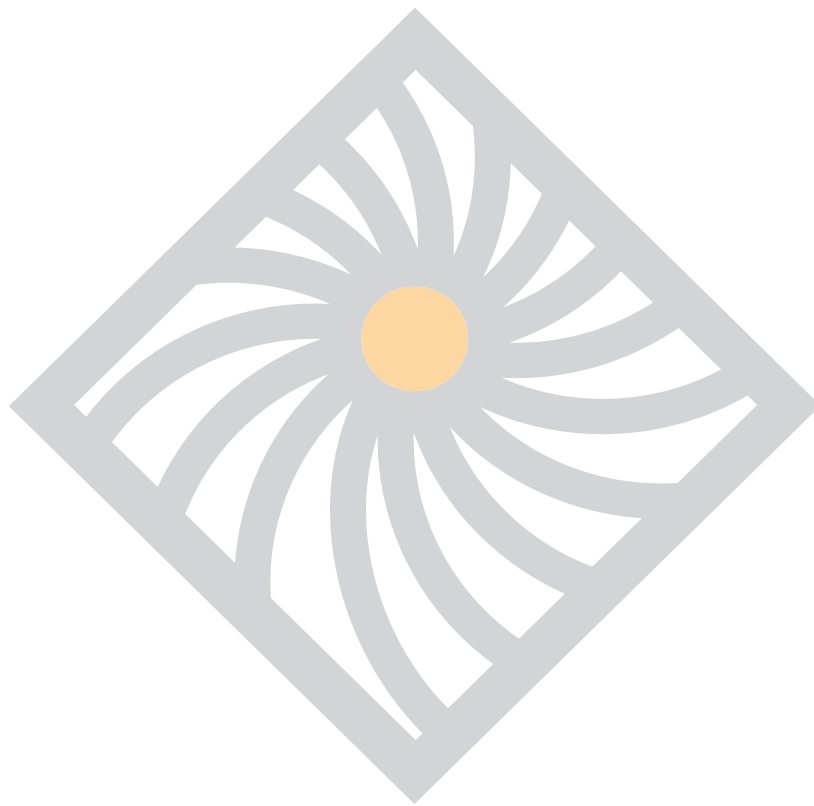


City Manager's Adopted Budget 2024



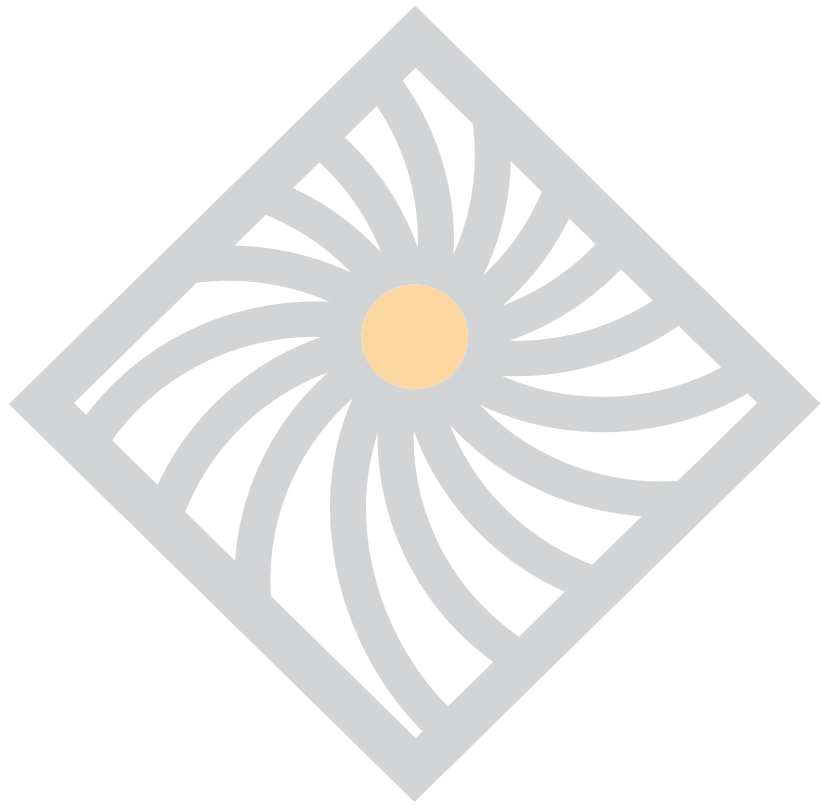
City of  Port Townsend



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Adopted December 4, 2023

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CITY OF PORT TOWNSEND VISION
A thriving community for all...

CITY OF PORT TOWNSEND MISSION STATEMENT
Champion aspirations for a thriving community as envisioned in our Comprehensive Plan

THE 2024 CITY MANAGER BUDGET AND 2023 REVIEW

Message from the City Manager:

Drawing together a responsible, disciplined, and strategic budget is somewhat like assembling a three-dimensional puzzle. There are many pieces, and each piece doesn't really make sense on its own. It takes time to understand the shape and scale of the pieces and how they relate to each other. Once the pieces start clicking together, it takes the form of something more cohesive, stable, and sensible. It becomes something that keeps our community running and guides us.

We've put our heads together to puzzle over the 2024 budget, working out a series of inter-related puzzles at the same time – all while the pieces themselves actually morph and change. For instance, we've been working toward a more comprehensive vision for our streets and transportation that serves all of us. We've been working to increase the availability of attainable workforce housing. We've been envisioning the future of the golf course, and a regional aquatic center. And much more.

While each of these things is, itself, substantive and complex, focusing only on one of them at a time misses a more honest discussion of tradeoffs and balance, as well as the strategic power of the whole. That's why we spent time in 2022 and 2023 getting our minds across all of it so we can better solve for the future.

The Financial Sustainability Initiative, with its Task Force, City Council workshop, report, and videos, took the City down a strategic pathway that we've never dared to go before. After all, previously, it was easier to deny there's a problem worth solving or to give up and say we don't know how – and much harder to take on the whole darn thing.

But we did. Doing so unlocked a range of smart, interrelated options for our future. Doing so forced us to face some tough truths and to take accountability for past neglect. Doing so allows us to catch up on lost time. For the high level, please have a look at the videos on our YouTube channel: @cityofporttownsend. For the detail, please have a look at the report: <https://cityofpt.us/engagept/page/financial-sustainability-initiative>.

The work on financial sustainability sets us up for several key moves over the next several years, including those in our 2024 strategic work plan, developed and workshopped with City staff and City Council in July. So, what's in the 2024 budget? Five key highlights:

- **Strategic staffing.** We have been chronically understaffed. With 108.9 Full Time Equivalent (FTE) positions, the 2024 budget brings in new positions that bring capacity, add strategic value, and aim to reduce overall costs. They include City Custodial, City Electrician, Streets Maintenance Worker, IT Technician, Wastewater Apprentice, Wastewater Operator, Grants Coordinator, and Seasonal Staffing.
- **The right tools.** We have struggled with old or even nonexistent tools that prevent us from maximizing staff efforts and delivering core services. Investments in the fleet, equipment, and capital will help us get the right tools for the job.
- **Smart seed funding.** We do not plan well for facilities replacement and repair. Essentially, we've previously just hoped things don't break and then scramble to find money when they inevitably do. Realizing that's simply not good enough, we have established a plan to seed-fund a facilities program, looking forward multiple years and proactively setting aside funding for facilities before a more costly emergency repair or replacement is needed. This loops back to staffing, helping to pay for expertise to maintain what we have. It also loops back to the 2023 budget when we paid off debt early to free up capacity that helped create the seed funding. We are also taking a similar approach with some elements of the fleet that do not currently have such a preventative program in place.
- **Disciplined debt policy.** While we are within national guidance on debt, we still have too much debt. A new debt policy takes a more conservative approach than state and federal standards, setting a percentage revenue limit for our maximum general obligation debt to ensure that we use debt responsibly, if at all. That means not borrowing for grant match and ensuring we have a better handle on costs before debt financing is even considered.
- **Sensible streamlining.** Many of our policies have been in place for decades and are not fit for purpose. In fact, in many cases, existing policies like our purchasing policy or salary schedule policy create duplication and unnecessary processes that make us inefficient and less effective. Like our ongoing approach to permitting, we are sensibly streamlining policies to best optimize necessary checks and balances with desired efficiency and productivity.

Thank you for taking the time to learn about the 2024 budget. I encourage you to keep reading – and to stay engaged in the budget process, since it fuels everything we do as

a city. If you're puzzled by the process or how to get involved, please reach out to me by email at jmauro@cityofpt.us, attend one of my coffee conversations each first Friday of the month (see newsletter or the City's Facebook page for details), or tune in to my regular show on KPTZ each Thursday at 12:30.


I'm truly excited for the opportunity to serve this unique community. Together, we can move beyond difficult years of COVID, and past many years of missed opportunity for priorities like parks, streets, and housing. We can puzzle together and solve for the future together – toward a future that's healthier, more inclusive, more resilient for everyone.

John Mauro

City Manager

2024 CITY MANAGER ADOPTED BUDGET

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 2024 BUDGET FUND SUMMARY					
	2023 Est. Ending <u>Fund Balance</u>	Revenue <u>Budget*</u>	Expense <u>Budget*</u>	Rev vs. Exp <u>Y/E Target</u>	2024 est. Rev vs. Exp <u>Budget</u>	2024 Projected Ending <u>Fund Balance</u>
GENERAL FUND	4,532,382	15,429,015	15,915,177	(486,162)	(486,162)	4,046,220
Drug Enforc. / Contingency	263,274	45,000	0	45,000	45,000	308,274
ARPA Grant	866,265	0	860,807	(860,807)	(860,807)	5,458
Street	406,696	1,585,003	1,584,880	123	123	406,819
Library	554,468	1,246,505	1,246,433	72	72	554,539
Real Estate Excise Tax	1,109,892	695,000	704,700	(9,700)	(9,700)	1,100,192
Lodging Tax	943,783	535,000	530,117	4,883	4,883	948,666
Fire / EMS	7,361	0	0	0	0	7,361
Affordable Housing	67,233	95,000	92,896	2,104	2,104	69,337
Community Development Block Grant	157,978	20,000	20,000	0	0	157,978
Community Services Parks		1,386,208	1,383,129	0	0	
Community Services	<u>762,890</u>	<u>0</u>	<u>(0)</u>	<u>0</u>	<u>8,353</u>	<u>771,244</u>
TOTAL SPECIAL REV FUNDS	5,139,841	5,607,716	6,422,962	42,482	(809,972)	4,329,869
DEBT SERVICE FUND	637,798	1,127,896	1,068,180	59,716	59,716	697,514
General Capital	511,423	392,307	713,658	(321,351)	(321,351)	190,072
Street Capital	<u>1,046,380</u>	<u>4,412,039</u>	<u>5,445,488</u>	<u>(1,033,449)</u>	<u>(1,033,449)</u>	<u>12,931</u>
CAPITAL PROJECTS FUNDS	1,557,804	4,804,346	6,159,146	(1,354,800)	(1,354,800)	203,004
Golf Course	1,883	21,000	21,000	0	0	1,883
System Development	2,671,469	785,000	605,906	179,094	179,094	2,850,563
Water / Sewer Operations	3,105,920	9,361,129	11,303,486	(1,942,357)	(1,942,357)	1,163,563
Water / Sewer Capital	651,478	8,781,544	8,996,908	(215,364)	(215,364)	436,114
Olympic Gravity Water System (OGWS)	4,911,302	5,235,282	2,065,745	3,169,537	3,169,537	8,080,839
Storm Operations	770,410	1,211,324	1,765,901	(554,577)	(554,577)	215,833
Storm Capital	<u>12,240</u>	<u>598,655</u>	<u>608,665</u>	<u>(10,010)</u>	<u>(10,010)</u>	<u>2,230</u>
ENTERPRISE FUNDS	12,124,702	25,993,934	25,367,611	626,323	626,323	12,751,026
Public Works Admin	235,444	867,845	867,554	291	291	235,735
IT Equipment O&M / Replacement	204,206	488,917	454,035	34,882	34,882	239,088
Fleet Equipment O&M / Replacement	2,525,497	1,479,905	2,051,058	(571,153)	(571,153)	1,954,344
Facilities Equipment O&M / Replacement		1,302,805	1,297,531	5,274	5,274	5,274
Engineering Services	20,049	1,879,091	1,195,864	683,227	683,227	703,275
Unemployment Self-Insurance	<u>29,201</u>	<u>25,000</u>	<u>25,000</u>	<u>0</u>	<u>0</u>	<u>29,201</u>
INTERNAL SERVICE FUNDS	3,014,397	6,043,563	5,891,042	152,521	152,521	3,166,918
Firemen's Pension	329,523	27,500	26,360	1,140	1,140	330,663
Custodial / Refundable Deposits	29,433	0	0	0	0	29,433
Memorial Fund	0	0	0	0	0	0
FIDUCIARY FUNDS	<u>358,956</u>	<u>27,500</u>	<u>26,360</u>	<u>1,140</u>	<u>1,140</u>	<u>360,096</u>
GRAND TOTAL	<u>27,365,880</u>	<u>59,033,970</u>	<u>60,850,478</u>	<u>(958,780)</u>	<u>(1,811,234)</u>	<u>25,554,646</u>

AMERICAN RESCUE PLAN ACT

The American Rescue Plan Act of 2021 (ARPA) provided \$350 billion in funding for state and local governments. The City of Port Townsend was awarded \$2,755,388. The first tranche of this funding, \$1,373,493, was received in July 2021. The second half was received in July 2022. The funding has limited eligible uses but, in general, can be used for:

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

Based on updated guidance received from the Federal Treasury in March 2022, the City determined that the best use of the funds received from ARPA is Revenue Replacement.

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

In September 2021, the City Council discussed the adoption of three priority pillars when determining the programs/projects these funds would be allocated to. These pillars are 1) support staff, 2) support financial sustainability, and 3) deliver an integrated community backed vision for parks and recreation. Based on these pillars, an array of projects was presented for consideration in both 2021 and 2022. In both 2022 and 2023, all prior projects were reviewed to ensure federal guidance requirements will be met. In addition, all projects were reviewed for funding needs and project timeline. Columns were added to reflect 2024 changes and a revised 2022-2024 allocation representing the total allocated amount for the project.

The funds must be obligated before December 31, 2024, and spent by the end of 2026 as specified in the ARPA Treasury guidelines.

The updated project list below totals \$2,755,388 and allocates both tranches of fund:

AMERICAN RESCUE PLAN ACT (ARPA) FUNDS						
2024 BUDGET						
TOTAL ALLOCATION - \$2,755,388						
Priority Pillar	Project	2022 Allocation	2023-2024 Allocation	2024 Change	Revised 2022-2024 Allocation	Category
Staff Support	Public Records Scanning	\$ 50,000	\$ 50,000		\$ 100,000	Professional Services
Staff Support	Strategic Department Reviews	\$ 22,500		\$ (22,500)	\$ -	Professional Services
Staff Support	Advanced police recruitment	\$ 4,155		\$ (100)	\$ 4,055	Professional Services
Staff Support	Engagement Survey	\$ 40,000		\$ 10,000	\$ 50,000	Professional Services
Staff Support	Key position recruitment	\$ 5,500	\$ 34,500	\$ (10,000)	\$ 30,000	Professional Services
Staff Support	Improve IT Infrastructure		\$ 100,000	\$ (50,000)	\$ 50,000	Machinery & Equipment
Staff Support	Police staff vehicle replacement		\$ 25,000	\$ (1,700)	\$ 23,300	Machinery & Equipment
Staff Support	Two-year term Long Range Planner		\$ 225,000	\$ 15,000	\$ 240,000	Salaries & Benefits
Financial Sustainability	Library Window/Bathroom		\$ 100,000		\$ 100,000	General Capital
Financial Sustainability	Pink House renovations	\$ 10,000	\$ 100,000	\$ (6,500)	\$ 103,500	General Capital
Financial Sustainability	Kah Tai Restrooms		\$ 35,000		\$ 35,000	General Capital
Financial Sustainability	Parking Management		\$ 83,533	\$ (83,533)	\$ -	Professional Services
Financial Sustainability	Pool Roof Repair			\$ 91,500	\$ 91,500	General Capital
Financial Sustainability	Sims Way		\$ 50,000	\$ 50,000	\$ 100,000	Professional Services
Financial Sustainability & Staff Support	Chamber Upgrades	\$ 35,000	\$ 85,500		\$ 120,500	Machinery & Equipment
Financial Sustainability & Staff Support	Electronic permit submittal/plan review	\$ 8,200			\$ 8,200	Machinery & Equipment
Financial Sustainability & Staff Support	Police vehicles x2	\$ 178,000	\$ 178,000		\$ 356,000	Machinery & Equipment
Financial Sustainability & Staff Support	Kick off broom	\$ 23,500		\$ (5,000)	\$ 18,500	Machinery & Equipment
Financial Sustainability & Staff Support	Kubota for use with rebooted volunteer program	\$ 25,000		\$ (500)	\$ 24,500	Machinery & Equipment
Financial Sustainability & Staff Support	Mini-excavator	\$ 65,000		\$ (6,275)	\$ 58,725	Machinery & Equipment
Financial Sustainability & Staff Support	Parks lift gate	\$ 6,000		\$ (1,825)	\$ 4,175	Machinery & Equipment
Financial Sustainability & Staff Support	Parks Vehicles		\$ 85,000		\$ 85,000	Machinery & Equipment
Financial Sustainability & Staff Support	Pickup	\$ 31,000		\$ (525)	\$ 30,475	Machinery & Equipment
Financial Sustainability & Staff Support	Tree pruning at Chetz/Gateway	\$ 15,000			\$ 15,000	Professional Services
Financial Sustainability & Staff Support	Facility planning, phase 1: DSD/PW shades, furniture, climate control, door locks	\$ 130,000			\$ 130,000	Professional Services
Financial Sustainability & Staff Support	City Hall Carpet Floor 1 and 3		\$ 90,000		\$ 90,000	Professional Services
Financial Sustainability & Staff Support	Construct City Hall Phase 3 improvements to support staff work environment		\$ 310,000	\$ 91,000	\$ 401,000	General Capital
Vision for Parks & Recreation	Communications and professional consultant support	\$ 25,000			\$ 25,000	Professional Services
Vision for Parks & Recreation	Development and implementation of a Community Health and Wellness Center plan	\$ 30,000		\$ 50,000	\$ 80,000	Professional Services
Vision for Parks & Recreation	Golf Course Vision			\$ 11,000	\$ 11,000	Professional Services
Vision for Parks & Recreation	Director of Parks and Recreation Strategy	\$ 100,000	\$ 400,000	\$ (130,042)	\$ 369,958	Salaries & Benefits
	TOTAL 2022 - 2024 ARPA Requests	\$ 803,855	\$ 1,951,533	\$ -	\$ 2,755,388	

In 2022, a Special Revenue Fund was established to monitor the ARPA revenues and proposed expenditures based on best practice guidance received from the State Auditor’s Office to ensure proper accounting and coding for these funds. Anticipated operating expenses and corresponding transfers are reflected in the graphs and materials presented in the budget.

2024 BUDGET ASSUMPTIONS

The 2024 City Manager Adopted Budget allocates resources to initiatives included in the City’s 2024 strategic workplan. This workplan was developed by staff and reviewed and workshopped with the City Council at an all-day retreat held on July 10, 2023.

The 2024 strategic workplan is broken down into seven major categories:

- **INVEST IN OUR PEOPLE**
Build and nurture the capacity of our staff, teams, volunteers, advisory board

members, Councilmembers and partnerships and provide them the toolsets, skillsets, and mindsets to achieve more together.

- **ENGAGE OUR COMMUNITY**
Build beyond notification and response to more deeply and inclusively engage our community in decisions that affect their lives and livelihoods as well as ground civic dialogue in civility and kindness.
- **STRENGTHEN OUR FINANCIAL POSITION**
Set the City and community up for sustained success by deliberately choosing to build financial sustainability to address the challenges of today and prepare for tomorrow.
- **ENVISION OUR SUSTAINABLE FUTURE**
Determine the future of parks, streets, facilities, community assets, as well as our strategic direction as an organization and community.
- **EMBRACE AND RESOLVE OUR COMMUNITY'S CHALLENGES**
Work through additional challenging decisions previously deferred that help shape our community's well-being, including many that have been put off for years or decades.
- **DELIVER THE BASICS**
Advance additional capital & operational departmental priorities with needed City Council policy or budget action(s).
- **SERVE OUR COMMUNITY**
Deliver on critical operations, ongoing statutory responsibilities, and core City functions.

Associated funding in the 2024 budget has been given to specific budgeted items. Staff time for many of the projects is a key component to successful completion. A summary of the City's 2024 strategic workplan is included as part of the 2024 Adopted Budget Book.

AFFORDABLE HOUSING

Affordable Housing is a key priority for 2024 and beyond. The City continues its work to support efforts for affordable housing in the city and region. The City has made significant contributions to housing in a variety of ways. Some key examples of these contributions are:

- Implementation of a Sales & Use Tax for Affordable and Supportive Housing (Substitute House Bill 1406) in the 4th quarter of 2020. This tax is a tax credit against the state portion of our City sales tax and did not increase the total amount of retail sales tax.
Investment of approximately \$21,000 per year; cumulative total of \$70,000 through 2023.
- Fee deferrals for housing providers for certain permit fees and system development charges. Providers include Habitat for Humanity, Peninsula

Housing, Olympic Community Action Program and Bayside Housing & Services. *Total investment from 2011-2021 of \$420,914.*

- The City Council directed staff to pursue different options for the Cherry Street property after several failed attempts to materialize affordable housing construction. The 2023 budget included funding to prepare the City's Cherry Street property for surplus. Proceeds from the property may be dedicated to support affordable housing in other locations or to pay off some of the existing debt. *Final preparation work is being performed in 2023 with property listing likely in 2024. Investment of approximately \$62,000 annually for debt service payment with a total commitment over a 20-year period of \$1,324,125 for total principal and interest payments.*
- The City obtained a grant from Department of Commerce in 2021 to acquire property that will be earmarked for affordable housing – *Grant provides investment of \$1,375,000 for the property purchase. Fourteen acres was acquired for the Evans Vista Neighborhood.*
- The City obtained a grant from Department of Commerce in 2021 to build utility infrastructure to support affordable housing – *Grant provides investment of \$1,700,000 for the extension of utilities to lower the cost of building affordable housing.*
- The City secured \$500,000 in 2022 to Master Plan the Evans Vista neighborhood from the Jefferson County American Rescue Plan Act funds.

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

- Adopted multi-family tax exemption (Ordinance 3200, 2018) – provided limited or 12-year exemptions from ad valorem property taxation for qualified new multiple-unit housing in targeted areas
- Removed the owner-occupied requirement for Accessory Dwelling Units (ADUs) (Ordinance 3241, 2019)
- Adopted regulations to allow up to an eight-plex in the R-II single-family zone through a conditional use permit (Ord. 3241, 2019)
- Raised the maximum SEPA threshold exemption to the maximum allowable (Ord. 3241, 2019). Projects that may be eligible for SEPA exemption include single-family residential projects, up to 20 dwelling units, and multi-family residential projects, up to 60 dwelling units.
- Repealed modulation requirements (Ordinance 3247, 2020)
- Increased the size allowed for an attached ADU to 1000 square feet (Ordinance 3247, 2020)
- Decreased the lot size allowed in a cottage development to 2500 square feet (Ordinance 3247, 2020)
- Adopted regulations allowing zero lot line/shared wall construction duplexes (Ordinance 3272, 2021)
- Reduced the minimum lot size allowed in a Planned Unit Development to 2000 square feet (Ordinance 3272, 2021)
- Adopted a package of code updates, The “Tactical Infill Housing Code Update” with \$50,000 investment, which included:

- Allowing two ADUs per residence, eliminated ADU parking requirements, reduced ADU setbacks, increased lot coverage for ADUs, allowed exterior ADU entrances on building front, allowed Tiny Houses on Wheels to be used as ADUs.
- Reducing Cottage Housing permit as administrative without design review committee, eliminated barrier design requirements.
- Reducing parking for duplex/triplex/fourplex. Relaxed parking for multifamily in mixed use.
- Creating new unit lot subdivision (ULS) tool to enable attached housing to be built on zero lot line and conveyed fee simple. A parent lot can be subdivided into smaller unit lots that don't meet dimensional standards. Townhouses, rowhouses, of 5 or more units allowed in R-II, R-III and R-IV zones. Townhome configurations of 4 or less exempt from design review.
- Allowing ULS for cottage housing, attached fee simple housing, and Tiny House on Wheel Communities.
- Allowing Tiny House on Wheel Communities with subdivision or Binding Site Plan and conditional use permit in R-III and C-II zones.
- Allowing employer-provided housing with conditional use permit in certain zones to enable housing in zones where it is otherwise prohibited. (Ordinance 3306, 2023)

Much of this work was made possible through a 2-year American Rescue Plan Act allocation (in 2023 budget and included in 2024 budget proposal) for a Long Range Planner and a Professional Services Budget for code amendments.

- Adopted 2023 Annual Comprehensive Plan Updates (Ordinances 3322 and 3323), which included:
 - Permitting greater maximum housing density in the R-IV High Density Multifamily, C-I/MU Neighborhood Serving Mixed Use, Center C-II/MU Community Serving Mixed Use Center, and M/C(S) Mixed Light Manufacturing and Commercial Rainier Subarea zones.
 - Permitting higher building height in the C-I/MU, C-II/MU, and M/C(S) zones.
 - Specifying that height restrictions apply to habitable space, not rooftop appurtenances such as elevator towers or water towers. The previous height definition had limited the amount of habitable space since developers were constrained by the height of appurtenances that are necessary for taller buildings, such as elevators.
 - Permitting greater lot coverage in the R-IV, C-I/MU, C-II/MU, and M/C(S) zones.
 - Permitting a mixture of vertical and horizontal uses in the mixed-use zones.
 - Replacing Building Frontage with Minimum Commercial Space and Clear Ceiling Height Requirements in the mixed-use zones. This allows more flexibility in how mixed-use spaces are developed while still preserving the ability to rent commercial space.
 - Altering floor area ratio (FAR) requirements in the mixed-use zones and M/C(S) zone to encourage greater housing density.
 - Removing minimum lot size requirement in the M/C(S) zone.
 - Reducing the minimum lot width required for townhouses/rowhouses in the M/C(S) zone.

- Allowing projects in the R-IV, C-I/MU, C-II/MU, and M/C(S), to substitute one developed on-street parking space for three developed off-street parking spaces. This preserves more land within lots for the development of housing, commercial space, or other non-parking amenities. It also encourages the development of the right of way.

Much of this work was made possible through a 2-year American Rescue Plan Act allocation (in 2023 budget and included in 2024 budget proposal) for a Long Range Planner and a Professional Services Budget for code amendments.

The City also worked in partnership with Jefferson County through our Interlocal Agreement to support affordable housing and homeless housing programs. The Housing Fund Board builds on collaborative efforts from the previous Joint Oversight Board and Housing Task Force to create a budget and plan for the use of collective affordable housing funds like the aforementioned Sales and Use Tax as well as other local-authority funding. This effort aims at greater participation by elected officials and greater transparency in the granting process for a more successful and coordinated program.

The City continues to explore additional strategies to promote affordable housing. Grant awards totaling \$788,407 for 2024 with partial funding through 2025 will support code and policy updates that will enhance and streamline housing. These grants will include considerable community engagement on how to holistically address housing and quality of life in Port Townsend. These grants include the 2025 Comprehensive Plan Periodic Update, multimodal transportation and climate resiliency, shoreline periodic update, middle housing, and urban forestry plan and tree ordinance amendment.

KEY REVENUE ASSUMPTIONS

The City's Property Tax Levy for 2024 is proposed at \$3,988,005, 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 \$37,046 for 2024. New construction in the city is estimated at \$47 million. Property values in the city grew in the aggregate by 5.6% or \$150 million. 2023 Assessed values for 2024 taxes are estimated at \$2.807 Billion. The General Levy totals \$2,609,000. The General Levy is allocated via internal transfers 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 \$1,229,000 and is available to be used for library operations.

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

The City had \$908,724 of banked levy capacity related to the annexation of City fire services into the East Jefferson Fire District service area. The City Council adopted a

post-annexation policy which allowed the City to levy the banked capacity incrementally over a 3-year period.

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

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

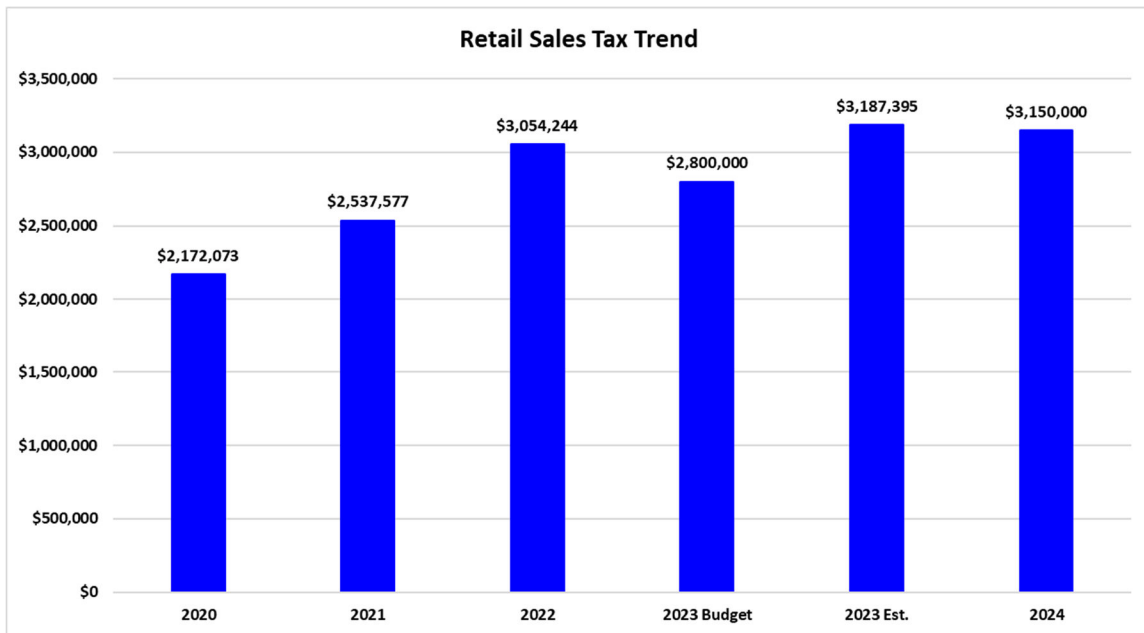
Additional details are provided in the Capital Improvement Projects section of the budget book.

