City of Oak Harbor
City Council Agenda
For
December 20, 2011
6:00 p.m.

Season's Greetings to
One and All!!!

Oak Harbor City Council
REGULAR MEETING
Tuesday, December 20, 2011, 6:00 p.m.

Welcome to the Oak Harbor City Council Meeting

*As a courtesy to Council and the audience, **PLEASE TURN YOUR CELL PHONES OFF** before the meeting begins. During the meeting's Public Comments section, Council will listen to your input regarding subjects of concern or interest that are not on the agenda. For scheduled public hearings, please sign your name to the sign up sheet, located in the Council Chambers if you wish to speak. The Council will take all information under advisement, but generally will not take any action during the meeting. To ensure your comments are recorded properly, state your name and address clearly into the microphone. Please limit your comments to three minutes in order that other citizens have sufficient time to speak.* ***Thank you for participating in your City Government!***

CALL TO ORDER

INVOCATION Pastor Dave Johnson, First United Methodist Church

ROLL CALL

MINUTES

NON-ACTION COUNCIL ITEMS:

1. Wellness Presentation.
2. Employee Recognition – Jon Roberts, Oak Harbor Fire Department, 15 Years.
3. Public Comments.

COUNCIL CONSIDERATION AND ACTION ON THE FOLLOWING MATTERS:

4. Consent Agenda:

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   a. Agreement – AWC Retro Program.
   b. Approval of Accounts Payable Vouchers (Pay Bills).

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5. Public Hearing – 2011 Comprehensive Plan Amendments (2011-2016 CIP).

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6. Public Hearing – GASB 54 Ordinances.

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7. Pioneer Way – Art Proposal, Georgia Gerber Ducklings.

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8. Suspension of 2012 Rate Increase for Marina.
9. City Administrator's Comments.
10. Council Members' Comments.
    - Standing Committee Reports
11. Mayor's Comments.

ADJOURN

If you have a disability and are in need of assistance, please contact the City Clerk at (360) 279-4539 at least two days before the meeting.

Kindness, like a boomerang, always returns.
~Author Unknown

City Council Regular Meeting
Tuesday, December 6, 2011, 6:00 p.m.
City Hall – Council Chambers

CALL TO ORDER Mayor Slowik called the meeting to order at 6:00 p.m.

ROLL CALL

Mayor Jim Slowik
Five Members of the Council,
Rick Almberg
Jim Campbell
Jim Palmer
Beth Munns
Bob Severns

Paul Schmidt, City Administrator
Margery Hite, City Attorney
Doug Merriman, Finance Director
Steve Powers, Development Services Director
Cathy Rosen, Public Works Director
Eric Johnston, City Engineer
Rick Wallace, Chief of Police
Mark Soptich, Fire Chief
Mike McIntyre, Senior Services Director
Renée Recker, Executive Assistant to the Mayor

Councilmembers Scott Dudley and Danny Paggao were absent and formally excused from this meeting.

MINUTES

11/15/11 Regular Meeting, 11/28/11 Special Meeting

MOTION: **Councilmember Severns moved to approve the minutes of the 11/15/11 regular meeting. The motion was seconded by Councilmember Campbell.**

VOTE ON THE MOTION: **Councilmembers Campbell, Palmer, and Severns voted in favor of the motion. Councilmembers Almberg and Munns abstained from the vote since they had excused absences from the 11/15/11 meeting. The motion carried.**

MOTION: **Councilmember Campbell moved to approve the minutes of the 11/28/11 special meeting. The motion was seconded by Councilmember Palmer.**

VOTE ON THE MOTION: **Councilmembers Almberg, Campbell, Palmer, and Munns voted in favor of the motion. Councilmember Severns abstained from the vote since he had an excused absence from the 11/28/11 meeting. The motion carried.**

NON-ACTION COUNCIL ITEMS

Wreath Presentation – From Boy Scout Troop 59

Mayor Slowik introduced and read the names of the Troop Members and Scout Masters attending this evening's meeting. Scout Ryan Hughes presented the wreath to the City

and community, and the Wreath Committee Chair, Brian Jones talked about Troop 59: It is the oldest Troop in Oak Harbor, founded over 75 year ago, and the Troop has been making wreaths as its primary fund raiser for over 55 years. 200 wreaths were made this year. Monies raised help with summer camp, the Troop's community service projects, and Troop supplies. Mayor and Council thanked Troop 59 for their annual presentation of this beautiful large wreath.

Planning Award Presentation – From the Washington Chapter of the American Planning Association and the Planning Association of Washington
Development Services Director Steve Powers received the award on behalf of the City from Richard Hart, Chair of the American Planning Association – Washington Chapter. Mr. Hart said he was honored to present an award to Oak Harbor for the third year in a row noting that this is the only time the same city has been recognized over three consecutive years. This award was won in the transportation category for the Pioneer Way Greenroads Street Improvement Project. Mr. Hart noted that it could have also won in the sustainability category since it is a unique project. The City's submittal was the best and most thorough of all submittals in addressing criteria and it stands as an example of how all submittals should be presented. Mr. Powers responded that this award is truly an award for the Public Works and Engineering Department (within Public Works), Mayor and Council, the community, and he accepted it on behalf of the entire City.
Mayor Slowik thanked Mr. Powers and everyone involved with this project.

Proclamation – National Impaired Driving Prevention Month
Councilmember Campbell presented this proclamation to the Impaired Driving Impact Panel of Island County (IDIPIC), the Oak Harbor Police Department, Oak Harbor High School's Students Against Destructive Decisions, and Whidbey General Hospital Emergency Medical Services. JoAnn Hellman, IDIPIC Director, was not able to attend since she was presenting a panel, but Cecilia Welch, IDIPIC President; Lt. John Dyer, OHPD; Robert May, Whidbey General Hospital; and Cynthia Allen, Oak Harbor High School SADD accepted the proclamation. Ms. Welch thanked the City for helping to heighten awareness of the dangers of driving under the influence of alcohol and drugs, and the needless threat to families, friends, co-workers, and neighbors of impaired driving.

Public Comments
Shane Hoffmire, Oak Harbor. I see certain Council members have been up to no good – Councilmember Almberg's motion and Councilmember Munns' second to the motion (11/28/11 special meeting). Mayor Slowik asked Mr. Hoffmire to hold his comments until this item's presentation since it was on the agenda.
Paul Brewer, 227 NE Ernst, Oak Harbor. In September, we had a special Council meeting and the Mayor stated you cannot add items to the agenda because it is a special meeting. I request that item 10 be removed from the agenda. It should not have been allowed since you stopped an agenda item in September and you allowed this one to go (be on this evening's agenda). Clerk's note: Council did not have a special meeting in September, but did hold a special meeting in August – 8/16/11.

Jeff Trumbuller. Oak Harbor. (Mr. Trumbuller did not sign the comments sheet so his name may be mis-spelled). One has to look at the incoming mayor, and things should not be done to limit the incoming mayor's job.
Cecil Pierce, 871 NW Haslo Place, Oak Harbor. Looking at OHMC 2.246, there is supposed to be an ADA Committee. There is no committee; why? Let's get it started. There are locations that are not ADA (compliant). These things should have been looked at by the ADA Committee and we have failed to do it.
Terry Lacey, 1041 Ridgeway Drive, Oak Harbor. I rode with the VFW in the rain in Burlington's parade. I'm asking for support for a Veteran's Day parade in Oak Harbor. I have talked with organizations, the Chamber of Commerce, and Council members and they are supportive and asked how I can be helped with this parade. I will do set up, clean up, publicity, and I will be working with the Navy League.
Mel Vance, P.O. Box 2882, Oak Harbor. Tomorrow is the anniversary of Pearl Harbor. Remember those who served, were wounded, or gave their lives there. Councilmember Munns noted that there will be a Pearl Harbor Remembrance on the Seaplane Base at 10:00 a.m.
Martha Yount, 364 NE Ronhaar, Oak Harbor. The Pearl Harbor Remembrance will be followed by a reception at the PBY Memorial Foundation Museum on the Seaplane Base.

With no other comments coming forth, Mayor Slowik closed this portion of the meeting.

COUNCIL CONSIDERATION AND ACTION ON THE FOLLOWING MATTERS
Consent Agenda

A. Excused Absence Request – Councilmember Rick Almberg from the 12/20/11 and 1/3/2012 Council Meetings
B. Library Board Re-Appointment – Susan Norman
C. Marina Advisory Committee Re-Appointment – Chris Skinner
D. Planning Commission Re-Appointment – Keith Fakkema
E. Lease Renewal – Big Brothers Big Sisters
F. Approval of Accounts Payable Vouchers

Councilmember Campbell asked to remove Consent Agenda items B, C, and D.

MOTION: Councilmember Campbell moved to approve Consent Agenda items A, E, and F with item F paying Accounts Payable check numbers 148102 – 148120 in the amount of $1,971.44, Accounts Payable check numbers 148121 – 148130 in the amount of $272,616.08, Accounts Payable check numbers 148131 – 148139 in the amount of $492.22, Accounts Payable check numbers 148140 – 148323 in the amount of $392,986.65, Payroll Check numbers 95158 – 95186 in the amount of $618,802.97, and Payroll Check numbers 95187 – 95209 in the amount of $35,188.40. The motion was seconded by Councilmember Palmer and carried unanimously.

MOTION: **Councilmember Campbell made a motion to move Consent Agenda Items B, C, and D to the January 3, 2012 City Council meeting which would allow the new Mayor to make these appointments.**

Mayor Slowik noted that all three of these terms are expired terms.

NO SECOND TO THE MOTION: **This motion died for lack of a second.**

MOTION: **Councilmember Almberg moved to approve Consent Agenda Items B, C, and D. The motion was seconded by Councilmember Palmer.**

VOTE ON THE MOTION: **Councilmembers Almberg, Munns, Palmer, and Severns voted in favor of the motion. Councilmember Campbell opposed. The motion carried.**

Public Hearing – Property Tax Ordinance for 2012
This agenda bill and public hearing was a continuation from the November 28, 2011 special meeting. Finance Director Doug Merriman led a comprehensive PowerPoint presentation explaining the proposed ordinance and 1% tax levy which is attached to these minutes as Exhibit A. The increase in the property tax levy is included in the City's adopted 2011 – 2012 biennial budget and amounts to $37,499.98 or $4.60 annually for a $225,000 home. Under RCW 84.55.005(1) and RCW 84.55.005(2(c), the City may increase collection of property tax revenues by the lower of 1% or the rate of inflation as set by the Implicit Price Deflator (IPD) as published by the Bureau of Economic Analysis (BEA). The IPD measurement for 2012 is 2.755%. Accordingly, the allowed levy adjustment for 2012 is 1%.

Mayor Slowik opened the public hearing and called for public comments.

Paul Brewer, 227 NE Ernst, Oak Harbor. Right now, we have between 14 and 34 houses in foreclosure and 300 houses are not selling. How do we collect and recoup from these properties?
Sandi Peterson, 964 NW Longview Drive, Oak Harbor. My understanding is that we have substantially more in reserves. You have already raised the utility tax this year. There is no COLA for many people this year. People are in dire straights.
Part of the $37,499.98 could come back with Mayor Dudley's salary (Mayor-Elect Dudley wants to reduce his salary). One good negotiated deal could save the City this amount of money. $4.60 equals a box of cereal, a gallon of milk. What does the $4.60 mean to a child that will go hungry?

With no other comments coming forth, Mayor Slowik closed the public hearing.

Council Discussion

Discussion followed about this amount's inclusion in the 2011 – 2012 biennial budget, the I - 1183 liquor sales monies (Mr. Merriman noted there could be a loss of $200,000 - $300,000 regarding excise tax and liquor control board profits which could be taken by the State since a formula for I – 1183 dispersal is not in place), the $4.60 as it applies to multiple properties, CAPRON funds ($600,000 per year) which, if lost, would impact the City's street fund since it amounts to 50% of the street fund, and the potential combined loss of $400,000 to $500,000 in revenue if these funds and liquor monies are swept from cities. Mr. Merriman clarified that utility funds are enterprise funds. Discussion continued about the impact on public safety if funds are lost, that City staff (non-represented) will not be receiving a COLA, and that the City must maintain its reserve which could be quickly depleted if tapped. Discussion followed about the compounding effect of keeping the 1% in place, the loss of revenue to cities, and the AWC Board handout that Councilmember Munns provided Council which addressed legislative priorities and State budget impacts on cities.

MOTION: **Councilmember Munns moved to pass the ordinance to implement a 1% adjustment to the 2012 property tax levy. The motion was seconded by Councilmember Palmer.**

VOTE ON THE MOTION: **Councilmembers Almberg, Munns, Palmer, and Severns voted in favor of the motion. Councilmember Campbell opposed. The motion carried.**

Public Hearing – OHMC Code Revisions, Low Impact Development

Development Services Director Steve Powers presented this agenda bill and respective proposed ordinances for Low Impact Development code amendments. During Council's July 12, 2011 meeting, the Council made a motion to table the Low Impact Development code amendments and remand them back to the Planning Department. On November 1, 2011, the City Council voted to schedule this matter for the November 15, 2011 meeting. Since that time, Planning Department staff has worked on alternative code language. The revised code language makes adjustments to the July 12, 2011 draft and the revisions primarily affect Chapter 19.44 OHMC regarding when (at what threshold) pervious surfaces or LID techniques are required in off-street parking lots.

Mayor Slowik opened the public hearing and called for public comments.

Paul Brewer, 227 NE Ernst, Oak Harbor. Mr. Brewer talked about storm water as part of low impact development. If you build a home that is 1,200 sf, you pay the same fee as a 4,000 sf house that has more non-pervious surface. I feel we need to take a look at charging a fair fee. It is unfair that a larger house pays the same rate when they have a greater environmental impact.

There were no other public comments, so Mayor Slowik closed the public hearing.

Council Discussion

Discussion followed about the Navy Federal Credit Union's incorporation of pervious surface, multi-family housing and the amount of available parking, removal of crown vetch from the ordinance language, longevity and costs of pervious surfaces (costs are similar to asphalt and concrete), and the components which make up a low impact development project. Discussion continued about storm water fees in response to Mr. Brewer's comments (less storm water to pay for with the use of pervious surfaces; larger use of pipes and ponds if non-pervious surface is used), the flexibility of LIDs, and that with code language in place, everyone can understand LID standards. Discussion followed about a large house and small house footprint and use of the formula for an equivalent residential unit. A larger, two-story home would have the same footprint as a smaller single-story home. If every lot is audited, how would staff be able to digitize and keep up with the formula, especially with changes to properties, and staff funding could exceed collectibles. For commercial property, an applicant has to submit a drainage report which affects how LID will be applied to the approval process. Mr. Powers also noted the increasing obligations under the NPDES Phase 2 permit. Discussion followed about sweeping pervious surface and how to ensure that private properties are maintained. It was noted that the approval of the storm water report triggers how maintenance occurs (as occurs with detention pond maintenance), and staff infrastructure is in place. Incentives, such as Oak Harbor's expedited permitting process, were also discussed.

MOTION: **Councilmember Campbell moved to approve the proposed amendments to Titles 11, 19, and 21 promoting the use of LID storm water management techniques. The motion was seconded by Councilmember Almberg and carried unanimously.**

Mayor Slowik talked about the Puget Sound Partnership grant for the Low Impact Development program and now, four years later at Mayor Slowik's second to last meeting, LID has been achieved and will be presented at Mayor Slowik's final Sustainable Whidbey meeting.

Break

Mayor Slowik called for a break at 7:30 p.m. and the meeting reconvened at 7:45 p.m.

Public Hearing – Work Plan and Extension for Sign Code Amendment, Political and Other Temporary Signs

Development Services Director Steve Powers presented this agenda bill and recommendation that the City Council extend interim ordinance number 1609 pertaining to the temporary and special signs section of the Oak Harbor Municipal Code.

Mayor Slowik opened the public hearing and called for public comments.

Shane Hoffmire, Oak Harbor. Thanks for looking at this and taking the time to get it right.

With no other comments coming forward, Mayor Slowik closed the public hearing.

Council Discussion
Discussion followed about finalization of this ordinance in light of the next election date and the extension of time to July 12, 2012.

MOTION: **Councilmember Munns moved to adopt the ordinance extending interim ordinance number 1609 for an additional six-month period. The motion was seconded by Councilmember Severns and carried unanimously.**

Authorization to Advertise for Bids – Safe Routes to School
City Engineer Eric Johnston presented this agenda bill seeking authorization to advertise the Safe Routes to School Construction Project for competitive bidding. This project will construct physical improvements to eight street crossings in Oak Harbor. All of the crossings are on arterial streets and all are routes frequented by students walking to and from schools. The primary improvements are the installation of pedestrian-activated, solar-powered, in-roadway warning lights and warning sign systems at each of the intersections. Improvements to sidewalks and curb ramps are also included in the project. All work to be performed is in accordance with the contract plans, contract provisions, and standard specifications and the Engineer's estimate for construction of this project is $300,000. In June of this year, the single bid received significantly exceeded the funds available and the bid was rejected by Council. The project has since been scaled back to reduce construction costs while retaining the project elements required by the Safe Routes to School grant. Improvements to the sidewalks and curbing were minimized and the light fixtures were reduced in number to the minimum standard. The commissioned archaeological survey was completed and did not reveal significant issues. An inadvertent discovery plan was also completed.

Mayor Slowik called for public comments.

Paul Brewer, 227 NE Ernst, Oak Harbor. Does this include sidewalk additions and will they connect? We can have wonderful crosswalks, but sidewalks should be included for safe routes to school.
Gerry Oliver, 947 NW Prow, Oak Harbor. Thank you and have the courage to vote this through and put this project out to bid. Flashing light crosswalks are effective; a great thing.
Sandi Peterson, 964 NW Longview Drive, Oak Harbor. I heard the words "archaeology" and "significant," what is their definition. We do not want another problem.

There were no other comments.

Council Discussion

Council asked Mr. Johnston to address Ms. Peterson's question: The DAHP office said to test-probe the locations, but no cultural resources were found. We make the assumption that archaeological discovery may affect all of our projects. That is fairly benign at this point on this project, but we will approach it cautiously and remain aware. A plan is in place and City crews are also going through training. Discussion followed about the timeframe for this project (back to Council in February for bid award with construction in April, May, or June). Mr. Johnston also addressed Mr. Brewer's question about sidewalks. New sidewalks are not part of the grant; the grant is for crosswalks. In the past, funds were set aside from the general fund for sidewalk completion. This particular project does not install new sidewalks, but there are some partial sidewalks already in place. Councilmember Campbell noted a public presentation which had been made by a community member four or five years ago regarding Heller and SW 8th and that she would be pleased with this project. Discussion continued regarding the receipt of only one bid in the past (the schedule has been relaxed and there is more flexibility to encourage more bids), a return to how City crews (Streets, Engineering) are being archaeologically-trained with direction from SWCA and Tribal Archaeologists, ADA design standards for the Safe Routes to School project, and the interlocal agreement with Oak Harbor School District.

MOTION: **Councilmember Severns moved to authorize staff to proceed with advertisement of the Safe Routes to School Construction Project for competitive bidding. The motion was seconded by Councilmember Munns and carried unanimously.**

Hiring/Firing Freeze

Mayor Slowik asked Councilmember Almberg to present this agenda bill since his motion (with Councilmember Munns' second to the motion) had placed it on this evening's agenda.

