIL COMMITTEE ASSIGNMENTS

Updated September 26, 2019

COUNCIL STANDING COMMITTEES

Finance and Budget (4th Tues. 3pm CH #3/Chambers) ----- RG, AH (chair), DS
 Rules Committee (2nd Tues. 1:30pm Chambers)-----AH, AS (chair), DS
 Housing Committee (3rd Thurs. 3pm Chambers)-----MS (chair), AH, DF
 Transportation Committee (3rd Wed. at 3 pm Chambers) -----DF (chair), RG, PA

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 (AS alt.)

Health

Jefferson County Board of Health ----- AS (PA alt.)
 Jefferson County Developmental Disabilities Advisory Board -----PA
 Jefferson County Clean Water District Advisory Council----- DS
 Jefferson County Mental Health and Substance Abuse Advisory Committee-----AS

Infrastructure

Public Infrastructure Board ----- DS

Law and Justice

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

Transportation

Jefferson Transit Authority Board----- AS, DF
 Peninsula Regional Transportation Planning Organization Executive Board-----AS (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 -----AH, MS, DS
 OlyCAP Board of Directors ----- AH
 Joint Growth Management Steering Committee-----MS, DF, DS
 JeffCom Administrative Board ----- DS
 Port Townsend Main Street HUD Loan Committee-----PA

PARKS, RECREATION & TREE ADVISORY BOARD (5-7)		
Council Liaison: David Faber		
Meets 4:30pm 4th Tuesday at City Hall		
Pos.	Name & Experience	Exp.
1	Paul Schutt	5/1/22
2	Jim Todd	5/1/20
3	VACANT	
4	John Nowak	5/1/22
5	Daniel Greholver, Vice Chair	5/1/22
6	Brenda McMillan	5/1/21
7	Deborah Jahnke, Chair	5/1/21

HISTORIC PRESERVATION COMMITTEE (5-7)		
Council Liaison: None		
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	5/1/21
5	Richard Berg, Chair	5/1/21
6	Craig Britton, Vice Chair	5/1/22
7	Kathleen Croston	5/1/22

LODGING TAX ADVISORY COMMITTEE (11 voting)		
Council Liaison: None		
Meets 3:00pm quarterly 2nd Tuesday at City Hall		
Pos.	Name & Role	Exp.
1	Michelle Sandoval, Chair (Elected Official)	N/A
2	Sherri Hanke (At Large Position)	5/1/20
3	Amanda Milholland (At Large Position)	5/1/22
4	Karen Clemens (Recipient)	5/1/22
5	Barb Trailer (Recipient)	5/1/21
6	Janette Force (Recipient)	5/1/22
7	Denise Winter (Recipient)	5/1/22
8	Cindy Finnie (Collector)	5/1/22
9	VACANT (Collector)	
10	Fort Worden PDA Designee (Collector)	5/1/20
11	Nathan Barnett (Collector)	5/1/21
12	Main Street Designee (Nonvoting)	5/1/21
13	Arlene Alen (Nonvoting)	5/1/20
14	William Roney (Nonvoting)	5/1/20

ARTS COMMISSION (9 max.)		
Council Liaison: Michelle Sandoval		
Meets 3:00pm 1st Wednesday at City Hall		
Pos.	Name	Exp.
1	Stan Rubin	5/1/20
2	Becky Busi	5/1/20
3	Kris Morris	5/1/20
4	VACANT	
5	Dominica Lord-Wood	5/1/22
6	Shelly Leavens	5/1/22
7	Maryann Tapiro	5/1/21
8	Dan Groussman	5/1/22
9	Nhattaleah Nichols, Vice Chair	5/1/21

ACTIVE TRANSPORTATION ADVISORY BOARD (9)		
Council Liaison: Amy Howard		
Meets 4:30pm 1st Thursday at City Hall		
Pos.	Name	Exp.
1	VACANT	
2	Mike Kaill	5/1/20
3	VACANT	
4	Hendrik Taatgen	5/1/21
5	Sam Feinson, Chair	5/1/21
6	VACANT	
7	Pat Teal	5/1/22
8	VACANT	
9	VACANT	

LIBRARY ADVISORY BOARD (5-7)		
Council Liaison: Robert Gray		
Meets Bi-monthly 3:30pm 2nd Monday at the LLC		
Pos.	Name	Exp.
1	Ann Raymond, Chair	5/1/22
2	VACANT	
3	Jacqueline Mention	5/1/21
4	Kathryn Ryan	5/1/20
5	Sidonie Wilson	5/1/20
6	Owen Rowe	5/1/20
7	Carol Klontz	5/1/21

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

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 (Chris O'Higgins)	N/A
6	Jeff. Transit (John Bender)	N/A
7	Port of PT (Eric Toews/Jim Pivarnik)	N/A
8	PT Paper Corp. (Darren Wilson)	N/A
9	Cindy Jayne - <i>Chair</i>	12/31/20
10	Shelley Jaye	12/31/21
11	David Wilkinson (atmospheric/agriculture/environ. mgmt.)	12/31/19
12	Diane McDade	12/31/21
13	Cara Loriz	12/31/21
14	Kate Chadwick (Policy)	12/31/20
15	Dave Seabrook	12/31/21

PLANNING COMMISSION (7)		
Meets 6:30pm 2nd & 4th Thursday at City Hall		
Pos.	Name	Exp.
1	Paul Rice, Chair	12/31/21
2	Monica MickHager	12/31/20
3	Rick Jahnke, Vice Chair	12/31/21
4	James Lagergren	12/31/20
5	Lois Stanford	12/31/19
6	Robert Doyle	12/31/19
7	Aislinn Palmer	12/31/19

CIVIL SERVICE COMMISSION (3)		
Meets as needed		
Pos.	Name	Exp.
1	Gail Ryan, Vice Chair	12/31/19
2	Sherry Erickson	12/31/21
3	Richard Knight, Chair	12/31/23

FORT WORDEN PDA (9-11)		
Meets at Fort Worden Commons B		
Pos.	Name	Exp.
1	Naushard Cader	10/24/22
2	Jeff Jackson	10/24/22
3	Norm Tonina, Chair	10/24/22
4	VACANT	
5	Gee Heckscher, Vice Chair	10/24/20
6	Jane Kilburn	10/24/20
7	Lela Hilton	10/24/20
8	Cindy Hill Finnie	10/24/21
9	Todd Hutton	10/24/21
10	Herb Cook	10/24/21
11	Terry Umbreit	10/24/21

Updated: 10/06/2019