Below is a chart showing the distribution of property taxes:

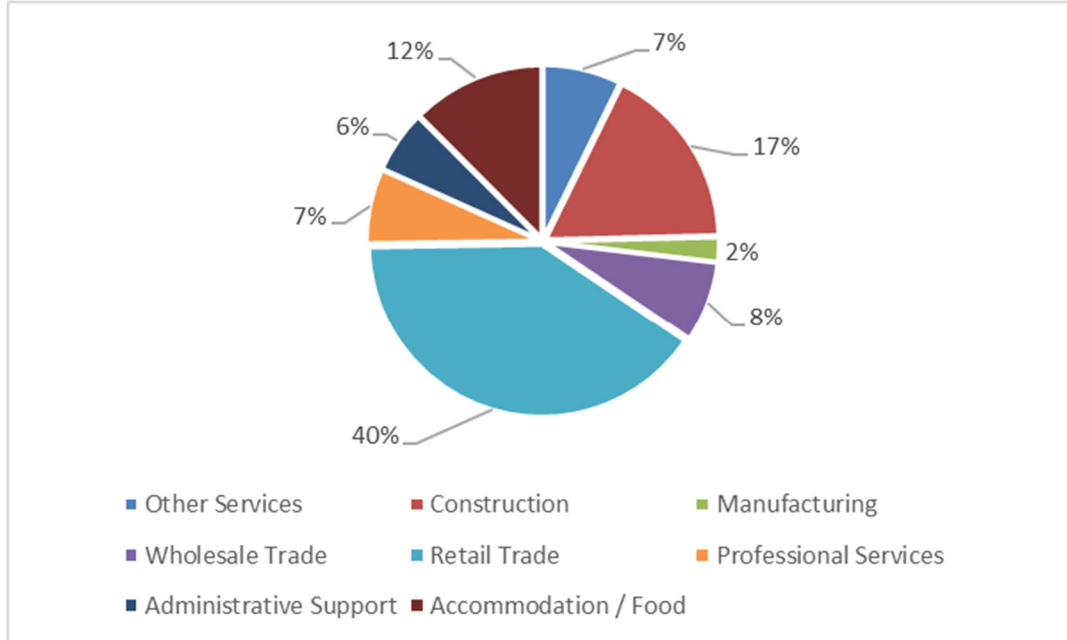


Retail Sales Taxes in 2023 are projected to come in at 14% above the 2023 adopted budget. A year over year comparison for the year-to-date period through August of sales tax data indicates that all sectors showed improvement in 2023 as compared to the 2022. In 2024 the City's budget anticipates sales tax to remain on track with the 2023 estimates.

Below is a chart demonstrating the trend of retail sales taxes over the last five years showing the forecasted growth experienced in 2023 with the expectation to maintain for 2024.

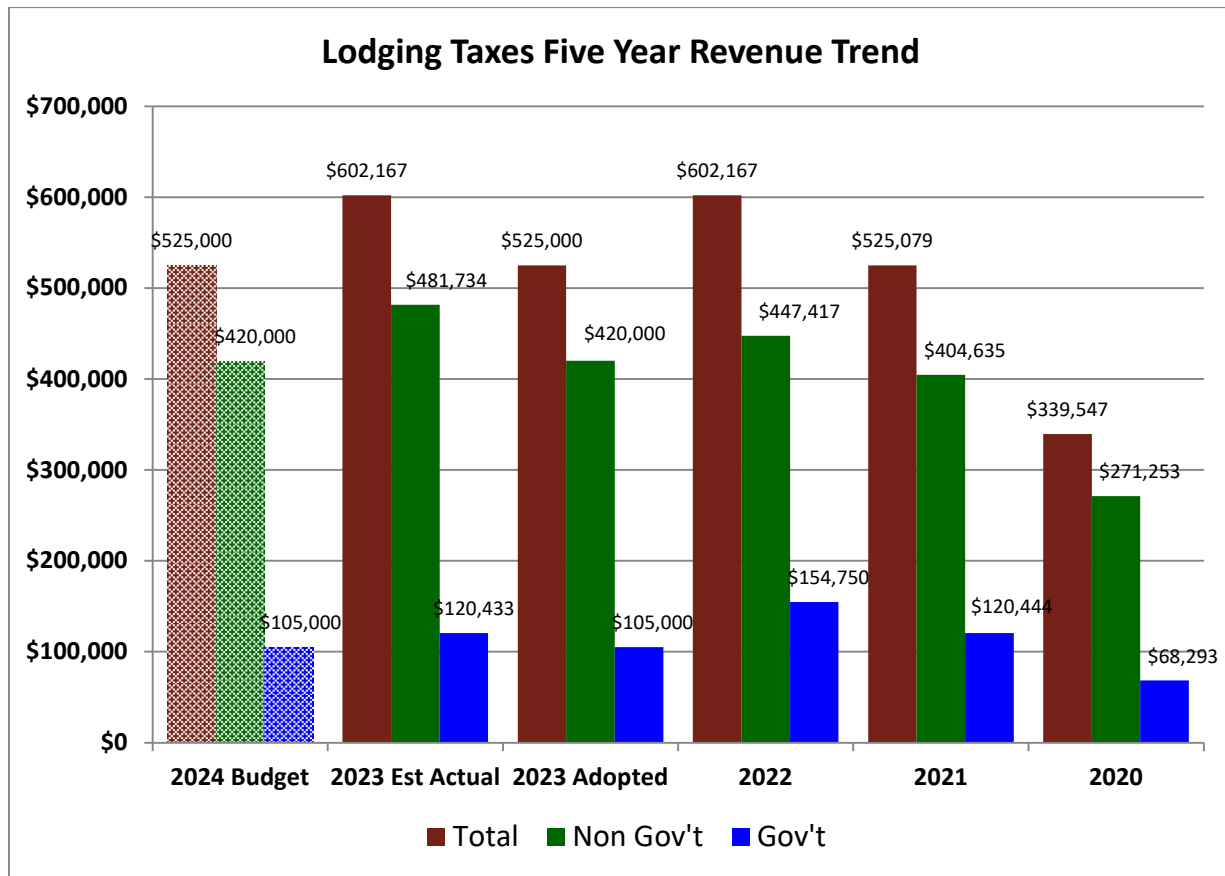


Retail sector as a % 2023 year to date Revenue through August.



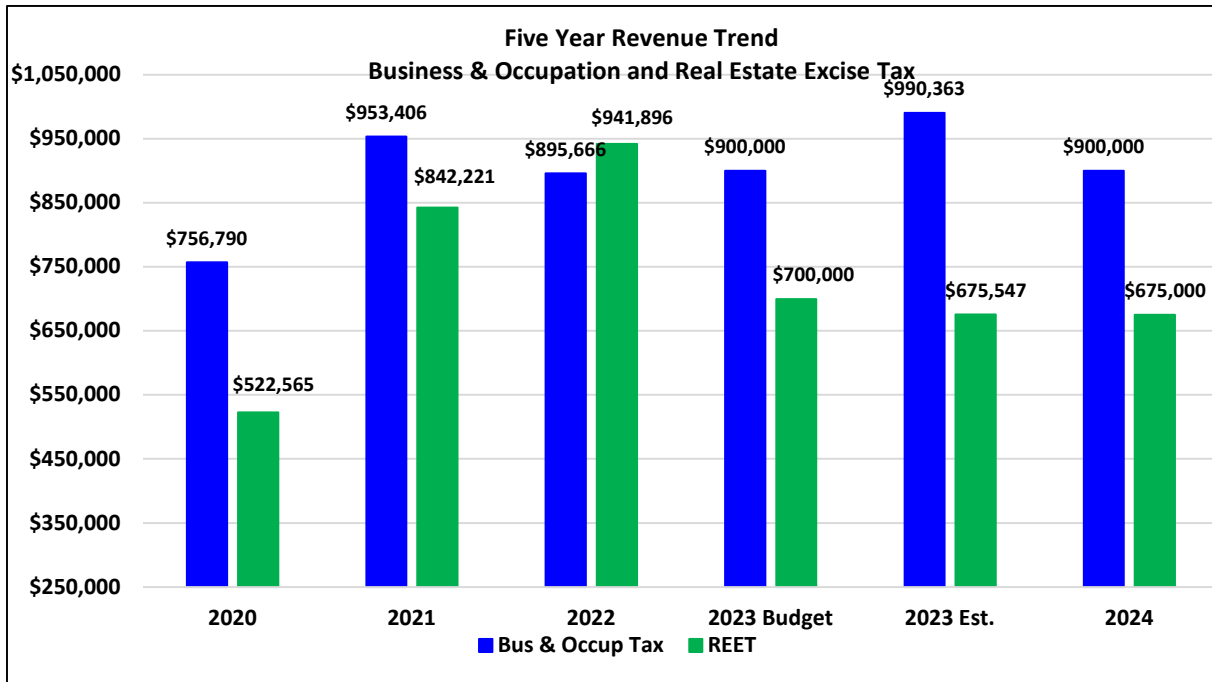
Lodging Taxes are projected at \$602,167 for 2023, which is 15% higher than the 2023 adopted budget of \$525,000. The 2024 budget forecast maintains the same level as the 2023 budget.

Expenditures are restricted to marketing and tourism related infrastructure. The chart below depicts the significant impact COVID-19 has had on tourism related taxes in Port Townsend in 2020 and the recovery experienced in Port Townsend.



Business & Occupation Taxes are projected to be above the budgeted amount of \$900,000 by 10% for 2023. The 2024 amount is maintained at this forecast of \$900,000.

Real Estate Excise Taxes (REET) revenues are projected to be \$675,547 or 3% decrease under the 2023 adopted budget. 2024 REET revenues are budgeted at \$675,000 based on the 2023 estimate. 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.



Utility Tax revenues in the proposed 2024 budget are based on all City water, sewer, storm water and garbage services. The City imposes a 18% tax on the revenues of the City’s storm and surface water, water system and sewer utilities. 1.5% of that tax will sunset on December 31, 2023. The City also imposes a 22% utility tax on the revenues of the City’s solid waste utility. 2% of that tax will sunset on December 31, 2023. The 2024 budget is forecasted based on the continuation of the tax.

Total public utility tax forecasted for 2024 is \$2,010,698 and is intended to support all the general services of the City.

Garbage service is required within the City. Garbage utility tax is slated to increase at the monthly service rate increase of 8% (contracted CPI adjustment).

Private utility tax rates are 6% of the private utility revenue. The 2024 telephone and electric private utility taxes are estimated to be \$910,000. The electric and telephone utility taxes are projected to increase by 5% compared to 2023 projections.

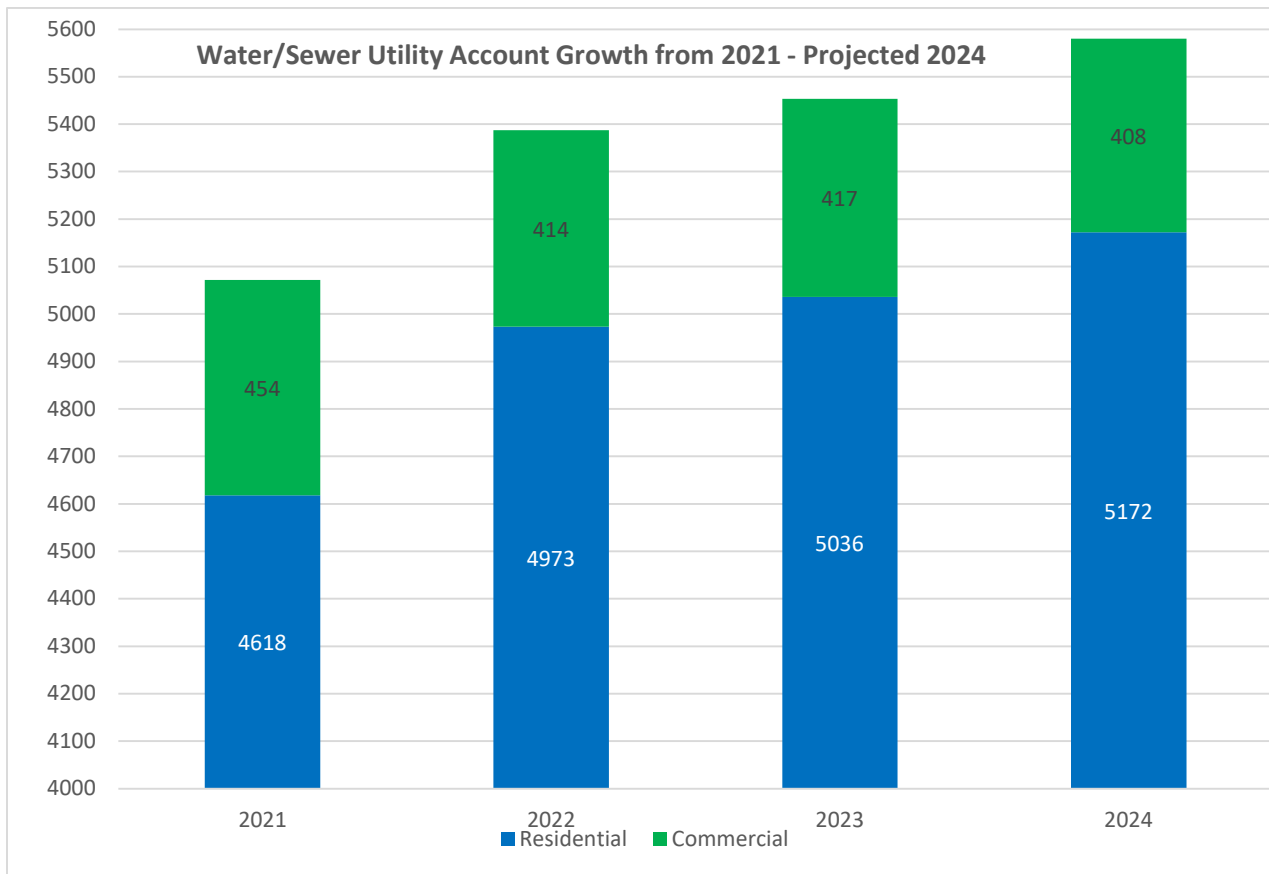
State Shared Revenues are based on distributions that are shared via state revenue assessments. The City receives distributions for liquor profits and tax, criminal justice and marijuana tax distributions, fuel and multi-modal gas taxes, which primarily support Public Safety and Streets. Some of these distributions are population-based with the City’s population for 2023 listed by the Office of Financial Management as 10,330 (a 1.8% increase from 2020’s population of 10,148). 2023 projected state shared revenue is \$494,250.

Overhead Cost Recovery is projected to increase by approximately \$116,308, or 2% in 2023. The 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 2021 for 2023. The increased revenue in 2024 is primarily

the result of allocating more overhead to the Streets, Water, Sewer, and Community Funds due to increased property valuations, increasing costs of services and Council agenda bills in those funds.

Utility Revenues (Water, Sewer and Stormwater) are budgeted at the adopted rate increases outlined in the rate tables in Ordinance 3281. The City uses utility rate models provided by *FCS Consulting Group*, to analyze whether our utility rates fully support capital infrastructure and operations of water, sewer, and stormwater. A sewer and stormwater rate study is currently in progress with the results in early 2024.

In 2024, the City is projected to have a total of 5,580 water/sewer accounts with 408, or 7.3%, of those projected to be commercial accounts. Below is a chart demonstrating the growth in commercial and residential water/sewer accounts from 2021 through projected 2024:

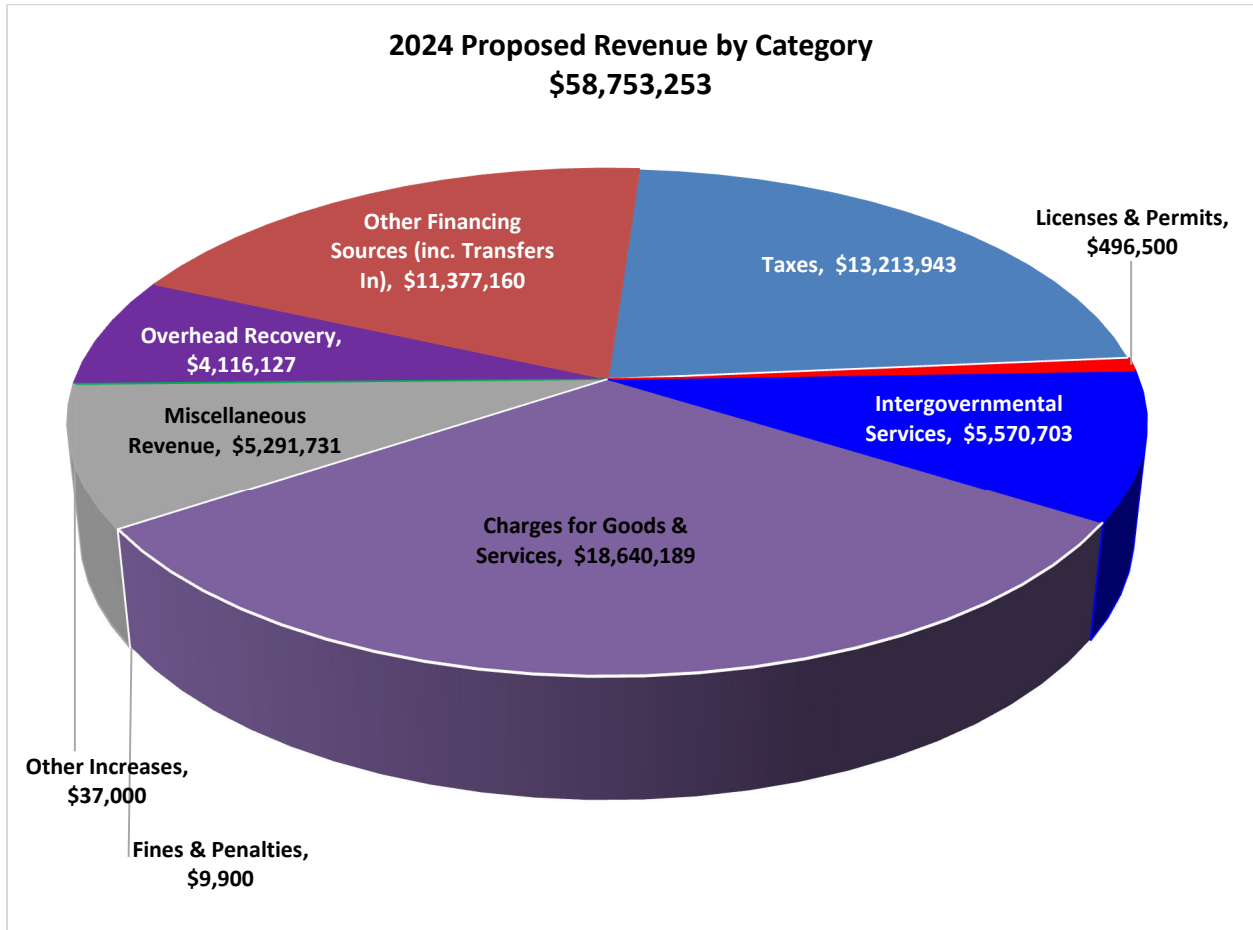


Total water/sewer/stormwater revenue is forecasted to be \$11,408,201 as compared to \$10,507,433 in 2023, or a 9% increase. As noted earlier, this represents scheduled rate increases in ordinance 3281, and 1% account growth. A rate study is currently in process and increases are anticipated following the results of the study in early 2024. In addition, total raw water revenue is forecasted for \$5,043,382 as compared to \$4,470,000 in 2023 or a 13% increase. Raw water sales are made to both the City and the Paper Mill.

Capital Revenues provide substantial funding for general government, street and utility projects through state and federal grants and Department of Ecology loan proceeds. A

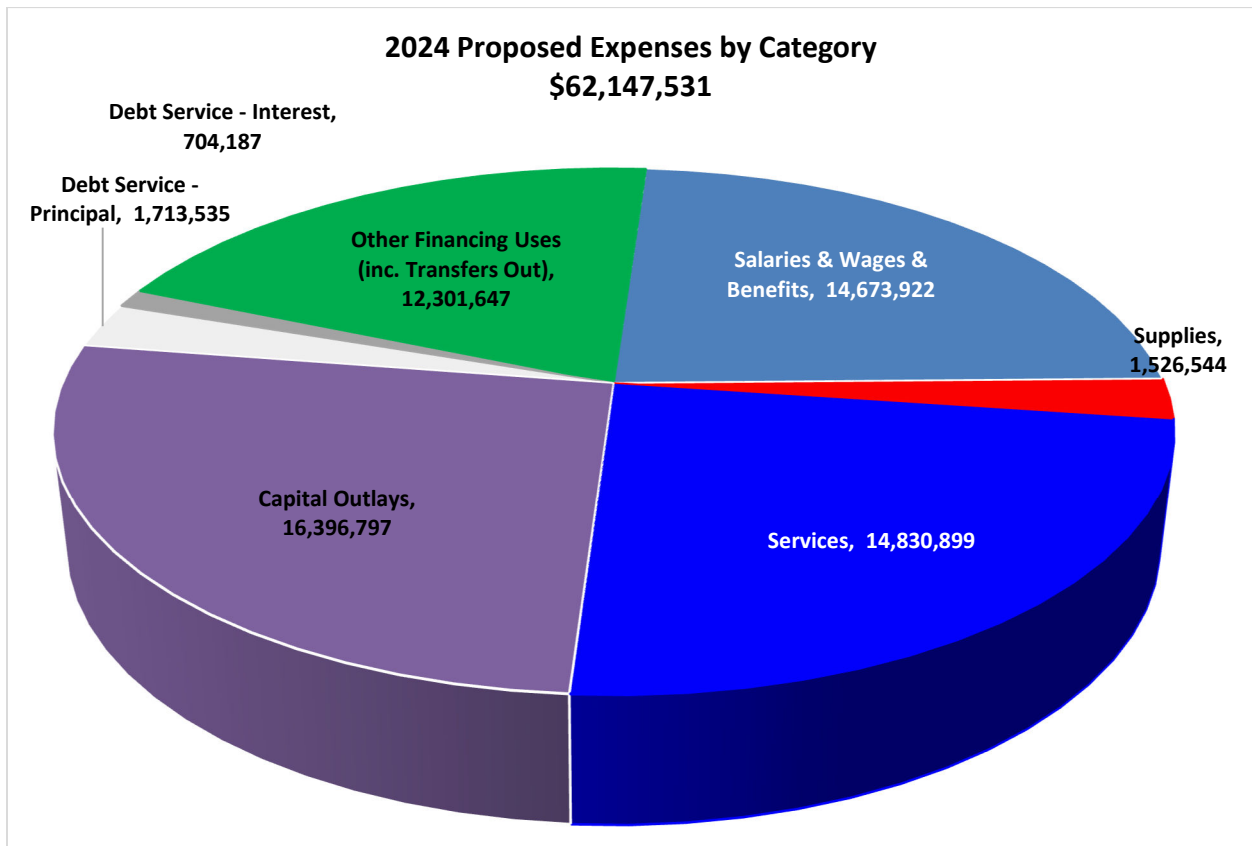
smaller amount of capital funding may be administered with inter-fund loans, transfers, bank lines of credit or other debt financing. Additional details regarding capital projects are provided later in the budget document.

Total Revenues budgeted for 2024 are \$58,753,253 include all anticipated revenue for capital funding, operating funding, and fiduciary funds.



KEY EXPENDITURE ASSUMPTIONS

2024 Proposed Total Expenditures of \$62,147,531 include all operating fund appropriations in addition to water, sewer, general and street capital funds.



Labor

Personnel Wages & Benefits represent a significant portion of the City’s operating expenses at \$14,673,922 or 24% of proposed operating costs. Removing internal transfers and debt service from operating costs, staffing is 31% 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. A salary survey was conducted in 2023 which has resulted in an updated compensation policy for non-represented employees. Recruitment of key positions will continue be a challenge in 2024 due to a competitive labor market and housing affordability and availability.

Elected position salary and health benefits – City Council Member salaries will increase based on the compensation study that was completed in the fall of 2021 by an independent salary commission. The Mayor’s salary will increase to \$1,075 monthly and council member’s salary will increase to \$725 monthly. City Council Members are eligible to enroll in health benefits as part of the elected position group. Coverage is dependent on group participation, with minimum requirements for the group plan.

For non-elected positions, the 2024 budget proposes a net increase of 6.5 positions. There are a total of 108.9 Full Time Equivalent (FTE) positions, up from a revised 2023

budget of 102.6. These consecutive increases (7.4 in 2023 and 6.5 proposed for 2024) come after decreases in the prior four years (from 109.2 in 2018 to 95.2 in 2022). New budgeted positions include City Custodial, City Electrician, Streets Maintenance Worker, IT Technician, Wastewater Apprentice, Wastewater Operator, and an increasing the Grants Coordinator for full time. The positions are outlined by departments in the chart below:

CITY OF PORT TOWNSEND - AUTHORIZED POSITIONS *								
Department/Division	2019	2020	2021	2022	2023	2023 Rev	2024	2024 Proposed vs 2023
General Government								
City Manager	2.0	2.0	1.0	1.0	1.0	1.0	1.0	0.00
City Attorney	3.6	2.6	2.0	2.0	2.0	2.0	2.0	0.00
Communications & Marketing					1.0	1.0	1.0	0.00
Planning & Community Development	8.3	8.3	8.0	8.5	9.5	9.5	10.0	0.50
Finance & Utility Billing (UB)	6.3	7.5	9.0	9.0	9.0	9.5	9.8	0.25
Police Admin & Operations	20.0	19.8	18.6	20.1	22.1	22.3	22.3	0.00
City Clerk/Human Resources	5.0	4.0	3.6	4.0	5.0	5.0	4.8	-0.25
PEG TV Studio	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00
Facilities	3.5	4.0	3.5	3.5	3.5	3.5	5.5	2.00
Street	2.2	1.9	1.7	1.7	1.7	1.7	1.9	0.20
Parks Maintenance & Recreation	4.5	4.0	3.5	4.2	4.2	4.5	4.5	0.00
Pool	8.3	8.0	4.0	0.0	0.0	0.0	0.0	0.00
Library	9.6	8.9	8.9	8.9	8.9	8.9	8.9	-0.05
Equipment Rental	4.0	4.0	3.0	3.0	3.0	3.0	4.0	1.00
Total General Government	77.3	75.1	66.8	65.9	70.9	71.9	75.6	3.65
Public Works & Utilities (excl UB)								
								0.0
Public Works Administration	4.2	4.2	2.5	2.5	2.5	3.5	3.5	0.0
Public Works Engineering	6.7	5.4	5.9	6.5	6.5	6.5	6.5	0.0
Utilities							0.0	0.0
Water Distribution	5.5	5.5	5.0	5.0	5.0	5.0	5.0	0.0
Water Quality & Resource	3.5	3.5	4.0	4.0	4.0	4.0	4.0	0.0
Wastewater Collection	2.5	2.6	2.2	2.2	2.2	2.2	2.6	0.3
Wastewater Treatment	3.8	3.6	3.5	3.5	3.5	3.5	5.0	1.5
Biosolids	2.5	2.5	2.5	2.5	2.5	2.5	3.0	0.5
Stormwater	3.3	3.5	3.1	3.1	3.1	3.3	3.8	0.5
Total Public Works & Utilities	31.9	30.8	28.7	29.3	29.3	30.6	33.4	2.8
TOTAL CITY FTES	109.2	105.9	95.5	95.2	100.2	102.5	108.9	6.5
Percentage Change								6.8%
Positions not currently counted as FTES								
	2019	2020	2021	2022	2023	2024		
Mayor/Council	7.0	7.0	7.0	7.0	7.0	7.0		
* Total City FTES does not include leave payouts or seasonal positions								
By approving the budget Council authorizes the City Manager to adjust positions, duties & salaries within the number of FTES & within the budgeted salaries & benefits amounts.								

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

The Police Collective Bargaining Unit contract expires December 31, 2023. Negotiations for a new contract are currently in process. Recruiting and retaining officers continues to be a high priority for Port Townsend. The 2024 budget assumes full staffing and the addition of a full-time deputy police chief. The budget includes 15.0 full-time officers and 1.10 reserve/provisional officers. Wage increases for this bargaining unit are not included and will need to be considered as part of a future budget supplemental.

The General Government Collective Bargaining Unit contract expires December 31, 2024. Negotiations for a new contract are planned in 2024.

With this collective bargaining agreement in place, wage rates for 2024 are contracted to increase 3.6% for both General Government and non-represented City staff. Due to current labor market conditions and higher than normal inflationary times, salary increases for staff are above average. All increases are included in the budget estimates for 2024.

A salary survey was conducted in 2023. A revised salary schedule for non-represented staff has been put together with all positions placed in Grade Ranges based on current market data. Salary adjustments have been considered to bring positions within market and are included in the 2024 budget.

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

Benefits offered to employees include medical, dental, vision, long-term disability, life insurance and retirement. Medical costs for 2024 are forecast to increase by approximately 4.1% for the AWC benefit plan (general government non-represented employees), less the 2.0% WellCity discount. To achieve the discount, AWC employees participate in a variety of wellness activities that promote a healthy lifestyle.

The Teamsters Local 589 benefit plan, which covers both the Police and General Government union employees, is budgeted to increase 4.0% in 2024.

Retirement contributions for most employees (PERS) are funded at 10.39% of eligible employee wages. The PERS contribution increased in September 2022. Police officers are covered by the LEOFF retirement system at a rate of 5.30% 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 MissionSquare (formerly ICMA) or Washington State deferred compensation program which is not employer funded.

The 2024 budget includes 4 Seasonal Staff for Parks and Streets maintenance. Seasonal staff are typically hired between May and October and are budgeted at an equivalent to 0.50 FTE each. Seasonal staff support spring and summer clean-up efforts in parks and maintain streets right of way.

Washington State minimum wage increases in 2024 to \$16.28 per hour, which is a \$1.25 per hour, or 7.9%, increase. This increase impacts seasonal wage rates and entry level library staff. Additionally, the increase impacts higher level position through wage compression. Wage compression occurs when pay adjustments regardless of

experience, skills or seniority increase the base wage and bring those wages closer to the wages of more senior, experienced, skilled positions. The Director of People & Performance will continue to monitor the impact of minimum wage adjustments on all City positions.

2024 CAPITAL PROJECTS

The Adopted 2024 budget has a variety of capital projects that add new infrastructure investment and improve aging infrastructure. A breakdown of planned projects is listed in the Capital Project section of the budget.