Councilmember Almberg: I made a motion to bring forward an action to create a discussion regarding hiring and firing of City employees and the transition and budgetary impact to the City. The RCWs provide authority to the Mayor to hire and fire certain personnel. The Council has responsibility for the governance of the budget. I feel strongly about the City's financial well being and we are fortunate to have Mr. Merriman as the City's Financial Director. His earlier presentation included national and international economic impacts and what would happen to the revenue stream. I believe changing personnel will have a negative impact on our budget. Personnel laws are complicated; we have contract employees and procedures that have to be followed precisely and could open us up to litigation and I estimate a range of $200,000 to $500,000 if this is not handled properly. I am not presenting a resolution to handcuff Mayor-Elect Dudley. I have firsthand knowledge that he has recruited specific people for specific jobs and he will identify them; I know who some of them are. When he makes that decision, I am encouraging him to exercise restraint and due diligence with any changes. Past Mayor Cohen put these people in place and I have worked with these

people. I think there are going to be things to improve in any city, but focus on the strengths. I have met with Mr. Dudley and we mutually understand that we both have the best interests of the City at heart. I also called Councilmember Campbell and apologized and did not realize that my motion would create a firestorm. I don't want to see dissention in the City and I am presenting a non-binding resolution (Councilmember Almberg read the full resolution and it is attached to these minutes as Exhibit B). I think everyone has concerns about the City staying solvent and we need to keep moving forward. I have given my commitment to Mr. Dudley and I will support him. I am concerned about the future of the City. My recommended action is to adopt the non-binding resolution concerning the budgetary impacts of potential major personnel changes and urging the new Mayor to exercise restraint.

Mayor Slowik called for public comments.
Shane Hoffmire, Oak Harbor. The intent is evil. The only reason is the RCW says it has to be non-binding. Council members are up to no good. This is petty and childish and creates another illegal ordinance. There is a personal grudge against our Mayor-Elect. What frustrates me the most is the attempt to undermine the will of the voters. I was told by a retired master chief that (perception of Oak Harbor) is, it is the ugliest city in the prettiest place. I am befuddled by your behavior and this sets up a hostile transition. The voters understood the Mayor's power when Mr. Dudley was elected.
Paul Brewer, 227 NE Ernst, Oak Harbor. In September there was an illegal procedure. We had a special Council meeting and the Mayor stated you cannot add items to the agenda because it is a special meeting. (Clerk's note: Council did not have a special meeting in September, but did hold a special meeting in August – 8/16/11.) I disagree with the City Attorney. This item should not be here tonight. without the full Council here and without Mayor-Elect Dudley. I oppose this. Table this until the new mayor comes onboard with the full and new Council. It amazed me that two council members knew about it. We only abide by the law when it is convenient (in reference to the special meeting). Abide by the law as elected officials.
Carol Scully, No address given. 56.54% of the people elected Mr. Dudley because of his new plans to put Oak Harbor on its feet and become financially stable. This resolution still ties hands. He is inheriting financial problems before he even takes office. Why was this even put on the agenda when you knew he would not be here? Mr. Almberg, if the concern was about contracts, why didn't you discuss this with Mr. Dudley before he left? I feel with Mr. Dudley gone, this gives the definite impression that you are making a political move. Table this discussion entirely and take it off the agenda until he has a chance to take office. You need to work with the new Mayor.
Jeff Trumbuller, Oak Harbor. I think this is uncalled for. There is no doubt about the state of the economy. The thing I question is, do you really believe that he is that irresponsible and would put the City at risk? What purpose does this serve; you are supposed to take on major fiscal challenges with discussion in an open forum. This is remarkable and uncalled for.
Cecil Pierce, 871 NW Haslo Place, Oak Harbor. I find it weird that since there are a lot of professionals in this room who know how to lay off and fire, I would call my human resources department. From my understanding, you are supposed to be pretty smart. Do you thing Mr. Dudley would not refer to the City Attorney and human resources?

Terry Lacey, 1041 Ridgeway Drive, Oak Harbor. You've got to be kidding. I see one Council member leading the pack; do not follow him. If you had thrown this to Mayor Slowik when he took office, he would feel the same way as Mr. Dudley. This is unfair.
Mel Vance, P.O. Box 2882, Oak Harbor. A motion was made at a special meeting for a six-month moratorium, not what is proposed tonight. No vote should be taken tonight. The public has not had a chance to review the non-binding resolution. It should be signed by Council members. Shame on you Mr. Almberg. This is a political stunt. You said Council should work with the Mayor. This smacks of backroom dealing. If this goes forward, citizens should exercise a recall. I think this is a violation of the Open Public Meetings Act.
Gerry Oliver, 947 NW Prow, Oak Harbor. I think the spirit of the motion was concern about fiscal responsibility. How will it affect our City is what Mr. Almberg was trying to get to and Mr. Almberg said in his campaign that he represented all of the community. I think it is a healthy discussion and my point is, it is o.k. to have the discussion, and it is o.k. in fairness and transparency. I worry about fiscal responsibility. And no, I am not running for election.
Jim Scully. No address given. In the sprit of transparency, this is not transparent. You should wait until all are present and Mayor-Elect Dudley is present
Edward Johnson, P.O. Box 1545, Oak Harbor. I hope what has been said doesn't fall on deaf ears. Certain personnel changes - why those words versus any and all personnel changes. Any person that has served, if they have done a good job, they shouldn't worry. With a career in law enforcement, I served under three different chiefs and two different sheriffs. I never heard of a resolution that they could not change personnel in appreciation of fiscal concerns. With the 2,200 signatures on the Pioneer Way petition, hiring of a public relations person for that project, that was a waste of money. It is a slap in the face to Mr. Dudley. Get behind the new Mayor and work with him and what the people have elected him for.
Robyn Kolaitis, Dillard Lane, Oak Harbor. Clearly I believe this motion is snarky, and the non-binding resolution is a waste of paper. The other real assumption is that severance payments to certain employees would be a drain on the budget. Mistakes and mismanagement have happened over the last few years. Wouldn't it be more expensive to keep those employees? I appreciated Mr. Oliver's comments knowing that he will not be in the City much longer.
Martha Yount, 364 NE Ronhaar, Oak Harbor. After listening to all of this, I was going to thank the present Council for their hard work over their terms and to thank Mayor Slowik. In the military there is a saying: honor the uniform, the man earns the respect. I believe Mayor Slowik has earned that respect. We have one vote and one opinion. Honor the office. Any man who goes into a new job needs to take the time to understand the demands of that job. Any new Mayor will want like-minded staff. I wish Mr. Dudley the best of everything in this job. As a senior citizen, I personally question Mr. Dudley as the choice. This is from my personal experience. I am speaking from the heart without notes. Council works hard and makes their decisions based on information from the staff and the Mayor implements the decisions of the Council. I support this moratorium to give Mr. Dudley time to learn what the job entails.

There were no other public comments.

Council Discussion

Mayor Slowik asked if the Council wanted to table this item. There was no motion to table it.

Discussion followed about fiscal responsibility and disagreement with public comment that the City has a financial problem, Mayor Pro Tem Paggao's and Mayor-Elect Dudley's absence from this meeting, recent communications with Mr. Dudley, and Mr. Dudley's unknown plans.

Since Councilmember Almberg had brought this forth, Mr. Almberg wanted to clear up any motive about choosing tonight for this discussion: I was out-of-town and came back to town about the same time that Mr. Dudley was going out-of-town. I did recall his excused absence but made the motion on 11/28/11 without remembering that he was going to be gone. I frankly wish he would have been here this evening along with Mr. Paggao. I did this because I am going to be gone for the next two Council meetings. It brought all of you out for this discussion and, along with the timing of Mr. Merriman's discussion on economic impacts; this is the discussion I wanted to have. People will watch and the message is getting out there. I am concerned about this community.

Discussion continued about financial responsibility and offense to the public comment that Council has not been doing a good job financially (Councilmember Palmer), noting that Mr. Dudley has been elected and the Council needs to support him. Discussion followed regarding past votes (Pioneer Way) and that moving forward is part of the process. Council controls the direction of the City; the Mayor cannot make decisions without Council's process and Council should not lose sight of that fact. People have left and have been hired and Council has been part of those discussions. As part of these prior statements from Councilmember Campbell, he also stated that Council's individual signatures should be on this resolution and not Mayor Slowik's, the City Clerk's, and City Attorney's signatures. Mr. Campbell would not vote for this resolution and felt it was unnecessary; senior management should also be allowed to address their personnel's issues. Mr. Campbell read a letter from Dave Harrington attached to these minutes as Exhibit C.

As the Councilmember who had seconded the motion on 11/28/11 to bring this discussion forward on this evening's agenda, Councilmember Munns felt this had been a great discussion. Ms. Munns noted that she is getting calls from the public asking about people who have been fired or will be fired by Mr. Dudley. Ms. Munns went on to say: How has the Mayor-Elect talked to you (the public). I am a team player and this has brought to light what can happen. We have a great staff. To fire staff because you don't think they will be loyal, how does Mr. Dudley know this? They are loyal to their job; they are professionals. I want people to stop and think and see what will happen, do the pros and cons, I wanted this discussion to be out in the open. Mr. Dudley made a lot of campaign promises that he was going to clean house.

Councilmember Almberg complimented Councilmember Campbell on his comments regarding Council being privy to these decisions.

MOTION: **Councilmember Almberg made a motion to approve a non-binding resolution concerning the budgetary impacts of potential major personnel changes and urging the new Mayor to exercise restraint.**

NO SECOND TO THE MOTION: **The motion died for lack of a second.**

City Administrator Comments

City Administrator Schmidt talked about upcoming conferences and meetings:

- Newly Electeds Workshop in Lynnwood, January 13 and 14, 2012.
- Annual trip to Olympia for the Legislative Action Conference, January 25 and 26, 2012.
- The February 25, 2012 Council Retreat date may not work with absences; potential new date is February 11, 2012. Mr. Schmidt was looking for feedback on this and any other dates.
- The WWTP tour to Blaine was also mentioned: December 14, 2011.

Council Members Comments

Councilmembers gave their respective standing committee and board reports. Councilmember Munns talked about the Thanksgiving success of Help House: 458 baskets, 167 military baskets, 59 baskets adopted by other groups, and 2,000 people were fed (more singles and couples than families this year). The need will be the same, if not greater, for Christmas. Help donate; the community cares and Help House is not dependent on Federal grants. Both Councilmember Almberg and Councilmember Campbell noted that left-over campaign funds can be donated to Help House.

Mayor's Comments

Mayor Slowik encouraged everyone to donate to Help House and also talked about the upcoming Applebee's event in which the restaurant will donate 15% of meal prices, with presentation of the event flyer, to the Senior Center. Mayor Slowik also talked about the Navy Band Northwest performance coming to the high school on December 17th at 3:00 p.m., with a Skagit Community Band and Barbershop Quartet performance the next day at the high school. Mayor Slowik gave a brief Pioneer Way update (curbing was poured today and the first lift of paving will be done on Friday in front of Oak Harbor Tavern with good weather). And finally, Mayor Slowik spoke on behalf of himself: We all need to support Mayor-Elect Dudley and the message came loud and clear from the community. Give him a chance, he wants this job, and I encourage the community to do the same thing.

ADJOURN

With no further business coming before the Council, the meeting adjourned at 9:25 p.m.

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Connie T. Wheeler
City Clerk

Exhibit A

City of Oak Harbor

Property Tax Discussion

December 6, 2011

Property Tax Levy Increase

Rules Per RCW 84.55:

- Increase is the lower of the IPD or 1%
- IPD for 2012 is 2.755%
- Accordingly, 1% is the limit amount

Property Tax Cost of Living Increase

Why is it needed ?

- To keep pace with the long-term effect of inflation.
- To maintain the *existing* level of services provided by the City to its citizens.
- To ensure long-term financial stability of reserves and ability to pay expenses.

Economic Factors Impacting 2012 Budget

International Impacts on Local Economy

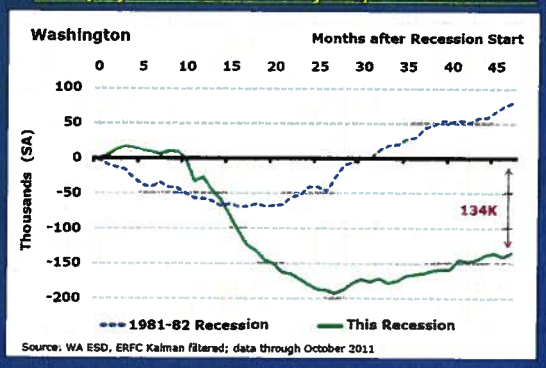
EUROPE Sovereign Debt	GRE	ITA	IRL	ESP	POR
EUROPE Banks	DEU	FRA	U.S. Banks		

Political Gridlock In Washington DC
- Debt limit debate
- Super Committee

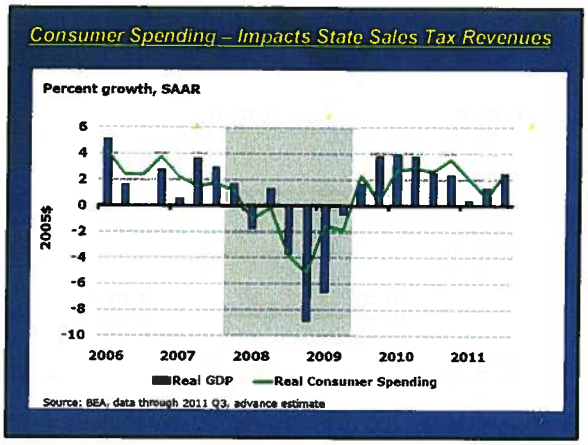
Weak consumer and business confidence

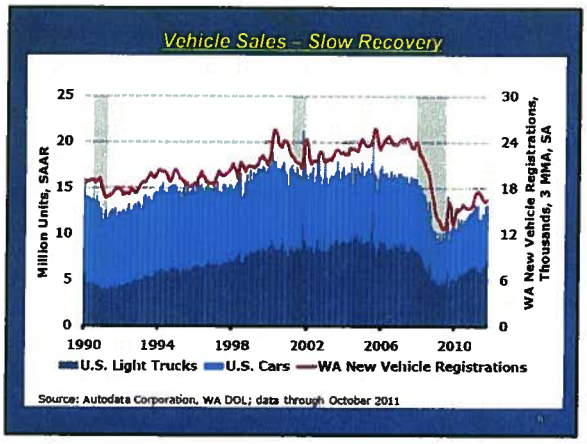
State of Washington	Pluses	Minuses
	Aerospace Software Exports Agriculture	Construction State & Local Government

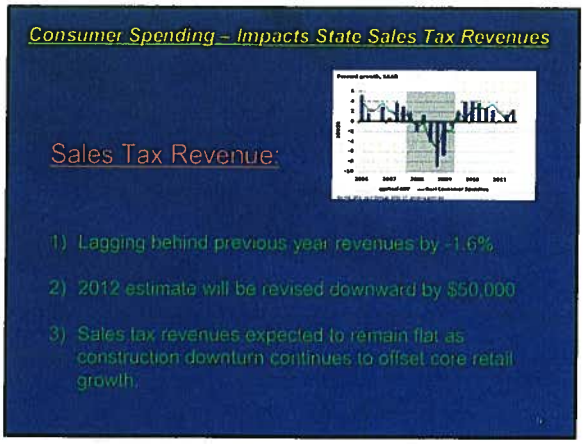
Unemployment – Slow recovery Vs. previous recession



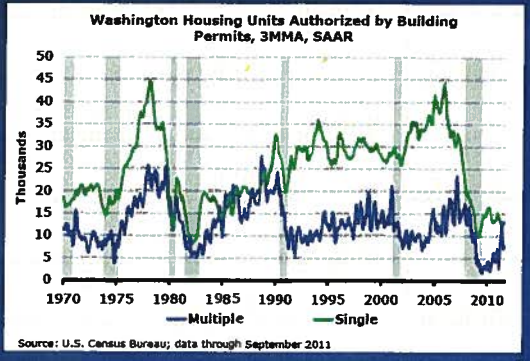
Source: WA ESD, ERFC Kalman filtered; data through October 2011


Consumer Spending – Impacts State Sales Tax Revenues
Percent growth, SAAR
2005$
6
4
2
0
-2
-4
-6
-8
-10
2006
2007
2008
2009
2010
2011
Real GDP
Real Consumer Spending
Source: BEA, data through 2011 Q3, advance estimate


Vehicle Sales – Slow Recovery
Million Units, SAAR
25
20
15
10
5
0
WA New Vehicle Registrations, Thousands, 3 MMA, SA
30
24
18
12
6
0
1990
1994
1998
2002
2006
2010
U.S. Light Trucks
U.S. Cars
WA New Vehicle Registrations
Source: Autodata Corporation, WA DOL; data through October 2011

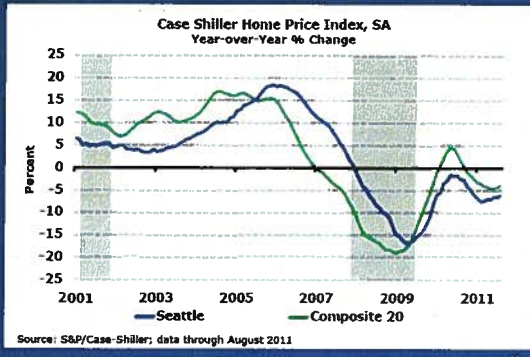

Consumer Spending – Impacts State Sales Tax Revenues
Sales Tax Revenue:
1) Lagging behind previous year revenues by -1.6%
2) 2012 estimate will be revised downward by $50,000
3) Sales tax revenues expected to remain flat as construction downturn continues to offset core retail growth.

Building Permits – Improving slightly



Source: U.S. Census Bureau; data through September 2011

Home Price Index – Prices still declining



Source: S&P/Case-Shiller; data through August 2011

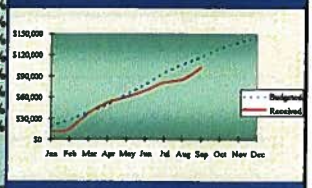
Building Permits – Improving slightly

Construction-type Revenue:

1) Impacts REET Revenues – 2011 down by 34%
2) Slows Impact Fee revenues – delayed Capital Facilities Plan
3) Recovery in housing has been primary recovery leader from previous recessions.