City of Port Townsend General Fund Budget Detail and Summary

General Fund	2021	2022	2023	2023	2024	Increase/Decrease 2024 Proposed vs 2023 Budget
	Actual	Actual	Forecast	Budget	Proposed	
Beginning Fund Balance	2,279,172	5,311,932	6,931,283	6,931,283	4,551,418	
Revenues						
Taxes	7,796,481	9,041,775	10,818,822	10,249,102	10,654,702	4.0%
Licenses & Permits	484,832	639,919	608,316	482,500	496,500	2.9%
Intergovernmental Services	1,767,224	1,841,706	424,417	271,881	1,268,657	366.6%
Charges for Goods & Services	1,935,624	2,055,288	2,283,732	2,038,568	2,357,475	15.6%
Fines & Penalties	20,624	2,474	2,195	8,000	9,900	23.8%
Miscellaneous Revenue	116,209	206,959	265,842	189,281	301,781	59.4%
Other Increases	920	20,841	25,501	35,000	35,000	0.0%
Other Financing Sources (inc. Transfers In)	900	142,735	947,179	807,000	305,000	-62.2%
Total Revenue	12,122,814	13,951,696	15,376,005	14,081,332	15,429,015	9.6%
Expenditures						
Salaries & Wages & Benefits	4,147,154	4,508,527	5,695,920	6,047,871	6,647,404	9.9%
Supplies	61,434	85,736	75,653	88,378	151,800	71.8%
Services	2,322,785	2,344,471	2,942,305	3,414,259	4,208,978	23.3%
Capital Outlays	690	177,785	408,440	290,550	199,650	-31.3%
Debt Service - Principal	-	-	-	-	-	
Debt Service - Interest	-	-	-	-	-	
Other Financing Uses (inc. Transfers Out)	2,557,991	5,215,827	8,633,551	6,731,548	4,707,345	-30.1%
Total Expenditure	9,090,054	12,332,345	17,755,869	16,572,607	15,915,177	-4.0%
Net Change in Fund Balance	3,032,760	1,619,351	(2,379,865)	(2,491,275)	(486,162)	-80.5%
Ending Fund Balance	5,311,932	6,931,283	4,551,418	4,440,008	4,065,256	
Fund Bal. 8-15 % of Revenue	43.8%	49.7%	29.6%	31.5%	26.3%	MEETS POLICY
General Fund - Expenditures by Department						
Mayor & Council	106,705	120,157	140,095	189,085	222,854	17.9%
City Manager	332,053	369,151	293,367	343,128	314,758	-8.3%
City Attorney	473,441	483,504	448,565	588,574	625,288	6.2%
Communications	-	-	40,000	75,000	79,479	6.0%
Human Resources	201,236	340,690	427,307	513,072	519,562	1.3%
Planning & Development Services	1,009,602	1,108,492	1,508,062	1,709,512	2,509,217	46.8%
Finance Department	411,311	465,764	675,928	706,987	766,351	8.4%
Police Administration	493,686	552,993	940,084	939,214	1,091,702	16.2%
Police Operations	2,568,333	2,791,357	3,467,339	3,237,486	3,731,219	15.3%
Police Training	7,474	21,073	24,485	36,700	41,750	13.8%
City Clerk	271,868	294,896	371,078	400,969	415,503	3.6%
Contracts & Intergovernmental	687,300	663,083	887,939	1,162,998	984,339	-15.4%
PEG Access	1,571	1,716	1,275	9,725	9,000	-7.5%
Non-Departmental (inc. Transfers Out)	2,525,475	5,119,470	8,530,344	6,735,158	4,604,155	-31.6%
Total Expenditures	9,090,054	12,332,345	17,755,869	16,647,607	15,915,177	-4.4%

Mayor & Council

Goal Statement:

To provide cogent strategic guidance and policy direction as elected leaders and positive change-makers for the community they represent and serve, clearly understood and operationalized by City staff.

2024 Key Goal:

- Mayor and City Council are equipped with the tools and technical know-how to do their jobs well on behalf of the community they serve.
- Leverage relationships with AWC, including participation in their board of directors and conferences.

2024 Work Plan:

- Restore training budgets across departments and prioritize professional development opportunities for staff and Councilmembers.
- Develop a handbook and enhanced, coordinated, and regular training.

City Manager

Goal Statement:

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

2024 Key Goal:

- Organization aligns short and long-term decision-making with the foundational work of the Financial Sustainability Initiative, bringing strategy and synergy to the City's work and our success in partnering and stewarding our collective future with the community we serve.

2024 Work Plan:

- Multi-year, coordinated strategic advancement of parks, streets, housing, and core services initiatives, including compelling and informative narratives and robust partnerships for delivery.

City Attorney and City Clerk

Goal Statement:

To ensure the City's compliance with regulatory and legal requirements, including the open public meetings act, the public records act, and bidding requirements; to provide clear and direct legal advice and risk management services; and to support the other City departments in completing their priorities.

2024 Key Goal:

- Public records scanning and organization.
- Further technology refinements in Chambers

2024 Work Plan:

- Support other departments in work plan items, particularly Mountain View leases, ODT and OGWS land acquisition, shoreline master program, non-motorized plan update, and critical areas ordinance.

Communications

Goal Statement:

Ensure our community is deeply engaged in decisions that affect their lives and livelihoods, and ensure our teams are supported and aligned in our strategies for engagement.

2024 Key Goal:

- Develop an integrated communications strategy.
- Build community trust through investing in relationships and the City's voice.
- Facilitate kindness & connectivity in community dialogue while welcoming diverse viewpoints.
- Support public education around the City's work with a focus on financial sustainability.

2024 Work Plan:

- Collect, analyze, and utilize data on functionality and engagement across our channels, including city newsletters, website, social media, and department outreach.
- Build staff capacity for inclusive communications skills and equitable engagement strategies with training and efficient systems.
- Broaden our relationships with media & partner organizations and develop new pathways for city communications and educational materials.
- Work with Department staff and Advisory Boards to initiate and continue targeted and forward-thinking outreach on policy and projects.

Human Resources

Goal Statement:

To recruit, develop, and retain a high-performing and diverse workforce.

To create and support a culture of growth and development, accountability, engagement, productivity, and effective communication.

2024 Key Goal:

- Attract and hire qualified candidates.
- Reduce employee turnover and maintain a high level of employee engagement.
- Provide opportunities for continuous learning and professional growth.
- Improve staff engagement and job satisfaction.

2024 Work Plan:

- Develop programs to recognize and reward employee performance.
- Launch engagement survey, evaluate and analyze results, and incorporate suggestions for improving employee engagement.
- Identify skill or development gaps and develop training programs to address them.
- Update employee policies and programs to ensure best practices are in place.

Planning & Development Services

Goal Statement:

To steward the public engagement and community visioning process with Planning Commission and City Council to update the Comprehensive Plan in such a way that ensures equity, sustainability, and consistent implementation. Administer and enforce provisions of building, zoning, land division, environmental protection, streets, and relevant utility codes to ensure compliance with the Comprehensive Plan, state, federal and other city statutes.

2024 Key Goal:

- Complete Phase I scoping of the 2025 Comprehensive Plan Periodic Review process and initiate Phase 2 to update elements and implementation actions for the plan with additional appendices including an Urban Forestry Plan, Housing Needs Assessment and Housing Action Plan as well as an update to the Multimodal Transportation Plan. Prepare docket of development regulation amendments for 2025 adoption to implement the new Comprehensive Plan and ensure consistency with newly adopted state laws such as those pertaining to design review, ADU's, and permitting timelines.
- Streamline the process of adding housing units to the development pipeline with policy, regulatory, and procedural improvements.
- Obtain state funding to complete the Shoreline Master Program update with focus on climate resilience goals, policies, and implementation for the downtown Water walk to provide public access and sea level rise protection.
- Initiate Critical Areas Ordinance update according to Best Available Science.
- Obtain state funding through HB 5290 to final e-permitting enhancements to support customer stakeholders and construction/housing data analysis reporting.

2024 Work Plan:

- Continue to develop, implement, and refine code and Comprehensive Plan changes to help unlock and inspire affordable, dense, quality infill development.
- Implement the community's vision for Evans Vista neighborhood and deliver infrastructure to make it development ready.
- Develop RFP for Evans Vista phased development.
- Develop an open space plan including 2025 Comprehensive Plan update assessment of buildable lands inventory/land capacity analysis.
- Revisit Tree Conservation Ordinance for private property and tree retention policies for right of way.
- Complete Shoreline Master Program and Critical Area Ordinance updates.
- Develop strategic plan for housing, including housing assessment and inventory.

Finance Department

Goal Statement:

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

2024 Key Goal:

- Work closely with the City Council and City Leadership to deliver Council actions from Financial Sustainability Initiative.

2024 Work Plan:

- Address streets, parks, facilities funding needs and prioritize investments, considering future year priorities and phased investments.
- Revise budget schedule, process and reporting through improved processes and integrated software.

Police Department

Goal Statement:

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

2024 Key Goal:

- Become fully staffed using innovative recruiting and retention strategies.
- Train and equip officers so they can provide the best possible service to the community.
- Partner with the community to build trust while solving crime and reducing the fear of crime.
- Hold officers to the highest standards through the use of policing best practices.

2024 Work Plan:

- Sustainable staffing for Police Team
- Chief's Cabinet/Advisory Forum
- Strategic Planning
- Path to Accreditation

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

Contingency Fund	2021	2022	2023	2023	2024	Increase/Decrease
	Actual	Actual	Forecast	Budget	Proposed	2024 Proposed vs 2023 Budget
Beginning Fund Balance	201,716	201,827	203,144	203,144	263,274	
Revenues						
Taxes	-	-	-	-	-	
Licenses & Permits	-	-	-	-	-	
Intergovernmental Services	-	-	-	-	-	
Charges for Goods & Services	-	-	-	-	-	
Fines & Penalties	-	-	-	-	-	
Miscellaneous Revenue	111	1,317	130	150	-	-100.0%
Other Increases	-	-	-	-	-	
Other Financing Sources (inc. Transfers In)	-	-	60,000	-	45,000	
Total Revenue	111	1,317	60,130	150	45,000	29900.0%
Expenditures						
Salaries & Wages & Benefits	-	-	-	-	-	
Supplies	-	-	-	-	-	
Services	-	-	-	-	-	
Capital Outlays	-	-	-	-	-	
Debt Service - Principal	-	-	-	-	-	
Debt Service - Interest	-	-	-	-	-	
Other Financing Uses (inc. Transfers Out)	-	-	-	-	-	
Total Expenditure	-	-	-	-	-	
Net Change in Fund Balance	111	1,317	60,130	150	45,000	29900.0%
Ending Fund Balance	201,827	203,144	263,274	203,294	308,274	
<i>Fund Balance must be less than</i>						
<i>Assessed Valuation:</i>					2,806,305,510	
<i>37.5 cents per \$1,000</i>					1,052,365	MEETS RCW
Fund Balance 2% of GF Rev	1.7%	1.5%	1.7%	1.3%	2.0%	MEETS POLICY

Port Townsend Municipal Code 3.04.030 Contingency fund.

The contingency fund will be used for a city council contingency reserve fund in accordance with RCW 35A.33.145. (Ord. 3250 § 2 (Exh. B), 2020).

**City of Port Townsend
American Rescue Plan Act Fund (ARPA)
BUDGET SUMMARY**

ARPA FUND	2021 Actual	2022 Actual	2023 Forecast	2023 Budget	2024 Proposed	Increase/Decrease 2024 Proposed vs 2023 Budget
Beginning Fund Balance	-	-	2,299,505	2,299,505	847,229	
Revenues						
Taxes	-	-	-	-	-	
Licenses & Permits	-	-	-	-	-	
Intergovernmental Services	-	-	-	-	-	
Charges for Goods & Services	-	-	-	-	-	
Fines & Penalties	-	-	-	-	-	
Miscellaneous Revenue	-	-	-	-	-	
Other Increases	-	-	-	-	-	
Other Financing Sources (inc. Transfers In)	-	2,755,388	-	-	-	
Total Revenue	-	2,755,388	-	-	-	
Expenditures						
Salaries & Wages & Benefits	-	-	-	-	-	
Supplies	-	-	-	-	-	
Services	-	-	-	-	-	
Capital Outlays	-	-	-	-	-	
Debt Service - Principal	-	-	-	-	-	
Debt Service - Interest	-	-	-	-	-	
Other Financing Uses (inc. Transfers Out)	-	455,883	1,452,277	1,712,000	860,807	-49.7%
Total Expenditure	-	455,883	1,452,277	1,712,000	860,807	-49.7%
Net Change in Fund Balance	-	2,299,505	(1,452,277)	(1,712,000)	(860,807)	-49.7%
Ending Fund Balance	-	2,299,505	847,229	587,505	(13,578)	
Sufficient to Meet Obligations	0.0%	16.5%	5.5%	3.8%	-0.1%	MEETS POLICY

Port Townsend Municipal Code 3.04.035 American Rescue Plan Act fund.

The American Rescue Plan Act fund is established to account for the revenues and expenditure of American Rescue Plan Act funds. (Ord. 3295 § 1, 2022).

City of Port Townsend

Street Operations Fund Budget Detail and Summary

Street Fund	2021	2022	2023	2023	2024	Increase/Decrease 2024 Proposed vs 2023 Budget
	Actual	Actual	Forecast	Budget	Proposed	
Beginning Fund Balance	419,869	474,400	479,484	479,484	406,696	
Revenues						
Taxes	-	-	-	-	-	
Licenses & Permits	231	231	-	-	-	
Intergovernmental Services	199,802	205,329	206,543	213,500	214,000	0.2%
Charges for Goods & Services	672	1,056	-	-	-	
Fines & Penalties	-	-	-	-	-	
Miscellaneous Revenue	18,711	7,164	4,517	750	7,500	900.0%
Other Increases	-	-	-	-	-	
Other Financing Sources (inc. Transfers In)	699,959	823,098	1,002,376	957,525	1,363,503	42.4%
Total Revenue	919,375	1,036,877	1,213,437	1,171,775	1,585,003	35.3%
Expenditures						
Salaries & Wages & Benefits	165,779	185,117	248,303	248,711	286,828	15.3%
Supplies	64,211	73,981	114,807	132,952	126,928	-4.5%
Services	455,704	515,645	523,930	605,963	678,780	12.0%
Capital Outlays	-	77,901	217,534	132,500	244,501	84.5%
Debt Service - Principal	-	-	-	-	-	
Debt Service - Interest	-	-	-	-	-	
Other Financing Uses (inc. Transfers Out)	179,150	179,150	181,650	534,150	247,843	-53.6%
Total Expenditure	864,844	1,031,794	1,286,224	1,654,275	1,584,880	-4.2%
Net Change in Fund Balance	54,531	5,084	(72,787)	(482,500)	123	
Ending Fund Balance	474,400	479,484	406,696	(3,017)	406,819	
Fund Bal. 2-3 % of Expenditures	54.9%	46.5%	31.6%	-0.2%	25.7%	MEETS POLICY

Street Operations

Goal Statement:

The City of Port Townsend Streets and Collections Division of Public Works has the primary responsibility of maintaining city streets, the wastewater collections system, and the stormwater collection system. Maintenance includes street repair, vegetation control, garbage management, special projects in right of way, event support, sidewalk repairs, annual cleaning of sewer and stormwater pipes, catch basin and maintenance holes maintenance, sweeping, and snow plowing.

2024 Key Goal:

- A primary goal of this division is to continue to migrate away from right of way mowing and focusing on drainage and street repairs. This will involve drainage control work and moving to hot mix asphalt patching compared to cold mix pothole repairs. This transition was successful in 2023 with investment of banked capacity (property tax) into a number of City streets that have fallen into disrepair. The extent of which this work can continue will depend on funding availability and a sales tax vote associated with the formation of a Transportation Benefit District.
- Another primary goal is to the development of implementation strategies associated with the General Sewer Plan and the need to inspect and rehabilitate the aging sewer collection system.

2024 Work Plan:

- The division will continue implementing 2023 banked capacity funding for road restoration associated and complete the work in 2024.
- Depending on funding availability, the work will include development of a strategy to address failed streets such as Lawrence and to perform specific roadway reconstruction.
- Support the construction of Discovery Road.
- Implement the Comprehensive Streets Program.
- Implement the recently awarded USDA street tree planting grant.
- The street division works closely with the engineering division to implement a number of projects throughout the year. Please refer to the engineering writeup for more details.
- Subject to funding, purchase sewer pipe video inspection equipment and develop a rigorous inspection program to prioritize pipe rehabilitation projects.
- Continue to implement a newly developed city-wide ditch maintenance program. This program strives to correct drainage deficiencies ahead of paving project to prevent premature deterioration of pavement due to saturation of the underlying soils.

City of Port Townsend

Library Fund Budget Detail and Summary

Library Fund	2021	2022	2023	2023	2024	Increase/Decrease 2024 Proposed vs 2023 Budget
	Actual	Actual	Forecast	Budget	Proposed	
Beginning Fund Balance	366,497	523,690	587,341	587,341	554,467	
Revenues						
Taxes	1,137,083	1,132,139	1,185,029	1,193,155	1,229,005	3.0%
Licenses & Permits	-	-	-	-	-	
Intergovernmental Services	649	-	1,000	-	-	
Charges for Goods & Services	-	-	-	-	-	
Fines & Penalties	636	1,135	403	-	-	
Miscellaneous Revenue	18,479	9,849	12,637	10,750	17,500	62.8%
Other Increases	-	-	-	-	-	
Other Financing Sources (inc. Transfers In)	-	-	-	-	-	
Total Revenue	1,156,848	1,143,123	1,199,069	1,203,905	1,246,505	3.5%
Expenditures						
Salaries & Wages & Benefits	528,510	614,872	721,005	714,430	731,752	2.4%
Supplies	73,022	100,869	115,761	102,218	93,779	-8.3%
Services	380,467	363,117	388,671	397,647	419,902	5.6%
Capital Outlays	17,656	614	6,505	3,000	1,000	-66.7%
Debt Service - Principal	-	-	-	-	-	
Debt Service - Interest	-	-	-	-	-	
Other Financing Uses (inc. Transfers Out)	-	-	-	-	-	
Total Expenditure	999,654	1,079,472	1,231,943	1,217,295	1,246,433	2.4%
Net Change in Fund Balance	157,193	63,651	(32,873)	(13,390)	72	-100.5%
Ending Fund Balance	523,690	587,341	554,467	573,951	554,539	
Fund Balance 5-8% of Tax Rev.	46.1%	51.9%	46.8%	48.1%	45.1%	MEETS POLICY

Goal Statement:

The City Library's mission is: *Uplifting our community through reading, learning, connection, and creativity.*

Main areas of work:

- Books and material circulation, databases, e-books and e-audiobooks, children's web resources, interlibrary loan
- Programs and events, including youth, teen, and adult programming.
- Staff response to patron requests and associated services
- Building strong relationships with community partners to deliver strong social and emotional infrastructure to the community.
- Access to technology
- Access to services, collections, and spaces with diversity, equity, and inclusion as corners of library work

Link to library's strategic plan:

https://ptpubliclibrary.org/sites/default/files/fileattachments/library/page/7905/ptpl-strategic-plan_2021-25.pdf

2024 Key Goals:

- We will use our Core Services, partnerships, assets, and resources to continue to advance four Strategic Initiatives designed to help us be the best possible library for the Port Townsend community:

- Increase equitable access to library offerings to serve all Port Townsend residents and visitors according to their needs, interests, and abilities.
- Build community as a trusted convener and connector, both within and beyond library walls.
- Help our Port Townsend community learn, do, create, and share.
- Make efficient and effective use of local and regional resources.

2024 Work Plan:

- Library Capital Projects: Pink House restoration, window replacement, bathroom remodel
- Help roll out a year-long community kindness (or play like PTAC suggested) campaign with tangible and visible participatory elements.
- Help further produce "How Your City Works" programs and materials.
- Work through issues with financial sustainability, including options analysis on balancing revenues and levels of service.

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

REET	2021	2022	2023	2023	2024	Increase/Decrease
	Actual	Actual	Forecast	Budget	Proposed	2024 Proposed vs 2023 Budget
Beginning Fund Balance	468,587	801,111	1,203,130	1,203,130	1,109,891	
Revenues						
Taxes	842,221	941,896	675,547	700,000	675,000	-3.6%
Licenses & Permits	-	-	-	-	-	
Intergovernmental Services	-	-	-	-	-	
Charges for Goods & Services	-	-	-	-	-	
Fines & Penalties	-	-	-	-	-	
Miscellaneous Revenue	303	6,420	11,767	1,500	20,000	1233.3%
Other Increases	-	-	-	-	-	
Other Financing Sources (inc. Transfers In)	-	-	-	-	-	
Total Revenue	842,524	948,316	687,315	701,500	695,000	-0.9%
Expenditures						
Salaries & Wages & Benefits	-	-	-	-	-	
Personnel Benefits	-	-	-	-	-	
Supplies	-	-	-	-	-	
Services	-	-	-	-	-	
Capital Outlays	-	-	-	-	-	
Debt Service - Principal	-	-	-	-	-	
Debt Service - Interest	-	-	-	-	-	
Other Financing Uses (inc. Transfers Out)	510,000	546,296	780,553	748,625	704,700	-5.9%
Total Expenditure	510,000	546,296	780,553	748,625	704,700	-5.9%
Net Change in Fund Balance	332,524	402,019	(93,238)	(47,125)	(9,700)	-79.4%
Ending Fund Balance	801,111	1,203,130	1,109,891	1,156,005	1,100,191	
Sufficient to Meet Obligations						MEETS POLICY

Port Townsend Municipal Code 3.04.060 Real estate excise tax fund.

The real estate excise tax fund is a special revenue fund for the purpose of receiving revenues and tracking expenditures related to real estate excise tax collection and expenditures. The fund shall maintain separate accounts for the tax collected as prescribed in RCW 82.46.010 ("REET 1") and as prescribed in RCW 82.46.060 ("REET 2"). (Ord. 3250 § 2 (Exh. B), 2020).

City of Port Townsend

Lodging Tax Fund Budget Detail and Summary

Lodging Tax	2021	2022	2023	2023	2024	Increase/Decrease 2024 Proposed vs 2023 Adopted
	Actual	Actual	Forecast	Budget	Proposed	
Beginning Fund Balance	178,655	415,628	721,405	721,405	946,644	
Revenues						
Taxes	525,079	602,167	585,876	525,000	525,000	0.0%
Licenses & Permits	-	-	-	-	-	
Intergovernmental Services	-	-	-	-	-	
Charges for Goods & Services	-	-	-	-	-	
Fines & Penalties	-	-	-	-	-	
Miscellaneous Revenue	124	3,426	7,223	750	10,000	1233.3%
Other Increases	-	-	-	-	-	
Other Financing Sources (inc. Transfers In)	-	-	-	-	-	
Total Revenue	525,203	605,593	593,098	525,750	535,000	1.8%
Expenditures						
Salaries & Wages & Benefits	-	-	40,000	75,000	75,199	0.3%
Supplies	-	-	-	-	-	
Services	125,185	149,641	195,412	296,243	309,918	4.6%
Capital Outlays	38,045	25,175	7,448	15,000	20,000	33.3%
Debt Service - Principal	-	-	-	-	-	
Debt Service - Interest	-	-	-	-	-	
Other Financing Uses (inc. Transfers Out)	125,000	125,000	125,000	125,000	125,000	0.0%
Total Expenditure	288,230	299,816	367,860	511,243	530,117	3.7%
Net Change in Fund Balance	236,973	305,777	225,238	14,507	4,883	-66.3%
Ending Fund Balance	415,628	721,405	946,644	735,912	951,527	
Sufficient to Meet Obligations						MEETS POLICY

Goal Statement:

Port Townsend Lodging Tax Advisory Committee's (LTAC's) vision of sustainable tourism is to reinvest community resources to enhance the lives of both residents and visitors.

2024 Key Goals:

- Gather and analyze data to use in planning and grant-making decisions.
- Support a balance of infrastructure and marketing investment.
- Build key relationships to further LTAC's vision of sustainable tourism

2024 Work Plan:

- Provide support to the Port Townsend Creative District in the implementation of the Arts and Culture Plan (funded by LTAC in 2023), and the Soundcheck Festival;
- Continue the Community Grants program;
- Fund continued operations at the Port Townsend Visitor Information Center (VIC) including staffing regular business hours, maintaining the EnjoyPT website and social media accounts, and collection of data for visitation, lodging, and economic impact;
- Collaborate on marketing with LTAC member organizations and others, with the PT VIC, OPTC, and PT Main Street as primary partners to attract visitors to Port Townsend in the shoulder seasons (January through April, October through December);
- Continue support for downtown winter lighting and collaborate with Main Street and others on interpretive signage in downtown and uptown;
- Broaden our participation and contributions within the regional tourism sector;
- Plan infrastructure projects to be implemented within the next two years;

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

Fire/EMS	2021 Actual	2022 Actual	2023 Forecast	2023 Budget	2024 Proposed	Increase/Decrease 2024 Proposed vs 2023 Budget
Beginning Fund Balance	7,277	9,568	7,302	7,302	7,361	
Revenues						
Taxes	5,957	2,917	748	4,000	-	-100.0%
Licenses & Permits	-	-	-	-	-	
Intergovernmental Services	-	-	-	-	-	
Charges for Goods & Services	-	-	-	-	-	
Fines & Penalties	-	-	-	-	-	
Miscellaneous Revenue	1	1	-	-	-	
Other Increases	-	-	-	-	-	
Other Financing Sources (inc. Transfers In)	-	-	-	-	-	
Total Revenue	5,958	2,919	748	4,000	-	-100.0%
Expenditures						
Salaries & Wages & Benefits	-	-	-	-	-	
Supplies	-	-	-	-	-	
Services	3,666	5,185	689	4,000	-	-100.0%
Capital Outlays	-	-	-	-	-	
Debt Service - Principal	-	-	-	-	-	
Debt Service - Interest	-	-	-	-	-	
Other Financing Uses (inc. Transfers Out)	-	-	-	-	-	
Total Expenditure	3,666	5,185	689	4,000	-	-100.0%
Net Change in Fund Balance	2,291	(2,267)	59	-	-	
Ending Fund Balance	9,568	7,302	7,361	7,302	7,361	
Sufficient to Meet Obligations						MEETS POLICY

Port Townsend Municipal Code 3.04.075 Fire and EMS fund.

The fire and EMS (emergency medical service) fund is a special revenue fund established to record fire and EMS property tax levies and payment for fire services for the city of Port Townsend. (Ord. 3250 § 2 (Exh. B), 2020).

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

Affordable Housing	2021	2022	2023	2023	2024	Increase/Decrease
	Actual	Actual	Forecast	Budget	Proposed	2024 Proposed vs 2023 Budget
Beginning Fund Balance	41,438	87,659	83,937	83,937	67,234	
Revenues						
Taxes	118,265	93,090	6,112	30,001	30,000	0.0%
Licenses & Permits	-	-	-	-	-	
Intergovernmental Services	-	-	-	-	-	
Charges for Goods & Services	-	-	-	-	-	
Fines & Penalties	-	-	-	-	-	
Miscellaneous Revenue	28	375	81	100	-	-100.0%
Other Increases	-	-	-	-	-	
Other Financing Sources (inc. Transfers In)	-	-	70,000	70,000	65,000	-7.1%
Total Revenue	118,292	93,465	76,193	100,101	95,000	-5.1%
Expenditures						
Salaries & Wages & Benefits	-	-	-	-	-	
Supplies	-	-	-	-	-	
Services	10,176	35,291	31,000	31,000	31,000	0.0%
Capital Outlays	-	-	-	-	-	
Debt Service - Principal	-	-	-	-	-	
Debt Service - Interest	-	-	-	-	-	
Other Financing Uses (inc. Transfers Out)	61,896	61,896	61,896	61,896	61,896	0.0%
Total Expenditure	72,072	97,187	92,896	92,896	92,896	0.0%
Net Change in Fund Balance	46,221	(3,722)	(16,703)	7,205	2,104	-70.8%
Ending Fund Balance	87,659	83,937	67,234	91,142	69,338	
Sufficient to Meet Obligations						MEETS POLICY

Port Townsend Municipal Code 3.04.080 Affordable housing trust fund.

The affordable housing trust fund is a special revenue fund established for the purpose of receiving revenues for the operation of housing services and programs. (Ord. 3250 § 2 (Exh. B), 2020).

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

CDBG	2021 Actual	2022 Actual	2023 Forecast	2023 Budget	2024 Proposed	Increase/Decrease 2024 Proposed vs 2023 Budget
Beginning Fund Balance	191,957	163,539	159,317	159,317	157,979	
Revenues						
Taxes	-	-	-	-	-	
Licenses & Permits	-	-	-	-	-	
Intergovernmental Services	40,170	15,718	18,533	20,000	20,000	0.0%
Charges for Goods & Services	-	-	-	-	-	
Fines & Penalties	-	-	-	-	-	
Miscellaneous Revenue	101	995	129	150	-	-100.0%
Other Increases	-	-	-	-	-	
Other Financing Sources (inc. Transfers In)	-	-	-	-	-	
Total Revenue	40,270	16,713	18,662	20,150	20,000	-0.7%
Expenditures						
Salaries & Wages & Benefits	-	-	-	-	-	
Personnel Benefits	-	-	-	-	-	
Supplies	-	-	-	-	-	
Services	68,689	20,935	20,000	20,000	20,000	0.0%
Capital Outlays	-	-	-	-	-	
Debt Service - Principal	-	-	-	-	-	
Debt Service - Interest	-	-	-	-	-	
Other Financing Uses (inc. Transfers Out)	-	-	-	-	-	
Total Expenditure	68,689	20,935	20,000	20,000	20,000	0.0%
Net Change in Fund Balance	(28,418)	(4,222)	(1,338)	150	-	-100.0%
Ending Fund Balance	163,539	159,317	157,979	159,467	157,979	
Sufficient to Meet Obligations						MEETS POLICY

Port Townsend Municipal Code 3.04.090 Community development block grant fund.

The community development block grant fund is a special revenue fund established for the purpose of recording transactions related to administering the community development block grant loan program. (Ord. 3250 § 2 (Exh. B), 2020).

City of Port Townsend Combined - Community Services Fund Budget Detail and Summary

Revised for 2024 Budget Community Services – Parks Fund Facilities Replacement & Reserve Fund

Community Svcs	2021 Actual	2022 Actual	2023 Forecast	2023 Budget	2024 Proposed	Increase/Decrease 2024 Proposed vs 2023 Budget
Beginning Fund Balance	233,248	535,954	596,936	596,936	725,765	
Revenues						
Taxes	609,611	602,024	168,714	2	1	-50.0%
Licenses & Permits	-	-	-	-	-	
Intergovernmental Services	11,602	100,000	63,000	-	-	
Charges for Goods & Services	21,797	5,735	47,172	4,000	4,000	0.0%
Fines & Penalties	-	-	-	-	-	
Miscellaneous Revenue	178,801	79,588	49,142	37,550	49,550	32.0%
Other Increases	16,242	24,958	10,372	2,000	2,000	0.0%
Other Financing Sources (inc. Transfers In)	1,255,693	1,285,607	2,191,612	2,436,352	2,633,462	8.1%
Total Revenue	2,093,745	2,097,912	2,530,012	2,479,904	2,689,013	8.4%
Expenditures						
Salaries & Wages & Benefits	722,325	825,003	956,572	1,046,258	1,128,543	7.9%
Supplies	193,880	169,250	207,331	227,569	222,056	-2.4%
Services	851,328	925,954	1,115,424	1,112,085	1,245,060	12.0%
Capital Outlays	3,702	31,954	115,845	85,000	85,000	0.0%
Debt Service - Principal	-	60,000	-	-	-	
Debt Service - Interest	-	3,750	-	-	-	
Other Financing Uses (inc. Transfers Out)	19,803	21,020	6,011	7,000	-	-100.0%
Total Expenditure	1,791,038	2,036,931	2,401,183	2,477,913	2,680,660	8.2%
Net Change in Fund Balance	302,706	60,981	128,829	1,991	8,353	319.5%
Ending Fund Balance	535,954	596,936	725,765	598,927	734,118	
Fund Bal. 2-3 % of Expenditures	29.9%	29.3%	30.2%	24.2%	27.4%	MEETS POLICY
Community Services Fund - Expenditures by Department						
City Facilities	566,338	638,952	Not Available	862,215	1,117,430	29.6%
Mountain View Facilities	167,746	174,725		198,201	180,101	-9.1%
Parks Maintenance	546,305	654,839		776,458	892,312	14.9%
Parks Strategy	-	-		273,424	124,427	-54.5%
Events	1,305	320		-	-	
Pool	488,142	390,001		339,490	366,389	7.9%
Non-Departmental (inc. Transfers Out)	21,203	84,321		28,125	-	-100.0%
Total Expenditures	1,791,038	1,943,158		2,477,913	2,680,660	8.2%

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

Community Svs Parks Fund	2021 Actual	2022 Actual	2023 Forecast	2023 Budget	2024 Proposed	Increase/Decrease 2024 Proposed vs 2023 Budget
Beginning Fund Balance	-	-	-	-	-	
Revenues						
Taxes					1	
Licenses & Permits					-	
Intergovernmental Services					-	
Charges for Goods & Services					4,000	
Fines & Penalties					-	
Miscellaneous Revenue					28,000	
Other Increases					2,000	
Other Financing Sources (inc. Transfers In)					1,352,207	
Total Revenue	-	-	-	-	1,386,208	
Expenditures						
Salaries & Wages & Benefits					558,869	
Supplies					106,951	
Services					677,308	
Capital Outlays					40,000	
Debt Service - Principal					-	
Debt Service - Interest					-	
Other Financing Uses (inc. Transfers Out)					-	
Total Expenditure	-	-	-	-	1,383,128	
Net Change in Fund Balance	-	-	-	-	3,080	
Ending Fund Balance	-	-	-	-	3,080	See 199
Fund Bal. 2-3 % of Expenditures					0.2%	Community Svs Fund
Community Services Fund - Expenditures by Department						
Parks Maintenance					743,315	
Parks Strategy					273,424	
Events					-	
Pool					366,389	
Non-Departmental (inc. Transfers Out)					-	
Total Expenditures	-	-	-	-	1,383,128	

**City of Port Townsend
EQUIPMENT RENTAL & REPLACEMENT FUND
Fund 530 & 535 Facilities
BUDGET SUMMARY**

Internal Services Fund Facilities	2021 Actual	2022 Actual	2023 Forecast	2023 Budget	2024 Proposed	Increase/Decrease 2024 Proposed vs 2023 Budget
Beginning Fund Balance	-	-	-	-	-	
Revenues						
Taxes					-	
Licenses & Permits					-	
Intergovernmental Services					-	
Charges for Goods & Services					-	
Fines & Penalties					-	
Miscellaneous Revenue					21,550	
Other Increases					-	
Other Financing Sources (inc. Transfers In)					1,281,255	
Total Revenue	-	-	-	-	1,302,805	
Expenditures						
Salaries & Wages & Benefits					569,674	
Supplies					115,105	
Services					567,752	
Capital Outlays					45,000	
Debt Service - Principal					-	
Debt Service - Interest					-	
Other Financing Uses (inc. Transfers Out)					-	
Total Expenditure	-	-	-	-	1,297,531	
Net Change in Fund Balance	-	-	-	-	5,274	
Ending Fund Balance	-	-	-	-	5,274	See 199
Fund Bal. 2-3 % of Expenditures					0.4%	Community Svs Fund
Community Services Fund - Expenditures by Department						
City Facilities					1,117,430	
Mountain View Facilities					180,101	
Total Expenditures	-	-	-	-	1,297,531	

Community Services – Facilities, Parks

Goal Statement:

The City of Port Townsend Community Services Department is a Division of Public Works. The Department has the primary responsibility of managing and maintaining city buildings and parks, stewarding the pool contract with the YMCA and the golf contract for operations, and stewarding leases on the Mountain View Campus. Additionally, the division expenses include funds for Strategic Parks Strategy in the form of salary and services support. Strategic Parks Strategy is a short-term expense to facilitate sustainable parks funding and to develop a vision for recreation and parks for the future including addressing the future of the golf course and development of a new pool.

2024 Key Goals:

- The facilities division goal for next year is to improve internal service through training and upgrades to city systems. The aging Mountain View Pool also is challenging for the facilities team to maintain and keep operational.
- Achieving facilities goals is reliant on an additional full-time employee for janitorial support included in this year's budget proposal. This strategy will provide the time for the skilled employees to perform proactive maintenance and special projects such as small remodels that are typically contracted.
- The parks division proposes to expand deferred maintenance for trails and trees. The division looks forward to expanding the volunteer program consistent with the work plan goals. The department will look to hire and manage seasonals based on behalf of parks and streets which also will leverage the volunteer efforts.
- Develop an urban forestry program.
- Continue to implement building repair and remodel projects.
- Develop sustainable park funding and strive for equitable distribution of funds in parks and trails.
- Implement decisions made around the future of the aquatics/community health and wellness center.

2024 Work Plan:

- The facilities division will complete the City Hall HVAC, and a City Hall remodel as budgeted. The division also will recommend strategies for Pink House and Pope Marine for restoration opportunities.
- The facilities division will assist and support the library remodel projects associated with windows and restroom restoration.
- The parks division will complete the kitchen shelter and install trail signage based on the 2022 banked capacity funding.
- The facilities division seeks to perform a buildings assessment and capital improvement plan to better understand investment needs based on proactive maintenance.
- The parks division has the goal of rehabilitating the Kah Tai restrooms and fill the recently created care take site.
- The parks division will also be part of an open space planning effort in the coordination of maintenance with the Jefferson Land Trust.
- The parks division will continue to further short-term funding for parks strategy which includes significant projects of evaluating a health and wellness center to replace Mountain View Pool as well as evaluation of the Golf Course and its future use.

- Mountain View Leases will be evaluated and re-negotiated to develop financially sustainable building operations.
- Participate in open space planning and the Non-Motorized Plan update associated with the Comprehensive Plan update.
- Apply for Resource Conservation Office funding.
- Subject to funding, demolish the Golden Age Club and Parks House buildings which have fallen into disrepair.

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

G.O. Debt Service	2021	2022	2023	2023	2024	Increase/Decrease
	Actual	Actual	Forecast	Budget	Proposed	2024 Proposed vs 2023 Budget
Beginning Fund Balance	97,548	155,559	396,019	396,019	637,798	
Revenues						
Taxes	457,333	634,987	208,807	150,001	150,000	0.0%
Licenses & Permits	-	-	-	-	-	
Intergovernmental Services	-	-	-	-	-	
Charges for Goods & Services	-	-	-	-	-	
Fines & Penalties	-	-	-	-	-	
Miscellaneous Revenue	293	6,874	6,763	1,000	10,000	900.0%
Other Increases	-	-	-	-	-	
Other Financing Sources (inc. Transfers In)	1,302,467	1,309,180	2,661,657	2,644,637	967,896	-63.4%
Total Revenue	1,760,093	1,951,040	2,877,227	2,795,638	1,127,896	-59.7%
Expenditures						
Salaries & Wages & Benefits	-	-	-	-	-	
Supplies	-	-	-	-	-	
Services	1,326	2,400	1,250	2,500	2,500	0.0%
Capital Outlays	-	-	-	-	-	
Debt Service - Principal	1,053,485	1,286,413	2,190,574	2,190,266	542,580	-75.2%
Debt Service - Interest	647,272	421,767	443,624	606,250	523,100	-13.7%
Other Financing Uses (inc. Transfers Out)	-	-	-	-	-	
Total Expenditure	1,702,082	1,710,580	2,635,448	2,799,016	1,068,180	-61.8%
Net Change in Fund Balance	58,011	240,460	241,779	(3,378)	59,716	-1867.8%
Ending Fund Balance	155,559	396,019	637,798	392,641	697,514	
Sufficient to Meet Obligations						MEETS POLICY

Port Townsend Municipal Code 3.04.110 General obligation debt service fund.

The debt service fund is established to record revenues committed or assigned to pay debt service principal and interest expenditures. (Ord.

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

General CIP	2021	2022	2023	2023	2024	Increase/Decrease
	Actual	Actual	Forecast	Budget	Proposed	2024 Proposed vs 2023 Budget
Beginning Fund Balance	428,597	403,246	960,239	960,239	511,423	
Revenues						
Taxes	-	-	-	-	-	
Licenses & Permits	-	-	-	-	-	
Intergovernmental Services	-	500,000	298,545	656,400	-	-100.0%
Charges for Goods & Services	-	-	-	-	-	
Fines & Penalties	-	-	-	-	-	
Miscellaneous Revenue	237	22,875	14,544	1,000	12,500	1150.0%
Other Increases	-	(1,490)	-	-	-	
Other Financing Sources (inc. Transfers In)	34,524	248,820	1,080,328	881,500	379,807	-56.9%
Total Revenue	34,761	770,205	1,393,417	1,538,900	392,307	
Expenditures						
Salaries & Wages & Benefits	-	-	-	-	-	
Supplies	-	-	-	-	-	
Services	34,524	24,808	18,630	18,630	18,630	0.0%
Capital Outlays	11,914	190,054	1,747,178	2,235,659	621,028	-72.2%
Debt Service - Principal	-	-	-	-	-	
Debt Service - Interest	-	-	-	-	-	
Other Financing Uses (inc. Transfers Out)	13,675	(1,651)	76,424	-	74,000	
Total Expenditure	60,113	213,211	1,842,233	2,254,289	713,658	-68.3%
Net Change in Fund Balance	(25,352)	556,994	(448,816)	(715,389)	(321,351)	-55.1%
Ending Fund Balance	403,246	960,239	511,423	244,850	190,072	-22.4%
Sufficient to Meet Obligations						MEETS POLICY

Port Townsend Municipal Code 3.04.120 General CIP projects fund.

The general CIP (capital improvement program) projects fund is established to record capital project revenues and expenditures. (Ord. 3250 § 2 (Exh. B), 2020).

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

Street CIP	2021	2022	2023	2023	2024	Increase/Decrease
	Actual	Actual	Forecast	Budget	Proposed	2024 Proposed vs 2023 Budget
Beginning Fund Balance	(71,221)	110,420	195,118	195,118	1,046,381	
Revenues						
Taxes	-	-	-	-	-	
Licenses & Permits	-	-	-	-	-	
Intergovernmental Services	550,738	461,383	959,188	503,775	3,981,146	690.3%
Charges for Goods & Services	-	-	-	-	-	
Fines & Penalties	-	-	-	-	-	
Miscellaneous Revenue	39	787	2,456	500	187,500	37400.0%
Other Increases	-	2,055	-	-	-	
Other Financing Sources (inc. Transfers In)	78,044	243,010	1,412,300	1,261,006	243,393	-80.7%
Total Revenue	628,821	707,234	2,373,944	1,765,281	4,412,039	149.9%
Expenditures						
Salaries & Wages & Benefits	-	-	-	-	-	
Supplies	-	-	-	-	-	
Services	78,044	45,182	34,978	34,978	34,978	0.0%
Capital Outlays	369,136	572,778	1,487,703	6,631,080	5,410,510	-18.4%
Debt Service - Principal	-	-	-	-	-	
Debt Service - Interest	-	-	-	-	-	
Other Financing Uses (inc. Transfers Out)	-	4,576	-	-	-	
Total Expenditure	447,180	622,536	1,522,681	6,666,058	5,445,488	-18.3%
Net Change in Fund Balance	181,641	84,698	851,263	(4,900,777)	(1,033,449)	-78.9%
Ending Fund Balance	110,420	195,118	1,046,381	(4,705,659)	12,932	
Sufficient to Meet Obligations						MEETS POLICY

Port Townsend Municipal Code 3.04.140 Street CIP projects fund.

The street CIP projects fund is established to record street and sidewalk capital project revenues and expenditures. (Ord. 3250 § 2 (Exh. B), 2020).

City of Port Townsend

Water & Sewer Operations Fund Budget Detail and Summary

Water Sewer Op	2021	2022	2023	2023	2024	Increase/Decrease 2024 Proposed vs 2023 Budget
	Actual	Actual	Forecast	Budget	Proposed	
Beginning Fund Balance	3,049,473	3,713,168	4,081,850	4,081,850	3,105,920	
Revenues						
Taxes	-	-	-	-	-	
Licenses & Permits	-	-	-	-	-	
Intergovernmental Services	497	-	-	-	-	
Charges for Goods & Services	6,948,217	7,480,449	7,390,488	7,537,785	8,002,548	6.2%
Fines & Penalties	-	-	-	-	-	
Miscellaneous Revenue	112,995	121,052	76,133	101,000	115,000	13.9%
Other Increases	-	60,000	-	-	-	
Other Financing Sources (inc. Transfers In)	1,249,801	1,855,334	1,707,456	1,694,824	1,243,581	-26.6%
Total Revenue	8,311,510	9,516,835	9,174,077	9,333,609	9,361,129	0.3%
Expenditures						
Salaries & Wages & Benefits	2,260,368	2,331,251	2,490,763	2,629,120	3,058,727	16.3%
Supplies	430,451	523,532	599,670	617,828	614,505	-0.5%
Services	3,423,599	3,958,482	4,469,310	4,420,104	4,842,538	9.6%
Capital Outlays	-	46,109	14,594	263,700	487,727	85.0%
Debt Service - Principal	1,244,501	1,246,889	1,147,187	1,172,882	1,120,253	-4.5%
Debt Service - Interest	177,744	164,920	158,528	160,436	150,427	-6.2%
Other Financing Uses (inc. Transfers Out)	111,152	876,970	1,269,954	1,199,208	1,029,309	-14.2%
Total Expenditure	7,647,815	9,148,153	10,150,007	10,463,278	11,303,486	8.0%
Net Change in Fund Balance	663,695	368,681	(975,930)	(1,129,669)	(1,942,357)	71.9%
Ending Fund Balance	3,713,168	4,081,850	3,105,920	2,952,180	1,163,563	
60 Days of Operating Expenses	177	163	112	103	38	FALSE
Water Sewer Fund - Expenditures by Department						
Utility Billing	42	524,505	597,390	737,422	785,580	4.9%
Water Distribution	403	2,278,381	3,279,323	2,973,813	3,254,898	17.8%
Water Quality / WTF	404	2,029,688	2,147,383	2,423,697	2,983,273	7.1%
Wastewater Treatment	405	1,425,751	1,516,143	1,625,826	1,719,302	44.0%
Wastewater Collection	406	870,611	1,088,510	1,809,558	1,075,190	-41.5%
Biosolids	407	518,879	519,405	579,691	728,707	19.5%
Non-Departmental (inc. Transfers Out)	'000	-	-	-	-	
Total Expenditures		7,647,815	9,148,153	10,150,007	10,463,278	8.0%

Water & Sewer Operations

The water/sewer operating fund shows a decrease in fund balance due to transfers out to support Water and Sewer Capital (Fund 415). Additionally, the sewer rate study is scheduled to be completed in 2024 which will address operational budget deficiencies. A rate increase is anticipated to address capital needs as well as operational cost increases exceeding inflation rates experienced over the last 5 years.

Goal Statement:

The City of Port Townsend water and sewer (wastewater) fund is a combined fund although expenditures and revenues are tracked separately between water and sewer. The goal of these enterprise utilities is to work as a business unit to ensure that expenses do not exceed revenues while providing reliable utility services as an essential public service.

2024 Key Goal:

- The water division of public works will seek to implement the new cross connection program adopted by the City Council in 2022 as required by the Washington Administrative Code.
- The water division will continue replacing aging pipelines in order to make the system more reliable and minimize distribution system leakage.
- The water division will continue to implement the Water Supply Agreement with the Port Townsend Paper Mill and facilitate capital improvements into the Olympic Gravity Water System
- The wastewater division anticipates updating the NPDES Permit for the Wastewater Treatment Plant Discharge to the Salish Sea.
- The wastewater division is in the process of completing an update to the General Sewer Plan including an evaluation of nutrients as part of the city's nutrient permit and evaluation of the compost facility/septage handling.
- The wastewater division will be implementing new sewer rates and begin to implement capital improvements identified in the sewer plan.
- The wastewater division will implement a rigorous sewer inspection program to prioritize pipe rehabilitation investments.

2024 Work Plan:

- The work plan for the water division is mostly focused on capital projects,
- The water division has several capital projects such as the OGWS pipeline assessment, Lords Lake East Dam stability evaluation, 1 MG standpipe coating design, cathodic protection of the OGWS, and rehabilitation of the control valve structure at the Big Quilcene Diversion.
- The water division will begin the process of system wide meter replacement.
- The work plan for the wastewater division is focused on capital projects such as the outfall, Water Street sewer replacement, Mill Road Lift Station, Wastewater Treatment Plant rehabilitation projects, purchase of a video inspection truck for pipeline condition assessments, and preparation for the 2022 banked capacity investments at Pacific Street.
- Both the water and wastewater division will evaluate replacement and/or rehabilitation of pipe associated with street repair projects such that pipes are evaluated before paving.

City of Port Townsend

Stormwater Operations Fund Budget Detail and Summary

Stormwater	2021 Actual	2022 Actual	2023 Forecast	2023 Budget	2024 Proposed	Increase/Decrease 2024 Proposed vs 2023 Budget
Beginning Fund Balance	429,868	738,471	677,661	677,661	770,410	
Revenues						
Taxes	-	-	-	-	-	
Licenses & Permits	-	-	-	-	-	
Intergovernmental Services	-	-	-	-	-	
Charges for Goods & Services	1,153,186	1,236,391	1,219,416	1,173,074	1,199,324	2.2%
Fines & Penalties	-	-	-	-	-	
Miscellaneous Revenue	2,293	6,015	6,790	750	12,000	1500.0%
Other Increases	-	-	-	-	-	
Other Financing Sources (inc. Transfers In)	-	-	-	-	-	
Total Revenue	1,155,479	1,242,406	1,226,206	1,173,824	1,211,324	3.2%
Expenditures						
Salaries & Wages & Benefits	284,075	311,131	340,546	352,949	461,731	30.8%
Supplies	40,995	36,701	66,414	72,908	79,127	8.5%
Services	414,581	449,786	480,577	497,764	522,166	4.9%
Capital Outlays	-	9,033	-	6,000	6,000	0.0%
Debt Service - Principal	47,791	49,225	50,702	50,702	50,702	0.0%
Debt Service - Interest	33,570	32,136	30,660	30,660	30,660	0.0%
Other Financing Uses (inc. Transfers Out)	25,864	415,205	164,558	625,000	615,515	-1.5%
Total Expenditure	846,876	1,303,217	1,133,457	1,635,982	1,765,901	7.9%
Net Change in Fund Balance	308,603	(60,811)	92,749	(462,158)	(554,577)	20.0%
Ending Fund Balance	738,471	677,661	770,410	215,503	215,833	
60 Days of Operating Expenses	318	190	248	48	68	MEETS POLICY

Stormwater Operations

Goal Statement:

The City of Port Townsend owns and operates a stormwater collection system that includes roadside ditches, wedge asphalt curbs, concrete curbs, rain gardens, and stormwater facilities such as Froggy bottoms. The Streets and Collections Division of Public Works is responsible for annual maintenance which includes cleaning, street sweeping, and stormwater repairs. This includes responding to heavy rain events to manage localized flooding. Leaf control is a major proactive maintenance strategy.

The stormwater system is also managed by the engineering division to implement the Western Washington Stormwater Manual for water quality improvement.

2024 Key Goals:

- The Streets division continues to transition the shift of resource investment from vegetation control to street repair. In particular, stormwater management is a key function that needs to

be restored prior to street investments. The division will spend considerable time in 2024 working on restoring ditches and making small drainage improvements.

- Capital improvements on the stormwater system are also necessary. Much of the stormwater infrastructure is lacking or in a state of disrepair. In particular, Lawrence Street stormwater is piped into the Sanitary Sewer System and thus a new pipeline is needed in Lawrence Street.

2024 Work Plan:

- The Stormwater system rates are anticipated to be completed implemented by April 1, 2024
- Stormwater investments are included in the Discovery Road project to be completed in 2024.
- Staff will begin the process of design for the Lawrence Street stormwater system project.
- The stormwater improvements associated with the banked capacity street repairs were initiated in 2023 and will be completed in 2024.

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

Stormwater CIP	2021 Actual	2022 Actual	2023 Forecast	2023 Budget	2024 Proposed	Increase/Decrease 2024 Proposed vs 2023 Budget
Beginning Fund Balance	(188,184)	579	26,773	26,773	12,240	
Revenues						
Taxes	-	-	-	-	-	
Licenses & Permits	-	-	-	-	-	
Intergovernmental Services	230,215	-	-	-	-	
Charges for Goods & Services	-	-	-	-	-	
Fines & Penalties	-	-	-	-	-	
Miscellaneous Revenue	480,023	351	188	200	-	-100.0%
Other Increases	-	-	-	-	-	
Other Financing Sources (inc. Transfers In)	<u>532,474</u>	<u>102,836</u>	<u>131,019</u>	<u>335,000</u>	<u>598,655</u>	<u>78.7%</u>
Total Revenue	1,242,712	103,187	131,207	335,200	598,655	78.6%
Expenditures						
Salaries & Wages & Benefits	-	-	-	-	-	
Supplies	-	-	-	-	-	
Services	9,014	22,185	14,755	29,510	10,000	-66.1%
Capital Outlays	1,044,935	54,809	130,985	591,970	598,665	1.1%
Debt Service - Principal	-	-	-	-	-	
Debt Service - Interest	-	-	-	-	-	
Other Financing Uses (inc. Transfers Out)	-	-	-	-	-	
Total Expenditure	1,053,949	76,994	145,740	621,480	608,665	-2.1%
Net Change in Fund Balance	188,763	26,194	(14,533)	(286,280)	(10,010)	-96.5%
Ending Fund Balance	579	26,773	12,240	(259,507)	2,230	
Sufficient to Meet Obligations						MEETS POLICY

Port Townsend Municipal Code 3.04.260 Stormwater CIP projects fund.

The stormwater CIP projects fund will be used to record the revenues and expenses connected with, incident to, or pertaining to the preparation of plans and specifications, acquisition of real and personal property, and the construction, repair, and maintenance of the stormwater system for the city. (Ord. 3250 § 2 (Exh. B), 2020).

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

Water Sewer CIP	2021	2022	2023	2023	2024	Increase/Decrease
	Actual	Actual	Forecast	Budget	Proposed	2024 Proposed vs 2023 Budget
Beginning Fund Balance	2,471,741	2,564,787	2,038,034	2,038,034	651,478	
Revenues						
Taxes	-	-	-	-	-	
Licenses & Permits	-	-	-	-	-	
Intergovernmental Services	-	-	1	191,500	-	-100.0%
Charges for Goods & Services	1,427,205	1,440,830	1,406,924	1,461,329	1,461,329	0.0%
Fines & Penalties	-	-	-	-	-	
Miscellaneous Revenue	1,407	17,992	18,835	1,427,500	4,344,900	204.4%
Other Increases	-	62,715	-	-	-	
Other Financing Sources (inc. Transfers In)	248,726	1,606,515	396,685	697,500	2,975,315	326.6%
Total Revenue	1,677,338	3,128,052	1,822,445	3,777,829	8,781,544	132.4%
Expenditures						
Salaries & Wages & Benefits	-	-	-	-	-	
Supplies	-	-	-	-	-	
Services	41,409	24,895	17,917	17,917	17,917	0.0%
Capital Outlays	215,301	1,648,270	1,764,641	1,374,000	7,310,472	432.1%
Debt Service - Principal	-	-	-	-	-	
Debt Service - Interest	-	-	-	-	-	
Other Financing Uses (inc. Transfers Out)***	1,327,582	1,981,640	1,426,444	2,083,824	1,668,519	-19.9%
Total Expenditure	1,584,292	3,654,805	3,209,001	3,475,741	8,996,908	158.8%
Net Change in Fund Balance	93,046	(526,753)	(1,386,556)	302,088	(215,364)	-171.3%
Ending Fund Balance	2,564,787	2,038,034	651,478	2,340,122	436,115	
Sufficient to Meet Obligations						MEETS POLICY

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

Port Townsend Municipal Code 3.04.210 Water sewer CIP projects fund.

The water sewer CIP project fund will be used to record revenues and expenses connected with, incident to or pertaining to the preparation of plans and specifications, the construction, repair of a general water system and sewage system for the city. (Ord. 3250 § 2 (Exh. B), 2020).

**City of Port Townsend
Olympic Gravity Water System (OGWS)
BUDGET SUMMARY**

OGWS	2021	2022	2023	2023	2024	Increase/Decrease 2024 Proposed vs 2023 Budget
	Actual	Actual	Forecast	Budget	Proposed	
Beginning Fund Balance	630,243	545,057	1,837,082	1,837,082	4,911,303	
Revenues						
Taxes	-	-	-	-	-	
Licenses & Permits	-	-	-	-	-	
Intergovernmental Services	-	-	-	-	86,900	
Charges for Goods & Services	-	2,464,976	4,448,410	-	5,043,382	
Fines & Penalties	-	-	-	-	-	
Miscellaneous Revenue	338	130	23,454	4,472,500	105,000	-97.7%
Other Increases	-	-	-	-	-	
Other Financing Sources (inc. Transfers In)	54,079	-	6	420,000	-	-100.0%
Total Revenue	54,417	2,465,106	4,471,870	4,892,500	5,235,282	7.0%
Expenditures						
Salaries & Wages & Benefits	-	-	-	-	-	
Supplies	-	-	-	-	-	
Services	50,777	628,024	1,397,650	1,127,134	1,175,645	4.3%
Capital Outlays	34,747	-	-	-	-	
Debt Service - Principal	52,632	-	-	-	-	
Debt Service - Interest	1,447	-	-	-	-	
Other Financing Uses (inc. Transfers Out)***	-	545,056	-	429,000	890,100	107.5%
Total Expenditure	139,603	1,173,080	1,397,650	1,556,134	2,065,745	32.7%
Net Change in Fund Balance	(85,186)	1,292,026	3,074,220	3,336,366	3,169,537	-5.0%
Ending Fund Balance	545,057	1,837,082	4,911,303	5,173,448	8,080,840	
Sufficient to Meet Obligations						MEETS POLICY

Port Townsend Municipal Code 3.04.220 OGWS transmission line fund.

The OGWS (Olympic Gravity Water System) transmission line fund is established for the operations and general maintenance of the OGWS, and to set aside funds for the repair and replacement of the OGWS transmission line. (Ord. 3285 § 1, 2022; Ord. 3250 § 2 (Exh. B), 2020).

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

Golf Course	2021 Actual	2022 Actual	2023 Forecast	2023 Budget	2024 Proposed	Increase/Decrease 2024 Proposed vs 2023 Budget
Beginning Fund Balance	6,251	5,484	2,500	2,500	1,882	
Revenues						
Taxes	-	-	-	-	-	
Licenses & Permits	-	-	-	-	-	
Intergovernmental Services	-	-	-	-	-	
Charges for Goods & Services	-	-	-	-	-	
Fines & Penalties	-	-	-	-	-	
Miscellaneous Revenue	8,363	8,041	9,055	25,000	16,000	-36.0%
Other Increases	-	-	-	-	-	
Other Financing Sources (inc. Transfers In)	-	-	11,000	-	5,000	
Total Revenue	8,363	8,041	20,055	25,000	21,000	-16.0%
Expenditures						
Salaries & Wages & Benefits	-	-	-	-	-	
Supplies	1,045	177	-	15,000	16,000	6.7%
Services	8,085	10,849	20,672	9,672	5,000	-48.3%
Capital Outlays	-	-	-	-	-	
Debt Service - Principal	-	-	-	-	-	
Debt Service - Interest	-	-	-	-	-	
Other Financing Uses (inc. Transfers Out)	-	-	-	-	-	
Total Expenditure	9,130	11,026	20,672	24,672	21,000	-14.9%
Net Change in Fund Balance	(767)	(2,984)	(617)	328	-	-100.0%
Ending Fund Balance	5,484	2,500	1,882	2,828	1,882	
Sufficient to Meet Obligations						MEETS POLICY

Port Townsend Municipal Code 3.04.270 Golf course fund.

The golf course fund is an enterprise fund established to record golf course operating revenues and expenditures. (Ord.

City of Port Townsend Equipment Rental & Replacement Fund Budget Detail and Summary

ERR (Internal Service Fund)	2021	2022	2023	2023	2024	Increase/Decrease 2024 Proposed vs 2023 Budget
	Actual	Actual	Forecast	Budget	Proposed	
Beginning Fund Balance	1,785,705	2,111,904	2,427,297	2,427,297	2,727,509	
Revenues						
Taxes	-	-	-	-	-	
Licenses & Permits	-	-	-	-	-	
Intergovernmental Services	279	-	-	-	-	
Charges for Goods & Services	1,133,734	1,201,854	1,213,475	1,216,225	1,443,822	18.7%
Fines & Penalties	-	-	-	-	-	
Miscellaneous Revenue	19,378	22,923	21,672	2,900	35,000	1106.9%
Other Increases	1,359	850	-	-	-	
Other Financing Sources (inc. Transfers In)	-	-	-	-	490,000	
Total Revenue	1,154,749	1,225,627	1,235,147	1,219,125	1,968,822	61.5%
Expenditures						
Salaries & Wages & Benefits	366,185	398,074	357,691	375,837	496,753	32.2%
Supplies	135,918	169,257	191,842	185,189	207,900	12.3%
Services	184,057	227,164	191,675	217,830	223,195	2.5%
Capital Outlays	133,847	114,889	193,727	975,205	1,577,245	61.7%
Debt Service - Principal	-	-	-	-	-	
Debt Service - Interest	-	-	-	-	-	
Other Financing Uses (inc. Transfers Out)	8,543	850	-	-	-	
Total Expenditure	828,551	910,234	934,935	1,754,061	2,505,093	42.8%
Net Change in Fund Balance	326,199	315,393	300,212	(534,936)	(536,271)	0.2%
Ending Fund Balance	2,111,904	2,427,297	2,727,509	1,892,361	2,191,238	
Sufficient to Meet Obligations						MEETS POLICY

Fleet Rental & Replacement

Goal Statement:

The City of Port Townsend Fleet division is a Public Works internal service function. The division focuses on repair and maintenance of the City's fleet. The division also purchase replacement vehicles for those departments contributing to the replacement funds. A key goal of the division is to restore general fund replacement funding of vehicles. The Police Department, Community Services Department, and other administration departments currently do not pay for replacement.

The division seeks to provide reliable internal service to sustain an aging fleet.

2024 Key Goal:

- Purchase of a new screen for the City Compost Facility, three replacement pickups, and a video inspection system for sewer and stormwater pipes. Additional purchases may be necessary depending on budget availability for multiple other supporting equipment.
- Subject to funding, purchase of hot mix asphalt repair equipment to allow the street division to transition from cold mix to hot mix street repair.

2024 Work Plan:

- Work with the General Fund divisions and the Community Services Department options for development of a sustainable funding program for vehicle replacement. Currently, the budget proposals include making sure that any new vehicles are placed on replacement.
- Continue to evaluate implementation of electric vehicle conversion.

Information Technology (IT) Rental & Replacement**Goal Statement:**

The City of Port Townsend Information Technology (IT) division is a Finance and Technology Services internal service function. The division focuses on the repair and maintenance of the City's technology infrastructure. The City also replaces aging equipment across all City departments based on equipment age and functional needs.

2024 Key Goal:

- Support departments at all levels with technology needs through computer hardware, software programs and technology-related projects.
- Achieving Information Technology goals is reliant on an additional full-time employee for network and information technology support which is included in this year's budget proposal.

2024 Work Plan:

- Improve IT infrastructure, robustness, and cybersecurity.
- Support the City's preparedness for disasters, including support of a continuity of operations plan.