Total 2011 Permit Revenues

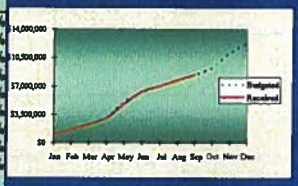
YTD Budgeted	YTD Received	% of Budget
$17,970	$9,505	-47.11%
28,365	14,389	-49.27%
37,515	36,938	-1.54%
48,826	52,049	6.60%
63,153	59,776	-5.35%
77,578	68,918	-11.16%
94,724	80,870	-14.63%
105,938	84,895	-19.86%
116,627	102,225	-12.35%
129,463		
137,463		
145,000		
$145,000		



Total Permit Revenues for 2011 behind projections by -12.35% ($14k)

Total General Fund Revenues 2011

YTD Budgeted	YTD Received	% of Budget
$762,580	$797,094	4.53%
1,479,482	1,577,439	6.62%
2,168,981	2,192,714	1.09%
3,005,685	2,975,447	-1.01%
5,116,160	4,760,845	-6.94%
6,167,777	6,238,190	1.14%
6,999,379	6,970,301	-0.42%
7,703,132	7,672,281	-0.40%
8,387,458	8,337,620	-0.59%
9,207,689		
11,142,788		
12,259,081		
$12,259,081		



Total General Fund Revenues for 2011 behind projections by -0.59% ($50k)

Property Tax Cost of Living Increase

2012 General Fund Issues

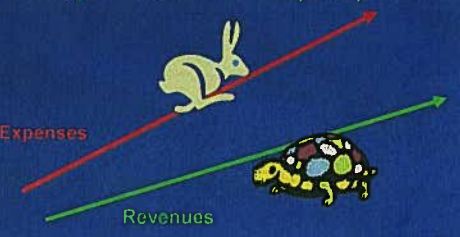
1) Reduction in Sales Tax Revenues -$50k
2) Reduction in Permitting Revenues -$18k
3) Reduction in WGH support of BLS: - $50k
4) Subsidies:
   a) Street Fund
   b) Senior Center

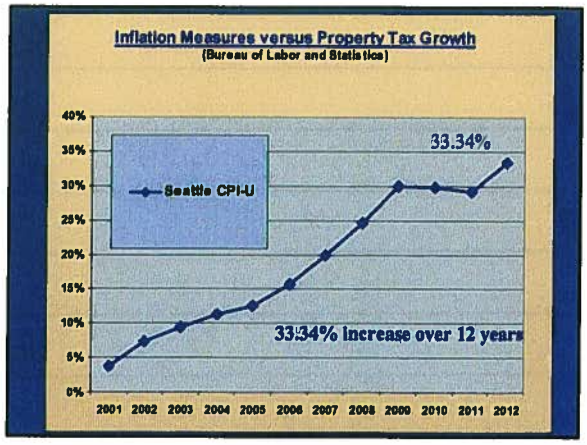
1% Levy increase replaces approximately $37,000

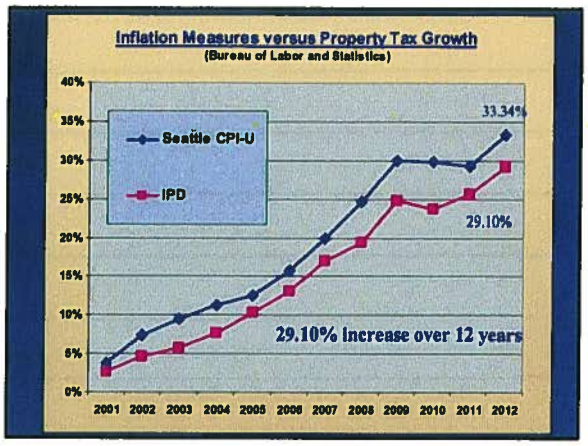
Inflationary Factors Impacting 2012 Budget

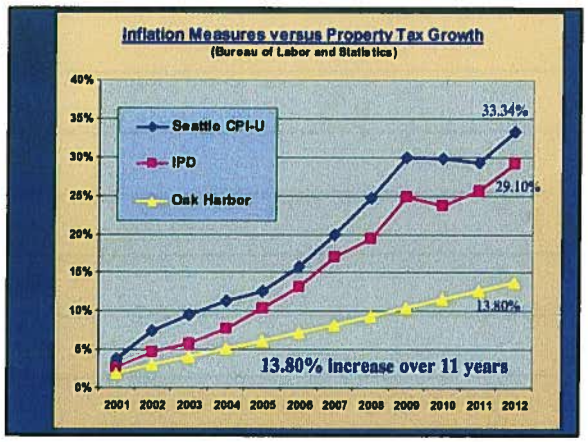
Why is an increase important?

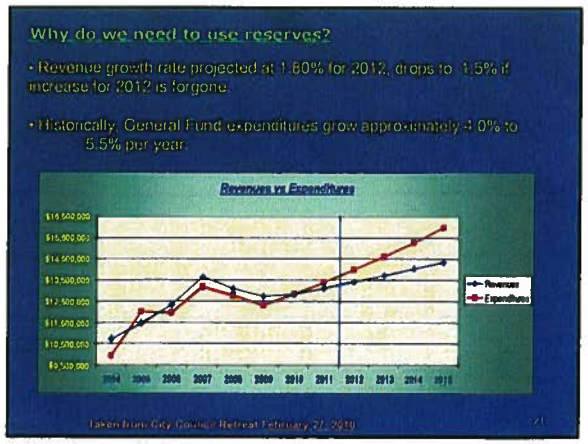
- Cost of inflation grows faster than revenues.
- 50-year inflation trend averages about 3%.
- Once you forgo or reduce a cost of living increase, you do not regain it later when inflation picks up.






Inflation Measures versus Property Tax Growth
(Bureau of Labor and Statistics)
Seattle CPI-U
IPD
33.34%
29.10%
29.10% increase over 12 years
40%
35%
30%
25%
20%
15%
10%
5%
0%
2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012

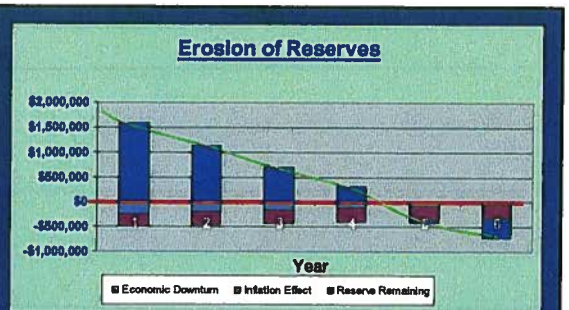

Inflation Measures versus Property Tax Growth
(Bureau of Labor and Statistics)
Seattle CPI-U
IPD
Oak Harbor
33.34%
29.10%
13.80%
13.80% increase over 11 years
40%
35%
30%
25%
20%
15%
10%
5%
0%
2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012


Why do we need to use reserves?
• Revenue growth rate projected at 1.60% for 2012, drops to -1.5% if increase for 2012 is forgone.
• Historically, General Fund expenditures grow approximately 4.0% to 5.5% per year.
Revenues vs Expenditures
Revenues
Expenditures

Our Challenge - Combination of Inflation and Economy

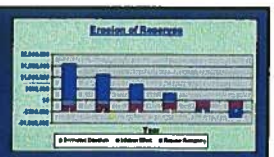
1. Expenditure growth outpaces revenues.
2. Erosion of purchasing power.
3. Goods that cost $1.00 in 2001 now cost $1.33.
4. Revenue of $1.00 in 2001 is now worth $1.13.
5. 20% inflation deficit equals $2,000,000 purchasing power loss since 2001

Reserve Projections – Pace of Fund Balance Erosion



Year	1	2	3	4	5	6
Economic Downturn	($240,000)	($200,000)	($160,000)	($120,000)	($80,000)	($40,000)
Inflation Effect	($250,828)	($256,353)	($266,194)	($274,087)	($282,399)	($290,778)
Reserve Remaining	$1,582,996	$1,123,653	$697,549	$303,463	($58,646)	($388,625)

Time Until 15% Level is Reached



Projection with 1% Increase – 4 years, 10 months

Year	1	2	3	4	5	6
Economic Downturn	($240,000)	($200,000)	($160,000)	($120,000)	($80,000)	($40,000)
Inflation Effect	($250,828)	($258,353)	($266,104)	($274,087)	($282,309)	($290,778)
Reserve Remaining	$1,662,696	$1,123,653	$697,549	$303,463	($58,846)	($389,625)

Projection without 1% Increase – 4 years, 4.5 months

	1	2	3	4	5	6
Economic Downturn	($240,000)	($200,000)	($160,000)	($120,000)	($80,000)	($40,000)
Inflation Effect	($297,828)	($296,463)	($305,357)	($314,518)	($323,953)	($333,672)
Reserve Remaining	$1,648,696	$1,948,643	$583,186	$148,668	($256,285)	($629,957)

Future Impacts of Levy Increases

"One time" versus "Recurring"

Layering Effect of Property Taxes

	Year 1	Year 2	Year 3	Year 4	Every Year Thereafter ——>		
Base	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000
Total:	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000

Layering Effect of Property Taxes

Inflation

	Year 1	Year 2	Year 3	Year 4	Every Year Thereafter ——>		
1st		$10,000	$10,000	$10,000	$10,000	$10,000	$10,000
Base	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000
Total:	$1,000,000	$1,010,000	$1,010,000	$1,010,000	$1,010,000	$1,010,000	$1,010,000

Layering Effect of Property Taxes

Inflation

	Year 1	Year 2	Year 3	Year 4	Every Year Thereafter ——>		
2nd			$10,100	$10,201	$10,202	$10,202	$10,202
1st		$10,000	$10,000	$10,000	$10,000	$10,000	$10,000
Base	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000
Total:	$1,000,000	$1,010,000	$1,020,100	$1,020,201	$1,020,202	$1,020,202	$1,020,202

Layering Effect of Property Taxes

Inflation

	Year 1	Year 2	Year 3	Year 4	Every Year Thereafter ——>		
3rd				$10,201	$10,201	$10,201	$10,201
2nd			$10,100	$10,100	$10,100	$10,100	$10,100
1st		$10,000	$10,000	$10,000	$10,000	$10,000	$10,000
Base	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000
Total:	$1,000,000	$1,010,000	$1,020,100	$1,030,301	$1,030,301	$1,030,301	$1,030,301

Layering Effect of Property Taxes

	Year 1	Year 2	Year 3	Year 4	Every Year Thereafter ——>		
1%					$10,303	$10,303	$10,303
1%				$10,201	$10,201	$10,201	$10,201
1%			$10,100	$10,100	$10,100	$10,100	$10,100
1%		$10,000	$10,000	$10,000	$10,000	$10,000	$10,000
Base	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000
Total:	$1,000,000	$1,010,000	$1,020,100	$1,030,301	$1,051,010	$1,051,114	$1,051,115

Inflation

Only options:

- Replace the loss with a new recurring revenue.
- Replace the loss by eliminating a recurring expense.

	Year 1	Year 2	Year 3	Year 4	Every Year Thereafter ——>		
1%				$10,201	$10,201	$10,201	$10,201
1%			$10,100	$10,100	$10,100	$10,100	$10,100
1%		$10,000	$10,000	$10,000	$10,000	$10,000	$10,000
Base	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000
Total:	$1,000,000	$1,010,000	$1,020,100	$1,030,301	$1,030,301	$1,030,301	$1,030,301

Inflation

Property Tax Cost of Living Increase

Long-term Investment:

- Ensures sustainability of 2012 budget.
- Contributes towards sustainability of the future!

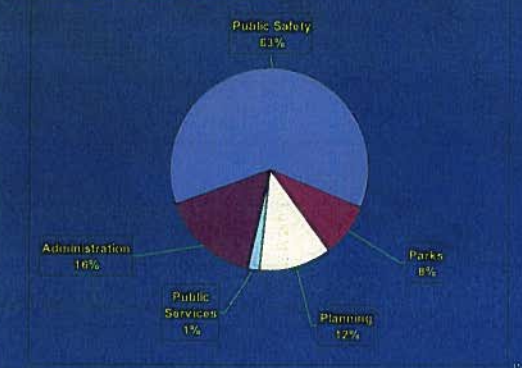
What if we don't do it ?

Will require additional cuts in the amount of $37,460.

- 2011 Budget includes a 1% increase - require cuts in *recurring* expenditures of $37,460.

Which City Operations are Funded by Property Tax Revenues

What property taxes pay for:



2012 Tax Shares:

City: $.20

County, State, Schools, etc: $.80

What is the cost annual to a property owner?

Home Value	$180,000	$225,000	$400,000
City Property Tax	$367.92	$459.90	$817.60
1% Increase	$3.68	$4.60	$8.18

Action required

1) Staff recommendation to pass a 1% levy increase

2) Reasons:
   - Maintain revenues and existing levels of service through economic downturn.
   - To keep revenues at pace with actual inflation.
   - To ensure the General Fund continues subsidizing Street Fund and Senior Center

3) To do this:
   - Pass ordinance implementing a 1% cost of living adjustment to the 2012 property tax levy.

Discussions

Steps taken to balance the 2011- 2012 budget

1. Original budget imbalance: - **$2.48 million.**
2. Most expenses being held at 2009-2010 levels.
3. Annual payments to fund future computers, equipment, and vehicles are cancelled.
4. Employee Cost of Living Adjustment is eliminated.
5. Mayor and City Administrator have cut $2.12 million from department budget requests
6. Considering the use of $170,000 of carry-over from 2012 currently in General Fund's Beginning Fund balance.

Exhibit B

NON-BINDING RESOLUTION NO. ____11-_

A NON-BINDING RESOLUTION CONCERNING THE BUDGETARY IMPACTS OF POTENTIAL MAJOR PERSONNEL CHANGES AND URGING THE NEW MAYOR TO EXERCISE RESTRAINT

WHEREAS, the Mayor has the authority over hiring and firing of city employees as the chief executive officer of the City; and

WHEREAS, the Council has a major interest in the budgetary impacts of any such proposed actions; and

WHEREAS, the projected revenues for the City in the coming year show a significant gap between revenues and expenses; and

WHEREAS, the State has projected a reduction of approximately $300 million in state-wide city revenues to help balance the State budget; and

WHEREAS, the Council has responsibility for the financial condition of the City

NOW, THEREFORE, the City Council of Oak Harbor, Washington hereby:

1) Urge the Mayor to exercise restraint in making any hiring and firing decisions and ensure that they meet legal requirements; and

2) Request that the Mayor provide information to the Council of any hiring and firing decisions so that the Council may assess the budgetary impacts.

PASSED by the City Council this _____ day of _____, 2011.

CITY OF OAK HARBOR

_____
Jim Slowik, Mayor

ATTEST:

_____
City Clerk

APPROVED AS TO FORM:

_____
City Attorney

Exhibit C

12/5/11

OPEN LETTER TO COUNCILMAN ALMBERG INCLUDING CITY COUNCIL MEMBERS AND MAYOR

Rick:

I am emailing you this letter do to the fact that, as with Councilman Dudley, I will be out of town on Tuesday.

I recently read with great despair your and Councilman Munns' decision to move down an extremely divisive and obstructionist path. Simply put your desire and attempt to limit the incoming Mayor's ability to perform certain functions and duties represents the worst form of political cronyism and if approved will certainly set a new "low water mark" for Oak Harbor city politics. Your stated reasons for your action are quite frankly specious and transparent. If you do not agree with the incoming Mayor's views, as you understand them, I suggest you try talking to him and express your concerns directly, rather than through an open public frontal attack. The path you have chosen in this matter cannot possibly produce an atmosphere of cooperation and good working relations. Finally, your and Ms Munn's action shows little or no regard for the desires of the citizens of Oak Harbor that elected Mr. Dudley by a very significant margin - knowing full well his openly stated desire to tighten and streamline budgets.

I would have hoped that Mayor Slowik would have strongly discouraged you and Councilman Munns from the action that you have taken. His failure to do so strongly indicates complicity either directly or in the omission. I would also hope that Mayor Slowik would not wish to leave this black mark on his otherwise positive mayoral legacy.

My suggestion to correct this unfortunate development is that you talk with Ms Munns and Mayor Slowik together, prior to the meeting, and agree to withdraw your motion and Ms Munns her second and have the matter removed from the agenda prior to or immediately upon the meeting opening.

Your willingness to proceed with this inane behavior will signal to me your disinterest in establishing any form of solid working relationships with the incoming administration. A potentially sad circumstance that you have total ability to control... either you believe in the democratic process or you don't, Rick...

Best,

Dave Harrington

City of Oak Harbor
City Council Agenda Bill

Bill No. 2
Date: December 20, 2011
Subject: Employee Recognition – Jon Roberts

FROM: **Jim Slowik**
Mayor

INITIALED AS APPROVED FOR SUBMITTAL TO THE COUNCIL BY:
PS Paul Schmidt, City Administrator
D Doug Merriman, Finance Director
MH Margery Hite, City Attorney, as to form

PURPOSE

To recognize City employees for 10 years, or more, of service.

AUTHORITY

It is the practice of the City to recognize dedicated employees who have completed 10 years, and then every five years thereafter, of service.

FISCAL IMPACT DESCRIPTION

Funds Required: $0.00
Appropriation Source: n/a

SUMMARY STATEMENT

The Mayor and City Council will recognize Jon Roberts of the Oak Harbor Fire Department for 15 years of service with the City

STANDING COMMITTEE REPORT

None.

RECOMMENDED ACTION

Congratulate Mr. Roberts for his 15 years of service.

ATTACHMENTS

None.

City of Oak Harbor
City Council Agenda Bill

Bill No. 3

Date: December 20, 2011

Subject: **PUBLIC COMMENTS**

FROM: **Jim Slowik, Mayor**

INITIALED AS APPROVED FOR SUBMITTAL TO THE COUNCIL BY:

Jim Slowik, Mayor
Paul Schmidt, City Administrator
Doug Merriman, Finance Director
Margery Hite, City Attorney

SUMMARY STATEMENT

City Council will accept public comments for items not otherwise on the agenda for the first 15 minutes of the Council meeting. You may also speak to any of the consent agenda items.

City of Oak Harbor
City Council Agenda Bill

Bill No. C/A 4A
Date: December 20, 2011
Subject: Association of Washington Cities (AWC) Worker's Compensation Group Retro Program Participation Agreement

FROM: **Paul Schmidt**
City Administrator

INITIALED AS APPROVED FOR SUBMITTAL TO THE COUNCIL BY:
Jim Slowik, Mayor
Doug Merriman, Finance Director
Margery Hite, City Attorney, as to form

PURPOSE

This contract replaces the current contract between the Association of Washington Cities (AWC) and the City of Oak Harbor for participation in the AWC Retro Program. The original contract was approved by the Council on September 16, 2008.

AWC has requested all participating cities sign an updated agreement for participation in the Retro Program. Past practice has been for cities to sign a "Confirmation of Participation" form at the end of each year. The updated agreement removes this requirement so that participating cities will remain members of the program until such time as they provide Labor & Industries and AWC with notification of intent to cancel. Notification must be received 30 days prior to the beginning of the next plan year.

AUTHORITY

Title 51 RCW covers Industrial Insurance. Per RCW 51.08.070 the City of Oak Harbor meets the definition of an "employer". "Employer" means any person, body of persons, corporate or otherwise, and the legal representatives of a deceased employer, all while engaged in this state in any work covered by the provisions of this title, by way of trade or business, or who contracts with one or more workers, the essence of which is the personal labor of such worker or workers.

Under RCW 51.18.010 the state authorizes that retrospective rating plans be offered to employers. (1) The department shall offer a retrospective rating plan to insure the workers' compensation obligations of employers and groups of employers. The plan is to be made available to any employer or group of employers who:

(a) Voluntarily elects to participate in the plan; and

(b) Meets the requirements of this chapter and rules adopted by the department under subsection (2) of this section.

(2) The retrospective rating plan shall be consistent with recognized insurance principles and shall be administered according to rules adopted by the department. Rules adopted under this section shall encourage broad participation by qualified employers and sponsors of retrospective rating groups.

FISCAL IMPACT DESCRIPTION

Funds Required: $13,500 ($15,000 annually was approved as part of the 2011-2012 budget. This is part of the Human Resources Professional Services budget).

Appropriation Source: Proportioned to all Funds – on a per employee basis

SUMMARY STATEMENT

On September 16, 2008, City Council authorized the Mayor to enroll in the Association of Washington Cities Worker's Compensation Group Retro Program (Retro program). The Retro program allows the City to take advantage of the Washington State Labor and Industries program of offering industrial insurance premium rebates for qualifying firms or pools.

The AWC Retro Program also provides valuable services to assist the City such as administration of worker's compensation claims and administration of the state required Hearing Conservation Program.

The goals of the program are:

A. Reduce the frequency and severity of industrial injuries;
B. Reduce members' experience factors;
C. Offer members an opportunity to qualify for refunds on Standard Premium paid to the Department of Labor & Industries.

In 2011 the City's fee for participation in the AWC Retro Program was $13,418. If the City was not participating in a retrospective program, the cost for third party administration of workers compensation claims and for administration of the Hearing Conservation would be paid directly by the City.

The costs for those individual programs are as follows:

Third Party Administration: 5% of the annual premium for 2011	$10,321
Hearing Conservation: $25 per employee tested	$2,650

The total cost for these two programs is $12,971. The City would pay this directly and would not be eligible for refunds if not participating in a retrospective program. Fee reimbursements are paid out to members in three adjustments. In December of 2010 the City received the first adjustment for the 2009 participation year. This adjustment was $6,844. It is estimated the City will receive a slightly higher adjustment in 2011. When the refund is taken into consideration along with the total cost the City would pay for services should they not be in the Retro program, the total yearly value to the City of the program services is $19,815. It is the goal of the program to provide its members with full reimbursement of the participation fees by the third adjustment.

STANDING COMMITTEE REPORT

This issue was presented to the General Governmental Services Committee on December 13, 2011 and to the Finance Committee on December 14, 2011.

RECOMMENDED ACTION

Authorize the Mayor to enter into the 2012 AWC Worker's Compensation Group Retro Program Participation Agreement and Group Enrollment Application.

ATTACHMENTS

Exhibit A - Worker's Compensation Group Retro Program Participation Agreement and Group Enrollment Application

AWC
ASSOCIATION OF WASHINGTON CITIES
1076 Franklin St. SE • Olympia, WA 98501-1346
(360) 753-4137 • Toll Free: 1-800-562-8981 • Fax: (360) 753-0149 • Insurance Services Fax (360) 753-0148
www.awcnet.org

Association of Washington Cities
WORKERS' COMPENSATION GROUP RETRO PROGRAM
PARTICIPATION AGREEMENT AND GROUP ENROLLMENT APPLICATION
Government, Utilities & Related Services

As a member in good standing with the Association of Washington Cities

_____
Member Name

_____
L&I Account Number

Enrolls by this agreement as a participating member in the Group Retrospective Rating Agreement between the Association of Washington Cities (AWC) and the Washington State Department of Labor and Industries (L & I). This membership is subject to approval by L & I after submittal of the required "Application For Group Membership And Authorization For Release Of Insurance Data" (L&I retro application form).

1. Goals of the Program:

A. Reduce the frequency and severity of industrial injuries;
B. Reduce members' experience factors;
C. Offer members an opportunity to qualify for refunds on Standard Premium paid to the Department of Labor & Industries.

2. Administration & Management of the Program:

AWC is responsible for the day-to-day operation of the Program and may contract with a third party administrator to fulfill some of its responsibilities, which include:

A. Assisting program participants in reducing the frequency and severity of industrial injuries;
B. Educating program participants in the most appropriate ways to control costs;
C. Providing claims management services;
D. Providing program information and training materials;
E. Administering State Fund claims for members enrolled in the Program.
F. Providing loss control and risk management services.

EXHIBIT A

3. **Governance of AWC Retro Program**

The AWC Board Executive Committee is the governing authority for the AWC Workers' Compensation Retrospective Rating Program. A committee composed of representatives of seven member cities/towns advises the Board Executive Committee and AWC Retro staff on operational issues including contract terms, distribution of refunds, program enhancements, conditions for continued participation and other issues. This committee meets at least once per year.

4. **Member Agrees To:**

A. Remain a member of the AWC Retro Program through the initial plan year and all subsequent related adjustments.
B. During the contract term, maintain an individual account for workers' compensation insurance in good standing with the Department of Labor & Industries;
C. Comply with all applicable laws, rules and regulations set forth by L&I;
D. Participate in safety and loss control programs available as an AWC Retro Program member, including striving to have at least one field employee completes training to becomes a Certified Safety Coordinator;
E. Demonstrate a commitment to maintaining a safe workplace and utilizing return-to-work strategies to reduce claims costs;
F. Maintain membership in the Association of Washington Cities through the final retro year adjustment;
G. Pay a Service Fee of six and one half percent (6.5%) of total Industrial Insurance Premium, billed annually in January, for each plan year of participation;
H. Non-payment of service fees as agreed will result in forfeiture of any refund that may otherwise be due.

5. **Refunds/Adjustments:**

A. A refund distribution and retention policy guides the determination of the amount of refunds returned to members and the amount held in reserves, for each plan year in which L & I refunds are received. Members whose total incurred losses do not exceed their standard premiums will be eligible for a refund up to the amount of service fees paid for the plan year, as well as additional performance-based refunds. Members whose total incurred losses exceed their standard premiums will be eligible for a refund of up to half the amount of their service fee. Program participants also acknowledge that refunds are based on a number of factors, such as premium size, claim costs, and related factors and are not guaranteed.

B. If a group assessment develops for any plan year, those members that caused the assessment will be assessed first, up to a maximum liability of fifteen percent (15%) of the participating member's Standard Premium. If necessary to cover the assessment, the remaining members shall pay the balance on the basis of their individual percentage of the total group premium. Penalties become due and payable within 30 days of notification of the amount. If a member does NOT re-enroll in the program, any refund will be held until the final adjustment of that Retro year.

6. **Annual Plan Choice/Re-enrollment:**

A. For the 2011 Plan Year, the program has chosen a premium-based plan type, with a maximum loss ratio of 88.90%, a minimum loss ratio of 0%, and a $500,000 single loss limit. Prior to the beginning of each subsequent plan year, members will be notified of the plan type, minimum and maximum loss ratios, and single loss limit chosen for the following year. State law requires program members to notify L & I and AWC in writing if they do not intend to participate in the Retro program for the next plan year. That notification must be received 30 days prior to the beginning of the next plan year. If a member decides not to continue participation for the upcoming year, they are still required to maintain membership in AWC until the final adjustment for their last year of participation.

B. Because the potential for refunds and assessments extends over several years as claims mature, members agree to cooperate with the AWC Retro Program, its third party administrators and other agents until such time as the third and final adjustment order of any Retro Year is final and binding as provided for by WAC 296-17-90453. Cooperation will include, at a minimum, access to claims

EXHIBIT A

data and assistance in managing claims. All claim-related communication between the member and L & I, the Board of Industrial Insurance Appeals, and/or the Washington State Department of Retirement Systems must include AWC and/or its third party administrator. At no time may a member represent itself in an appeal, protest, or hearing without the notification to the AWC Retro Program and its third party administrator.

7. Indemnification/Liability:

Each party shall indemnify and hold harmless the other and its directors, officers, employees, agents, parents, subsidiaries, successors and assigns from and against any and all liabilities, claims, suits, actions, demands, settlements, losses, judgments, costs, damages, and expenses (including reasonable attorney's fees) arising out of or resulting from, in whole or part, the acts or omissions of the indemnifying party, its employees, agents or contractors and the indemnifying party's affiliated companies and their employees, agents or contractors.

Authorized By:

(Printed Name)	*(Title)*
(Signature)	*(Address/Street)*
(City/Town Applicant)	*(Date)*

(Form revised 4-22-11)

City of Oak Harbor
City Council

Bill No. 5
Date: December 20, 2011
Subject: 2011 Comprehensive Plan Amendments

FROM: **Steve Powers** RSP
Development Services Director

INITIALED AS APPROVED FOR SUBMITTAL TO THE COUNCIL BY:
Jim Slowik, Mayor
Paul Schmidt, City Administrator
Doug Merriman, Finance Director
Margery Hite, City Attorney, as to form

PURPOSE

This agenda bill presents the 2011 Comprehensive Plan Amendments. This year's amendments are limited to the Capital Improvement Plan (CIP) since there were no requests for changes to the Future Land Use Map. The draft 2011-2016 CIP is Attachment 1 to this agenda bill.

AUTHORITY

Updates to the Comprehensive Plan are required by RCW 36.70A.070(3) and RCW 36.70A.130. The City of Oak Harbor code categorizes amendments to the Comprehensive Plan as a Type V review process (OHMC 18.20.270) and therefore requires the Planning Commission to hold a public hearing on the proposed amendments and make a recommendation to the City Council. The City Council may hold its own public hearing.

FISCAL IMPACT DESCRIPTION

The Capital Improvement Plan is a planning document that lists the projects the City anticipates to plan, design and implement over a six year planning period. The City of Oak Harbor's CIP includes projects in Enterprise Funds [1] such as wastewater, storm water, etc. and also Non-Enterprise Funds such as streets, parks and recreation, fire and law enforcement. Since this is a "planning" document, it includes all the capital needs of the City and their estimates. Amendments are made every year based on available resources.

It is clear from the document that the needs of the community greatly outweigh the resources available. Therefore, updates are made every year to reflect the implementation of projects over the upcoming budget year (2012) and make the necessary adjustments over the six-year planning horizon. Revenue projections and expenditures are also updated every year.

---

1 Enterprise Funds are self supporting funds with user fees and includes utilities such as Water, Sewers, Stormwater, Solid Waste and Marina

City of Oak Harbor City Council

SUMMARY STATEMENT

Background

The 2011 Comprehensive Plan Amendment Process began in October 2010 with a call for applications. The call for projects was advertised in the local newspaper and was also on Channel 10 on cable television. However, no sponsored applications were received.

Therefore the 2011 Comprehensive Plan Amendment Docket had only two items; the Capital Improvements Plan and the continuing work on the UGA Capacity Analysis. The City Council approved the 2011 docket on March 1, 2011 after Planning Commission's review and recommendation in January 2011.

UGA Capacity Analysis

City staff is continuing their work on the UGA Capacity Analysis. Due to the differing views between the City and the County on the 2005 UGA Capacity Analysis, the Washington State Growth Management Hearing Board held a hearing on the issues in October. It is expected their ruling (due in December) will help establish a framework for the UGA capacity analysis. This item is expected to stay on the docket for the next few years. No action is required on this item this year.

Capital Improvements Plan 2011-2016

Chapter 36.70A RCW (Growth Management) requires the Capital Improvement Plan to be updated every year. The CIP can either be adopted with the budget or as part of the Comprehensive Plan update. Oak Harbor has traditionally updated the CIP with the Comprehensive Plan updates.

The CIP document includes goals and policies, revenue sources, rates and projections for enterprise and non-enterprise funds, infrastructure needs over the next six years and a proposed schedule for implementation. Below is a summary of the various sections contained within the CIP:

- Section 1 provides an introduction to the CIP, its link to the Growth Management Act and the Revised Code of Washington (RCW).
- Section 2 provides the planning context for the CIP and lists the goals and policies that provide the framework for the CIP.
- Section 3 is an inventory of the existing capital facilities within the City. It provides the basic foundation for the CIP.
- Section 4 of the CIP contains the list of projects for the non-enterprise funded systems such as Streets, Parks and Recreation, Windjammer etc., as well as the enterprise funded systems such as Sewer, Water, Wastewater and Marina.
- Section 5 includes the prioritization process for the non growth related capital facilities listed in Table 4.4. The prioritization process was done in 2006.
- Section 6 provides information on revenues sources for the various funds and includes projections for these revenues over the next six years.
- Section 7 is the implementation plan for the non-growth related projects that are listed in Table 4.4 and prioritized in Section 5.
- The appendix section of the CIP contains most of the details of the projects, their cost and the schedule.

The highlights of the changes to this year's CIP are provided below:

- Removal of projects that have been completed – The Pioneer Way reconstruction project and related infrastructure projects have been struck out of the CIP. Though there will be some costs that will overflow into next year as the project gets closed out, it can be deleted from this planning document.
- Update to the current and projected revenues – This is done annually with information obtained from the Finance Department. Most of these changes are in Section 6 of the CIP.
- Updating the list of street projects to reflect the adopted Transportation Improvement Plan (TIP)
- Update to project schedules – Most of these changes to the schedule are done in Appendix C of the documents since it contains project details. The schedule is updated every year to match available funds. The major projects that are tracking for implementation over the next few years are:
    - Streets – NE 7th Avenue reconstruction followed by SE 4th Street reconstruction
    - Parks – Building replacements in Windjammer Park, trail extensions, continuing to acquire land for open space, community and neighborhood parks
    - Wastewater System – sewer line replacements and continuing work on a new treatment facility
    - Water System – North Reservoir and associated improvements
    - Storm water System – 42-inch outfall reconstruction
- Other updates –
    - The CIP document has been updated to reflect the City Council's decision on the Municipal Pier project. The project stays in the CIP but the project costs have been updated to reflect return of the federal grant.
    - The cost for the Animal Shelter has also been amended since the City is working with the Navy to retain the facility on its property. It is unlikely at this time that a new facility will be built.
    - The cost for the Marina Redevelopment has been adjusted to reflect the gangway improvements and dredging that were done in 2011.
    - The old high school stadium along Midway Blvd has been added to the project list since there is a possibility of the City using that facility. The stadium is located in an area that has been identified in the Parks and Recreation Plan as a need for a park. Minor improvements can be made to use the facility as a neighborhood/community park.

<u>Comprehensive Plan Review Criteria</u>
In accordance with OHMC 18.15.080 the Planning Commission shall review and make a recommendation to the City Council based on the criteria listed below.

(1) The amendment will not adversely affect the public health, safety and welfare in any significant way.
The proposed amendments will not adversely affect the public health, safety and welfare. Projects in the CIP are scheduled based on need identified in approved plans and are intended to serve the public needs and improve health, safety and welfare.

(2) The proposed amendment is consistent with the overall goals and intent of the comprehensive plan.
The changes to the Capital Improvement Plan include projects for implementation of adopted plans over the next six years. The only addition to this year's CIP is the old Oak Harbor High School stadium. The stadium is located in an area that has been identified for a park to meet the level of service requirements established in the Parks and Recreation Plan which is an element of the Comprehensive Plan.

(3) The amendment is in compliance with the Growth Management Act and the Countywide Planning Policies.
In accordance with RCW 36.70A.070(3), the Capital Improvement Plan is a mandatory element of the Comprehensive Plan. To the degree the Countywide Planning Policies address the need for growth to be coordinated with the necessary capital improvements to support that growth, the proposed amendments are consistent with those policies. The Capital Improvement Plan draws projects from other required elements of the Comprehensive Plans. These include, but are not limited to, adopted Transportation, Utilities, Parks and Recreation plans.

(4) The amendment addresses the needs or changing circumstances of the community as a whole or resolves inconsistencies in the city's comprehensive plan.
The amendments to the Capital Improvement Plan reflect the ongoing changes to projects and schedules based on budget, permits or other related issues.

(5) Environmental impact from the amendments have been addressed through the SEPA review and /or measures have been included that reduce possible impacts.
A SEPA checklist has been prepared for the amendments which are a non-project action. No significant environmental impacts have been identified with the adoption of an updated CIP. However, projects that are in the CIP may likely face environmental challenges with implementation. Each individual project will have a separate SEPA project-level review and impacts will be addressed on a project by project basis.

(6) The amendment is consistent with the land uses and growth projections which were the basis of the comprehensive plan or to subsequent updates to growth allocations.
There are several projects in the CIP that are intended to address level of service issues which are primarily related to land use and population growth.

(7) The amendment is generally compatible with neighboring land uses and surrounding neighborhoods.
The CIP document and its adoption do not create any land use changes. However, individual projects within the CIP might need to address compatibility issues through the permitting and design process on a project by project basis. For example, the location of a new wastewater treatment facility will have to address its compatibility with the surrounding properties based on its eventual location.

(8) The proposed amendment accommodates new policy direction from the city council.
The CIP update includes a decision made by the City Council this year. The Municipal Pier

project's status has been amended based the Council decision to defer the project and also to return the federal grant money received for the project.

(9) Other specific criteria that may have been identified as the beginning of the process.
No special criteria were identified as the beginning of the process to consider this year's amendments.

PLANNING COMMISSION

The Planning Commission reviewed the 2011-2016 Capital Improvement Plan on October 25, 2011. In the course of their review, the Commission had several questions about the list of non-enterprise fund projects (found in Tables 5.1 and 7.1 of the CIP). The questions and discussion centered on how the list was generated and whether the list accurately reflects the needs of the community today. After concluding their discussion and deliberation, the Planning Commission voted 5-1 to recommend approval of the Plan as presented. The minutes from this meeting are included as Attachment 2 to this agenda bill.

STANDING COMMITTEE REPORT

The Capital Improvements Plan was presented to the Public Works and Governmental Services Standing Committees in November.

CONCLUSION

In Staff's opinion, the 2011 Amendments meet the evaluation criteria for Comprehensive Plan Amendments. The update to the Capital Improvements Plan was done with input from the various departments within the City of Oak Harbor. Project updates and revisions have their basis on already adopted Plans by the City Council. The financial information is based on the most recent information available and the adopted budget. After conducting a public hearing on October 25, 2011 the Planning Commission recommended approval of the CIP. Therefore, staff recommends that the City Council conduct a public hearing and approve the 2011-2016 Capital Improvements Plan through the adoption of the draft ordinance (Attachment 3).

RECOMMENDED ACTION

- Conduct public Hearing
- Adopt the attached ordinance amending OHMC 18.10.015 to adopt the 2011-2016 Capital Improvement Plan

ATTACHMENTS

1. 2011-2016 Capital Improvements Plan
2. Planning Commission minutes from the October 25, 2011 meeting
3. Draft ordinance

City of Oak Harbor
WHIDBEY ISLAND WASHINGTON

City of Oak Harbor

Capital Improvement Plan

~~2010~~2011 – ~~2015~~2016

December 1, ~~2010~~2011

Capital Improvement Plan ~~2010~~2011—~~2015~~2016

Approved December 1, ~~2010~~2011

This document was prepared for the City of Oak Harbor, Washington by:

The Front Street Partnership LLC
Planners and Community Development Strategists
1105 Front Street
Lynden, Washington 98264

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Section One • Introduction

The Capital Improvement Plan

The Capital Improvement Plan (CIP) is a document covering a multi-year period that identifies each existing capital facility as well as new capital facility or capital maintenance project being proposed by the City during the planning term.[1] The CIP identifies the priority given each project by the City; the year each facility/project will start or be acquired; the amount of funding to be expended on the facility/project each year; and the proposed method of financing for each facility/project.

For the purposes of the CIP, a **capital facility** shall mean *any facility owned or maintained by the City costing $50,000 or more, requiring the expenditure of public funds over and above annual maintenance and operational expenses, and having a life expectancy of 20 years or more.*

In addition to planning for the acquisition of new capital facilities, the CIP assists the City in identifying what capital maintenance projects are to be funded. For the purposes of the CIP, **capital maintenance** shall mean *any maintenance or upkeep expense to an existing capital facility requiring the expense of public funds in excess of $50,000 and extending the useful life of the facility for 10 years or more.*

The City of Oak Harbor has identified the period ~~2010~~2011 to ~~2015~~2016 as the planning term for this CIP. The CIP should not be confused with the capital budget. The capital budget represents the first year of the CIP and in the case of this document, is the ~~2010~~2011/2011 biennium City budget. The projects identified in subsequent years of the CIP are not authorized until the biennium budget for those years is adopted.