City of Port Townsend

Public Works Administration Fund Budget Detail and Summary

PW Admin (Internal Service Fund)	2021 Actual	2022 Actual	2023 Forecast	2023 Budget	2024 Proposed	Increase/Decrease 2024 Proposed vs 2023 Budget
Beginning Fund Balance	53,403	90,290	139,877	139,877	235,444	
Revenues						
Taxes	-	-	-	-	-	
Licenses & Permits	-	-	-	-	-	
Intergovernmental Services	97	-	-	-	-	
Charges for Goods & Services	509,669	540,445	680,345	680,345	680,345	0.0%
Fines & Penalties	-	-	-	-	-	
Miscellaneous Revenue	2,363	740	74,386	83,893	7,500	-91.1%
Other Increases	-	-	-	-	-	
Other Financing Sources (inc. Transfers In)	-	-	-	-	180,000	
Total Revenue	512,130	541,185	754,731	764,238	867,845	13.6%
Expenditures						
Salaries & Wages & Benefits	411,191	387,578	309,584	441,100	520,643	18.0%
Supplies	2,180	3,898	2,994	3,689	6,652	80.3%
Services	61,872	100,122	346,586	323,588	339,259	4.8%
Capital Outlays	-	-	-	2,500	1,000	-60.0%
Debt Service - Principal	-	-	-	-	-	
Debt Service - Interest	-	-	-	-	-	
Other Financing Uses (inc. Transfers Out)	-	-	-	-	-	
Total Expenditure	475,243	491,598	659,164	770,878	867,554	12.5%
Net Change in Fund Balance	36,887	49,587	95,567	(6,640)	291	-104.4%
Ending Fund Balance	90,290	139,877	235,444	133,237	235,735	
Sufficient to Meet Obligations						MEETS POLICY

Public Works Administration

Goal Statement:

The City of Port Townsend Public Works Administration division is responsible for providing oversight and direction of the Public Works Department. The division goal is to provide support to all the divisions of public works in terms of budgeting and team development, compliance with regulations, development of partnerships, and implementation of best available science and practices subject to available resources. The division also leads large special projects and public engagement. Engineering also supports Public Works Administration with 50% of the City Engineer being funded from revenues of this division.

2024 Key Goals:

- The number one goal for this division is to fill the Deputy Public Works/City Engineer position. Until this position and the empty project engineer is filled, the capacity of Public Works to take on capital and special projects is limited.

- Develop GIS program as an overhead based program to support all city operations and data management.
- Support the implementation of key strategic projects including supporting economic development.

2024 Work Plan:

- Subject to budget and filling the City Engineer position, this division will lead the development and implementation of a parking management plan.
- This division will lead the completion of rate studies for the stormwater utility as well as the sewer utility.
- Support director team development of management and leadership training.
- Support the Planning and Community Development in housing solutions such as code updates, Cherry Street, and Evans Vista development.
- Support the engineering department in the update of engineering standards
- Support the Administration and Finance Departments in the implementation of the Financial Sustainability Task Force Report
- Support the Parks Strategy effort.
- Support the HR Department with training and skills development program.
- Support implementation of the Comprehensive Streets program, particularly associated with banked capacity projects.
- Support Planning and Community Development Department in Open Space Planning and Buildable Lands Inventory as part fo the Comprehensive Plan periodic update.
- Support Capital Projects
- Support implementation of the Water Supply Agreement projects and coordination.
- Support the Mill Road roundabout planning and funding acquisition in partnership with WSDOT and Jefferson County.
- Support Sims Way and Boatyard Expansion project in cooperation with the Port of Port Townsend.
- Support work with Jefferson County regarding Glen Cove UGA expansion possibilities.

City of Port Townsend

Engineering Fund Budget Detail and Summary

Engineering Internal Service Fund	2021 Actual	2022 Actual	2023 Forecast	2023 Budget	2024 Proposed	Increase/Decrease 2024 Proposed vs 2023 Budget
Beginning Fund Balance	131,824	56,460	71,901	71,901	20,049	
Revenues						
Taxes	-	-	-	-	-	
Licenses & Permits	-	-	-	-	-	
Intergovernmental Services	-	-	-	-	-	
Charges for Goods & Services	719,488	752,563	874,408	1,474,484	1,879,091	27.4%
Fines & Penalties	-	-	-	-	-	
Miscellaneous Revenue	4,536	267	96	100	-	-100.0%
Other Increases	-	-	-	-	-	
Other Financing Sources (inc. Transfers In)	-	-	-	-	-	
Total Revenue	724,024	752,830	874,504	1,474,584	1,879,091	27.4%
Expenditures						
Salaries & Wages & Benefits	626,943	557,838	727,317	850,298	987,964	16.2%
Supplies	5,150	4,490	3,502	7,189	10,799	50.2%
Services	167,129	159,967	164,356	183,115	188,101	2.7%
Capital Outlays	167	15,094	31,181	6,500	9,000	38.5%
Debt Service - Principal	-	-	-	-	-	
Debt Service - Interest	-	-	-	-	-	
Other Financing Uses (inc. Transfers Out)	-	-	-	-	-	
Total Expenditure	799,389	737,389	926,356	1,047,103	1,195,864	14.2%
Net Change in Fund Balance	(75,364)	15,441	(51,852)	427,481	683,227	59.8%
Ending Fund Balance	56,460	71,901	20,049	499,382	703,276	
Sufficient to Meet Obligations						MEETS POLICY

Engineering

Goal Statement:

The City of Port Townsend engineering division is an enterprise fund within the Public Works Department. This means that the division bills other funds for every hour worked. As such, the revenues in the budget often are shown to exceed expenses indicating that there is more work than can be performed by the division staff. In actuality, the division struggles to cover costs and the fund balance is near zero making it challenging for the division to take on tasks unless there is billing authority granted from other departments.

The underlying goal of the division is to provide technical support for management of existing assets and the development of new public infrastructure. Engineering is a key division providing support to Public Works administration. This support comes in the form of internal service to other departments such as GIS mapping, software support, development review, contracting, bidding, purchasing, code enforcement, planning for future infrastructure and technical support to operations, planning for future infrastructure. External services are also a key element of engineering's responsibilities such as right of way management, permitting, franchise utility management, traffic analysis, and environmental compliance.

Design of capital projects makes up over half of the engineering division's work which includes design and development of new infrastructure as well as capital repairs replacements, grant procurement, and capital funding program management.

2024 Key Goals:

- Become fully staffed if not accomplished in 2023.
- Update GIS delivery program to be more fully integrated with the entire City as an internal service.
- Deliver Capital Projects
- Support Public Works Division with operations
- Support traffic safety, traffic calming, and street right of way management.

2024 Work Plan:

- If staffing is available and subject to funding, support the parking plan development and implementation.
- Deliver a number of capital projects including Discovery Road, Sheridan/Discovery/19th Intersection Improvements (HSIP), Tyler Street Overlay, 2022 Banked Capacity Projects, 2023 Banked Capacity Paving Projects, Sewer Outfall, Mill Road Lift Station, Water Street Sewer Replacement, 1 MG reservoir standpipe assessment, OGWS Cathodic Protection, OGWS Condition Assessment, and a number of Wastewater Treatment Plant rehabilitation projects.
- Improved development review and infrastructure inspection in coordination with the Planning and Community Development Department.
- Support the Planning and Community Development Department during the Comprehensive Plan update.
- Lead an update to the Non-motorized Plan.
- Subject to staffing, update of engineering standards and related codes.
- Continued development of a city-wide infrastructure extension plan for 2024 code updates.
- Move to a digital office and records management through training and use of digital resources in coordination with the public records officer.

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

SDCs	2021 Actual	2022 Actual	2023 Forecast	2023 Budget	2024 Proposed	Increase/Decrease 2024 Proposed vs 2023 Budget
Beginning Fund Balance	1,105,953	1,463,326	2,156,674	2,156,674	2,671,469	
Revenues						
Taxes	-	-	-	-	-	
Licenses & Permits	-	-	-	-	-	
Intergovernmental Services	-	-	-	-	-	
Charges for Goods & Services	445,530	781,031	807,648	367,440	745,000	102.8%
Fines & Penalties	-	-	-	-	-	
Miscellaneous Revenue	715	12,317	21,516	2,000	40,000	1900.0%
Other Increases	-	-	-	-	-	
Other Financing Sources (inc. Transfers In)	-	-	-	-	-	
Total Revenue	446,245	793,348	829,164	369,440	785,000	112.5%
Expenditures						
Salaries & Wages & Benefits	-	-	-	-	-	
Supplies	-	-	-	-	-	
Services	-	-	-	-	-	
Capital Outlays	-	-	-	-	-	
Debt Service - Principal	-	-	-	-	-	
Debt Service - Interest	-	-	-	-	-	
Other Financing Uses (inc. Transfers Out)	88,872	100,000	314,369	33,500	605,906	1708.7%
Total Expenditure	88,872	100,000	314,369	33,500	605,906	1708.7%
Net Change in Fund Balance	357,373	693,348	514,795	335,940	179,094	-46.7%
Ending Fund Balance	1,463,326	2,156,674	2,671,469	2,492,614	2,850,563	
Sufficient to Meet Obligations						MEETS POLICY

Port Townsend Municipal Code 3.04.240 System development charge fund.

The system development charge fund is used to record development fees associated with the expansion of the water and sewer system and transfers to fund eligible projects. (Ord. 3250 § 2 (Exh. B), 2020).

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

Unemployment Internal Service Fund	2021 Actual	2022 Actual	2023 Forecast	2023 Budget	2024 Proposed	Increase/Decrease 2024 Proposed vs 2023 Budget
Beginning Fund Balance	25,591	22,232	22,347	22,347	29,202	
Revenues						
Taxes	-	-	-	-	-	
Licenses & Permits	-	-	-	-	-	
Intergovernmental Services	-	-	-	-	-	
Charges for Goods & Services	-	-	-	-	-	
Fines & Penalties	-	-	-	-	-	
Miscellaneous Revenue	14	116	-	-	-	
Other Increases	-	-	-	-	-	
Other Financing Sources (inc. Transfers In)	<u>22,631</u>	<u>4,389</u>	<u>10,000</u>	<u>50,000</u>	<u>25,000</u>	-50.0%
Total Revenue	22,646	4,505	10,000	50,000	25,000	-50.0%
Expenditures						
Salaries & Wages & Benefits	26,004	4,391	3,145	50,000	25,000	-50.0%
Supplies	-	-	-	-	-	
Services	-	-	-	-	-	
Capital Outlays	-	-	-	-	-	
Debt Service - Principal	-	-	-	-	-	
Debt Service - Interest	-	-	-	-	-	
Other Financing Uses (inc. Transfers Out)	-	-	-	-	-	
Total Expenditure	26,004	4,391	3,145	50,000	25,000	-50.0%
Net Change in Fund Balance	(3,359)	114	6,855	-	-	
Ending Fund Balance	22,232	22,347	29,202	22,347	29,202	
Sufficient to Meet Obligations						MEETS POLICY

Port Townsend Municipal Code 3.04.320 Unemployment self-insurance fund.

The unemployment self-insurance fund is an internal service fund established for the purpose of tracking costs related to self-insured unemployment obligations. (Ord. 3250 § 2 (Exh. B), 2020).

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

LEOFF 1 Fiduciary Fund	2021 Actual	2022 Actual	2023 Forecast	2023 Budget	2024 Proposed	Increase/Decrease 2024 Proposed vs 2023 Budget
Beginning Fund Balance	277,706	294,572	313,511	313,511	329,524	
Revenues						
Taxes	-	-	-	-	-	
Licenses & Permits	-	-	-	-	-	
Intergovernmental Services	-	-	-	-	-	
Charges for Goods & Services	-	-	-	-	-	
Fines & Penalties	-	-	-	-	-	
Miscellaneous Revenue	160	-	2,152	-	-	
Other Increases	-	-	-	-	-	
Other Financing Sources (inc. Transfers In)	34,235	34,235	34,235	34,235	27,500	-19.7%
Total Revenue	34,395	34,235	36,387	34,235	27,500	-19.7%
Expenditures						
Salaries & Wages & Benefits	16,189	13,936	19,028	25,202	25,000	-0.8%
Supplies	-	-	-	-	-	
Services	1,340	1,360	1,346	1,346	1,360	1.0%
Capital Outlays	-	-	-	-	-	
Debt Service - Principal	-	-	-	-	-	
Debt Service - Interest	-	-	-	-	-	
Other Financing Uses (inc. Transfers Out)	-	-	-	-	-	
Total Expenditure	17,529	15,296	20,374	26,548	26,360	-0.7%
Net Change in Fund Balance	16,866	18,939	16,013	7,687	1,140	-85.2%
Ending Fund Balance	294,572	313,511	329,524	321,198	330,664	
Sufficient to Meet Obligations						MEETS POLICY

Port Townsend Municipal Code 3.04.390 Firemen's pension fund.

The firemen's pension fund is used to fund fire service retirees' pension and medical benefits in accordance with Chapter 41.26 RCW. (Ord. 3250 § 2 (Exh. B), 2020).

CITY OF PORT TOWNSEND, WASHINGTON
STAFFING AND COMPENSATION SUMMARY

The City of Port Townsend employs approximately 109 individuals. City employees are made up of four groups:

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

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

The Police Collective Bargaining Unit contract expires December 31, 2023. Negotiations for a new agreement are in progress. 15.0 full-time officers and 1.35 reserve/provisional officers were included in the budget. Recruitment for the police department has been effective. The department anticipates full staffing in 2024. Retaining officers will continue to be a priority for Port Townsend.

The General Collective Bargaining Unit ratified a 3-year contract. The new contract expires December 31, 2024. Negotiations for a new agreement will be conducted in 2024.

Wage rates for 2024 are contracted to increase 3.6% for City staff. 2024 wage rates for police officers will be determined with the new police contract. Due to current labor market conditions and higher than normal inflationary times, salary increases for staff continue to be above average. All known increases are included in the budget estimates for 2024.

Changes to Council members’ compensation were considered by an independent Salary Commission during the fall of 2021. Council compensation had not been changed since 2007. Five commission members were appointed to determine whether and what changes were necessary to monthly salaries for these elected officials. The commissioners considered multiple points of data including cost of living changes during the period of 2007-2021, salaries for officials in comparable communities, time required to carry out the functions of the office, and salaries received by members of other governing boards in Jefferson County. Individual interviews with council members were conducted by the commission to better assess time commitment to the position. The commission’s binding decision on compensation was presented to the City Clerk on November 9, 2021. Based on the commission’s determination, compensation levels for 2024-5 are as follows:

- Effective January 1, 2024 – the Mayor’s monthly salary will be \$1,075
- Effective January 1, 2024 – each Council member’s monthly salary will be \$725

Salaries will be increased by \$25-\$50 per month every two years between now and 2028 when a subsequent Salary Commission consideration is statutorily required. The binding decision can be challenged by referendum within 30 days. The process is defined in Port Townsend Municipal Code 2.90 Salary Commission.

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

The 2024 budget reflects a total of 108.9 full time equivalents (FTEs) excluding Council members and seasonal staff. This is an increase after consecutive years of reduction (from 109.2 in 2018). The FTE count reflects an increase of 6.5 positions compared to the 2023 budgeted positions. The result brings staffing almost back to 2018 levels.

Additions include:

- City Custodial
- City Electrician
- IT Technician– restoration of frozen position
- Streets Maintenance Worker – restoration of frozen position
- Wastewater Apprentice
- Wastewater Operator
- Limited Term Grant Coordinator, additional 0.5 FTE to increase to a limited term full-time position

Despite these additions, service requests from our community often exceed our staff’s capacity to respond; setting service level expectations and matching the City’s ability to fund these service levels are a key priority of the outcomes from the Financial Sustainability Task Force.

Details on the assumptions used in preparation of the 2024 salary and benefit budget, including details regarding the proposed staff reductions, are provided below.

2024 Budget Assumptions for General Government Agreement

The General Government Agreement covers Public Works, Development Services, Finance and Police Administration employees. The General Government Collective Bargaining Unit contract expires December 31, 2024. Negotiations for a new contract are planned in 2024. 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 2024 budget was prepared by reviewing each employee’s position and seniority as compared to the wage charts, as well as including a

rate increase of 3.60%, which continues to be higher than rates normally included in the City's long-range forecast.

Full time employees receive a full benefit package that includes health, life, dental and retirement benefits. The current contract calls for employees in this group to contribute 10% of the total cost of the medical benefit costs for themselves and any covered dependents, which is how the City budgeted these costs. Teamster benefit rates are budgeted to increase 4.0% in 2024.

2024 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 Police Collective Bargaining Unit contract expires December 31, 2023. Negotiations are in process for a new contract.

2024 Budget assumptions do not include an hourly rate increase; any wage rate increases will be determined when a new agreement is ratified, and the costs will be brought back to Council in a 2024 budget supplemental. 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 4.0% in 2024.

2024 Budget Assumptions for Non-represented employees

The non-represented employee group is made up of management and professional level staff, part-time 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 4.0% which is partially offset by a 2.0% discount for WellCity designation. Employees may choose from two dental plans. The dental premiums are budgeted for no increases in 2024. There are no increases forecasted for vision benefit rates.

A comprehensive compensation review of both represented and non-represented A classification scale and compensation policy for non-represented employees was approved by the City Council in 2015 to formalize wages and establish a predictable compensation system. Due to today's competitive recruitment and retention environment, a comprehensive review of both represented and non-represented was completed in 2023. Based on the results of the market study, a new grade-based system has been put in place for non-represented employees. Market based adjustments have been included in the 2024 budget. In addition, the compensation policy has been updated and will be incorporated into the City's personnel policy upon adoption of the 2024 budget. The

represented positions included in the salary survey will be reviewed as part of contract negotiations in 2024.

The 2024 budget includes a wage adjustment for non-represented employees of 3.6% consistent with General Government bargaining unit staff.

Minimum Wage - For 2024, the minimum wage will increase \$.54 or 3.4% to \$16.28 per hour. This increase impacts library and seasonal wage rates. Additionally, the increase begins to impact higher level position through wage compression. Wage compression occurs when pay adjustments regardless of experience, skills or seniority increase the base wage and bring those wages closer to the wages of more senior, experienced, skilled positions. The Director of People & Performance will continue to monitor the impact of minimum wage adjustments on all City positions.

Recruiting Staff, Succession Planning and Best Practices

The City continues to strive to foster a healthy City organization through investing in leadership development and training and adopting and implementing best employment practices.

In 2021, the City Manager restructured the Human Resources Department by hiring a Director of People & Performance. This position reports directly to the City Manager and is a key member of the City's leadership team. This position is supported by a full time Human Resource Specialist/Generalist, a part time Human Resource Assistant as well as support from the Payroll and Benefits Administrator. The Director will continue to focus on recruitment, retention, and development of City staff. Development of career pathing and City-wide training opportunities for growth will enhance the City's ability to retain valued employees and set standards for a high-performance culture. The 2024 budget adds resources for staff training and education.

A total of 108.9 positions are included in the budget for 2024, not including Council members, seasonal workers, volunteer hours or accrued leave payouts. Seasonal workers consist of 2.0 FTEs or 4 short term employees to assist with Streets and Parks operations. Volunteer hours amount to approximately 3.36 FTEs and assist with police operations, library operations, and parks maintenance.

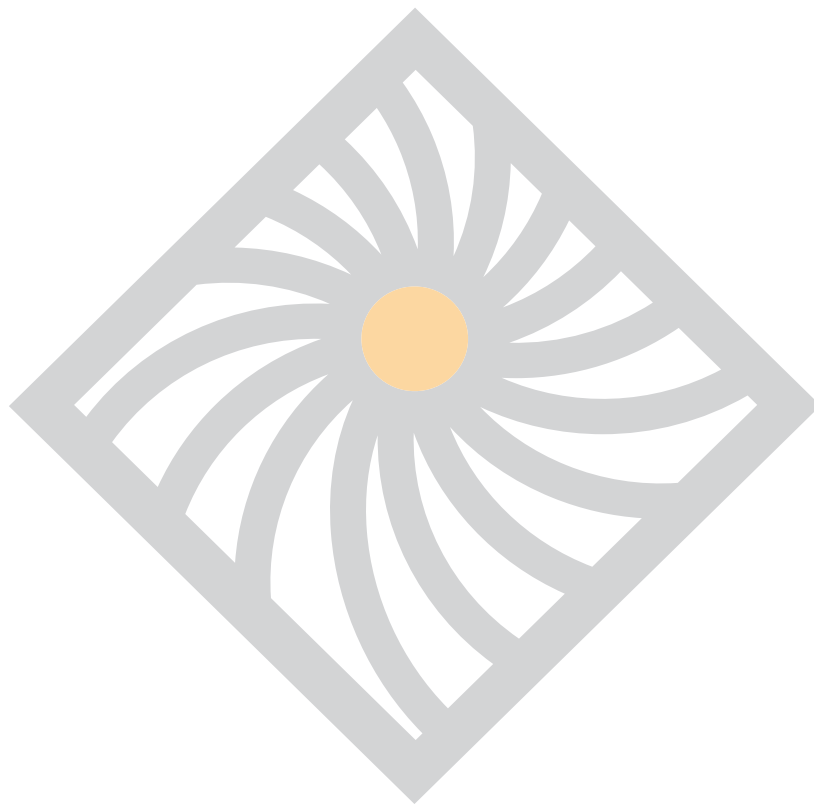
A chart below shows the trend by department of authorized staffing over the last five years:

CITY OF PORT TOWNSEND - AUTHORIZED POSITIONS *

Department/Division	2019	2020	2021	2022	2023	2023 Rev	2024	2024 Proposed vs 2023
General Government								
City Manager	2.0	2.0	1.0	1.0	1.0	1.0	1.0	0.00
City Attorney	3.6	2.6	2.0	2.0	2.0	2.0	2.0	0.00
Communications & Marketing					1.0	1.0	1.0	0.00
Planning & Community Development	8.3	8.3	8.0	8.5	9.5	9.5	10.0	0.50
Finance & Utility Billing (UB)	6.3	7.5	9.0	9.0	9.0	9.5	9.8	0.25
Police Admin & Operations	20.0	19.8	18.6	20.1	22.1	22.3	22.3	0.00
City Clerk/Human Resources	5.0	4.0	3.6	4.0	5.0	5.0	4.8	-0.25
PEG TV Studio	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00
Facilities	3.5	4.0	3.5	3.5	3.5	3.5	5.5	2.00
Street	2.2	1.9	1.7	1.7	1.7	1.7	1.9	0.20
Parks Maintenance & Recreation	4.5	4.0	3.5	4.2	4.2	4.5	4.5	0.00
Pool	8.3	8.0	4.0	0.0	0.0	0.0	0.0	0.00
Library	9.6	8.9	8.9	8.9	8.9	8.9	8.9	-0.05
Equipment Rental	4.0	4.0	3.0	3.0	3.0	3.0	4.0	1.00
Total General Government	77.3	75.1	66.8	65.9	70.9	71.9	75.6	3.65
Public Works & Utilities (excl UB)								0.0
Public Works Administration	4.2	4.2	2.5	2.5	2.5	3.5	3.5	0.0
Public Works Engineering	6.7	5.4	5.9	6.5	6.5	6.5	6.5	0.0
Utilities							0.0	0.0
Water Distribution	5.5	5.5	5.0	5.0	5.0	5.0	5.0	0.0
Water Quality & Resource	3.5	3.5	4.0	4.0	4.0	4.0	4.0	0.0
Wastewater Collection	2.5	2.6	2.2	2.2	2.2	2.2	2.6	0.3
Wastewater Treatment	3.8	3.6	3.5	3.5	3.5	3.5	5.0	1.5
Biosolids	2.5	2.5	2.5	2.5	2.5	2.5	3.0	0.5
Stormwater	3.3	3.5	3.1	3.1	3.1	3.3	3.8	0.5
Total Public Works & Utilities	31.9	30.8	28.7	29.3	29.3	30.6	33.4	2.8
TOTAL CITY FTES	109.2	105.9	95.5	95.2	100.2	102.5	108.9	6.5
Percentage Change								6.8%
Positions not currently counted as FTES	2019	2020	2021	2022	2023	2024		
Mayor/Council	7.0	7.0	7.0	7.0	7.0	7.0		

* Total City FTES does not include leave payouts or seasonal positions

By approving the budget Council authorizes the City Manager to adjust positions, duties & salaries within the number of FTEs & within the budgeted salaries & benefits amounts.



CITY OF PORT TOWNSEND
NON-BARGAINING EMPLOYEE POSITION CLASSIFICATION SALARY SCHEDULE
BUDGET 2024, Salary Schedule effective January 1, 2024

Elected Officials				
	Classification	Minimum	Maximum	2024 Budget Positions
	Mayor	\$ 12,900	\$ 12,900	1.00
	Councilmembers	\$ 8,700	\$ 8,700	6.00
Non Represented Employees				
Range	Classification	Step 1	Step 9	Positions
	City Manager	\$ 166,000	\$ 205,917	1.00
31	City Attorney	\$ 146,591	\$ 181,773	1.00
31	Chief of Police	\$ 146,591	\$ 181,773	1.00
30	Public Works Director	\$ 139,610	\$ 173,117	1.00
30	Finance and Technology Director	\$ 139,610	\$ 173,117	1.00
29	Planning & Community Development Director	\$ 132,962	\$ 164,873	1.00
29	Parks & Rec Strategy Director (Limited Term)	\$ 132,962	\$ 164,873	1.00
28	Parks, Recreation & Community Services Director	\$ 126,631	\$ 157,022	0.00
28	Deputy Police Chief	\$ 126,631	\$ 157,022	1.00
28	Deputy Public Works Director/City Engineer	\$ 126,631	\$ 157,022	1.00
27	Director of People & Performance	\$ 120,601	\$ 149,545	1.00
26	Assistant City Engineer	\$ 114,858	\$ 142,424	1.00
25	Prosecuting Atty/Asst City Attorney	\$ 109,388	\$ 135,642	0.00
25	Human Resources Manager	\$ 109,388	\$ 135,642	0.00
25	Communications & Marketing Director	\$ 109,388	\$ 135,642	0.00
24	Planning Manager	\$ 104,179	\$ 129,182	1.00
24	Civil Engineer III	\$ 104,179	\$ 129,182	1.00
24	Public Works Operations Manager - Streets	\$ 104,179	\$ 129,182	1.00
24	PW Ops Manager - Water	\$ 104,179	\$ 129,182	1.00
24	PW Ops Manager - WWTP	\$ 104,179	\$ 129,182	1.00
23	Library Director	\$ 99,218	\$ 123,031	1.00
23	Finance Manager	\$ 99,218	\$ 123,031	1.00
23	Building Official	\$ 99,218	\$ 123,031	1.00
23	Project Manager III	\$ 99,218	\$ 123,031	0.00
22	Parks & Facilities Manager	\$ 94,494	\$ 117,172	1.00
22	Communications & Marketing Manager	\$ 94,494	\$ 117,172	1.00
22	Civil Engineer II	\$ 94,494	\$ 117,172	0.00
22	Accounting Manager	\$ 94,494	\$ 117,172	1.00
22	City Clerk	\$ 94,494	\$ 117,172	1.00
21	Project Manager II	\$ 89,994	\$ 111,593	2.00
20	Library Manager - Public & Tec Svs	\$ 85,709	\$ 106,279	1.00
20	Library Manager - Youth Services	\$ 85,709	\$ 106,279	1.00
20	Senior Planner	\$ 85,709	\$ 106,279	1.00
20	Civil Engineer I	\$ 85,709	\$ 106,279	0.00
20	Finance & Budget Analyst	\$ 85,709	\$ 106,279	0.00
20	Long Range Planner (Limited Term)	\$ 85,709	\$ 106,279	1.00
19	Project Manager I	\$ 81,627	\$ 101,218	0.00
18	Civil Engineer EIT	\$ 77,740	\$ 96,398	0.00
17	Public Records Officer	\$ 74,038	\$ 91,808	1.00

17	Human Resources Specialist or Generalist	\$ 74,038	\$ 91,808	1.00
17	Executive Assistant to City Manager	\$ 74,038	\$ 91,808	0.00
16	Payroll and Benefits Administrator	\$ 70,513	\$ 87,436	1.00
16	Deputy City Clerk	\$ 70,513	\$ 87,436	0.00
16	Legal Assistant	\$ 70,513	\$ 87,436	0.00
16	Legal Assistant/Deputy Clerk	\$ 70,513	\$ 87,436	1.00
15	Executive Assistant to Chief of Police	\$ 67,155	\$ 83,272	0.00
10	Navigator (Limited Term)	\$ 52,618	\$ 65,246	1.00
Hourly Part-Time Positions				
12	Human Resources Assistant	\$ 27.89	\$ 34.58	0.50
12	Associate Librarian	\$ 27.89	\$ 34.58	0.00
10	Library Associate	\$ 25.30	\$ 31.37	0.54
5	Library Assistant	\$ 19.82	\$ 24.58	3.51
5	Library Assistant Substitute	\$ 19.82		0.50
3	Library Courier	\$ 17.98	\$ 22.29	1.00
1	Library Page	\$ 16.31	\$ 20.22	0.30
Reserve and Seasonal Positions <i>** Seasonals not included in Total FTE count</i>				
	Reserve Police Officers, commissioned		\$ 37.79	1.00
	Reserve Police Officers, noncommissioned		\$ 25.00	0.35
	Seasonal Workers	\$ 16.31	\$ 20.22	2.00
Total Non-Represented Employees				41.70

**CITY OF PORT TOWNSEND
UNCLASSIFIED EMPLOYEE POSITION CLASSIFICATION SALARY SCHEDULE
BUDGET 2024, Salary Schedule effective January 1, 2024**

	Non-Represented Classification	Minimum	Maximum	Positions
	Grants Coordinator	<i>to be determined</i>		1.00
	Union/Represented Classification	Minimum	Maximum	Positions
	City Electrician	<i>to be determined</i>		1.00
	City Custodial	<i>to be determined</i>		1.00
Total Unclassified Employees				3.00

**CITY OF PORT TOWNSEND
UNION/REPRESENTED EMPLOYEE POSITION CLASSIFICATION SALARY SCHEDULE
BUDGET 2024, Salary Schedule effective January 1, 2024**

Grade	Union/Represented Employees Classification	Minimum/hr	Maximum/hr **	Positions
31	IT Network Administrator	\$ 45.43	\$ 51.56	1.00
29.5	Accountant	\$ 39.17	\$ 44.45	0.00
29.3	Associate Planner	\$ 37.80	\$ 45.73	1.00
29.3	GIS III	\$ 37.80	\$ 45.73	0.00
29	Crew Chief	\$ 37.08	\$ 42.12	2.00
25	GIS Coordinator	\$ 36.40	\$ 41.38	0.00
25	IT Technical Support	\$ 36.40	\$ 41.38	1.00
23	Building Inspector	\$ 35.54	\$ 40.37	1.00
23	Code Compliance Officer	\$ 35.54	\$ 40.37	1.00
23	Public Works Inspector	\$ 35.54	\$ 40.37	1.00
23	Crew Chief Apprentice	\$ 35.54	\$ 40.37	0.00
23	GIS II	\$ 35.54	\$ 40.37	1.00
21	Maintenance Worker III (Lead)	\$ 34.49	\$ 39.18	4.00