The Requirement to Plan

The State Growth Management Act (GMA) of 1990 requires that communities adopt CIPs as part of their comprehensive plans. The intent of this CIP is to comply with the Growth Management Act (RCW 36.70A.070 (3) and WAC 365-195-315). It is also intended to meet the concurrency requirements of RCW 36.70A.020 (12) and (13), WAC 365-195-210.

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[1] ***Planning term***—The planning horizon for the CIP is 6 years with the first year of the planning term being the capital budget for that year.

Benefits of Capital Improvement Planning

The Capital Improvements Plan serves a number of important functions. The Government Finance Officers' Association identifies four major purposes[2]. They are to:

1. ***Create a formal mechanism for decision making.*** A basic function of the CIP is to provide a framework for decision makers. Decisions about what to buy, when to buy it and how to pay for it can all be answered by a comprehensive CIP.
2. ***Provide a link to long range plans.*** The CIP can guide the implementation of the community's comprehensive plan, sub area plans and strategies.
3. ***Serve as an important management tool.*** A major organizational purpose is served by the CIP. It provides a mechanism to help prioritize capital projects and match projects with existing funding options.
4. ***Function as a reporting document.*** A CIP communicates to citizens, businesses, and other interested parties the government's capital priorities and plans for implementing capital projects.

There are numerous benefits of a CIP. Benefits include:

- *Focused attention on community goals, needs, and financial capability.* It encourages decision makers and the public to connect future plans and the actions needed to achieve them.
- *Building public consensus for projects and improves community awareness.* The process elevates public awareness of the needs and financial resources of the community.
- *Improved inter-/intra governmental cooperation.* A CIP enhances coordination between departments and agencies thereby reducing conflicts and overlapping projects.
- *Assistance in ensuring financial stability.* Capital projects are prioritized and scheduled to fit within expected funding levels, thereby limiting the need for dramatic tax increases or unanticipated bond issues in any one year.

Determining What is Included in the CIP

The process to determine need for new capital facilities is rather straightforward. Most facility needs are easy to determine as they are based on the principle of maintaining or meeting technically derived service standards. Levels of Service (LOS) standards are established by a technical based measure, e.g. water flow levels to serve a certain population or park space needed per one thousand citizens. Capital needs are also derived from special plans and strategies developed for a special purpose. For example, the Parks and Recreation Plan, the Windjammer Plan and Fire Service Master Plan have identified capital needs that are necessary to meet specific goals identified and discussed by the public and adopted by the City Council in that specific planning process. The needs identified by the processes mentioned above are divided into two basic categories for further review, comparison and consideration. These categories, based on revenue source, are:

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[2] Major elements of the introduction material for this plan have been taken from *Capital Improvement Programming, A Guide for Smaller Governments*, Patricia Tigue, Government Finance Officers' Association, 1995.

- *Enterprise Fund Capital Facility Needs*. Enterprise funds are identified as those functions (departments) that derive their revenues from user fees or charges. Capital needs for these functions are identified in this document but are not prioritized, as their funding requirements are mostly met by user fees.
- *Non-Enterprise Fund Capital Facility Needs*. Non-enterprise funded activities are, for the most part, dependent on General Fund revenues, special assessments; grants and other inter-governmental transfers. Streets, parks, public safety, general administration and special projects all must compete for these revenues.

Capital Facilities Not Provided by the City

The GMA also requires jurisdictions to plan or coordinate with the responsible authorities for schools and solid waste collection and disposal. This plan, in addition to these requirements, will report the capital needs of the Oak Harbor School District 201, Sno-Isle Library District, North Whidbey Parks District and Island Transit.

Summary

This document is designed to answer several questions for the community, professional managers, and elected decision makers. They are, quite simply:

- What do we have?
- What do we need?
- When do we need it?
- What is most important?
- How do we pay for it?

Section Two • The Planning Context

Capital facilities planning does not take place in a vacuum. Plans and strategies that are developed with extensive community involvement set the framework for the decisions necessary to guide the City's economic, social and cultural evolution. The result of this community effort in Oak Harbor is contained in three basic areas of work:

- The Comprehensive Plan
- Subarea and functional area plans
- The Comprehensive Financial Management Policy

These documents have provided the framework for the CIP detailed in this document. These three critical guides are discussed below.

The Comprehensive Plan

Everyone plans. Everyone plans all of the time. Families make financial plans, plan for vacations or plan for their children's' college education. Planning allows a look into the future, a decision on what the future should look like, and then an identification of the actions that will make that future come to pass.

A Comprehensive Plan is a community's vision for its future. The plan details what citizens want the community to look like, where streets and roads should go, how much park and open space should be provided and where growth should occur. Without a living, active and well used plan, community health and well being would be in serious jeopardy. The Comprehensive Plan should also be a tool for helping government officials to think strategically about all aspects of the community and the way these elements interact. Without a clear picture of community wants and needs, decision-makers may not make choices that are in the best interests of its citizens. Comprehensive planning should also be a community development process that initiates action rather than simply reacting to events. A comprehensive plan without an implementation strategy is limited in its effectiveness.

The Washington State Growth Management Act (GMA) of 1990 requires that the City of Oak Harbor prepare and maintain a comprehensive plan capital facility element. This element is required "in order to assure that public facilities will be reasonably available to accommodate planned growth over the next twenty years." This requirement is referred to as concurrency and specifically means:

- Public facilities that are needed to serve new development and population within a jurisdiction or service area must be in place at the time of development.
- Such facilities must be sized to adequately serve the area without decreasing the services levels established by the jurisdiction.

The GMA identified the following goals to be obtained by local comprehensive planning efforts:

- Focus urban growth in urban areas
- Reduce sprawl
- Provide efficient transportation
- Encourage affordable housing
- Encourage sustainable economic development
- Protect property rights
- Process permits in a timely manner
- Maintain and enhance natural resource based industries
- Retain open space and habitat areas and develop recreation opportunities
- Protect the environment
- Encourage citizen participation and regional coordination
- Preserve important historic resources
- Manage shorelines wisely

The GMA also requires that the comprehensive plan be of at least a twenty year planning horizon and be based on population projections supplied by the state Office of Financial Management (OFM). Comprehensive plans must contain, at a minimum, these elements:

- A capital facilities element, with a six-year plan for financing identified capital needs.
- A land use element.
- A housing element.
- A utilities element.
- A transportation element.
- An economic development element.
- A parks and recreation element.

WAC 365.195.315 requires that the capital facilities plan address the following:

- An inventory of existing capital facilities owned by public entities, showing the locations and capacities of the capital facilities;
- At least a six year plan that will finance such capital facilities, within project funding capacities and clearly identifies sources of public money for such purposes;
- If a jurisdiction is unable to provide or finance capital facilities in a manner that meets concurrency and level-of-service requirements, it must either: (a) adopt and enforce ordinances which prohibit approval of proposed development if such development would cause levels-of-service to decline below locally established standards, or (b) lower established standards for levels-of-service.

In addition, GMA requires that comprehensive plans be put into action through zoning and development regulations.

The City last conducted a major update to its comprehensive plan in November of 2005 in response to a state mandate. The update consisted of a complete review of the land use, economic development, urban growth transportation, environmental elements and capital facilities elements. The comprehensive plan identifies the following goals and policies[3] for the development and location of capital facilities in Oak Harbor and serves as a general guide for the creation of this document.

Goal 1–

Provide adequate capital facilities and services necessary to serve Oak Harbor's existing and future population without causing decreased service levels below adopted LOS[4] standards.

Policy–

a. Predict facility needs for the next 20 years based on projections of anticipated population and business growth.
b. Prepare phased plans to identify needed public facilities to support existing and future growth projected in policy 1.a.
c. Coordinate with other jurisdictions to establish priorities of county-wide facility improvements, identify services needed to achieve adopted service levels, and protect public health, safety and the environment.
d. Review growth projections and capital facilities plans annually congruent with the City budget process to ensure that the City's ability to provide and maintain adequate public facilities and services is consistent with growth.
e. Phase the development of capital facilities to ensure sufficient lead-time financing, planning, and construction to provide the facilities when needed.
f. Coordinate land use and public works planning activities with an ongoing program of long-range financial planning to conserve fiscal resources.
g. Support and encourage joint development and use of cultural and community facilities among governmental and/or community organizations.
h. Approve development only when the LOS for a capital facility is assured to meet the standards set forth in the Comprehensive Plan. Limited short term reduction in LOS is acceptable when a capital improvement or strategy to accommodate the impacts is made concurrent with development.
i. The City will cooperate with private developers to address Capital Improvements financing programs when necessary.

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[3] For a complete understanding of the goals and policies see the *City of Oak Harbor Comprehensive Plan, December 2008*, Capital Facilities Element, page 150.

[4] For a complete discussion of Level of Service (LOS), see Section Five.

Goal 2—

Implement capital facilities projects in accordance with the funding policy priorities of Oak Harbor.

Policy—

a. Program and prioritize City capital improvements for consistency with the Comprehensive Plan. The City's capital improvement funding priorities should be:
   - Urgent projects which cannot reasonably be postponed including, but not limited to, those reconstructions, upgrading or new construction projects which are needed to protect public health, safety and welfare.
   - Reconstruction, major maintenance or expansion of the City's existing infrastructure in order to provide for service to the existing community.
   - New projects where the need or demand for service already exists.
   - Expansion projects in partially developed or developing areas where demand is anticipated as a result of, or in preparation for, future growth.

b. Evaluate capital projects that are included in the Six-Year Capital Facilities Plan for consistency with the Comprehensive Plan.

c. Coordinate with the Navy, Island County, and other applicable agencies during planning stage for timely siting and development of facilities of regional significance to ensure the consistency of each jurisdiction's plans.

d. Locate only compatible public facilities in designated resource lands or critical areas.

e. Promote high quality design and site planning in the construction of capital facilities.

f. Encourage citizen involvement in the planning and locating of capital facilities.

g. Ensure that all City departments review changes to the Capital Facilities Plan and participate in an annual review.

Goal 3–

Finance Oak Harbor's needed capital facilities in the most economic, efficient, and equitable manner possible.

Policy–

a. Ensure that the burden of financing capital improvements is equitably borne by the primary beneficiaries of the facility.
b. Use general revenue only to fund projects that provide a general benefit to the entire community.
c. Determine which services or facilities are delivered most cost-effectively by the City and which services should be contracted to private entities.
d. Where appropriate, use special assessment, revenue and other self-supporting bonds instead of tax-supported general obligation bonds.
e. Consider adopting impact fees when appropriate to mitigate the short-term fiscal impacts of increased development.

Goal 4–

Provide a full range of cost-effective urban governmental services to residents within the Oak Harbor City boundaries and the Urban Growth Area as annexed.

Policy–

a. Monitor annually school, fire, police, waste disposal, utilities and other capital facilities to ensure existing and future needs are met.
b. Require development proposals to be reviewed for available capacity to accommodate development and needed system improvements by the various providers of services, such as school districts, utilities, police and fire departments.
c. Encourage joint-use of corridors for major utilities, trails, and transportation rights-of-way. (See Utilities Element).

Related Plans

Each chapter of the Comprehensive Plan contains goals and policy statements. These goals and policy statements serve as the guiding principles of all City actions. Actions taken by the City should always have a comprehensive plan implementation rationale. Water Department plans would be based on the implementation of comprehensive plan goals and policies, for example, as would the other department and division actions.

Often though, these administrative sub-units of the City develop additional plans that complement the comprehensive plan by providing much more detail and specificity. The following subarea plans and strategies were also used to guide the selection of new capital facilities in this plan;

- The City of Oak Harbor Comprehensive Water System Plan, 2003
- The City of Oak Harbor Comprehensive Sewer System Plan, 2006
- The City of Oak Harbor Comprehensive Stormwater Drainage Plan 2006
- The City of Oak Harbor Park, Recreation and Open Space Plan, 2009
- The City of Oak Harbor Downtown Circulation Study, 2001
- The Windjammer Project Plan, 2005
- Shoreline Master Program, 1999
- The City of Oak Harbor Comprehensive Transportation Plan, 2007
- The Six Year Traffic Improvement Plan, ~~2010~~2011-~~2015~~2016

The Comprehensive Financial Management Policy

The Comprehensive Financial Management Policy[5] was adopted by the Oak Harbor City Council in December 2004. The purpose of the policy was to recognize that the "financial strategy of the City of Oak Harbor is to develop a sound financial resource base for the purpose of ensuring public safety, maintaining the physical infrastructure and surroundings of the City, and promoting the social well-being of the citizens of Oak Harbor." This policy provided helpful direction in preparing this CIP. The key elements from that policy are.

General Revenue Policies

a. A well-diversified and stable revenue system will be maintained to shelter public services from short-run fluctuations in any particular revenue source. Revenue estimates will be as realistic as possible based on the best available information.

b. Revenue forecasts will encompass all resources that can be utilized for public services.

c. Revenues of a one-time, limited or indefinite term will be used for capital projects or one-time operating expenditures to ensure that no ongoing service program is lost when such revenues are reduced or discontinued.

d. The City will project revenues for the next three years and will update this projection annually.

e. The City will not utilize deficit financing or short-term borrowing as a revenue source to finance current operating needs without full financial analysis and prior approval of the City Council. Interfund loans are permissible to cover temporary gaps in cash flow.

[5] The complete text of the Oak Harbor Comprehensive Financial Management Policy can be found in Appendix E

Grant Revenues

a. All potential grants shall be carefully examined for matching requirements. If local matching funds are not available, some grants may not be accepted. Grants may also be rejected if programs must be entirely funded with local resources after the grant program is completed.

b. When considering grants for the purposes of capital construction or other projects of an acquisition nature, an analysis will be made of the City's ongoing ability to maintain, repair, or commit the facilities to a specific economic purpose.

Enterprise Revenues

a. To ensure that the enterprise funds remain self-supporting, user fees and rate structures will be incorporated to support the total direct and indirect costs of operations, capital facilities maintenance, debt service, depreciation, and pass-through rate increases from source of supply vendors.

b. Revenues received for enterprise purposes will be restricted to the respective funds.

User Fee Revenues

a. The City will establish all user fees and charges at a level related to the cost of providing the service.

b. As much as is reasonably possible, authorized City services that provide direct benefit to a specific group, organization, or citizen should be supported by fees and charges to recover the costs of providing such benefit.

General Expenditure Policies

a. A high level of priority will be given to expenditures that will reduce future operating costs, such as increased utilization of technology, equipment, personnel, and prudent business methods.

b. Before the City undertakes any agreements that would create fixed ongoing expenses, the cost implications of such agreements will be fully determined for current and future years through the use of strategic financial planning models.

Short-Term Debt Policies

a. Short-term debt covers a period of one year or less.

b. The City may use short-term debt to cover temporary cash flow shortages that may be caused by a delay in receipting tax revenues or issuing long-term debt.

c. The City may issue interfund loans rather than outside debt instruments to meet short-term cash flow needs. Interfund loans will be permitted.

Long-Term Debt Policies

a. The City will confine long-term borrowing to capital improvements that cannot be financed from current revenues.

b. Acceptable uses of bond proceeds can be viewed as items that can be capitalized and depreciated.

c. Where possible, the City will use special assessment revenue, or other self-supporting bonds instead of general obligation bonds.

d. The City will not use long-term debt for current operations.

General Obligation Bond Policy

a. Every project proposed for financing through general obligation debt should be accompanied by a full analysis of the future operating and maintenance costs associated with the project.

b. Bonds cannot be issued for a longer maturity schedule than a conservative estimate of the useful life of the asset to be financed.

Limited Tax General Obligation Bond Policies

a. As a precondition to the issuance of limited tax general obligation bonds, all alternative methods of financing should have been exhausted.

b. Limited tax general obligation bonds should only be issued under the following conditions:

- A project in progress requires monies not available from alternative sources,
- Matching fund monies are available which may be lost if not applied for in a timely manner, or
- Catastrophic conditions.

Summary

The Comprehensive Plan and related sub-area and sub-unit plans detail the general and specific direction for community development in Oak Harbor. The CIP identifies what physical developments need to take place, where they are needed and how they will be paid for by the community. None of these actions can be undertaken separately without significant negative impact. The Capital Improvement Plan that follows represent the City of Oak Harbor's first for planning and coordinating the needed public capital investment.

Section Three • Existing Capital Facilities

The City of Oak Harbor owns and operates a wide array of capital facilities and performs a variety of services. Capital facilities are required to provide adequate service to the citizens of the community.

In addition to the City, a number of other governmental agencies build and manage capital facilities as well. The school district for example, owns and operates a large capital plant as does the library district and transit system. The City does not manage any of these capital facilities. The City does have responsibility under the Growth Management Act however, to ensure that the planning for these facilities takes place and that provision for the facilities necessary for the orderly growth of the community is considered by the responsible agency.

City services are divided into two general categories based on the origin of their operation and maintenance revenue, as explained in Section Two. In order to maintain consistency, City assets are grouped below into these two categories. The following is a summary of each City service. Detailed information on existing capital facilities will be found in Appendix A.

Non-Enterprise Funded Activities-Capital Facilities

Streets and Roads

A detailed description of Oak Harbor's existing street and road system is discussed within the GMA Transportation Element of the City of Oak Harbor Comprehensive Plan. As of year end 2010~~08~~ there were 68.~~42~~ 74 miles of public streets in Oak Harbor. Within the City of Oak Harbor, SR 20 is the only principal arterial. Minor arterials include:

- Bayshore Drive; City Beach Street to Midway Blvd
- Ft. Nugent Road; Swantown Avenue to City Limits
- Whidbey Ave.; Heller Rd to SE Regatta Drive
- NE 16th Avenue; Goldie Street to SE Regatta Drive
- Heller Street; Swantown Road to north City limits
- Midway Boulevard; Pioneer Way to SR 20
- Goldie Street; SR 20 to north City limits
- SE Regatta Drive; E Pioneer Way to north City limits.

Collector arterials include:

- NW Crosby Road
- Oak Harbor Street
- 7th Avenue
- Loreland Lane
- SE 8th Street
- Barrington Drive
- Erie Street
- Scenic Heights Road

Most other streets in Oak Harbor are classed as local access roads. For a graphic representation of the street system, see Appendix G.

Parks and Recreation

A detailed description of the City's parks and recreation system is contained in the 2009 City of Oak Harbor Comprehensive Parks, Recreation and Open Space Plan and is only summarized here. North Whidbey Island has a system of parks and open areas that include approximately 2,000 acres. The City of Oak Harbor has 25 parks on 111 acres of developed land and owns over 164 acres providing recreational opportunities such as walking trails, picnic areas, athletic fields, playgrounds, shorelines and a marina. For a graphic representation of the Parks system assets, see Appendix G.

The Oak Harbor School District No. 201 owns approximately 85 acres of playgrounds and athletic fields, and Naval Air Station Whidbey Island manages 207 acres of park and athletic fields for use by Navy personnel, dependents and retirees. Island County and Washington State Parks also have extensive park systems on North Whidbey Island, which are available to serve Oak Harbor residents.

Fire Protection and Suppression

The Oak Harbor Fire Department provides fire suppression, fire and life safety inspection, fire investigation, and other public education programs for the City of Oak Harbor. There are 13 full time employees, 42 paid on-call personnel, and 1 volunteer. The department responded to 1,339 incidents in 2009; approximately 6% were fires, 50% medical, and 7% service related. The department is currently housed in a 21,000-sq. ft. building located at the intersection of East Whidbey Avenue and Northeast Izett Street. The facility houses apparatus, administrative offices, training facilities, meeting rooms, an emergency operations center and personnel quarters. The department enjoys a Class 4 rating from the Washington Survey and Rating Bureau. Ratings range from one to ten, with one representing the best score. These ratings evaluate available water supply, fire department staffing and equipment, fire alarm system, fire protection program, building department enforcement of building laws and structural conditions of buildings.

Law Enforcement

Law enforcement services within the City of Oak Harbor are provided by the Oak Harbor Police Department. While never signed, the Police Department and Navy Security have operated under a memorandum of understanding drafted in 1993, which determines the range of service available to the NAS Whidbey Seaplane Base. The Oak Harbor Police Station is located at 860 S.E. Barrington Dr. across from City Hall and consists of approximately 12,000 gross sq. ft., of which 1,250 sq. ft. is a 30-day jail holding facility.

In 2006, the Police Department maintained a staffing level of approximately 1.41 commissioned law enforcement officers for every 1,000 persons living in the City. The national average is 2.30 officers per 1,000 citizens, with the State average of 1.65 officers per 1000 citizens.

General Governmental Services

General governmental services in the City of Oak Harbor are provided by the Mayor and City Council, City Administrator, Finance Department, City Attorney, Development Service Department and Public Works Department. These functions provide policy, legislative, regulatory and administrative services to the residents of Oak Harbor. Together, these departments have 132 regular fulltime employees.

For a graphic representation of the general physical assets of the City, see Appendix G.

Enterprise Funded Activities—Services/Capital Facilities

Water

The City of Oak Harbor Comprehensive Water System Plan contains a detailed description of the City's water system. The Oak Harbor water system currently serves about 23,360 people. As of ~~2010~~2011, the City had ~~99.44~~103.14 miles of water lines. The City's water system obtains water supply from the City of Anacortes, supplemented by three Oak Harbor owned wells. The City currently purchases approximately 99% of its water from Anacortes. A 20-year agreement with the City of Anacortes provides a basis for the City of Oak Harbor to provide water. Water flows from Anacortes through two City-owned transmission pipelines to the City of Oak Harbor. The transmission mains are 10 and 24 inches in diameter and are about 12 miles long.

Three City-owned wells have the capacity to produce 160 gallons per minute (gpm), 130 gpm and 160 gpm respectively. The City also operates one major pump station at Ault Field and a booster station at Heller Street. Three reservoirs store water for the system; one is a 2 million gallon (mg) tank and the two others are approximately .5 mg each. About 78% of the City's current water demand is residential with the remaining 22% of demand being commercial/industrial. Average daily demand in Oak Harbor's water system is about 2.264 million gallons per day (mgd). In addition to the City's demand, the Whidbey Island Naval Air Station's (NAS) average daily demand averages about 0.93 mgd. The water inter-ties with the NAS Whidbey Island were completed in 1999. Both the Navy and Oak Harbor view these connections as mutually beneficial. This solution extended the threshold need for future standby storage expansion. The Capital Facilities Plan of 1999 shows the City starting a sinking

fund in the year 2000 for the construction of an additional reservoir in the 2006 to 2013 time frame. A new 30 million gallon reservoir is scheduled for construction in 2011.

Sewers

The City of Oak Harbor's Comprehensive Sewerage Plan contains a detailed description of the City's sewer system. The City of Oak Harbor sewer collection system is municipally owned, operated and maintained. The existing system consists of more than 54 miles of gravity sewers ranging in size from 8 to 21 inches in diameter. The system also has 9 lift stations and approximately 2.5 miles of force mains and a total of ~~68.64~~69.81 miles of sewer lines.

The City currently operates two wastewater treatment facilities. Together, the two facilities have the capacity to treat an average daily flow of approximately 3.2 million gallons per day (mgd). The 2005 yearly average daily flow was 1.87 mgd. The first of these two facilities is the Oak Harbor Wastewater Treatment Plant, a secondary treatment plant which uses the rotating biological contactors (RBC) process, and currently has a capacity to treat approximately 0.7 mgd (average daily flow). This plant is located adjacent to Oak Harbor Windjammer Park at approximately City Beach Street and Bayshore Drive. Plant effluent is discharged through an 18-inch outfall to Oak Harbor in accordance with the City of Oak Harbor's National Pollution Discharge Elimination System (NPDES) permit.

Another secondary treatment facility was established in October of 1987 when the City signed a 50-year agreement to operate and maintain the sewage lagoons at the NAS. The City owns the facility and leases the land for the facility from the Navy. The lagoons are located on Navy property, northwest of the intersection of Pioneer Way and Torpedo Road, adjacent to Crescent Harbor. These lagoons currently have the capacity to treat approximately 2.5 mgd (average daily flow).

The City is in the planning process to identify sites for a new treatment plant. The goal is to replace the two aging treatment facilities with a new system by 2017.

Stormwater Detention and Treatment

A detailed analysis of storm drainage requirements in Oak Harbor are discussed in the Comprehensive Stormwater Drainage Plan dated 2006. This plan describes the existing conditions of the stormwater detention and treatment systems within the City and the requirements for improvements over the next 20 years. The City currently has approximately ~~46.94~~49.19 miles of storm sewers in the City. It maintains 1700 catch basins and manholes and inspects 111 private stormwater detention facilities.

Solid Waste

Municipal waste is generated in Oak Harbor at a rate of approximately 6,935 tons per year. This amounts to an average generation rate of 19 tons per day or about 2.5 pounds per person per day. The City of Oak Harbor uses the County's transfer station site in Coupeville for disposal of its municipal solid waste. Within the City limits, 68% of Oak Harbor's present population is serviced by the City's solid waste collection and disposal system. The remainder of the City's population is resident naval personnel and their families on the Seaplane Base, who utilize solid waste disposal services provided by the Navy in a service agreement with Island Disposal. For the non-Navy portion of the population, all operating revenues are obtained through collection and container fees.

Areas outside of the Oak Harbor City limits are currently served by Island Disposal through a franchise agreement with Island County. Island Disposal has an agreement with the City to continue serving homes within any area being annexed for an additional seven years to twelve years. New homes within the annexed area would be served by the City.

Corrections and Detention

Oak Harbor currently has a 12-bed jail with an average daily population of 11 inmates. Prisoners are held for up to 30 days. At times, the capacity of the jail is exceeded when new inmates are awaiting preliminary court appearances. Currently, longer-term prisoners and overflow are sent to the Island County jail facility at Coupeville. As the existing jail is approximately 35 years old, it is recommended that funding sources be studied which could provide for a new facility which could meet growing community needs.

Marina

The Marina was constructed in 1974 and was intended to provide the best and most affordable boat moorage in the northern Puget Sound. It was also intended to promote and encourage recreational boating in the Puget Sound and the San Juan Islands.

The marina was expanded in 1987 and again in 1998-99 to incorporate a unique breakwater design which provides superb protection to the marina while at the same time affording outstanding accommodations for visiting yacht clubs and individual boaters transiting the Sound. The breakwater dock provides 52, 40-foot slips with patios and picnic tables plus water and power. The facility is within walking distance of most retail services including motels and restaurants in the City of Oak Harbor.

Today's Oak Harbor Marina accommodates permanent moorage tenants in 217 open and 135 covered slips, ranging in size from 24 to 50 feet. Up to 100 additional vessels (depending on size) can be accommodated in guest moorage. The Marina also operates 96 dry storage garage-type sheds which are 25 feet in depth and can accommodate smaller boats on trailers.

Non City Provided Capital Facilities

Oak Harbor School District

The City of Oak Harbor is served by Oak Harbor School District No. 201. Currently the district operates one high school, two middle schools and six elementary schools. It serves students who live both within and outside the Oak Harbor Urban Growth Area Boundary. The high school is at an enrollment of 1800 students. Thanks to voter support, a new high school has been constructed at its current location. A new sports stadium that serves the high school was also built as a result of voter support and private community donations. The stadium has bleachers seating up to 3,000 spectators and parking for 750 vehicles.

The North Whidbey Middle School along with the Oak Harbor Middle School, has an enrollment of 1250 students.

Libraries

The Oak Harbor Library is a branch of Sno-Isle Libraries, a two-county library system serving Island and Snohomish counties. The City of Oak Harbor annexed to the Sno-Isle library district through voter approval in 1981, allowing residents to pay for library services directly through their property taxes. The library facility, including all major furnishing and shelving, remains the responsibility of the City, in agreement with the library district. The Oak Harbor Library is currently located in the east end of Hayes Hall on the Whidbey Island Campus of Skagit Valley College (SVC). Completed in 1993, Hayes Hall is jointly owned and maintained by SVC and the City of Oak Harbor, although the City is responsible for all elements related to the public library. The City's share of the building is estimated at approximately 12,000 sq. ft., or 43%. The boundaries of the Oak Harbor Library service area correspond with those of the Oak Harbor School District and include the City of Oak Harbor and the unincorporated North Whidbey area. According to the U.S census, the 2005 population of the area was 37,341. Island County Planning and Community Development projections show the population of the Sno-Isle area increasing to 46,569 by the year 2025.

The current library meets the informational and recreational needs of community members. It serves as a resource for teachers and students in public and private schools from preschool through college. It also supports economic development and local business needs through information services and access to online data. The library also serves as the consumer health information reference center for the Sno-Isle libraries, providing services throughout the two-county area.

The library offers many services to children, teens, adults and seniors including reference and information, programming, access to online and physical collections (1.4 million volumes) and interlibrary loan. Library services include, but are not limited to:

- Story times for babies, toddlers and preschoolers to promote reading readiness
- Programs and outreach for school aged children to promote academic success
- Homework assistance to complement K-12 and college level education
- Access to online electronic databases via the library website
- 114,000 books, DVD's, CD's, magazines and other materials for checkout
- Library Online Catalog access to 1.4 million volumes plus electronic sources
- Interlibrary loan for materials that are not in the library catalog
- Internet and Microsoft Office computer stations in the children, teen and adult areas
- Wi-Fi access throughout library and lobby areas
- Professional, friendly, well-trained local staff
- Express check out and holds pick up
- Reference and information services during all open hours
- Online reference services available 24/7
- Outreach services to homebound, care facilities and local daycares
- Open seven days per week during school year

In 2005, the library circulated 437,593 items, which was an increase of 24.8% over 2000 circulation figures. The library currently holds approximately 114,000 items, a 44% increase over the library's collection of 80,000 items in 1993 when the current facility opened. Collections are at maximum capacity: As new materials are added, older items must be removed. More than 240,000 people are projected to visit the Oak Harbor Library in 2006, which is an average of nearly 800 per day. The library program kicking off Summer Reading for 2006 was attended by more than 1000 children and their families.

North Whidbey Parks and Recreation District

The District operates two primary facilities:

- Clover Valley Park which consists of a Babe Ruth level baseball field, practice field and a leash free dog park.
- The Vanderzight Pool, on Jerome Street, which consists of a 25 meter pool and training pool.

It is considering plans to expand the Vanderzight Pool by adding additional swimming area, waterslide and warm water therapy pool sometime in the next few years.

Island Transit

The transit needs of the City are served by the Island County Public Transportation Benefit Area (PTBA), which operates as Island Transit. The agency's services include: fixed route service, para-transit service, a vanpool program and a ride matching program. All of Island Transit's services are fare-free to its users. The system is fully funded by a 0.3% sales tax, which is matched by funds from the Motor Vehicle Excise Tax revenues generated within the PTBA. The Levels of Service for Transit Routes in Oak Harbor will conform to that identified in Island Transit Comprehensive Plan as approved by the Public Transportation Benefit Area (PTBA).

Island Transit operates seven (7) routes within the City of Oak Harbor utilizing seven buses and two para-transit vehicles. Ridership for the entire Island County system topped one million in 2005 with a quarter of that ridership occurring in the City. In addition to numerous bus stops the system maintains Harbor Station on Bayshore Drive. The center contains three passenger shelters and kiosks as well as an operator lounge and administrative offices.

Section Four • Future Capital Facility Needs

How Are Future Needs Determined?

Capital facility needs for the community are identified in a number of ways. First, traditional planning, involving much citizen involvement, determines the community's wishes for open space, economic development options and land use compatibility, for example. Traditional planning produces documents like the Comprehensive Plan, the Windjammer Plan and the Parks and Recreation Plan. In addition, specialized or technical planning addresses infrastructure development, generally, through the Comprehensive Sewer Plan, the Comprehensive Storm Water Plan and the Six Year Traffic Improvement Plan, to mention just three. Specialized planning relies more on traditional technical specifications or industry standards and less on general community input. Generally speaking, the non-enterprise funded[6] projects are based more on traditional planning products[7] while enterprise funded projects are derived from specialized planning exercises. The provision of both types of capital facilities is, of course, guided by the Comprehensive Plan and appropriate sub-area plans.

Determining Basic Public Service Levels

The term Level of Service Standards (LOS) refers to the minimum capacity for public facilities or service that is planned to be provided per unit of demand or other appropriate measure of need. LOS can range from a precise measurement such as the time needed for a fire engine to reach the typical call-out to as imprecise a measure as public perception of how much open space should be provided. Establishing the LOS for an area of service area then directs the decision makers and managers to make the necessary plans to ensure that LOS is met.

LOS need to be consistent with the growth projections of the Land Use Element of the Comprehensive Plan. Under the concurrency requirements of GMA, if LOS are set too high, they may result in the community not achieving its growth objectives. On the other hand, if LOS are set too low, they may adversely impact the quality of life in the community. Even if concurrency is not required, the LOS tool is valuable in planning and budgeting. LOS also provide excellent measures of system performance.

Table 4.1, below, presents the LOS for a broad array of public facilities and services in Oak Harbor. The LOS were initially proposed by City staff based on technical and industry sources. These proposed standards were then reviewed and approved by the Citizens Comprehensive Plan Task Force.

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[6]For a clear definition of non enterprise and enterprise funds, see Section Three.

[7] Street projects are the most obvious exception.

Table 4-1. Level of Service Standards

Facility	Adopted LOS
Streets and Roads	
Major and Minor Arterials	LOS D
Highway—SR20	LOS E
Transit	Comprehensive Plan
Domestic Water	
Domestic Supply	73 gpcd
Commercial/Industrial	37 gpcd
Fire Flow	Per UFC
Sewer	60 gpcd
Stormwater Detention	25 year storm
Schools	
Grades K through 6	5 acres+1 acre/per 100 students
Grades 7+	10 acres+1 acre/per 100 students
Grades K through 6	80 square feet/student
Grades 7 through 8	110 square feet/student
Grades 9 through 12	120 square feet/student
Handicapped	140 square feet/student
Fire Protection	
Fire Response	5 minutes
Medical Response	4 minutes
Law Enforcement	
Emergency	2 minute response
Non-emergency	7 minutes
Parks and Recreation	
Spatial LOS	
Neighborhood Parks	90% within ½ mile
Community Parks	90% within ½ mile
Trails	75% within ½ mile
Ratio based LOS	
Neighborhood Parks	2 acre per 1,000 population
Community Parks	7 acres per 1,000 population
Multiuse Field	1 field per 10,000 population
Basketball Courts	1 court per 5,000 population
Tennis Courts	1 court per 2,000 population
Baseball Diamond	1 field per 7,000 population
Football Field	1 field per 7,500 population
Volleyball Courts	1 court per 5,000 population

Facility	Adopted LOS
Softball Fields	1 field per 5,000 population
Little League Fields	1 field per 4,000 population
Soccer Fields	1 field per 7,5000 population
Libraries	
Building	0.25 square feet per capita
Solid Waste	2.5 pounds per capita per day
Other Government Services	450 s.f. per 1,000 population
Corrections and Detention	0.5 beds per 1,000 population

The LOS must, of course, be compared to population projections to assure that the proper ratios can be met. The following table (Table 4.2) provides that population comparison.

Table 4.2. City of Oak Harbor Population Projections

City of Oak Harbor Population Projection						
1990	2000	2005	2010	2015	2020	2025
17,176	19,795	21,720	23,420	26,878	29,390	31,389

Source: U.S. Census and Medium-High projections using information from Washington State Office of Financial Management

Non-Enterprise Fund Activities—Capital Facilities

The following is a listing of capital facility projects that are needed within the six year planning timeframe to enable the City to meet Comprehensive Plan goals, LOS or to further a sub-area plan or strategy. For detailed information on needed non-enterprise funded projects, see Appendix C.

New Non-Enterprise Fund Capital Facilities, ~~2010~~2011-~~2015~~2016

Streets

~~Pioneer Way – City Beach St – Midway Blvd~~
NE 7th Avenue reconstruction
Oak Harbor Multimodal Facility
SE Fourth – Ely Street to Midway Blvd
SR–20 Widening – Beeksma Dr to Swantown Ave
SR20/Pioneer Way/S. Beeksma Dr
Whidbey Avenue reconstruction
Midway Blvd/NE 7th Avenue intersection
SW Heller St improvements
SW Eagle Vista Ave extension west of SR-20
Arterial sidewalks phase II
Local Street Overlays

General Administration

New City Animal Shelter
New Senior Center

Parks and Recreation

Land acquisition for future Community and Neighborhood Park development

- Open Space adjacent to Ft.Nugent Park
- Neighborhood Park – Scenic Heights, SW of Whidbey and SR 20
- Community Park – North of Crosby Ave and West of Heller Road

Splash Park in Windjammer Park
Neighborhood Parks – playground equipment replacements
Staysail Park Upgrades
Ft. Nugent Park – kitchen shelters and trail lights
Trail extensions at Freund Marsh
~~Scenic Heights Trail Head~~
Windjammer Park – Lagoon Bridge, Restrooms, Kitchen Shelters
Neighborhood/Community Park – Old High School Stadium

Windjammer

Freund Marsh
~~Pioneer Way Reconstruction and Streetscape~~
RV Park Development
Special Events Center
Windjammer Park Redevelopment
Oak Harbor Municipal Pier Project

Fire

New West Side Fire Station

Table 4.3. Non-Enterprise Activities; New Capital Facilities Needs, ~~2010~~2011–~~2015~~2016

	~~2010~~2011	2012~~2011~~	2013~~2012~~	2014~~2013~~	2014~~2015~~	2015~~2016~~
Streets/Roads	~~$774,000~~ $7,650,000	~~$10,056,000~~ $465,000	~~$10,894,000~~ $633,000	~~$1,651,600~~ $1,293,000	~~$9,954,400~~ $6,855,600	~~$2,524,000~~ $30,758,400
Parks/Recreation	~~$334,000~~ $49,000	~~$755,000~~ $854,000	~~$2,000,000~~ $1,712,000	~~$450,000~~ $570,000	$270,000	~~$320,000~~ $4,325,000
Fire	$0	$0	$0	$0	$0	$0
Total	$7,699,000.00 ~~$1,108,000.00~~	$1,319,000.00 ~~$10,811,000.00~~	$2,345,000.00 ~~$12,894,000.00~~	$1,863,000.00 ~~$2,101,600.00~~	$7,125,600.00 ~~$10,224,400.00~~	$35,083,400.00 ~~$2,844,000.00~~

Unfunded Non-Enterprise Capital Facility Needs

New non-enterprise capital facility needs in Oak Harbor are considerable, as indicated in Table 4.4. It is apparent that funds do not exist for all of the needs listed. Therefore, projects will be implemented as funding becomes available in the next six year period. The projects represented in Table 4.4 are those deemed a priority if LOS standards and Comprehensive Plan goals are to be met.