21	Fleet Technician III (Lead)	\$ 34.49	\$ 39.18	1.00
21	Wastewater Treatment/Compost Operator III (Lead)	\$ 34.49	\$ 39.18	1.00
21	Police Records Lead	\$ 34.49	\$ 39.18	1.00
19	Assistant Planner	\$ 33.93	\$ 38.53	0.00
19	Finance Specialist	\$ 33.93	\$ 38.53	1.00
19	Land Use Specialist	\$ 33.93	\$ 38.53	0.00
19	Project Accounting Specialist	\$ 33.93	\$ 38.53	1.00
19	Purchasing/Contracts Specialist	\$ 33.93	\$ 38.53	0.00
17	Mechanic	\$ 32.94	\$ 37.42	0.00
15	Maintenance Worker II	\$ 32.21	\$ 36.44	13.20
15	Fleet Technician II	\$ 32.21	\$ 36.44	1.00
15	Wastewater Treatment/Compost Operator II	\$ 32.21	\$ 36.44	2.00
13	Finance Tech III	\$ 29.04	\$ 32.97	1.00
13	Police Clerk	\$ 29.04	\$ 32.97	1.00
13	Public Works/Engineering Support Specialist III	\$ 29.04	\$ 32.97	0.00
13	Permit Technician III	\$ 29.04	\$ 32.97	0.00
11	Parks, Rec & Comm Services Admin Support Spec	\$ 26.97	\$ 30.53	0.00
11	Public Experience Liaison	\$ 26.97	\$ 30.53	3.00
11	Utility Billing / Collection Specialist	\$ 26.97	\$ 30.53	1.00
11	Permit Technician II	\$ 26.97	\$ 30.53	1.00
11	GIS I	\$ 26.97	\$ 30.53	0.00
9	Community Services Officer	\$ 26.48	\$ 30.28	1.00
9	Finance Tech II	\$ 26.48	\$ 30.28	0.00
9	Maintenance Worker I	\$ 26.48	\$ 30.28	5.00
9	Fleet Technician I	\$ 26.48	\$ 30.28	0.00
9	Wastewater Treatment/Compost Operator I	\$ 26.48	\$ 30.28	0.00
9	Permit Technician I	\$ 26.48	\$ 30.28	1.00
9	Public Works/Engineering Support Specialist II	\$ 26.48	\$ 30.28	0.00
7	Maintenance Worker Apprentice	\$ 25.61	\$ 29.09	0.00
7	Fleet Technician Apprentice	\$ 25.61	\$ 29.09	0.00
7	Wastewater Treatment/Compost Operator Apprentice	\$ 25.61	\$ 29.09	1.00
7	GIS Apprentice	\$ 25.61	\$ 29.09	0.00
7	Administrative Assistant	\$ 25.61	\$ 29.09	0.00
7	Public Works Administrative Assistant	\$ 25.61	\$ 29.09	0.00
	Police Officer	\$ 37.79	\$ 43.37	12.00
	Sergeant	\$ 48.58	\$ 53.14	3.00
Total Union/Represented Employees				64.20
<i>** max pay does not include longevity or other premiums as may be applicable</i>				
TOTAL CITY POSITIONS (Excluding Elected Officials, Seasonals & Reserve Officers)				108.90

Debt Capacity

Based on Prior Year Assessed Value

<i>Amount at End of Year</i>	2020 Actual	2021 Actuals	2022 Actuals	2023 Actuals	2024 Budget
Prior Year Assessed Property Value	1,869,815,000	2,011,668,000	2,215,011,000	2,657,118,000	2,806,305,000
				per Jefferson County Assessor	
General Obligation Debt Capacity (up to 7.5%)					
General Purpose Debt Limit (2.5%)					
NonVoted Debt Limit 1.5% (councilmanic)	28,047,225	30,175,020	33,225,165	39,856,770	42,094,575
Voted Debt Limit 1.0%	18,698,150	20,116,680	22,150,110	26,571,180	28,063,050
Debt Limit 2.5%	46,745,375	50,291,700	55,375,275	66,427,950	70,157,625
Utility Purpose Debt Limit (2.5%)					
Voted Debt Limit 2.5%	46,745,375	50,291,700	55,375,275	66,427,950	70,157,625
Open Space, Park & Capital Facilities Debt Limit (2.5%)					
Voted Debt Limit 2.5%	46,745,375	50,291,700	55,375,275	66,427,950	70,157,625
Total General Obligation Debt Capacity	140,236,125	150,875,100	166,125,825	199,283,850	210,472,875
NonVoted General Obligation Debt Outstanding					
LTGO 2017A (2008 Refi) NonTaxable Bond	9,155,000	9,155,000	9,155,000	9,155,000	9,155,000
LTGO 2017B (2008 Refi) Taxable Bond	1,060,000	1,060,000	1,060,000	1,060,000	-
LTGO 2020 (Refi 2010 LTGO)	3,868,350	3,658,350	3,356,900	3,053,000	2,747,200
LTGO Refi 2012 (PORTOWGORE12)	2,175,000	1,660,000	1,135,000	585,000	-
LTGO 2018 Homeward Bound Debt Svc	834,000	808,104	781,069	752,846	723,381
NonVoted GO Debt Outstanding	17,092,350	16,341,454	15,487,969	14,605,846	12,625,581
Voted General Obligation Debt Outstanding					
LTGO Refi 2015 (PORTOWUTGO15)	2,835,000	2,640,000	2,440,000	2,235,000	2,025,000
Voted GO Debt Outstanding	2,835,000	2,640,000	2,440,000	2,235,000	2,025,000
Total General Obligation Debt Outstanding	19,927,350	18,981,454	17,927,969	16,840,846	14,650,581
NonVoted Debt Capacity	10,954,875	13,833,566	17,737,196	25,250,924	29,468,994
Voted Debt Capacity	112,188,900	120,700,080	132,900,660	159,427,080	168,378,300
Available GO Debt Capacity	123,143,775	134,533,646	150,637,856	184,678,004	197,847,294

Industry Bond Rating Standard						
GO Debt as % of Assessed Value		1.07%	0.94%	0.81%	0.63%	0.52%
Industry Standard not to exceed	4.5%	84,141,675	60,255,689	99,675,495	119,570,310	126,283,725
GO Debt per Capita		1,964	1,857	1,742	1,630	1,404
Population*		10,148	10,220	10,290	10,330	10,433
* Per WA State OFM est based upon 1% growth						

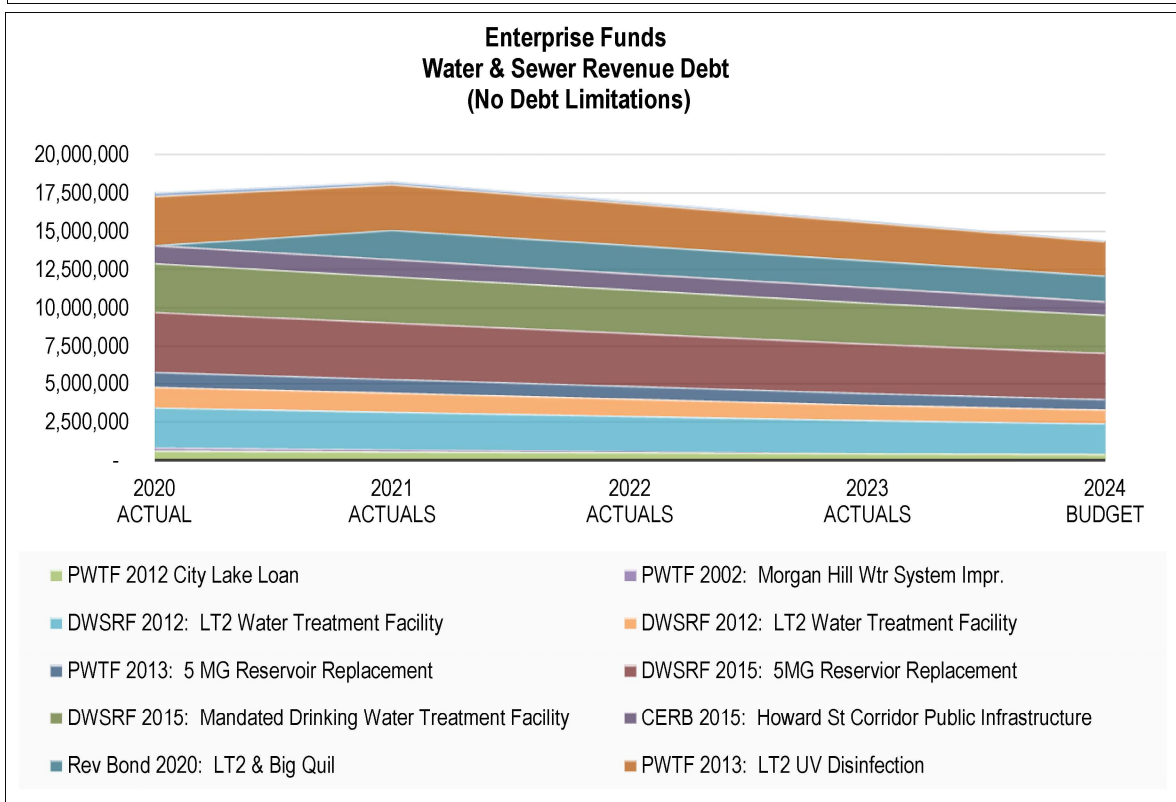
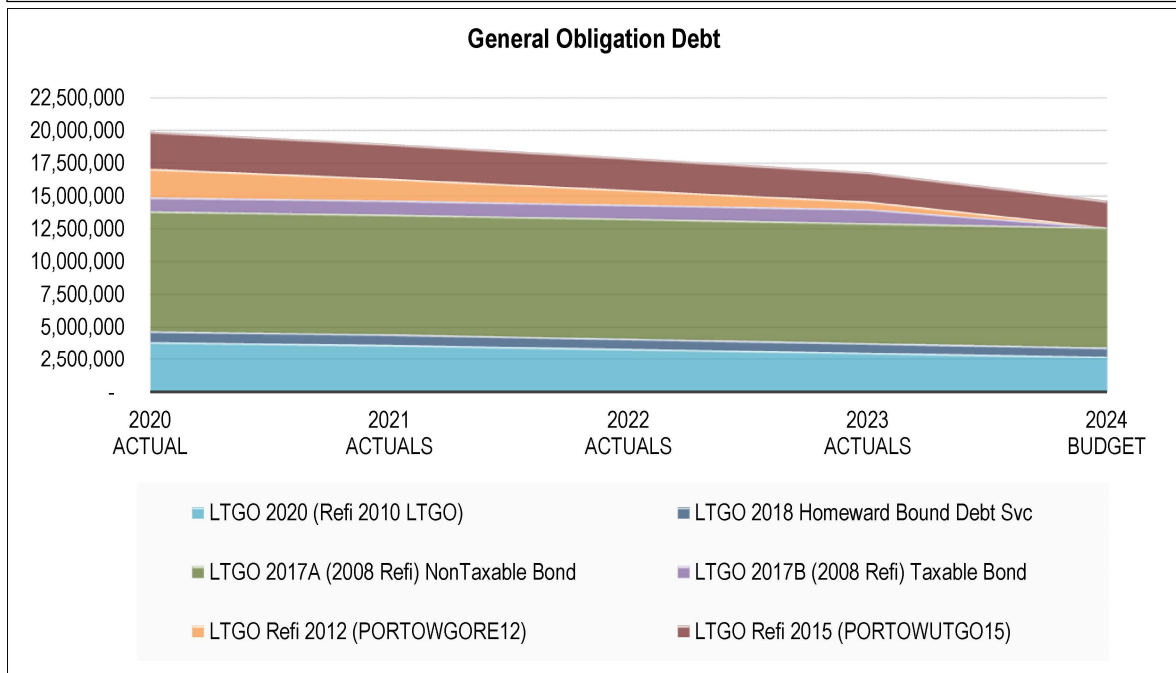
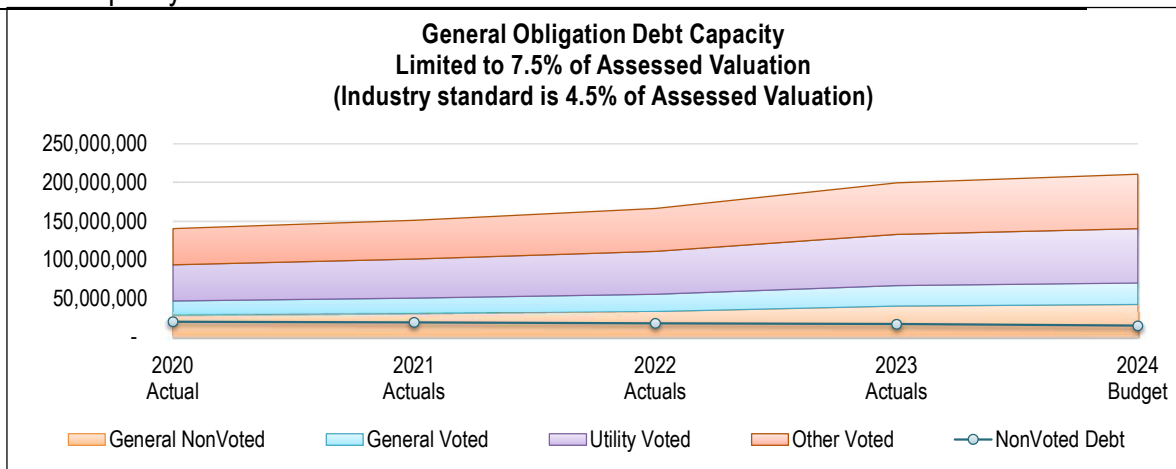
Revenue Debt Outstanding (excluded from General Purpose Debt limits)

Amount Outstanding at End of Year

	2020 Actual	2021 Actuals	2022 Actuals	2023 Actuals	2024 Budget
PWTF 2002: Morgan Hill Wtr System Impr.	200,106	133,404	66,702	-	-
SRF 2002: DOE Wastewater Conveyance Sys	244,376	196,950	148,811	99,947	50,347
PWTF 2012 City Lake Loan	631,579	578,947	526,316	473,684	421,053
DWSRF 2012: LT2 Water Treatment Facility	1,343,057	1,231,135	1,119,214	1,007,293	895,371
DWSRF 2012: LT2 Water Treatment Facility	2,627,468	2,472,911	2,318,354	2,163,797	2,009,240
PWTF 2013: 5 MG Reservoir Replacement	975,812	900,750	825,687	750,625	675,562
PWTF 2013: LT2 UV Disinfection	3,204,035	2,957,571	2,711,107	2,462,642	2,218,178
DWSRF 2015: Mandated Drinking Water Treat	3,183,548	3,006,684	2,829,820	2,652,956	2,476,093
DWSRF 2015: 5MG Reservoir Replacement	3,986,670	3,765,189	3,543,707	3,322,225	3,100,744
CERB 2015: Howard St Corridor Public Infrastr	1,165,407	1,119,007	1,071,216	1,021,991	892,297
Rev Bond 2020: LT2 & Big Quil	-	1,914,980	1,834,800	1,751,300	1,667,000
	17,562,058	18,277,528	16,995,734	15,706,460	14,405,885

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

Debt Capacity



CITY OF PORT TOWNSEND, WASHINGTON

2024

CAPITAL PLAN

The City developed a Capital Facilities Plan (CFP) in 2022 to serve as a six-year capital improvement plan which is updated at least once every 2 years consistent with the requirements of the Growth Management Act. The CFP was adopted in 2022 for the years 2023 – 2028. This plan includes both funded and unfunded capital projects that add new infrastructure to the City and those that replace and improve aging City infrastructure. Since the adoption of the CFP in 2022, a number of projects have been added through successful procurement of grants and loans. The total value of all capital projects underway is \$29 million. The 2024 budget includes \$13 million in funding of capital projects that are underway or ready to be initiated. The most significant funded capital projects planned in 2024 or those already underway are described below with project budget summaries and project pages to follow:

Transportation Projects

The City developed a Comprehensive Streets Program over the past couple of years to determine how to best prioritize investment of local transportation dollars and the backlog of street maintenance needs. This Comprehensive Streets program serves as the basis for the 2023 voter passed Transportation Benefit District 0.3% sales tax. The following improvement projects are currently underway.

- Discovery Road Bikeway, Roadway and Sidewalk Project includes the planning, design and construction of a sidewalk on both sides of the street, a bicycle pathway on the south side of Discovery Road from Rainier Street to McClellan Street, along with stormwater improvements and reconstruction of the existing failed pavement. The project is funded by a Federal Surface Transportation Program (STP) grant, a State grant through WSDOT's Pedestrian & Bicycle Safety Program, Federal Surface Transportation Block Grant funds, a State of Washington Transportation Improvement Board grant, and City matching funds. The City went through public stakeholder process for establishing the project design features in 2021. Construction was initiated late in 2023 and will be completed in late spring of 2024.

The City invested nearly \$900,000 in banked capacity (property tax) resources to repair existing streets in 2022 and 2023. Approximately half of the street repair work has been completed with the remaining work to be completed in 2024. The City secured highway safety grant funding for the Discovery Road/19th/Sheridan intersection in 2022. This project will be constructed in 2024. The City secured Transportation Improvement Board grant funding in 2022 to repave Tyler Street in the location of the Farmers Market. The project will also make ADA improvements to the sidewalks on both sides of the street between Lawrence and Jefferson Streets. This project is combined with a sidewalk project

on 9th Street resulting from 2022 Banked Capacity funding along with Lawrence Street ADA improvements. The City secured Transportation Improvement Board grant funding in 2023 for the construction of sidewalks between SR 20 and the Courthouse on Washington Street and Walker Streets. This project will be designed in 2023 and constructed in 2024.

Banked Capacity Projects

The City Council approved increasing the property tax levy rate to fund approximately \$600,000 of parks and streets capital needs in 2022 and \$900,000 in 2023. Based on fiscal sustainability principles, the backlog of maintenance challenges, and the goal of making improvements that met a number of key criteria outlined below, the following projects were prioritized. These projects were initiated in 2022 and have continued through 2023. Projects are expected to be completed in 2024 as described above in the Streets section. Additionally, the one remaining park project is the rebuilding of the Chetzemoka Kitchen shelter.

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

2022 Banked Capacity Projects

Banked capacity projects for 2023 focused on street repairs with a small amount of funding to support Kah Tai Nature Park. 2023 banked capacity projects included in the 2023 budget were as follows:

- RCO grant match or other Park project = \$40,000
 - Residential street repair projects = \$800,000
 - Contingency = \$68,000
- Total = \$908,000**

Stormwater Projects

The stormwater capital improvements for 2024 include support for banked capacity projects associated with road work. One of the key elements of road repair is to address drainage problems ahead of the street work. A significant investment of stormwater resources accompanies the road repair work associated with Discovery Road and the 2023 Banked Capacity Street repair projects. Staff will also begin the process of evaluating options for the Lawrence Street stormwater project in an effort to remove stormwater from the Sanitary Sewer system.

Wastewater Projects

Several projects are continuing forward into 2024 to improve the City's wastewater system. These projects include:

- General Sewer Plan update and Nutrient Study. These two projects address the future of the wastewater system in order to prioritize investment in the system. This includes analyzing what upgrades are needed at the Wastewater Treatment Plant to address the forthcoming required reduction of nutrient discharges. These projects were initiated in 2022 and will be completed in 2024. The results of this plan will be incorporated into a rate model update and likely will result in significant rate increases to begin to cover a back log of sewer work needed to maintain the system. The City is working through the permitting phase of replacing the Wastewater Treatment Plant outfall. Construction is anticipated in 2026. The loan with Department of Ecology was restructured to evaluate options to replacement of the outfall pipe.
- The wastewater fund will contribute to capital improvements associated with banked capacity projects to ensure sewer lines are extended and repaired ahead of road construction.
- At the end of 2022, a sewer collapse occurred along Water Street near the Gaines Street lift station, The collapse exposed the need to replace the existing A/C pipe between the Ferry Terminal and Gaines Street. The City secured a \$2.7 million loan/grant combination from the Public Works Board. 50% of this award is grant funding given the City's economically distressed nature.
- Updates to the sewer plant have been an identified need for several years. The city will begin the process of updating the SCADA system as well as rehabilitate the influent wet well.

Water Projects

The City will be working on the following water system improvements in 2024.

- The east dam of Lords Lake will be evaluated for upgrade needs to address seismic stability concerns. In 2023, an engineering study of the dam was initiated to assess the scope of improvements needed. This project will be completed in 2024. This project is largely grant funded and the City is waiting for FEMA authorization.
- The 1-million-gallon steel reservoir (standpipe) is in need of repainting. Design will occur in 2024. .
- Additional Olympic Gravity Water System projects are included in the 2024 budget including:
 - A pipeline condition assessment
 - Cathodic protection
 - Big Quilcene Main Valve Control building upgrades
- The City also budgets \$200,000 annually to remove spaghetti lines and address other capital replacement.
- The City is beginning the process of overall system water meter replacement with the goal of moving to an Automatic read system to save resources in monthly meter reading.

Facilities Projects

Utilizing ARPA funds, the 2023 budget included City Hall upgrades to be constructed in 2023. This work follows up on spacing planning and investments performed in 2022. Much of this work will be completed in 2023 with some work and funds carried forward into 2024. Remaining funding will be addressed with the 1st quarter supplemental.

Facilities will also begin work on the Pink House utilizing ARPA funding to perform exterior preservation work.

Affordable Housing Project

An affordable housing support project, known as Evans Vista, is underway utilizing State grant funds. These grant funds paid for the purchase of the property and will allow the City t to expand the City's utilities to ensure adequate service to support housing

development. Additional Federal funds were secured to support a sewer lift station in the Glen Cove area to provide sewer service for the planned 320 unit development. The 2023 budget included funding from the County ARPA funds for site master planning and permitting. Most of this work has been completed with only securing entitlements as a remaining bit of work.

As part of the affordable housing effort, the City is in the process of surplusizing the Cherry Street property as a way to either pay off the debt incurred or make funds available for Evans Vista. Some capital investment is planned in 2024 as part of the sale process.

Economic Development Projects

The City partnered with the Port of Port Townsend and the Jefferson County PUD to secure Jefferson County Public Infrastructure Funds for a project that achieves multiple objectives, primarily for safety and economic development. Approximately \$1.6 million of Port, PUD, and grant funds will expand the Boat Haven Boat Yard and underground the transmission power lines. This project will impact the Flats District and poplar trees along Sims Way. Construction is anticipated in 2024.

Pink House & Pope Marine

Project Description

The Charles Pink House and Pope Marine buildings are suffering severe exterior deterioration in the siding and trim. The City has evaluated the repair costs and will be making repairs to the degree that funding is available.

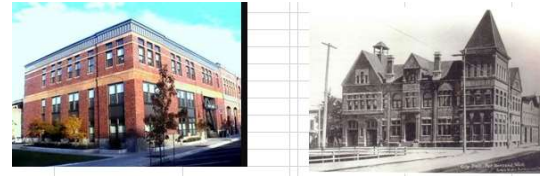


Revenue		Project Budget	Revised Budget 9/23	Prior Year Revenues	2023 Actual	2023 Budget	2023 Estimate Year End	2024 Budget	Future Years	Total Revenues	Actuals To Date
ARPA (Initial Allocation)		\$ 100,000	\$ 100,000	2,193		100,000	2,500	95,307		100,000	2,193
Pink House					1,448					-	1,448
Pope Marine					2,228					-	2,228
Future Grant		\$ 205,000	\$ 40,000						40,000	40,000	
										-	
										-	
										-	
Total Revenue		\$ 305,000	\$ 140,000	2,193	3,675	100,000	2,500	95,307	40,000	140,000	5,868
Expense				Prior Year Expenditures	2023 Actual	2023 Budget	2023 Estimate Year End	2024 Budget	Future Years	Total Expenditures	Actuals to Date
Design Engineering / Permitting											
Terrapin Contract \$12,000	Pink House	\$ 35,000	\$ 12,000	2,011	2,418	35,000	2,500	7,489		12,000	4,428.70
	Pope Marine			182	2,940			(182)		-	3,122
	Pink House				1,874			-		-	1,874.24
	Pope Marine							-		-	-
Subtotal		\$ 35,000	\$ 12,000					-		-	-
Construction											
Pink House		\$ 250,000	\$ 86,500			65,000	-	86,500		86,500	-
Pope Marine			\$ 40,000						40,000	40,000	-
								-		-	-
								-		-	-
Subtotal		\$ 250,000	\$ 126,500					-		-	-
Project Management											
		\$ 20,000	\$ 1,500					1,500		1,500	-
								-		-	-
Subtotal		\$ 20,000	\$ 1,500					-		-	-
Project Contingency											
Eligible for 1% for the Arts	No							-		-	-
Repair work and grant funding								-		-	-
Total Expense		\$ 305,000	\$ 140,000	\$ 2,193	\$ 7,232	\$ 100,000	\$ 2,500	\$ 95,307	\$ 40,000	\$ 140,000	\$ 9,425
Excess(Deficit)		-	-	(0)	(3,557)	-	-	0	-	-	(3,557)

City Hall Upgrades Phase 2 & Council Chambers Audio Visual Updates

Project Description

City Hall underwent a remodel in 2007 and left many parts of the project incomplete. In 2021 a front counter was added to the lobby. After space planning in 2022, a continued phased approach to upgrading the City Hall office spaces on floors 2R and 3 were recommended. These floors were never completed in the earlier remodels of City Hall. The work proposed includes sound control, HVAC, carpet replacement, furniture, and conference room development. In addition to the office space modifications, ARPA funding provided for Council upgrade of badly outdated electronics associated with audio and visual equipment.



Revenue				Prior Year Revenues	2023 Actual	2023 Budget	2023 Estimate Year End	2024 Budget	Future Budget	Total Revenues
ARPA Phase 2 and Carpets		\$ 400,000	\$ 400,000		43,204	400,000	400,000			400,000
ARPA Phase 1		\$ 130,000	\$ 130,000	68,524			61,476			130,000
Council Chambers (ARPA)			\$ 120,500		12,517		35,000	85,500		120,500
Jefferson Co. Historical Society		\$ 10,131	\$ 10,131	10,131			-			10,131
ARPA - Second Floor Conference Room			\$ 90,000					90,000		90,000
										-
										-
Total Revenue		\$ 540,131	\$ 750,631	78,654	55,721	400,000	496,476	175,500	-	750,631
Expense				Prior Year Expenditures	2023 Actual	2023 Budget	2023 Estimate Year End	2024 Budget	Future Budget	Total Expenditures
Design Engineering / Permitting										-
										-
										-
										-
Subtotal		\$ -	\$ -							-
Construction										-
City Hall		\$ 350,000	\$ 400,000	58,393	143,112	350,000	341,607			400,000
		\$ 81,301	\$ 120,000				120,000			120,000
Second Floor Conf. Room			\$ 90,000					90,000		
Council Chambers			\$ 120,500		13,613	100,000	35,000	83,500		118,500
Jefferson Co. Hist. Society			\$ 10,131	10,131			-			10,131
										-
Subtotal		\$ 431,301	\$ 740,631							-
Project Management										-
	General Government	\$ 50,000	\$ 10,000	1,179	7,464	50,000	6,821	2,000		10,000
										-
										-
Subtotal		\$ 50,000	\$ 10,000							-
Project Contingency										-
										-
Eligible for 1% for the Arts Grant	No									-
										-
Total Expense		\$ 481,301	\$ 750,631	69,703	164,189	500,000	503,428	175,500	-	658,631

Cherry St. Property Disposition

Project Description

The City is in the process of reconciling the Cherry Street housing project that did not pencil out. This project involves generally preparing the property for disposition.

Revenue		Project Budget	Prior Year Revenues	2023 Actual	2023 Budget	2023 Estimate Year End	2024 Budget	Future Budget	Total Revenues	Actuals To Date
Bond Funds (355)		\$ 150,000			150,000	76,000	74,000		150,000	-
									-	
									-	
									-	
									-	
Total Revenue		\$ 150,000	-	-		76,000	74,000	-	150,000	
Expense			Prior Year Expenditures	2023 Actual	2023 Budget	2023 Estimate Year End	2024 Budget	Future Budget	Total Expenditures	Actuals to Date
Design Engineering / Permitting									-	-
									-	-
									-	-
									-	-
Subtotal		\$ -							-	-
Construction									-	-
		\$ 145,000	4,359	9,053	150,000	75,000	65,641		145,000	13,411
									-	-
									-	-
Subtotal		\$ 145,000							-	-
Project Management									-	-
		\$ 5,000		592		1,000	4,000		5,000	592
									-	-
Subtotal		\$ 5,000							-	-
Project Contingency									-	-
Eligible for 1% for the Arts									-	-
Bond fund - not eligible									-	-
Total Expense		\$ 150,000	4,359	9,645	150,000	76,000	69,641	-	150,000	14,003
Excess(Deficit)		-	(4,359)	(9,645)	(150,000)	-	4,359	-	-	(14,003)

Parks 22 Banked Capacity

Project Description

The City Council allocated funding to several parks project as part of the 2022 Banked Capacity (property tax). The projects include reconstruction of the Kitchen Shelter at Chetzemoka Park, installation of Kiosks at the City Parks and install trail signs identifying the right of way, and installation of a new swingset at Bishop Park. The swingset has been installed leaving the kitchen shelter remodel and signing to be completed.



Revenue		Project Budget	Prior Year Revenues	2023 Actual	2023 Budget	2023 Estimate Year End	2024 Budget	Future Budget	Total Revenues	Actuals To Date
Banked Capacity				-					-	-
Kitchen Shelter		\$ 100,000	50,000		50,000	50,000			100,000	50,000
Kiosks Signs		\$ 61,000	50,000			11,000			61,000	50,000
Bishop Playground		\$ 30,000				30,000			30,000	-
Donations - Kitchen Shelter		\$ 50,000	50,000						50,000	
									-	
									-	
Total Revenue		\$ 241,000	150,000	-	50,000	91,000	-		241,000	100,000
Expense			Prior Year Expenditures	2023 Actual	2023 Budget	2023 Estimate Year End	2024 Budget	Future Budget	Total Expenditures	Actuals to Date
Design Engineering / Permitting									-	-
									-	-
									-	-
									-	-
									-	-
Subtotal		\$ -							-	-
Construction									-	-
Kitchen Shelter		\$ 150,000		6,194	127,387	15,000	135,000		150,000	6,194
Kiosks Signs		\$ 59,000	27,515	15,163		20,000	11,485		59,000	42,678
Bishop Playground		\$ 28,500		30,519		30,519	(2,019)		28,500	30,519
									-	-
Subtotal		\$ 237,500							-	-
Project Management									-	-
Kitchen Shelter		\$ 2,000	386			1,000	614		2,000	386
Kiosks Signs		\$ 1,000				500	500		1,000	-
Bishop Playground		\$ 500		319		500	-		500	319
Subtotal		\$ 3,500							-	-
Project Contingency									-	-
Eligible for 1% for the Arts									-	-
Bank Capacity Agreement does not allow for art contribution	No								-	-
Total Expense		\$ 241,000	27,901	52,196	127,387	67,519	145,580	-	241,000	80,096
Excess(Deficit)		-	122,099.49	(52,195.50)	(77,387.00)	23,481	(145,580)	-	-	19,903.99

Kah Tai Restrooms and Care Take Facility

Project Description

The existing Kah Tai restrooms were originally constructed with grant funding from RCO. The restrooms have fallen into disrepair and have suffered severe vandalism over the years. As a result, the restrooms have been closed for a number of years. The City desires to re-open the restrooms and establish an RV caretaker site to minimize the effects of vandalism. Staff is applying for RCO grants to rehabilitate the restrooms.



Revenue		Project Budget	Prior Year Revenues	2023 Actual	2023 Budget	2023 Estimate Year End	2024 Budget	Future Budget	Total Revenues	Actuals To Date
2023 Banked Capacity REET		\$ 40,000		40,000	40,000	40,000			40,000	40,000
RCO Grant (Unsecured) - No match required		\$ 90,000						90,000	90,000	-
ARPA		\$ 35,000			35,000		35,000	-	35,000	-
								-	-	-
								-	-	-
Total Revenue		\$ 165,000	-	40,000	75,000	40,000	35,000	90,000	165,000	40,000
Expense			Prior Year Expenditures	2023 Actual	2023 Budget	2023 Estimate Year End	2024 Budget	Future Budget	Total Expenditures	Actuals to Date
Design Engineering / Permitting									-	-
		\$ 10,000			10,000		10,000		10,000	-
									-	-
									-	-
Subtotal		\$ 10,000							-	-
Construction									-	-
Phase 1		\$ 60,000			60,000	40,000	20,000		60,000	-
Phase 2 depending on grant		\$ 90,000						90,000	90,000	-
									-	-
									-	-
Subtotal		\$ 150,000							-	-
Project Management									-	-
		\$ 5,000			5,000		5,000		5,000	-
									-	-
									-	-
Subtotal		\$ 5,000							-	-
Project Contingency									-	-
Eligible for 1% for the Arts	No								-	-
Repair work and grants									-	-
Total Expense		\$ 165,000	-	-	75,000	40,000	35,000	90,000	165,000	-
Excess(Deficit)		-	-	40,000.00	-	-	-	-	-	40,000.00

Affordable Housing

Project Description

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



Revenue		Project Budget	Prior Year Revenues	2023 Actual	2023 Budget	2023 Estimate Year End	2024 Budget	Future Budget	Total Revenues
Federal Grant for Sewer (EPA)		\$ 2,500,000			800,000	-	252,000	2,248,000	2,500,000
State Utility Grant (CHIP) for Sewer		\$ 1,700,000			26,500	-	252,000	1,448,000	1,700,000
State Affordable Housing Grant		\$ 1,372,000	1,355,476	16,533		16,533		(9)	1,372,000
City Funds Affordable Housing funds		\$ 43,500	10,162		43,500	43,500		(10,162)	43,500
Jefferson County ARPA		\$ 500,000	500,000		500,000			-	500,000
City General Funds (Abatement and Mowing)		\$ 100,000				46,167		53,833	100,000
Jefferson County Cleanup Grant		\$ 7,000				7,000	-	-	7,000
Sewer SDC (Fund 495)		\$ 150,000				20,000	80,000	50,000	150,000
Total Revenue		\$ 6,372,500	1,865,638	16,533	1,370,000	133,200	584,000	3,789,662	6,372,500
Expense			Prior Year Expenditures	2023 Actual	2023 Budget	2023 Estimate Year End	2024 Budget	Future Budget	Total Expenditures
Land Purchase / Permitting / Design									
Land Purchase		\$ 1,372,000	1,355,476					16,524	1,372,000
Planning and Permitting		\$ 500,000		265,512	500,000	400,000	100,000	-	500,000
Cultural resources	General Government	\$ 43,500	45,787					(2,287)	43,500
Mill Road Lift Station		\$ 504,000					504,000	-	504,000
Subtotal		\$ 2,419,500							-
Construction									
Cleanup		\$ 25,000		25,308		25,308	-	(308)	25,000
Mowing		\$ 75,000		49,859		19,859	-	55,141	75,000
Sewer Lift Station and Forcemain	Sewer	\$ 3,150,000			200,000		-	3,150,000	3,150,000
Construction engineering		\$ 546,000						546,000	546,000
Subtotal		\$ 3,796,000							-
Project Management/Design Engineering									
	General Government	\$ 7,000	2,271	574		1,000		3,729	7,000
								-	-
								-	-
	Sewer	\$ 150,000	134		40,000	20,000	80,000	49,866	150,000
Subtotal		\$ 157,000							-
Project Contingency									-
Eligible for 1% for the Arts	No	\$ -							-
Not eligible - Grants and Utilities									-
Total Expense		\$ 6,372,500	1,403,668	341,252	740,000	466,167	684,000	3,818,665	6,372,500
Excess(Deficit)		-	461,970.07	(324,719.75)	630,000.00	(332,967)	(100,000)	(29,003.07)	-

Sims Way and Boatyard Expansion Project

Project Description

The Sims Way and Boatyard Expansion project was approved by the City Council, Port of Port Townsend, and Jefferson County PUD on 9/12/22. The construction of the south side of the project will be led by the Port with the City doing work overtime on the north side. The project involves removal of the existing Poplar trees, expanding the boatyard, and planting new trees on the south side. The project involves selective removal over time on the Kah Tai side by the City



Revenue		Project Budget	Prior Year Revenues	2023 Actual	2023 Budget	2023 Estimate Year End	2024 Budget	Future Budget	Total Revenues
ARPA		\$ 100,000			-	-	100,000		100,000
In Kind Match - North Side - \$50000							-		-
PIF		\$ 185,000			135,000	-	185,000	-	185,000
									-
									-
Total Revenue		\$ 285,000	-	-	135,000	-	285,000	-	285,000
Expense			Prior Year Expenditures	2023 Actual	2023 Budget	2023 Estimate Year End	2024 Budget	Future Budget	Total Expenditures
Design Engineering / Permitting									
Design Consultant - Port		\$ 100,000					100,000		100,000
									-
									-
									-
Subtotal		\$ 100,000							-
Construction									
Construction Contract		\$ 170,000			190,000	-	170,000		170,000
In Kind Match - North Side \$100,000									-
									-
									-
Subtotal		\$ 170,000							-
Project Management									
Engineering Administration		\$ 15,000	2,358		13,000	-	12,642		15,000
									-
									-
Subtotal		\$ 15,000							-
Project Contingency									
Eligible for 1% for the Arts Grant Funds	No	\$ -							-
									-
									-
Total Expense		\$ 285,000	2,358	-	203,000	-	282,642	-	285,000
Excess(Deficit)		-	(2,358.00)	-	(68,000.00)	-	2,358	-	-

2022 Banked Capacity

Project Description

The City Council authorized expenditure of 2022 banked capacity (property tax) revenue for parks and streets projects. The Street projects in this budget include construction of sidewalks on 9th Street between Hancock and McPherson, ADA improvements at Mountain View on Blaine Street, ADA improvements at the intersection of Lawrence and Tyler Street, and paving of Milo Street, a portion of the Valley Trail.



Revenue			Project Budget		Prior Year Revenues	2023 Actual	2023 Budget	2023 Estimate Year End	2024 Budget	Future Budget	Total Revenues
Banked Capacity		\$ 414,000			110,000		285,381	304,000	-		414,000
Water SDC (495)		\$ 75,000					75,000	35,000	40,000		75,000
Sewer SDC (495)		\$ 60,000					60,000	5,000	55,000		60,000
Stormwater (412)		\$ 40,000					40,000	1,000	39,000		40,000
											-
Total Revenue		\$ 589,000			110,000	-	460,381	345,000	134,000		589,000
Expense					Prior Year Expenditures	2023 Actual	2023 Budget	2023 Estimate Year End	2024 Budget	Future Budget	Total Expenditures
Design Engineering / Permitting											
Design Consultant	Street	\$ 50,000						-	50,000		50,000
Design Consultant	Water	\$ -							-		-
Design Consultant	Sewer	\$ -							-		-
Design Consultant	Storm	\$ -							-		-
											-
Subtotal		\$ 50,000									-
Construction											
9th St, Lawrence, and Blaine	Street	\$ 293,309			18,045	131	293,381	-	275,264		293,309
	Water	\$ 60,000				29,565	60,000	30,000	30,000		60,000
	Sewer	\$ 49,000					49,000	-	49,000		49,000
	Storm	\$ 31,000					31,000	\$ -	31,000		31,000
		\$ 433,309									-
											-
Project Management	Street	\$ 32,000						15,000	17,000		32,000
	Water	\$ 15,000			6,778	2,075	57,000	5,000	3,222		15,000
	Sewer	\$ 11,000					15,000	5,000	6,000		11,000
	Storm	\$ 9,000					11,000	\$ 1,000	8,000		9,000
Subtotal		\$ 67,000									-
Project Contingency		\$ 38,691							\$ 38,691		38,691
Eligible for 1% for the Arts	No										-
Banked Capacity Agreement Does not allow for art contribution											-
Total Expense		\$ 589,000			24,823	31,770	516,381	56,000	508,177		589,000
Excess(Deficit)		-			85,177.07	(31,770.44)	(56,000.00)	289,000	(374,177)	-	-

2023 Banked Capacity Street Repair Projects

Project Description

The City proposes to invest up to 868,000 of banked capacity (property tax) into repair of streets. This project will include a number of stormwater management improvements prior to applying repair treatment to the street.



Revenue		Project Budget	Prior Year Revenues	2023 Actual to date	2023 Budget	2023 Estimate Year End	2024 Budget	Total Revenues
Banked Capacity		\$ 868,000		9,288	868,000	868,000	-	868,000
Stormwater		\$ 251,970			251,970	125,985	125,985	251,970
								-
								-
								-
Total Revenue		\$ 1,119,970	-	9,288	1,119,970	993,985		1,119,970

Expense			Prior Year Expenditures	2023 Actual to date	2023 Budget	2023 Estimate Year End	2024 Budget	Total Expenditures
Design Engineering / Permitting								-
In-house engineering	Street						-	-
	Storm							-
								-
Subtotal		\$ -	\$ -		\$ -			-
Construction								-
	Street	\$ 737,800		3,569	737,800	368,900	368,900	737,800
	Storm	\$ 188,977			188,977	94,489	94,489	188,977
								-
Subtotal		\$ 926,777						-
Project Management								-
	Street	\$ 130,200	-	9,024	130,200	65,100	65,100	130,200
	Storm	\$ 62,993			62,993	31,497	31,497	62,993
								-
Subtotal		\$ 193,193						-
Project Contingency								-
Eligible for 1% for the Arts	No							-
Banked Capacity does not allow for art contribution								-
Total Expense		\$ 1,119,970	\$ -	\$ 12,593	\$ 1,119,970	\$ 559,985	\$ 559,985	\$ 1,119,970
Excess(Deficit)		-	-	3,305	-	(434,000)		-

Discovery Road

Project Description

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

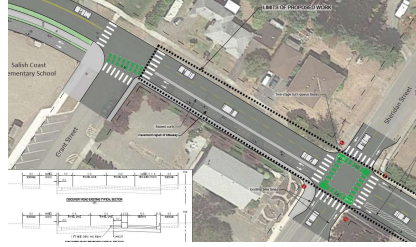


Revenue	Project Budget	Revised Project Budget 7/23	Prior Year Revenues	2023 Actual	2023 Budget	2023 Estimate Year End	2024 Budget	Future Budget	Total Revenues
Transportation Improvement Board - State Grant (UAP)	\$ 2,629,618	\$ 2,493,288	28,211	309,673	2,551,133	400,000	2,065,077		2,493,288
Washington State Department Of Transportation	\$ 1,442,082	\$ 1,442,082	-	38,420	1,442,082	75,000	1,367,082		1,442,082
Federal Grant Funds STP	\$ 621,515	\$ 621,515	602,190	15,000	15,000	15,000	4,325		621,515
Local - Street Funds - Bond	\$ 270,000	\$ 270,000	270,000		331,785		-		270,000
Streets Operations	\$ -	\$ 93,693				25,000	68,693		93,693
Water (495)	\$ 240,000	\$ 234,263	47,822		180,000	85,792	100,649		234,263
Sewer (495)	\$ 115,000	\$ 75,831	19,460		100,000	62,926	(6,555)		75,831
Storm	\$ 250,000	\$ 342,680	-		250,000		342,680		342,680
Total Revenue	\$ 5,568,215	\$ 5,573,352	967,683	363,093	4,870,000	663,718	3,941,951	-	5,573,352
Expense	Project Budget	Revised Project Budget 7/23	Prior Year Expenditures	2023 Actual	2023 Budget	2023 Estimate Year End	2024 Budget	Future Budget	Total Expenditures
Design Engineering / Permitting									
									-
Street	\$ 755,854	\$ 608,387	652,379	6,811			(43,992)		608,387
Water	\$ 34,216	\$ 30,792				30,792	-		30,792
Sewer	\$ 13,217	\$ 7,926				7,926	-		7,926
Subtotal	\$ 803,287	\$ 647,105							-
Construction									
									-
Street	\$ 3,322,829	\$ 3,888,122			4,340,000	150,000	3,738,122		3,888,122
Water	\$ 190,937	\$ 190,537			180,000	50,000	140,537		190,537
Sewer	\$ 92,877	\$ 63,588			100,000	50,000	13,588		63,588
Storm	\$ 250,000	\$ 342,680			250,000	-	342,680		342,680
Subtotal	\$ 3,856,643	\$ 4,484,927							-
Project Management									
									-
Street	\$ 197,810	\$ 417,498	331,864	37,439		50,000	35,634		417,498
Water	\$ 12,833	\$ 10,769	2,425				8,344		10,769
Sewer	\$ 6,242	\$ 3,593	1,523				2,070		3,593
Subtotal	\$ 216,885	\$ 431,860							-
Project Contingency									
		\$ 9,460					\$ 9,460		9,460
Eligible for 1% for the Arts									
No	\$ -	\$ -	98						98
Grant funding not eligible and Staff Administration									-
Total Expense	\$ 4,876,815	\$ 5,573,352	988,288	44,250	4,870,000	338,718	4,246,444	-	5,573,450
Excess(Deficit)	691,400	-	(20,605.20)	318,843.05	-	325,000	(304,493)	-	(98.25)

Discovery Road/Sheridan/19th Street Intersection Safety Improvements

Project Description

The City secured a second grant to improve the remaining portion of Discovery Road between the Salish Coast Elementary School and the Sheridan intersection. The grant also makes improvements to the intersection for pedestrian and Bicycle safety. Federal HSIP funding is intended for City's to make safety improvements according to the Local Road Safety Plan.



Revenue		Project Budget	Prior Year Revenues	2023 Actual to Date	2023 Budget	2023 Estimate Year End	2024 Budget	Total Revenues
Federal Grant Funds (HSIP)		\$ 233,000		-	18,000	5,000	228,000	233,000
Real Estate Excise Tax		\$ 15,000		2,645	15,000	5,000	10,000	15,000
								-
								-
Total Revenue		\$ 248,000	-	2,645	33,000	10,000	238,000	248,000
Expense			Prior Year Expenditures	2023 Actual to Date	2023 Budget	2023 Estimate Year End	2024 Budget	Total Expenses
Design Engineering / Permitting								-
Design Consultant		\$ 22,000		298	18,000		22,000	22,000
								-
								-
Subtotal		\$ 22,000						-
Construction								-
Construction Contract		\$ 170,850					170,850	170,850
CN Engineering		\$ 30,150					30,150	30,150
								-
								-
Subtotal		\$ 201,000						-
Project Management								-
Staff administration non-eligible grant costs		\$ 15,000		2,348	15,000	5,000	10,000	15,000
Staff administration eligible grant costs		\$ 10,000				5,000	5,000	10,000
								-
Subtotal		\$ 25,000						-
Project Contingency								-
Eligible for 1% for the Arts								-
N/A REET Used for staff administration		\$ -						-
Total Expense		\$ 248,000	-	2,646	33,000	10,000	238,000	248,000
Excess(Deficit)		-	-	(0.87)	-	-	-	-

Tyler St Pavement Restoration Project

Project Description

The City secured a grant from the Transportation Improvement Board under the pavement preservation program. This project seeks to preserve the existing roadway and make ADA improvements along Tyler Street where the Farmers Market operates on Saturdays. The Street condition is deteriorating rapidly. This grant will help preserve the life of the pavement and improve accessibility for this important location in Uptown.



Revenue		Project Budget	Prior Year Revenues	2023 Actual to Date	2023 Budget	2023 Estimate Year End	2024 Budget	Total Revenues
Transportation Improvement Board (TIB) Grant		\$ 379,354		1,417	379,354	58,367	320,987	379,354
Real Estate Excise Tax		\$ 75,000		250	66,945	10,300	64,700	75,000
								-
								-
								-
Total Revenue		\$ 454,354	-	1,667	446,299	68,667	385,687	454,354
Expense			Prior Year Expenditures	2023 Actual to Date	2023 Budget	2023 Estimate Year End	2024 Budget	Total Expenditures
Design Engineering / Permitting								-
Design Consultant		\$ 37,182		196	37,182	20,196	16,986	37,182
								-
								-
Subtotal		\$ 37,182						-
Construction								-
Construction Contract		\$ 284,516			284,516	-	284,516	284,516
City Pavement Work Ahead of Construction		\$ 40,000			40,000	40,000	-	40,000
CN Engineering Consultant		\$ 28,452			28,452	-	28,452	28,452
								-
Subtotal		\$ 352,967						-
Project Management								-
Grant ineligible staff time		\$ 35,000		1,470	35,000	8,470	26,530	35,000
								-
								-
Subtotal		\$ 35,000						-
Project Contingency		\$ 28,455		-	21,149	-	28,455	28,455
								-
Eligible for 1% for the Arts								-
Estimate on budget for REET and not grants		\$ 750					750	750
Total Expense		\$ 454,354	-	1,667	446,298	68,667	385,688	454,354
Excess(Deficit)		(0)	-	-	0.60	-	(0)	(0.40)

General Water Capital Replacement, Improvements, and Repairs

Project Description

Miscellaneous capital repairs and replacement work comes up most years. The rate analysis includes \$200,000 per year of miscellaneous and unforeseen capital improvements. These funds also support removal and replacement of several thousand feet of spaghetti lines (4" or smaller pipes) which are a sources of leaks and system service failures. The city has started replacing 20 year old water meters as well.



Revenue		Project Budget	2023 Est. Year End	Initial 2024 Budget	Future Budget	Total Revenues
Water Operating (411)			-		-	-
Water Capital Surcharge (430)		\$ 100,000	-	100,000		100,000
Water SDC (495)		\$ 100,000		100,000		100,000
Grants/Loans						-
						-
Total Revenue		\$ 200,000		200,000	-	200,000

Expense			2023 Est. Year End	Initial 2024 Budget	Future Budget	Total Expenditures
Design Engineering / Permitting						
						-
						-
						-
						-
						-
Subtotal		\$ -				-
Construction						
		\$ 180,000	-	180,000		180,000
						-
						-
Subtotal		\$ 180,000				-
Project Management						
		\$ 20,000		20,000		20,000
						-
						-
Subtotal		\$ 20,000				-
Project Contingency						
						-
Eligible for 1% for the Arts Utilities not included	No					-
						-
Total Expense		\$ 200,000	-	200,000	-	200,000
Excess(Deficit)		-	-	-	-	-

Water Meter Replacement

Project Description

The majority of the City water meters are over 20 years old and are in need of replacement. Meters either start leaking or start missing volume of water in the reads causing the city to lose revenue. Additionally, the meters need to be replaced with an automatic read system to reduce labor costs for reading of meters from approximately 15 person days to 3 person days per month. The meters will be installed in phases over a 3-5 year period. The rate model has meter replacement beginning in 2025. Staff recommends advancing this through extending membrane filter replacement originally scheduled for 2024.



Revenue		Project Budget	2024 Budget	Future Budget	Total Revenues	Actuals To Date
Water Operating (411)					-	-
Water Capital Surcharge (430)		\$ 1,729,337	200,000	1,529,337	1,729,337	-
Water SDC (495)					-	-
Grants/Loans					-	-
					-	-
Total Revenue		\$ 1,729,337	200,000	1,529,337	1,729,337	-
Expense		Project Budget	2024 Budget	Future Budget	Total Expenditures	Actuals To Date
Design Engineering / Permitting						
					-	-
					-	-
					-	-
					-	-
Subtotal		\$ -			-	-
Construction						
AMR setup and project planning		\$ 1,729,337	200,000	1,529,337	1,729,337	-
					-	-
					-	-
Subtotal		\$ 1,729,337			-	-
Project Management						
					-	-
					-	-
					-	-
Subtotal		\$ -			-	-
Project Contingency						
					-	-
Eligible for 1% for the Arts	No				-	-
Utilities not included					-	-
Total Expense		\$ 1,729,337	200,000	1,529,337	1,729,337	-
Excess(Deficit)		-	-	-	-	-

1 Million Gallon Standpipe Reservoir Steel Coating

Project Description

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

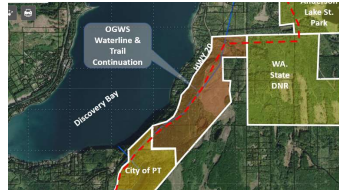


Revenue		Project Budget	Prior Year Revenues	Est. 2023 Actual	2023 Budget	2023 Estimate Year End	2024 Budget	Future Budget	Total Revenues
Water Operating (411)									-
Water Capital Surcharge (430)									-
Water SDC (495)		\$ 850,000			150,000	10,000	110,000	730,000	850,000
Grants/Loans									-
									-
									-
Total Revenue		\$ 850,000	-	-	150,000	10,000	110,000	730,000	850,000
Expense			Prior Year Expenditures	Est. 2023 Actual	2023 Budget	2023 Estimate Year End	2024 Budget	Future Budget	Total Expenditures
Design Engineering / Permitting									-
									-
	Water	\$ 100,000		-	140,000	-	90,000	10,000	100,000
									-
Subtotal		\$ 100,000							-
Construction									-
									-
	Water	\$ 710,000					-	710,000	710,000
							-		-
Subtotal		\$ 710,000							-
Project Management									-
									-
	Water	\$ 40,000		10,000	10,000	10,000	20,000	10,000	40,000
Subtotal		\$ 40,000							-
Project Contingency									-
Eligible for 1% for the Arts	No								-
Utilities not included									-
Total Expense		\$ 850,000	-	10,000	150,000	10,000	110,000	730,000	850,000
Excess(Deficit)		-	-	(10,000.00)	-	-	-	-	-

Eaglemount Property Purchase

Project Description

The City secured funding to purchase approximately 345 acres of property adjacent to City Lake property for the purpose of future pipeline and co-located Olympic Discovery Trail. City received a direct allocation (Community Facilities Project) grant in 2023 to assist with purchase. Additionally, this project is funded through City assets including timber management sales and land sales.



Revenue	Project Budget 2023	Prior Year Revenues	2023 Actual	2023 Budget	2023 Estimate Year End	2024 Budget	Total Revenues
Water Operations (411) Timber Management Harvest	\$ 500,000				10,000	490,000	500,000
Water Operations (411) Land Sales	\$ 80,000					80,000	80,000
WA. State Community Facilities Project Grant	\$ 750,000					750,000	750,000
Total Revenue	\$ 1,330,000	-	-			1,320,000	1,330,000
Expense	Project Budget 2023	Prior Year Expenditures	2023 Actual	2023 Budget	2023 Estimate Year End	2024 Budget	Total Expenses
Design Engineering / Permitting							
Appraisals	\$ 20,000					20,000	20,000
Cultural Resources Survey	\$ 20,000					20,000	20,000
Land Survey and Lot line Adjustment	\$ 20,000					20,000	20,000
Subtotal	\$ 60,000						
Construction							
Land Purchase	\$ 951,000					951,000	951,000
Subtotal	\$ 951,000						
Project Management							
Staff Time Administration	\$ 47,550				10,000	37,550	47,550
Subtotal	\$ 47,550						
Project Contingency	\$ 271,450					271,450	271,450
Eligible for 1% for the Arts	\$ -						
Utilities not included	N/A						
Total Expense	\$ 1,330,000	-	-	-	10,000	1,320,000	1,330,000
Excess(Deficit)	-	-	-	-		-	-

Big Quilcene Main Control Valve Building Replacement

Project Description

As part of the water supply agreement, a capital spending plan was developed to address system long term reliability. Investments in the diversions are anticipated in the long-term plan. The main control valve building at the Big Quilcene Diversion has experienced significant rot and needs replacing at the request of the operating crew.



Revenue		Project Budget 2023	Prior Year Revenues	2023 Actual	2023 Budget	2023 Estimate Year End	2024 Budget	Total Revenues
Water - Olympic Gravity Water System Fund (417)		\$ 125,000			125,000	5,000	120,000	125,000
								-
								-
								-
								-
								-
Total Revenue		\$ 125,000	-	-	125,000	5,000	120,000	125,000
Expense		Project Budget 2023	Prior Year Expenditures	2023 Actual	2023 Budget	2023 Estimate Year End	2024 Budget	Total Expenses
Design Engineering / Permitting								-
Design Consultant		\$ 15,000			15,000	-	15,000	15,000
								-
								-
Subtotal		\$ 15,000						-
Construction*								-
								-
Construction Contract		\$ 100,000			100,000	-	100,000	100,000
								-
								-
Subtotal		\$ 100,000						-
Project Management								-
								-
Staff Admin		\$ 10,000			10,000	5,000	5,000	10,000
								-
Subtotal		\$ 10,000						-
Project Contingency								-
								-
Eligible for 1% for the Arts								-
Utilities not included			No					-
Total Expense		\$ 125,000	-	-	125,000	5,000	120,000	125,000
Excess(Deficit)		-	-	-	-	-	-	-

Pipeline Condition Assessment - 1928 OGWS Pipeline

Project Description

As part of the water supply agreement, a capital spending plan was developed to address system long term reliability. Evaluation of the 1928 section of the pipeline is included in the plan to accurately assess the remaining useful life. This study will guide replacement strategies to ensure water delivery is sustained.



Revenue		Project Budget 2023	Prior Year Revenues	2023 Actual	2023 Budget	2023 Estimate Year End	2024 Budget	Total Revenues
Water - Olympic Gravity Water System Fund (417)		\$ 550,000			150,000	10,000	540,000	550,000
								-
								-
								-
								-
								-
Total Revenue		\$ 550,000	-	-	150,000	10,000	540,000	550,000

Expense		Project Budget 2023	Prior Year Expenditures	2023 Actual	2023 Budget	2023 Estimate Year End	2024 Budget	Total Expenses
Design Engineering / Permitting								-
Design Consultant		\$ 425,000			125,000	-	425,000	425,000
								-
								-
Subtotal		\$ 425,000						-
Construction*								-
								-
								-
								-
								-
Subtotal		\$ -						-
Project Management								-
								-
		\$ 125,000			25,000	10,000	115,000	125,000
								-
Subtotal		\$ 125,000						-
Project Contingency								-
								-
Eligible for 1% for the Arts								-
Utilities not included		No						-
								-
Total Expense		\$ 550,000	-	-	150,000	10,000	540,000	550,000
Excess(Deficit)		-	-	-	-	-	-	-

Lords Lake

Project Description

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



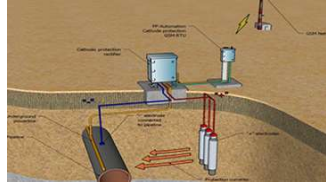
Revenue		Project Budget	Prior Year Revenues	2023 Actual	2023 Budget	2023 Estimate Year End	2024 Budget	Future Budget	Total Revenues
Water - Olympic Gravity Water System Fund (417)		\$ 88,100			-	15,000	73,100	-	88,100
FEMA Grant - Hazard Mitigation Grant		\$ 86,900			75,000	15,000	71,900	-	86,900
									-
									-
									-
									-
Total Revenue		\$ 175,000	-	-	75,000	30,000	145,000		175,000

Expense			Prior Year Expenditures	2023 Actual	2023 Budget	2023 Estimate Year End	2024 Budget	Future Budget	Total Expenditures
Design Engineering / Permitting									-
		\$ 150,000			35,000	15,000	135,000		150,000
									-
									-
									-
	Subtotal	\$ 150,000							-
Construction*									-
									-
									-
									-
									-
	Subtotal	\$ -							-
Project Management									-
		\$ 25,000			40,000	15,000	10,000		25,000
									-
	Subtotal	\$ 25,000							-
Project Contingency									-
									-
Eligible for 1% for the Arts									-
Utilities not included	No								-
Total Expense		\$ 175,000	-	-	75,000	30,000	145,000	-	175,000
Excess(Deficit)		-	-	-	-	-	-	-	-

Cathodic Protection - 1928 OGWS Pipeline

Project Description

As part of the water supply agreement, a capital spending plan was developed to address system long term reliability. Cathodic protection is a key feature in the system needed to extend the life of the pipeline. Cathodic protection is missing in the area between the Master meters and south past Otto Street. This project will install a new cathodic system for this section of the pipeline.

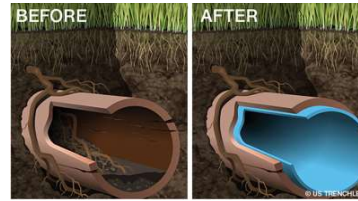


Revenue		Project Budget	Prior Year Revenues	2023 Actual	2023 Budget	2023 Estimate Year End	2024 Budget	Future Budget	Total Revenues
Water - Olympic Gravity Water System Fund (417)		\$ 154,000		-	154,000	12,000	142,000		154,000
									-
									-
									-
									-
Total Revenue		\$ 154,000	-	-	154,000	12,000	142,000		154,000
Expense			Prior Year Expenditures	2023 Actual	2023 Budget	2023 Estimate Year End	2024 Budget	Future Budget	Total Expenditures
Design Engineering / Permitting									-
		\$ -							-
									-
									-
Subtotal		\$ -							-
Construction*									-
		\$ 130,000		-	130,000	-	130,000		130,000
									-
Subtotal		\$ 130,000							-
Project Management									-
		\$ 24,000		-	24,000	12,000	12,000		24,000
									-
Subtotal		\$ 24,000							-
Project Contingency									-
									-
Eligible for 1% for the Arts	No								-
Utilities not included									-
Total Expense		\$ 154,000	-	-	154,000	12,000	142,000	-	154,000
Excess(Deficit)		-	-	-	-	-	-	-	-

2023 General Sewer Capital Replacement, Improvements, and Repairs

Project Description

Miscellaneous capital repairs and replacement work comes up most years. The rate analysis includes \$200,000 per year of miscellaneous and unforeseen capital improvements. These funds support pipe replacement, and rehabilitation such as CIPP or slip lining.



Revenue		Project Budget	2023 Est. Year End	2024 Budget	Future Budget	Total Reveneues
Sewer Operations (411)						-
Sewer Capital Surcharge (430)		\$ 100,000	-	100,000		100,000
Sewer SDC (495)		\$ 100,000		100,000		100,000
						-
						-
Total Revenue		\$ 200,000	-	200,000	-	200,000
Expense			2023 Est. Year End	2024 Budget	Future Budget	Total Expenditures
Design Engineering / Permitting						-
						-
						-
						-
Subtotal		\$ -				-
Construction						-
	Sewer	\$ 180,000	-	180,000		180,000
						-
						-
Subtotal		\$ 180,000				-
Project Management						-
		\$ 20,000		20,000		20,000
						-
						-
Subtotal		\$ 20,000				-
Project Contingency						-
						-
Eligible for 1% for the Arts						-
Utilities not included						-
Total Expense		\$ 200,000	-	200,000	-	200,000
Excess(Deficit)			-	-	-	-

Sewer Outfall
Project Description

This project includes permitting, design and construction to replace or rehabilitate the off-shore portion of the existing wastewater treatment plant outfall system with a new outfall and diffuser. The City has secured Department of Ecology loans to help construct this project. In 2023, Department of Ecology and City Staff worked collaboratively to reduce the loan amount based on timelines. The City will have to re-apply for additional loan money in the future.