Table 4.4. Non-Enterprise Activities; Priority Capital Facilities Needs, ~~2010~~2011–~~2015~~2016

Responsible Dept./Div.	Facility/Project	Estimated Total Cost
Marina	Oak Harbor Marina Redevelopment	~~$19,439,925~~$16,285,745
Marina	Oak Harbor Municipal Pier Project	$8,709,624
Police	New City Animal Shelter	$540,000
Senior Services	New Senior Center	$5,200,000
Fire	New West Side Fire Station	$3,200,000
Parks	Land Acquisition for Future Park Development	$4,000,000
Parks	Windjammer Park Redevelopment	$9,950,000
Development Services	Trail Extensions at Freund Marsh	$162,000
Development Services	Special Events Center	$10,030,000
Development Services	RV Park Development	$3,720,000
~~**Development Services**~~	~~Pioneer Way Reconstruction and Streetscape:~~	~~$8,350,000~~
Development Services	Freund Marsh	$1,700,000
Streets	Local Street Overlays	$2,350,000
Streets	Pedestrian Access Improvements	$713,000
Streets	SR20 Widening Note: Total project cost is the State's responsibility. Project is shown on this list as a reflection of the importance of the improvements to the City.	$13,154,800
	Total	$79,715,169~~$91,219,349~~

Enterprise-Funds Activities—Capital Facilities

Managers responsible for enterprise funded departments identified capital projects that are needed within the next six year timeframe. Following is the list of needed facilities. For detailed information on needed enterprise funded projects, see Appendix C.

New Enterprise Funds Capital Facilities Needs: ~~2010~~2011–~~2015~~2016

Water	Wastewater
North Reservoir Connection Mains	Balda/Waterloo gravity extension
North Reservoir	Wastewater Treatment plant Facilities Plan
Ault Field Pump Station Alterations	Wastewater Treatment Plant – Design and Construction
North Booster Pump Stations	Biosolids removal (Lagoon Treatment Facility)
N.E. Pressure Transmission Main	Goldie Road sewer expansion phase II
N.E. O'Leary Pressure Zone Main and Connections	~~Sewer rehab on Pioneer Way~~
West Side Reservoir Connections to Mainland Zone	RBC Diversion Pump Station force main corrosion study
Main Replacement	Sewer line replacements
West Pressure Transmission Main	**Stormwater**
	Liszak Outfall
Marina	~~Pioneer Way storm drainage rehabilitation~~
Oak Harbor Marina Redevelopment	42" storm drain (Windjammer Park)
- Dredging	Freund Marsh stormwater improvements

Table 4.5. Enterprise Activities; New Capital Facilities Needs, ~~2010~~2011–~~2015~~2016

	~~2010~~2011	2012~~2011~~	2013~~2012~~	2014~~2013~~	2014~~2015~~	2015~~2016~~
Water	$398,000 ~~$3,328,000~~	$6,178,400 ~~$5,168,750~~	$967,500 ~~$2,944,250~~	$2,340,750 ~~$967,500~~	$4,382,750 ~~$200,000~~	$0 ~~$1,626,000~~
Wastewater	$1,639,570 ~~$1,783,000~~	$310,000 ~~$1,639,570~~	$2,667,000 ~~$310,000~~	$170,000 ~~$2,667,000~~	$4,180,000 ~~$170,000~~	$25,180,000 ~~$4,180,000~~
Stormwater	$2,243,000 ~~$1,650,000~~	$40,000 ~~$704,000~~	$200,000 ~~$198,000~~	$1,198,000 ~~$100,000~~	$155,000 ~~$813,000~~	$0 ~~$0~~
Marina	~~$875,000~~ $2,105,285	~~$2,745,000~~ $120,000	TBD	TBD	TBD	TBD
Total	$6,387,866 ~~7,638,010~~	$6,648,400 ~~$10,257,320~~	$3,834,503 ~~$3,452,252~~	$3,708,752 ~~$3,734,501~~	$8,717,752 ~~$1,183,001~~	$25,180,002 ~~$5,806,001~~

Source: City of Oak Harbor; see Appendix C.

Non-City Funded Capital Facilities

Oak Harbor School District

District enrollment projection for the next six years shows a further decline of about 250 students. For the immediate future, the district is planning for fewer students and as many as 20 empty elementary classrooms.

Library

Statistics indicate that currently 52% of library customers are residents of the City of Oak Harbor, and the remaining 48% live outside the City limits. Legislation signed into law in 1995 and codified in RCW 27.15 allows the formation of library capital facility areas in the state of Washington. A library capital facility area (LCFA) is an independent taxing unit formed within the boundaries of an existing rural county library district and is limited to financing construction of a new library. Two ballot issues would need to be approved by voters in the proposed LCFA. The first would ask voters to approve the formation of the LCFA; the second would ask voters to authorize financing for the new library.

In 2005, the Oak Harbor Library Board and Library Building Committee developed a building program for a new library to serve the North Whidbey community, including the City of Oak Harbor, for the next twenty years. Based on nation-wide standards, a library designed to adequately serve the current and projected population of the district would be approximately 25,000 sq. ft. In addition, circulation areas, including book drop and interior book returns areas, need to be upgraded to accommodate increasing demands of Oak Harbor citizens.

Island Transit

Island Transit foresees no new capital improvements within the City of Oak Harbor during the CIP planning period.

Section Five • New Capital Facility Priorities

By definition, enterprise funded activities are designed to be self sufficient for capital and operating purposes, as they depend on users fees to maintain adequate cash flow. Non–enterprise funds, on the other hand, are not user fee dependent but rather rely on taxes, special fees and extraordinary funding. Enterprise funds should, by definition, be able to plan for new capital facilities, based on LOS, and provide funding adequate for their implementation. It is because of this basic assumption that new enterprise funded capital facility requests are listed here but not prioritized[8]. New non-enterprise funded capital facility requests, on the other hand, are in competition with each other for limited resources. Priorities must be established, as there is not funding available for every request.

The CIP process adopted by the City called for the following work to be conducted as:

Task VI—Prioritize Capital Facilities And Match Appropriate Existing Community Resources.[9]

The Working Group met on October 27, 2006, and, using ten evaluation criteria that were developed at an earlier meeting, prioritized the non-enterprise new capital facility requests.

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The Prioritization Process

Evaluation

In order to fairly evaluate a request in relation to other requests, similar information in similar formats must be available. New capital facilities request forms were developed for this purpose. The form asked applicants for the facility name, location, anticipated cost of land acquisition, design and construction and implementation timeframe. They were also asked to estimate future operating costs and revenues. A significant portion of each form was devoted to responding to the ten evaluation criteria developed for the prioritization process.

To rank and prioritize requests, each must be rated and scored. Each request must be subjected to the same evaluation and criteria. The rating criteria that follow were developed for the purposes of ranking the requests and identifying the City's priorities.

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[8] For a complete listing of needed enterprise funded capital requests, see Appendix C.

[9] For a description of the six tasks in the Capital Improvement Planning process, see Appendix A.

Tier One Criteria

An additional weighting factor of three (x3) is given to the rating score of each Tier One criterion.

- **Required by law**—projects that are required due to federal, state or local legal mandate.
- **Public health and safety**—projects that resolve potentially threatening situations to the health, safety, or physical welfare of citizens. (e.g. construction of a new fire station)
- **Preserves existing assets**—projects that save or repair structural integrity of existing buildings, extend the life of or reduces operating costs of existing public infrastructure and facilities. (e.g. seismic upgrades, insulate and re-roofing a public building)

Tier Two Criteria

An additional weighting factor of two (x2) is given to the rating score of each Tier Two criterion.

- **Impact on future operating budgets**—forecasts the extent to which the project will impact future operating budgets; will result in decreased operating costs or produce net new revenue. (e.g. new tax revenue)
- **Community wide benefit**—the scope and extent to which the community as a whole benefits from the project; projects that have the broadest community benefit or contribute to balance in the overall program would be rated highest.
- **Advances community/council goals and objectives**—projects that enhance the goals and objectives of the community or City council as identified in adopted plans and policy. (e.g. development of the Windjammer Project) will score higher

Tier Three Criteria

No additional weight (x1) is given to the rating score of each Tier Three criterion.

- **Enhances or protects the natural environment**—projects that enhance the natural environment or resolve and reduce the risk of damage to the natural environment (e.g. construction of an adequate storm water retention facility).
- **Enhances or protects the cultural, educational and social environment**—projects that enhance or protect those cultural, educational or social assets that contribute to the community's quality of life (e.g. sidewalk improvements to enhance pedestrian environment, community meeting facility).
- **Provides community economic benefit**—projects that produce additional family wage jobs, retain family wage jobs or expand the tax base of the community. The more direct the positive impact the higher a project would rate (e.g. public amenities that encourage private sector investment).
- **Advances other City capital projects**—projects that assist the development of another project or a project that must occur in a sequential manner with other capital projects will rate higher.

PLACEHOLDER – **Responds to a favorable opportunity**—projects that may be advanced by responding to an initiative from the private sector, a grant funding program or other favorable circumstance that could advance that project (e.g. a federal grant opportunity arises that could fund 80% of a project's cost).

Rating and then ranking occurred as follows:

- Scoring and hence ranking occurred by assigning a value to each criterion. A scale is from 1 to 5, one (1) being lowest and five (5) being highest.

Applying the criteria above resulted in the non enterprise funded capital facilities being prioritized as shown in Table 5.1.

Table 5.1. Non Enterprise Activities; Prioritized New Capital Facility Requests ~~2010~~2011–~~2015~~2016

Priority	Rating Score	Facility/Project	Estimated Total Cost
1	309	Oak Harbor Marina Redevelopment	$16,285,745~~$19,439,925~~
~~2~~	~~302~~	~~Pioneer Way Reconstruction and Streetscape:~~	~~$8,350,000~~
3	281	SR 20 Widening Note: Total project cost is the State's responsibility. Project is shown on this list as a reflection of the importance of the improvements to the City.	$13,154,800
4	259	Windjammer Park Redevelopment	$9,950,000
5	250	Pedestrian Access Improvements	$713,000
6	222	Local Street Overlays	$2,350,000
7	211	New West Side Fire Station	$3,200,000
8	184	Oak Harbor Municipal Pier Project	$8,709,624
9	182	RV Park Development	$3,720,000
10	181	Freund Marsh	$1,700,000
11	179	Land Acquisition for Future Park Development	$4,000,000
12	165	New Senior Center	$5,200,000
13	163	Trail Extensions at Freund Marsh	$162,000
14	153	Special Events Center	$10,030,000
15	70	New City Animal Shelter	$540,000
		Total	$79,715,169~~$91,219,349~~

Section Six • Capital Facility Funding Options and Projections

Capital facilities in Washington State are funded in a variety of ways. This is the case in the City of Oak Harbor. Capital facilities in the enterprise fund category (waste water, water, storm drainage, and the Marina) are generally funded by system user fees, one time impact fees, revenue serviced bonds and grants in aid from the county, state, and federal governments. Non-enterprise fund facilities must rely on revenue from taxes or bonding retired with general tax revenue and grants in aid.

The Growth Management Act requires the City to identify the sources of funding for each type of capital facility. This section provides a general overview of funding sources that have been or are being used, an historical look at revenues from these sources and projections for these revenues to the year ~~2015~~2016. In addition, some typical funding sources that are not currently being used are outlined in Appendix F, with a complete listing of grant and loan programs.

Non Enterprise Activities—Capital Facility Funding Sources

Tax Revenue

Property Tax

RCW 84.52 authorizes this tax on the assessed valuation of real and personal property. Presently the maximum rate is $3.375 per $1,000 assessed valuation, subject to two limitations: RCW 84.55 limits growth of regular property tax to 6% of the highest amount levied in the last 3-years, before adjustments for new construction and annexations; and, the State Constitution limits the total regular property taxes to 1% of assessed valuation or $10.00 per $1,000 of value.

Timber Harvest Excise Tax

RCW 84.33 imposes a 4% tax on the total value of the gross harvest value of timber. 7% of this amount is distributed to local taxing districts in lieu of property tax on timber. The City is not currently receiving funds from this source but has in the past.

Retail Sales and Use Tax

The state levies an 8.0% tax on all retail sales except for off-premises food and drugs in Oak Harbor. Of this amount, 1.0% goes to the City and 0.5% goes to the County. Of the 1.0% the City receives, 0.15% goes to the County and 0.1%± is taken by the State for administration. This leaves the City with a net of .840%. Of the 0.5% the County receives, 0.2% is distributed to the City for criminal justice purposes and the remaining 0.3% is given to the County for the Island County Public Transportation Benefit Area Authority for public transit.

Business Taxes

The City collects fees for a number of licenses and permits including business licenses, and fees for permits, plan review inspections, and utility taxes

CAPRON Funds

CAPRON funds are a reimbursement of motor vehicle license fees and are based on the City's percentage of the assessed valuation in Island County. Island and San Juan Counties and municipalities within these counties are the only recipients of CAPRON funds. Revenues are used for maintenance of the City streets.

Gambling Tax

The City levies a use tax of up to 5% on bingo, raffles, card rooms and amusement games.

Liquor Tax/Profits

RCW 82.08 authorizes a distribution of the taxes to the City from liquor sales (28% for spirituous liquors and 32% for wine) on a per capita basis. It also distributes 40% of the net profit from liquor sales.

Lodging Excise Taxes

RCW 67.28 authorizes a base 2% tax and an additional 2% tax, for a total of 4%, on all charges for lodging furnished for a continuous period of less than one month. This tax is taken as a credit against the 6.5% State sales tax and is intended or the promotion of tourism or for the development and operation of specific stadium, convention, performance or visual arts facilities.

Motor Vehicle Fuel Tax

The State of Washington provides a State-collected gasoline tax that is shared with cities. The base tax in Washington State is 17 cents per gallon. Of this amount, the City receives 6.92%. The City also receives an additional 4.61% which is restricted for the construction, improvement, chip sealing, seal-coating, and repair of arterial highways and City streets as defined in RCW 46.04.030 and 46.04.120.

Real Estate Excise Taxes

The state authorizes a tax of 1.28% on the sale of all real estate. RCW 82.46 authorizes cities, planning under the GMA, to assess an additional tax on real estate sales of ¼%. These funds must be spent for capital facility projects listed in their Capital Facilities Plan. A second ¼% may also be levied to help defray the costs of implementing the GMA. See Table 6.1 below for past performance and future projections

Table 6.1. Real Estate Excise Tax Revenue – Past Performance and Future Projections

	2010~~09~~	~~2010~~2011	~~2012~~2011	~~2013~~2012	~~2014~~2013	2015~~14~~	~~2015~~2016	2017~~16~~
Beginning Fund Balance	$5,454,805 ~~$4,981,966~~	$5,072,837 ~~$5,442,140~~	$513,565~~$4,677,228~~	$762,237~~$2,922,369~~	$1,019,115 ~~$3,279,589~~	$1,284,727 ~~$3,649,312~~	$1,559,370 ~~$4,031,976~~	$1,843,626 ~~$4,428,033~~
Revenues								
1st ¼ %	$159,016 ~~$230,087~~	$120,364 ~~$167,544~~	$124,336~~$172,570~~	$128,439~~$178,610~~	$132,806~~$184,862~~	$137,321~~$191,332~~	$142,128~~$198,028~~	$147,102~~$204,959~~
2nd ¼%	$159,016 ~~$230,087~~	$120,364 ~~$167,544~~	$124,336~~$172,570~~	$128,439~~$178,610~~	$132,806~~$184,862~~	$137,321~~$191,332~~	$142,128~~$198,028~~	$147,102~~$204,959~~
Total Revenue	$318,032 ~~$460,174~~	$240,728 ~~$335,088~~	$248,672~~$345,140~~	$256,878~~$357,220~~	$265,612~~$369,724~~	$274,642~~$382,664~~	$284,256~~$396,056~~	$294,204~~$409,918~~
Expenditures								
Parks	$0	$0	$0	$0	$0	$0	$0	$0
Streets	$~~0~~700,000	$~~41,81~~00,000	$~~2,100,000~~0	$0	$0	$0	$0	$0
Total Expenditures		~~$4,800,000~~ ~~$1,100,000~~	$ 0~~$2,100,000~~	$ 0	$ 0	$ 0	$ 0	$ 0
Ending Fund Balance	~~$5,072,837~~ ~~$5,442,140~~	~~$513,565~~ ~~$4,677,228~~	~~$762,237~~~~$2,922,368~~	~~$1,019,115~~ ~~$3,279,589~~	~~$1,284,727~~ ~~$3,649,313~~	~~$1,559,369~~ ~~$4,031,976~~	~~$1,843,626~~ ~~$4,428,032~~	~~$2,137,830~~ ~~$4,837,951~~

Source: City of Oak Harbor Finance Department, ~~2010~~2011

Table 6.2. General Fund Revenues from All Sources, 2009–2016

Description	2010~~09~~	2010~~2011~~	2012~~2011~~	2013~~2012~~	2014~~2013~~	2015~~14~~	2015~~2016~~	2017~~16~~
Property Taxes	$3,904,588 ~~$3,907,748~~	$2,814,283 ~~$3,613,989~~	$2,856,497 ~~$3,668,198~~	$2,899,345 ~~$3,723,221~~	$2,942,835 ~~$3,779,070~~	$2,986,977 ~~$3,835,756~~	$3,031,782 ~~$3,893,292~~	$3,077,259 ~~$3,951,691~~
Sales & Use Taxes	$2,930,791 ~~$3,301,193~~	$2,877,916 ~~$2,455,533~~	$2,906,695 ~~$2,492,366~~	$2,950,296 ~~$2,542,213~~	$3,009,301 ~~$2,605,768~~	$3,084,534 ~~$2,670,912~~	$3,161,647 ~~$2,737,685~~	$3,240,689 ~~$2,806,127~~
Business Taxes	$2,395,009 ~~$2,466,780~~	$2,445,852 ~~$2,382,941~~	$2,494,769 ~~$2,430,600~~	$2,544,664 ~~$2,479,212~~	$2,595,558 ~~$2,528,796~~	$2,647,469 ~~$2,579,372~~	$2,700,418 ~~$2,630,960~~	$2,754,427 ~~$2,683,579~~
Gambling Taxes	$13,738 ~~$10,424~~	$9,769 ~~$16,999~~	$9,964 ~~$17,339~~	$10,164 ~~$17,686~~	$10,367 ~~$18,039~~	$10,574 ~~$18,400~~	$10,786 ~~$18,768~~	$11,001 ~~$19,143~~
Liquor Excise Taxes	$302,885 ~~$270,705~~	$267,496 ~~$268,022~~	$274,183 ~~$274,722~~	$281,038 ~~$281,590~~	$288,064 ~~$288,630~~	$295,266 ~~$295,846~~	$302,647 ~~$303,242~~	$310,213 ~~$310,823~~
Lodging Taxes	$187,380 ~~$198,451~~	$155,925 ~~$130,334~~	$159,823 ~~$133,592~~	$163,819 ~~$136,932~~	$167,914 ~~$140,355~~	$172,112 ~~$143,864~~	$176,415 ~~$147,461~~	$180,825 ~~$151,147~~
Motor Vehicle Fuel Taxes	$503,905 ~~$497,941~~	$459,992 ~~$410,139~~	$410,139 ~~$497,941~~	$420,393 ~~$410,139~~	$430,903 ~~$420,393~~	$441,675 ~~$430,903~~	$452,717 ~~$441,675~~	$464,035 ~~$452,717~~
Excise Tax - REET 1	$159,016 ~~$230,087~~	$120,364 ~~$167,544~~	$124,336 ~~$172,570~~	$128,439 ~~$178,610~~	$132,806 ~~$184,862~~	$137,321 ~~$191,332~~	$142,128 ~~$198,028~~	$147,102 ~~$204,959~~
Excise Tax - REET 2	$159,016 ~~$230,087~~	$120,364 ~~$167,544~~	$124,336 ~~$172,570~~	$128,439 ~~$178,610~~	$132,806 ~~$184,862~~	$137,321 ~~$191,332~~	$142,128 ~~$198,028~~	$147,102 ~~$204,959~~
Total Tax Revenues	$~~$~~10,556,328 ~~11,113,416~~	$~~$~~9,271,961 ~~9,613,044~~	$~~$~~9,360,742 ~~9,859,899~~	$9,526,597 ~~$9,948,214~~	$9,710,554 ~~$10,150,775~~	$9,913,249 ~~$10,357,717~~	$10,120,668 ~~$10,569,140~~	$10,332,653 ~~$10,785,147~~

Source: City of Oak Harbor Finance Department, ~~2010~~2011

Impact Fees

Transportation Impact Fees

ESHB 2929 authorizes impact fees to pay for roads required to serve new development. Ordinance 1051 of the City of Oak Harbor allows for the collection of traffic mitigation fees at the time of the issuance of a Certificate of Occupancy. Impact fees are based on a flat rate for dwelling units, and per square foot for non-residential uses, based on PM peak hour trips created by the development. Adjustments have been made to the fee calculations to account for road costs that are paid by other sources of revenue. Additional credit is also given to developers who contribute land, improvements, or other assets.