Revenue		Project Budget	Project Budget Revised 7/23	Prior Year Revenues	2023 Actual to Date	2023 Budget	2023 Estimate Year End	2024 Budget	Future Budget	Total Revenues	
Department of Ecology (ECY) Loan/Grant		\$ 408,000								-	
Department of Ecology (ECY) Loan		\$ 3,330,000	\$ 1,070,000		43,631	90,000	46,369	500,000	480,000	1,070,000	
Sewer System Development Charge (495)		\$ 200,000								-	
Sewer (411)		\$ 170,000	\$ 10,000			10,000	10,000		-	10,000	
										-	
										-	
Total Revenue		\$ 4,108,000	\$ 1,080,000		43,631	100,000	56,369	500,000	480,000	1,080,000	
Expense		Project Budget	Project Budget Revised 7/23		2023 Actual to Date	2023 Budget	2023 Estimate Year End	2024 Budget	Future Budget	Total Expenditures	
Design Engineering / Permitting										-	
										-	
										-	
Sewer		\$ 805,000	\$ 770,000		23,631	80,000	56,369	400,000	290,000	770,000	
Subtotal		\$ 805,000	\$ 770,000							-	
Construction										-	
										-	
										-	
Sewer		\$ 2,710,000	\$ -							-	
Subtotal		\$ 2,710,000	\$ -							-	
Project Management										-	
										-	
										-	
Sewer		\$ 403,000	\$ 310,000		20,000	20,000	-	100,000	190,000	310,000	
Subtotal		\$ 403,000	\$ 310,000							-	
Project Contingency										-	
										-	
Eligible for 1% for the Arts										-	
Utilities not included										-	
Total Expense		\$ 3,918,000	\$ 1,080,000		-	43,631	100,000	56,369	500,000	480,000	1,080,000
Excess(Deficit)					-	-	-	-	-	-	

General Sewer Plan

Project Description

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

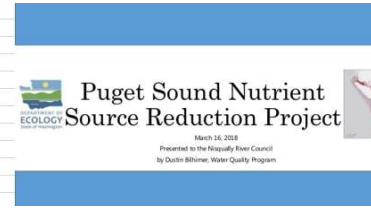


Revenue		Project Budget	Prior Year Revenues	2023 Actual to Date	2023 Estimate Year End	2024 Budget	Future Budget	Total Revenues
Sewer System Development Charge (495)		\$ 230,000	37,777	76,869	100,000	20,257		158,034
Interlocal Agreement with Jeff. Co		\$ 30,000			30,000			30,000
								-
								-
								-
Total Revenue		\$ 260,000	37,777	76,869	130,000	20,257	-	188,034
Expense			Prior Year Expenditures	2023 Actual to Date	2023 Estimate Year End	2024 Budget	Future Budget	Total Expenses
Design Engineering / Permitting								-
								-
								-
RH2 Contract = 198522+189898 - less 160,000 for nutrient grant		\$ 228,420	108,163	72,766	100,000	20,257		228,420
RH2 Contract - Septage Handling		\$ 30,000		30,000	30,000			30,000
Subtotal		\$ 228,420						-
Construction								-
								-
								-
								-
								-
Subtotal		\$ -						-
Project Management								-
								-
								-
		\$ 30,000	16,629	370				16,629
Subtotal		\$ 30,000						-
Project Contingency								-
								-
Eligible for 1% for the Arts								-
Utilities not included								-
Total Expense		\$ 258,420	124,792	103,137	130,000	20,257	-	275,049
Excess(Deficit)		1,580	(87,015.27)	(26,267.75)	-	0	-	(87,015.09)

Wastewater Nutrient

Project Description

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



Revenue			Prior Year Revenues	2023 Actual to Date	2023 Budget	2023 Estimate Year End	2024 Budget	Future Budget	Total Revenues
Department of Ecology (ECY) Nutrient Grant		\$ 160,000		4,817	138,000	45,000	115,000	-	160,000
Sewer Operations (411)		\$ 15,000	5,691		15,000		9,309		15,000
									-
									-
									-
									-
Total Revenue		\$ 175,000	5,691	4,817	153,000	45,000	124,309		175,000
Expense			Prior Year Expenditures	2023 Actual to Date	2023 Budget	2023 Estimate Year End	2024 Budget	Future Budget	Total Expenditures
Design Engineering / Permitting									-
									-
									-
Design Consultant (RH2 Contract - See Sewer Mas	Sewer	\$ 160,000	5,593	4,498	138,000	40,000	114,407	-	160,000
Subtotal		\$ 160,000							-
Construction									-
									-
									-
									-
Subtotal		\$ -							-
Project Management									-
									-
									-
Staff Time and Reimbursable	Sewer	\$ 15,000	98	319	15,000	5,000	9,902		15,000
Subtotal		\$ 15,000							-
Project Contingency									-
Eligible for 1% for the Arts									-
Utilities not included									-
Total Expense		\$ 175,000	5,691	4,817	153,000	45,000	124,309	-	175,000
Excess(Deficit)		-	(0.25)	(0.41)	-	-	0	-	-

Water St. Sewer Main Replacement

Project Description

After a section of asbestos concrete pipe collapsed during the December 27, 2022 King Tide event, the City evaluated the entire section of pipe between the Gaines Street Lift Station and the Ferry Terminal and determined that replacement is necessary. This trunk pipeline serves all of Downtown and most of Uptown and thus is critical sewer infrastructure. The City obtained a low interest loan in the amount of \$2.7 million from the Public Works Board



Revenue	Project Budget 5/23	Prior Year Revenues	2023 Actual to Date	2023 Budget	2023 Estimate Year End	2024 Budget	Total Revenues
Sewer Operations (411)						-	-
Sewer Capital Surcharge (430)						-	-
Sewer SDC (495)	\$ 35,000				35,000	-	35,000
Public Works Trust Fund Loan/Grant	\$ 2,700,000			602,000	326,000	2,374,000	2,700,000
						-	-
						-	-
Total Revenue	\$ 2,735,000	-	-	602,000	361,000	2,374,000	2,735,000
Expense	Project Budget 5/23	Prior Year Expenditures	2023 Actual to Date	2023 Budget	2023 Estimate Year End	2024 Budget	Total Expenditures
Design Engineering / Permitting							-
Design Consultant	\$ 461,197			550,000	335,000	126,197	461,197
							-
							-
Subtotal	\$ 461,197						-
Construction							-
Construction Contract	\$ 1,997,060					1,997,060	1,997,060
Construction Engineering	\$ 88,803					88,803	88,803
							-
							-
Subtotal	\$ 2,085,863						-
Project Management							-
Staff Administration	\$ 52,000			52,000	26,000	26,000	52,000
							-
Subtotal	\$ 52,000						-
Project Contingency	\$ 135,940					135,940	135,940
							-
Eligible for 1% for the Arts							-
Utilities not included							-
Total Expense	\$ 2,735,000	-	-	602,000	361,000	2,374,000	2,735,000
Excess(Deficit)	-	-	-	-	-	-	-

Influent Wetwell

Project Description

The Wastewater Treatment Plant Influent wetwell is where all sewage collected from the City first enters the treatment plant. This important portion of the plant has experienced significant concrete corrosion and electrical failures. This project was identified in a Jacobs Engineering Study as a priority project and has been re-affirmed as a priority project in the General Sewer Plan. The project will involve rehabilitating the influent wet well concrete as well as replacing all plumbing and electrical equipment.



Revenue		Project Budget	Prior Year Revenues	2023 Actual to Date	2023 Budget	2023 Estimate Year End	2024 Budget	Future Budget	Total Revenues
Sewer Operations (411)		\$ 2,120,000					300,000	1,820,000	2,120,000
Sewer Capital Surcharge (430)									-
Sewer SDC (495)									-
Grants/Loans									-
									-
									-
Total Revenue		\$ 2,120,000	-				300,000	1,820,000	2,120,000
Expense		Project Budget	Prior Year Expenditures	2023 Actual to Date	2023 Budget	2023 Estimate Year End	2024 Budget	Future Budget	Total Expenditures
Design Engineering / Permitting									-
Design Consultant (15%)		\$ 318,000					250,000	68,000	318,000
									-
									-
Subtotal		\$ 318,000							-
Construction									-
Construction Contract		\$ 1,378,000						1,378,000	1,378,000
Construction Engineering (10%)		\$ 212,000						212,000	212,000
									-
									-
Subtotal		\$ 1,590,000							-
Project Management									-
Staff Administration (10%)		\$ 212,000					50,000	162,000	212,000
									-
									-
Subtotal		\$ 212,000							-
Project Contingency									-
									-
Eligible for 1% for the Arts									-
Utilities not included									-
									-
Total Expense		\$ 2,120,000	-				300,000	1,820,000	2,120,000
Excess(Deficit)		-	-				-	-	-

SCADA update
Project Description

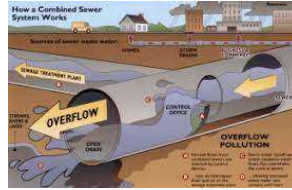
The Wastewater Treatment Plant was constructed and put into service in 1994. The Supervisory Control and Data Acquisition (SCADA) system has not been upgraded since this time and is outdated. This technical system runs the plant with operator controls. This technical system is a key component of plant operation and needs to be replaced. Currently parts are no longer being produced, thus this project needs to be addressed soon.



Revenue	Project Budget	Prior Year Revenues	2023 Actual to Date	2023 Budget	2023 Estimate Year End	2024 Budget	Future Budget	Total Revenues
Sewer Operations (411)	\$ 1,140,000					150,000	990,000	1,140,000
Sewer Capital Surcharge (430)								-
Sewer SDC (495)								-
Grants/Loans								-
								-
								-
Total Revenue	\$ 1,140,000	-				150,000	990,000	1,140,000
Expense	Project Budget	Prior Year Expenditures	2023 Actual to Date	2023 Budget	2023 Estimate Year End	2024 Budget	Future Budget	Total Expenditures
Design Engineering / Permitting								
Design Consultant (10%)	\$ 100,000					100,000	-	100,000
								-
								-
Subtotal	\$ 100,000							-
Construction								
Construction Contract	\$ 940,000						940,000	940,000
Construction Engineering (10%)							-	-
								-
Subtotal	\$ 940,000							-
Project Management								
Staff Administration (10%)	\$ 100,000					50,000	50,000	100,000
								-
Subtotal	\$ 100,000							-
Project Contingency								
								-
Eligible for 1% for the Arts								
Utilities not included								-
Total Expense	\$ 1,140,000	-				150,000	990,000	1,140,000
Excess(Deficit)								
	-	-				-	-	-

Lawrence Street Combined Stormwater Sewer System Separation - Pre-design Project Description

The Lawrence Street stormwater system is connected to the sewer system for a section of Lawrence Street in Uptown between the Library and Tyler Street. Separation of this system from the sewer system is a benefit to the Monroe Street sewer lift station as well as the Wastewater Treatment Plant. The cost of the project and scoping needs to be evaluated based on the road condition. Additionally, staff desires to secure grant resources. This project is the first phase to establish a pre-design for competitive grant applications. The sewer plan estimates the project at \$5.6 million.



Revenue		Project Budget 5/23	Prior Year Revenues	2023 Actual to Date	2023 Budget	2023 Estimate Year End	2024 Budget	Total Revenues
Sewer Operations (411)							-	-
Sewer Capital Surcharge (430)		\$ 50,000					50,000	50,000
Sewer SDC (495)							-	-
Stormwater Operations (412)		\$ 50,000					10,000	10,000
Streets (Paving)							-	-
Loan/Grant							-	-
							-	-
							-	-
Total Revenue		\$ 100,000	-	-	-	-	60,000	60,000
Expense		Project Budget 5/23	Prior Year Expenditures	2023 Actual to Date	2023 Budget	2023 Estimate Year End	2024 Budget	Total Expenditures
Design Engineering / Permitting								-
Design Consultant		\$ 50,000					50,000	50,000
								-
								-
Subtotal		\$ 50,000						-
Construction								-
Construction Contract							-	-
Construction Engineering							-	-
								-
								-
Subtotal		\$ -						-
Project Management								-
Staff Administration and research		\$ 50,000					10,000	10,000
								-
Subtotal		\$ 50,000						-
Project Contingency								-
Eligible for 1% for the Arts								-
Utilities not included								-
Total Expense		\$ 100,000	-	-	-	-	60,000	60,000
Excess(Deficit)		-	-	-	-	-	-	-

General Stormwater Capital Replacement, Improvements, and Repairs

Project Description

Miscellaneous capital repairs and replacement work comes up most years. The rate analysis includes \$50,000 per year of miscellaneous and unforeseen capital improvements.



Revenue		Project Budget	Prior Year Revenues	2023 Actual to Date	2023 Budget	2023 Estimate Year End	2024 Budget	Future Budget	Total Revenues
Stormwater Operations (412)		\$ 50,000					50,000		50,000
									-
									-
									-
Total Revenue		\$ 50,000	-	-			50,000		50,000
Expense			Prior Year Expenditures	2023 Actual to Date	2023 Budget	2023 Estimate Year End	2024 Budget	Future Budget	Total Expenditures
Design Engineering / Permitting									-
									-
									-
									-
									-
Subtotal		\$ -							-
Construction									-
	Storm	\$ 50,000					50,000		50,000
									-
									-
Subtotal		\$ 50,000	1,044						1,044
Project Management									-
				103					-
									-
									-
Subtotal		\$ -							-
Project Contingency									-
									-
Eligible for 1% for the Arts									-
Utilities - not eligible									-
Total Expense		\$ 50,000	1,044	103			50,000		51,044
Excess(Deficit)		-	(1,044.28)	(102.57)			-	-	(1,044.28)

Logan Stormwater Outfall Repair

Project Description

The Logan Street stormwater discharge point is eroding the Bishop drainage way. The erosion needs to be controlled by installing approximately 200 feet of pipe from the existing pond to the bottom of the natural drainage way.



Revenue		Project Budget	Prior Year Revenues	2023 Actual to Date	2023 Budget	2023 Estimate Year End	2024 Budget	Future Budget	Total Revenues
Stormwater Operations (412)		\$ 100,000					15,000	85,000	100,000
									-
									-
									-
									-
Total Revenue		\$ 100,000	-	-			15,000	85,000	100,000
Expense			Prior Year Expenditures	2023 Actual to Date	2023 Budget	2023 Estimate Year End	2024 Budget	Future Budget	Total Expenditures
Design Engineering / Permitting									-
									-
									-
									-
Subtotal		\$ -							-
Construction									-
	Storm	\$ 85,000						85,000	85,000
									-
									-
Subtotal		\$ 85,000							-
Project Management									-
		\$ 15,000					15,000		15,000
									-
Subtotal		\$ 15,000							-
Project Contingency									-
									-
Eligible for 1% for the Arts									-
Utilities - not eligible									-
Total Expense		\$ 100,000	-	-	-	-	15,000	85,000	100,000
Excess(Deficit)			-	-	-	-	-	-	-

City of Port Townsend

Comprehensive Financial Management Policy Guidelines

Adopted December 4, 2023

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I. FINANCIAL POLICY GUIDELINES

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

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

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

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

II. ORGANIZATION

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

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

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

The Director of Finance & Technology 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 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 operation 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, ; 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 \$7,500 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 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 \$500 but less than \$7,500. 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 \$500 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. The Director of Finance and Technology Services (Finance Director) has oversight responsibility for this policy and the associated inventory of these items.

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

Cash Management – The Director of Finance & Technology Services 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 Director of Finance and Technology Services (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) – In addition to the Fund balance and the Contingency Fund, the budget for the General Fund shall provide for a "Council Reserve" equivalent to approximately 1% of estimated operating revenues in the General Fund (010). Only the General Fund shall maintain a "Council Reserve." The Council Reserve is established to provide for non-recurring community requests or unanticipated needs deemed necessary by Council. The Council Reserve shall be suspended during times of significant economic downturn, especially during years when the General Fund

ending fund balance falls below 5%. The Council Reserve is a budgeted appropriation expected to be specifically allocated at the Council's discretion.

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

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

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

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

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

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

ENTERPRISE FUNDS (400) – These funds are the proprietary or "business-like" funds for operations providing services to the general public supported primarily through user's fees (Water, Sewer, Stormwater, and Utility Revenue Bond). The Ending Fund Balances of these funds should be equal to or greater than 60 days

of operating expenditures and any additional amounts needed to build towards future project cash or debt payment needs. To the extent that the reserved Fund Balance and operating cash flow are not adequate to fund needed utility system improvements, additional rate increases or surcharges may be adopted by Council. Included in the Enterprise funds are Debt Service Reserve Funds, Utility Capital Project Funds and System Development Fund.

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

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

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

ENDING FUND BALANCE, RESERVES, CONTINGENCY SUMMARY

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

General Fund	8-15% of operating revenue
Library	5-8% of property tax
Street	2-3% of expenditures
Community Services	2-3% of expenditures
Other Special Revenue Funds	Sufficient to meet obligations
Contingency	No less than 2% of operating revenue
Debt Service	Sufficient to meet obligations
General Capital	Sufficient to meet obligations
Enterprise Funds	60 days of operating expenditures
System Development Charges Fund (Enterprise)	Sufficient to meet obligations
Internal Service	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-run fluctuations in any one revenue source and ensure its ability to provide ongoing service.

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

One-time revenues shall support one-time expenditures.

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

Enterprise Fund Revenue Policies – Enterprise funds will be operated in a manner that maintains a minimum ending fund balance that is not less than 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, permits, 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 taxpayers 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 Fees

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

user groups. Funds collected for any special purpose shall be earmarked for that purpose.

VI. OVERHEAD COST RECOVERY (COST ALLOCATION)

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

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

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

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

VII. GENERAL BUDGET POLICIES

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

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

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

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

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

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

Equipment Replacement & Maintenance - Equipment replacement and maintenance projections will be updated each year. Replacement of items with a cost of 7,500 or more will be reviewed to time such expenditures at stable intervals to preserve cash flow, when possible. Deferment of regular repair and maintenance will not be used to balance the budget.

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

Personnel Policies Manual for business or training travel. Such training or travel shall be as provided either specifically or generally in the annual budget.

Training is an investment in maintaining the certifications and skills of the City's employees. Allocating 1% of the department's budgeted salary expense is recommended 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 Director of Finance and Technology Services 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 Director will monitor unanticipated needs or emergency expenditures and prepare budget amendments or supplementals in compliance with State Law.

VIII. FINANCIAL PLANNING POLICIES

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

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

The long-range financial plan operating revenues and expenses will include data for the General Fund, Contingency Fund, Library Fund and Community Services Fund. In addition to ongoing revenues and expenses, this forecast will utilize

assumptions that forecast general obligation debt and general fund contributions to capital projects.

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

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

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

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

IX. ENTERPRISE FUNDS

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

X. CAPITAL INVESTMENT PROGRAM PLAN POLICIES

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

XI. DEBT MANAGEMENT POLICY

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

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

- Debt payments shall not extend beyond the estimated useful life of the project being financed. The City shall keep the average maturity of general obligations bonds at or below 30 years, unless special circumstances arise warranting the need to extend the debt schedule.
- When project revenue or specific resources as identified will be sufficient to service the debt;
- When projects greater than \$100,000 cannot be financed on a pay-as-you-go basis from anticipated cash flows.

Debt financing will not be considered appropriate for:

- Current operating and maintenance expenses (except for issuing short-term instruments such as revenue anticipation notes or tax anticipation notes); and any recurring purpose (except as indicated above).
- Grant match less than \$100,000 where funding is anticipated from ongoing cash flow or reserve balances.
- Projects less than \$100,000 where funding is anticipated on a pay-as-you-go basis from anticipated cash flows or reserve balances.
-

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

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

Options for Interim or "Bridge" financing may include:

- Bond Anticipation Notes (BANS)
- Tax Anticipation Notes (TANS)

- Lines of Credit with major financial institutions
- Interfund Loans

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

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

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

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

XII. PURCHASING POLICY

Purchases of goods, services and capital items will be made consistent with the annual budget appropriations, state and federal law, the City’s Purchasing Ordinance and the State Auditor’s requirements. The City’s Purchasing Ordinance will outline the City Manager’s spending and contracting authority. Any purchases or contracts above those authority limits must be authorized in advance

by City Council (some exceptions for public emergencies will apply). The City Manager may delegate spending authority (within his/her limits) to Department Heads to facilitate operating efficiency.

The City Manager and Department Heads purchase goods and services at a reasonable cost, using an open, fairly documented and competitive process whenever reasonable and possible. The Director of Finance & Technology Services (Finance 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. ELECTRONIC FUNDS TRANSFER POLICY

Electronic payment methods are a safe and efficient method to process disbursements and receive payments for City business. City policy is to establish the best methods to process payments to employees and vendors. In addition, City policy is to establish the best methods to receive payments from customers and vendors. Electronic payment methods may include Electronic Funds Transfer (EFTs), Automated Clearing House (ACH), Wire Transfers, credit card and debit card.

The Director of Finance & Technology Services (Finance Director) will maintain administrative/operating procedures to manage sound electronic fund transfer policies and procedures.

XIV. 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 & Technology 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 Director of Finance & Technology Services (Finance Director) will approve financial institutions to be eligible to conduct investment business with the City, in accordance with Washington State Law.

The Director of Finance & Technology Services (Finance 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, & 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.

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.

Purchasing Policies and Procedures Manual

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-\$25,000	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)
\$25,001 \$75,000	<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)
\$75,001 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
\$25,000 or less	<p>Required to have three estimates</p> <p>May use MRSC Small Works Roster</p> <p>Award to lowest qualified contractor</p> <p>Alternatively, may use day labor (City staff)</p>	<p>Small public works contract</p> <p>Insurance</p> <p>W-9</p> <p>Prevailing wage (<i>Contractor may use Combined Intent/Affidavit Form for projects \$2,500 or less</i>)</p> <p>5% retainage or retainage bond, unless waived in advertisement by City Manager, department head, or designee</p> <p>Performance and payment bonds, unless waived in advertisement by City Manager, department head, or designee</p>	Department head or designee
<p>Less than \$75,000</p> <p><u>Limited</u> Small Public Works process</p>	<p>Obtain estimates from at least <u>three</u> contractors on MRSC Small Works 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 \$75,000³</p> <p>Contracts over these limits require Council approval</p> <p>Contract signed by City Manager</p>
<p>\$350,000 or less</p> <p>Small Public Works Roster process</p>	<p>Obtain estimates from at least <u>five</u> contractors on MRSC Small Works Roster</p> <p>All contractors in applicable roster category</p>	<p>Small public works contract</p> <p>Insurance</p> <p>W-9</p>	<p>Council approval (see above)</p> <p>Contract signed by City Manager</p>

	<p><u>must</u> be given opportunity to submit estimate before any contractor can be solicited again</p> <p><i>If project total is between \$250,000-\$350,000, <u>all</u> contractors in applicable category must be notified that project is being bid</i></p> <p>Recommend bid deposits for projects >\$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 Manager⁷</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>

<p>\$5,000-\$9,999</p>	<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>	<p>Department head or designee</p>
<p>\$10,000-\$19,999</p>	<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>City Manager ⁶</p>
<p>\$20,000 - \$75,000</p>	<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>City Manager ⁶</p>
<p>\$75,000 or more</p>	<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>Council approval ⁶</p> <p>Contract signed by City Manager</p>

		Prevailing wages may be required for certain services (e.g., landscaping)	
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>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>Professional services agreement</p> <p>Insurance, including professional liability</p> <p>W-9</p> <p>Purchase Order if > \$10,000</p>	<p>City Manager if less than \$75,000</p> <p>\$75,001 or more requires Council approval</p>

¹ The City Manager may sign contracts for purchase of goods greater than \$75,000 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 \$75,000 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 \$75,000 if the contract is time-sensitive and delay in bringing the matter before Council would cost the City time and money.

⁷ Once a contract has been awarded the City Manager may sign invoices that exceed \$75,000 as long as the total cost of the project does not exceed the approved contract amount or where change orders do not exceed council authorized limits for City Manager purchase or contract authority.

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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 Director/Manager Finance – Accountant/Finance Specialist	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:

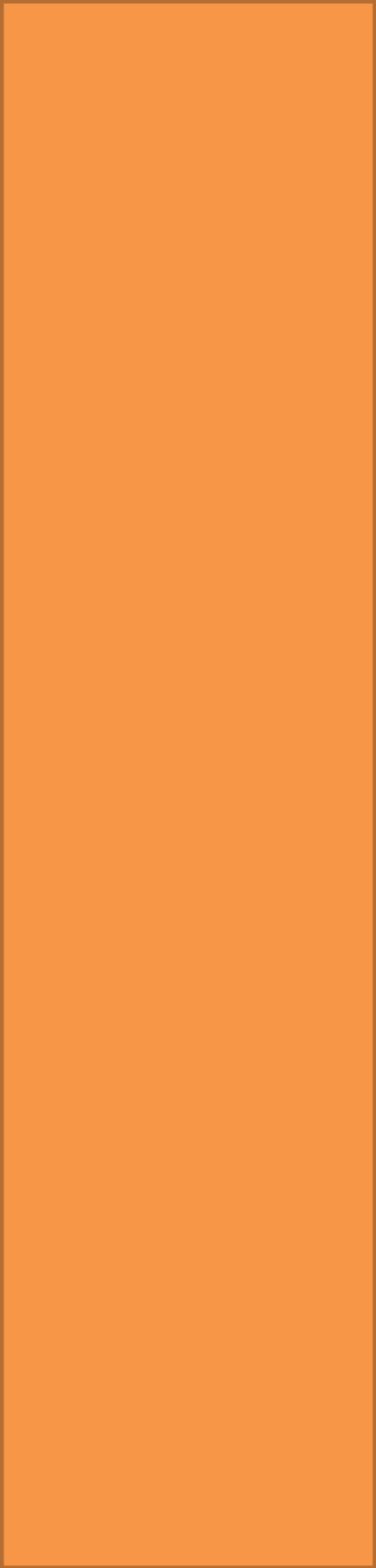
- A solicitation (ITB, ITQ, or RFP) is an invitation to a contractor to make an offer.
- These are most often directed at multiple parties and outline the needs of the City.

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 a 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:

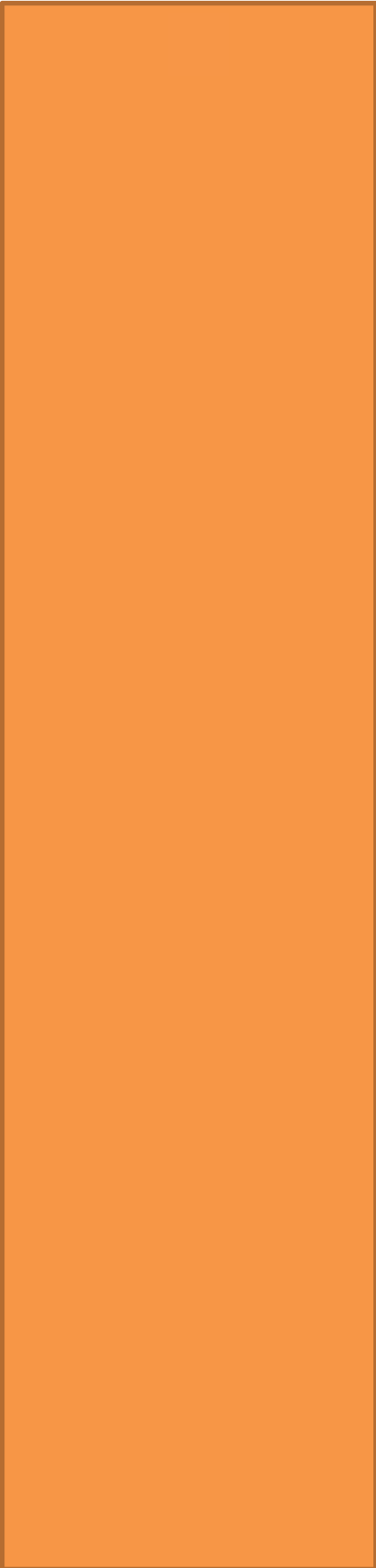
Contracts may be terminated prior to the completion date of the contract either for convenience of the parties or for cause. Contact the City Attorney’s Office for guidance when considering a contract termination.

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 surplus 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 surplus real property.

Pursuant to [PTMC 3.44](#), affordable housing needs will be considered before surplus 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 surplus 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 Director or 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 COUNCIL 2023

Name	Public Phone	Email	Term Expires
Ben Thomas	360-379-2980	bthomas@cityofpt.us	12/31/25 Pos. 1
Aislinn Diamanti	360-379-2980	adiamanti@cityofpt.us	12/31/25 Pos. 2
Monica MickHager	360-379-2980	mmickhager@cityofpt.us	12/31/23 Pos. 3
Owen Rowe	360-379-2980	orowe@cityofpt.us	12/31/23 Pos. 4
Libby Urner Wennstrom	360-379-2980	lwhenstrom@cityofpt.us	12/31/25 Pos. 5
Amy Howard	360-379-2980	ahoward@cityofpt.us	12/31/23 Pos. 6
David Faber	360-379-2980	dfaber@cityofpt.us	12/31/23 Pos. 7

Fax Number for all Council members is the Admin fax line: 360-385-4290



COUNCIL COMMITTEE ASSIGNMENTS

Updated November 6, 2023

COUNCIL STANDING COMMITTEES

Infrastructure and Development (1st Wed. 3pm Virtual/Chambers)----- DF, MM, AP
Culture and Society (2nd Wed. at 4:30pm, Virtual/Chambers) -----AH, OR, BT
Finance and Budget (3rd Wed. 3pm / Virtual/Chambers)-----LW, AH, MM
Intergovernmental Collaborative Group (Board of Commissioners)----- Council of the Whole

CITY BODIES WITH COUNCIL REPRESENTATIVES

Alternative Electric Management Committee -----Unassigned
Lodging Tax Advisory Committee (LTAC) -----DF

OUTSIDE BODIES WITH COUNCIL REPRESENTATIVES

Economic Development

North Olympic Peninsula Resource Conservation & Development Council (NODC) AD (MM alt.)

Health

Jefferson County Board of Health ----- LW
Jefferson County Developmental Disabilities Advisory Board ----- OR
Jefferson County Clean Water District Advisory Council-----MM
Jefferson County Behavioral Health Committee-----AP
Jefferson County Solid Waste Facilities Task Force ----- OR

Housing

Affordable Housing Task Force ----- Unassigned (**doesn't currently exist**)
Housing Fund Board -----AH, AP

Infrastructure

Public Infrastructure Board -----DF

Law and Justice

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

Transportation

Jefferson Transit Authority Board ----- BT, DF
Peninsula Regional Transportation Planning Organization Executive Board-----BT (DF Alt)
Surface Transportation Block Grant (STBG) Selection Committee-----DF

Other

Climate Action Committee ----- OR
Jefferson County/City of Port Townsend LEOFF I Retirement/Disability Board -----DF
JeffCom Administrative Board ----- Staff
OlyCAP Board of Directors ----- AH
Joint Growth Management Steering Committee----- AD, DF, BT
Jefferson County FEMA funds (Dove House Advocacy Services, administrative agency)-----AP
Port Townsend Main Street HUD Loan Committee----- AH
Creative District ----- OR
Fort Worden Public Development Authority ----- LW
Jefferson Broadband Action Team ----- LW
Team Jefferson Economic Development Council (EDC)-----MM