Park Impact Fees

ESHB 2929 authorizes impact fees to pay for park and recreation facilities required due to new development. These fees are usually collected at the issuance of building permits or certificates of occupancy. Park and Recreation fees are usually based on a flat rate for dwelling units by type and per square foot for non-residential uses.

Adjustments must be made to fee calculations to account for park and recreation costs that are paid by other sources of revenue. Additional credit can also be given to developers who contribute land, improvements or other assets. These impact fees are in addition to any mitigation or voluntary payments authorized by SEPA or local improvement districts for example.

Impact fees must be used for capital facilities needed for growth. They can not be used to meet current deficiencies or cannot be used for operating expenses.

Table 6.3. Impact Fee Revenue—Past Performance and Future Projections

Description	2010~~09~~	~~2010~~2011	2012~~2011~~	2013~~2012~~	2014~~2013~~	2015~~14~~	~~2015~~2016	2017~~16~~
Transportation	$67,102 ~~$67,062~~	$78,936 ~~$58,274~~	$81,541 ~~$60,022~~	$84,232 ~~$62,123~~	$87,096 ~~$64,297~~	$90,057 ~~$66,547~~	$93,209 ~~$68,877~~	$96,471 ~~$71,287~~
Park - Neighborhood	$23,220 ~~21,500~~	$9,879 ~~$25,800~~	$10,205 ~~$26,574~~	$10,542 ~~$27,504~~	$10,900 ~~$28,467~~	$11,271 ~~$29,463~~	$11,665 ~~$30,494~~	$12,074 ~~$31,562~~
Park - Community	$67,122 ~~62,150~~	$28,804 ~~$74,580~~	$29,755 ~~$76,817~~	$30,736 ~~$79,506~~	$31,781 ~~$82,289~~	$32,862 ~~$85,169~~	$34,012 ~~$88,150~~	$35,203 ~~$91,235~~
Total Impact Fees	$159,454 ~~$152,721~~	$119,630 ~~$160,664~~	$123,512 ~~$165,424~~	$127,523 ~~$171,145~~	$131,791 ~~$177,065~~	$136,205 ~~$183,193~~	$140,902 ~~$189,536~~	$145,764 ~~$196,100~~

Source: City of Oak Harbor Finance Department, ~~2010~~2011

Table 6.4. Non-Enterprise Activities—Revenue Available for Capital Improvements by Source, ~~2010~~2011–2014

Source	~~2010~~2011	2012~~2011~~	2013~~2012~~	2014~~2013~~	201~~514~~	2015~~2016~~
Streets/Roads						
Impact Fees	$67,102 ~~$58,274~~	$78,936 ~~$60,022~~	$81,541 ~~$62,123~~	$84,232 ~~$64,297~~	$87,096 ~~$66,547~~	$90,057 ~~$68,877~~
Developer Contributions[10]	TBD	TBD	TBD	TBD	TBD	TBD
General Fund	0	0	0	0	0	0
REET	$~~71,1~~00,000	~~24,100~~800,000	0	0	0	0
Other (Grants, bonds, etc.)	~~Unk~~$477,722	~~Unk~~$1,000,000	Unk	Unk	Unk	Unk
Total	$1,244,824~~$1,158,274~~	$5,878,936~~$2,160,022~~	$81,541~~$62,123~~	$84,232~~$64,297~~	$87,096~~$66,547~~	$90,057~~$68,877~~
Parks/Recreation						
Impact Fees	$90,342 ~~$100,380~~	$38,683 ~~$103,391~~	$39,960 ~~$107,010~~	$41,278 ~~$110,755~~	$42,682 ~~$114,632~~	$44,133 ~~$118,644~~
Developer Contributions	TBD	TBD	TBD	TBD	TBD	TBD
General Fund	0	0	0	0	0	0
REET	0	0	0	0	0	0
Other (Grants, bonds, etc.)	128,795 ~~Unk~~	154,000 ~~Unk~~	Unk	Unk	Unk	Unk
Total	$219,137~~$100,380~~	$192,683~~$103,391~~	$39,960~~$107,010~~	$41,278~~$110,755~~	$42,682~~$114,632~~	$44,133~~$118,644~~
Other (Windjammer, General Admin.)						
Impact Fees	0	0	0	0	0	0
Developer Contributions	TBD	TBD	TBD	TBD	TBD	TBD
General Fund	0	0	0	0	0	0

[10] Those project expenses that can be levied on the development deemed to benefit most from the capital improvement.

Source	~~2010~~2011	2012~~2011~~	2013~~2012~~	2014~~2013~~	2015~~14~~	~~2015~~2016
REET	0	0	0	0	0	0
Other (Grants, bonds, etc.)	0	0	0	0	0	0
Total						

Source: City of Oak Harbor Finance Department, ~~2010~~2011

Enterprise Activities—Capital Facility/Maintenance Funding Sources

System Development Fees

System development charge is an impact fee imposed on utilities such as water, sewer, natural gas, or drainage that is a proportionate share to the utility system capital costs which the City can demonstrate is attributable to the property being charged.

Table 6.5. System Development Fee Revenue–Past Performance and Projections

Description	2010~~09~~	~~2010~~2011	2012~~2011~~	2013~~2012~~	2014~~2013~~	2015~~14~~	~~2015~~2016	2017~~16~~
Water	$260,345 ~~$218,753~~	$103,204 ~~$213,910~~	$106,610 ~~$220,328~~	$110,128 ~~$228,039~~	$113,872 ~~$236,020~~	$117,744 ~~$244,281~~	$121,865 ~~$252,831~~	$126,130 ~~$261,680~~
Sewer	$99,960 ~~$99,959~~	$50,400 ~~$116,640~~	$52,063 ~~$120,139~~	$53,781 ~~$124,344~~	$55,610 ~~$128,696~~	$57,501 ~~$133,200~~	$59,513 ~~$137,862~~	$61,596 ~~$142,688~~
Trunk Line	$18,275 ~~$6,800~~	$10,200 ~~$20,400~~	$10,537 ~~$21,012~~	$10,884 ~~$21,747~~	$11,254 ~~$22,509~~	$11,637 ~~$23,296~~	$12,044 ~~$24,112~~	$12,466 ~~$24,956~~
Total Sys Dev. Fees	$378,580~~$~~ ~~325,512~~	$163,804 ~~$350,950~~	$169,210 ~~$361,479~~	$174,793 ~~$374,131~~	$180,736 ~~$387,225~~	$186,881 ~~$400,778~~	$193,422 ~~$414,805~~	$200,192 ~~$429,323~~

Source City of Oak Harbor Finance Department ~~2010~~2011

User Fees/Rates

Water User Fees

These are state authorized rates charged to each residential and commercial customer, based on the volume of water used. Revenue may be used for capital facilities, operations and maintenance.

Wastewater User Fees

The state authorizes sewer charges to wastewater generators. In Oak Harbor, these fees are usually based on the amount of potable water consumed based on the assumption that there is a correlation between water consumption and wastewater generation.

Storm Drainage Utility Fees

These are state authorized fees usually based on a flat rate per month per residential equivalency or on the average impervious surface area. Revenue may be used for capital facilities, operations and maintenance.

Solid Waste User Fees or Tipping Fees

These fees may be charged either at the point of pickup by the container or by using a flat rate. They may also be charged at the point of delivery at the disposal facility. User or tipping fees may be used for capital facilities, as well as maintenance and operating expenses

Table 6.6. Enterprise Fund Activities—Revenues/Expenditures/Available Resources

Water	2010 ~~2007~~	2011~~2008~~	2012~~2010~~	2013~~2011~~	2014~~2012~~	2015~~2013~~	2016~~2014~~
Revenues[11]	$4,625,976 ~~$4,298,360~~	$5,076,871 ~~$4,625,976~~	$5,428,364 ~~$5,076,871~~	$5,752,205 ~~$5,428,364~~	$6,124,200 ~~$5,752,205~~	$6,515,937 ~~$6,124,200~~	$4,298,360 ~~$6,515,937~~
Expenditures[12]	$4,624,829 ~~$3,909,368~~	$5,090,779 ~~$4,624,829~~	$5,436,873 ~~$5,090,779~~	$5,751,969 ~~$5,436,873~~	$6,123,913 ~~$5,751,969~~	$6,515,792 ~~$6,123,913~~	$3,909,368 ~~$6,515,792~~
Available	$1,147 ~~$388,992~~	($13,908) ~~$1,147~~	($8,509) ~~($13,908)~~	$236 ~~($8,509)~~	$287 ~~$236~~	$145 ~~$287~~	$388,992 ~~$145~~
Waste Water							
Revenues	$4,627,597 ~~$4,802,329~~	$4,904,290 ~~$4,627,597~~	$5,459,109 ~~$4,904,290~~	$6,049,019 ~~$5,459,109~~	$6,715,784 ~~$6,049,019~~	$7,547,145 ~~$6,715,784~~	$4,802,329 ~~$7,547,145~~
Expenditures	$4,650,943 ~~$3,889,293~~	$4,904,653 ~~$4,650,943~~	$5,459,198 ~~$4,904,653~~	$6,049,041 ~~$5,459,198~~	$6,715,943 ~~$6,049,041~~	$7,547,351 ~~$6,715,943~~	$3,889,293 ~~$7,547,351~~
Available	($23,346) ~~$913,036~~	($363) ~~($23,346)~~	($89) ~~($363)~~	($22) ~~($89)~~	($159) ~~($22)~~	($206) ~~($159)~~	$913,036 ~~($206)~~

[11]For all activities—Includes revenue from all sources.

[12]For all activities—Includes operational expenses and debt service for projects completed or under way.

Storm Drainage							
Revenues	$1,374,580 ~~$1,352,235~~	$1,439,880 ~~$1,374,580~~	$1,507,127 ~~$1,439,880~~	$1,572,350 ~~$1,507,127~~	$1,638,971 ~~$1,572,350~~	$1,707,655 ~~$1,638,071~~	$1,352,235 ~~$1,707,655~~
Expenditures	$1,376,748 ~~1,278,890~~	$1,441,183 ~~$1,376,748~~	$1,508,202 ~~$1,441,183~~	$1,572,465 ~~$1,508,202~~	$1,641,211 ~~$1,572,465~~	$1,708,811 ~~$1,641,211~~	1,278,890 ~~$1,708,811~~
Available	($2,168) ~~$73,345~~	($1,303)(~~$2,168)~~	($1,075) ~~($1,303)~~	($115) ~~($1,075)~~	($2,240) ~~($115)~~	($1,156) ~~($2,240)~~	$73,345 ~~($1,156)~~
Marina							
Revenue	$1,315,155 ~~$1,343,779~~	$1,534,226 ~~$1,315,155~~	$1,852,417 ~~$1,534,226~~	$1,976,580 ~~$1,852,417~~	$2,077,180 ~~$1,976,580~~	$2,183,116 ~~$2,077,180~~	$2,294,455 ~~$2,183,116~~
Expenditure	$1,362,370 ~~$833,992~~	$1,315,141 ~~$1,362,370~~	$1,629,863 ~~$1,315,141~~	$1,725,307 ~~$1,629,863~~	$1,817,822 ~~$1,725,307~~	$1,912,349 ~~$1,817,822~~	$2,011,791 ~~$1,912,349~~
Available	($47,215) ~~$509,787~~	$219,085 ~~($47,215)~~	$222,554 ~~$219,085~~	$251,273 ~~$222,554~~	$259,358 ~~$251,273~~	$270,767 ~~$259,358~~	$282,664 ~~$270,767~~

Source: City of Oak Harbor Finance Department, ~~2010~~2011

Bonds

Bonds that are identified below are available for the use of both non-enterprise and enterprise funded capital facilities.

General Obligation Bonds.(GO)

They are backed by the full faith and credit of the City. Bondholders have legal claim on general income of the City if default occurs. There are two types:

Councilmanic Bonds (Limited Tax General Obligation Bonds)

- May be issued by a vote of City council
- Backed by general fund revenues because voters have not been asked to pay increased property taxes
- May be used for any City purpose and does not have to be capital

Unlimited General Obligation Bonds

- Backed by the full faith and credit of the local government
- Raises property tax to pay for projects and must be approved by a 60% majority of the voters, turnout must be 40% of those voting in the last general election
- Only used for capital purposes and there are limits to amount of debt that can be issued

Debt Limits

There are three pots of 2 ½% of assessed valuation each: (1) general government purposes, (2) municipally owned water, sewer and electric utilities, and (3) open space and parks. Pots two and three are voted and must be 60% yes, 40% voter turnout. Pot 1 is a mixture of voted and non-voted.

Revenue Bonds

These bonds are used to finance projects for an enterprise fund or a facility that generates income sufficient to pay debt service. Examples include water and wastewater projects or convention center. Payment of debt service comes from user fees generated by enterprise fund or the capital facility that is being built. Interest rates are higher than in GO bonds since these bonds are not backed by the full faith and credit of the City. They are not subject to statutory debt limits. However, the bond market provides an effective limit to the amount of bonds that can be issued.

Levy Lid Lift

A simple majority of voters can approve a "levy lid lift" allowing the City to levy an amount of property tax approved by its voters up to the applicable statutory rate ($3.375 per $1000 assessed valuation) limitations. The City can lift its levy for the following year or for up to six consecutive years. This technique is particularly helpful in funding maintenance or property acquisition projects.

Table 6.8. Schedule of Limitation of Indebtedness, December ~~2010~~2011

CITY OF OAK HARBOR
Schedule of Limitation of Indebtedness
As Of December 31, 2010

Total Taxable Property Value $ 1,832,165,652

I. General Purpose Indebtedness (Legal Limit 2.5% of Taxable Property Value)			$ 45,804,141
A. General Purpose Indebtedness Without A Vote (Legal Limit 1.5%)			$ 27,482,485
Indebtedness (Liabilities):			
GO Bonds		$ -	
Others		$ 74,986	
Less Assets Available			74,986
Indebtedness Incurred - Section A			$ 27,407,499
Indebtedness Margin - Section A			
B. Capital Lease Without A Vote (Legal Limit 1.5%)			$ 27,482,485
Capital Leases Payable		-	
Less Assets Available		-	
Indebtedness Incurred - Section B			-
Indebtedness Margin - Section B			$ 27,482,485
C. General Purpose Indebtedness With A Vote (Legal Limit 2.5%)			$ 45,804,141

Indebtedness (Liabilities):		
GO Bonds	-	
Others	-	
Less Assets Available	-	
Indebtedness Incurred - Section C		-
Indebtedness Margin - Section C		$ 45,804,141
Less: Indebtedness Incurred - General Purposes		$ 74,986
Less: Indebtedness From Section II In Excess of 2.5% Of Property Value		-
Less: Indebtedness From Section III In Excess of 2.5% Of Property Value		-
Margin Of Indebtedness Available - General Purposes		$ 45,729,155

CITY OF OAK HARBOR
Schedule of Limitation of Indebtedness
As Of December 31, 2010

II. Indebtedness For Utility Purposes With 3/5 Vote (Legal Limit 2.5%)		$ 45,804,141
Indebtedness (Liabilities):		
GO Bonds	-	
Others	-	
Less Assets Available	-	
Indebtedness Incurred - Utility		-
Indebtedness Margin - Utility Purposes		$

	45,804,141
III. Indebtedness For Open Space And Parks Facilities With 3/5 Vote (Legal Limit 2.5%)	$ 45,804,141
Indebtedness (Liabilities):	
GO bonds	-
Others	-
Less Assets Available	-
Indebtedness Incurred - Open Space And Parks Facilities	-
Indebtedness margin - Open Space And Parks Facilities	$ 45,804,141
Total Indebtedness Allowable (Legal Limit 7.5%)	$ 137,412,424
Less: Indebtedness Incurred - General Purposes	74,986
Less: Indebtedness Incurred - Utility Purposes	-
Less: Indebtedness Incurred - Open Space and Parks Facilities	-
MARGIN OF INDEBTEDNESS AVAILABLE	$ 137,337,438

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~~CITY OF OAK HARBOR~~
~~Schedule of Limitation of Indebtedness~~
~~As Of December 31, 2009~~

~~Total Taxable Property Value $ 1,897,999,833~~

~~I. General Purpose Indebtedness (Legal Limit 2.5% of Taxable Property Value)~~	~~$ 47,449,996~~

~~A. General Purpose Indebtedness Without A Vote (Legal Limit 1.5%)~~			~~$28,469,997~~
	~~Indebtedness (Liabilities):~~		
	~~GO Bonds~~	~~$ 122,897~~	
	~~Others~~		
	~~Less Assets Available~~		~~122,897~~
	~~Indebtedness Incurred - Section A~~		~~$28,347,100~~
~~Indebtedness Margin - Section A~~			
~~B. Capital Lease Without A Vote (Legal Limit 1.5%)~~			~~$28,469,997~~
	~~Capital Leases Payable~~		
	~~Less Assets Available~~		
	~~Indebtedness Incurred - Section B~~		
~~Indebtedness Margin - Section B~~			~~$28,469,997~~
~~C. General Purpose Indebtedness With A Vote (Legal Limit 2.5%)~~			~~$47,449,996~~
	~~Indebtedness (Liabilities):~~		
	~~GO Bonds~~	~~$240,000~~	
	~~Others~~		
	~~Less Assets Available~~		
	~~Indebtedness Incurred - Section C~~		~~240,000~~
~~Indebtedness Margin - Section C~~			~~$47,209,996~~
~~Less:~~	~~Indebtedness Incurred - General Purposes~~		~~$ 362,897~~
~~Less:~~	~~Indebtedness From Section II In Excess of 2.5% Of Property Value~~		
~~Less:~~	~~Indebtedness From Section III In Excess of 2.5% Of Property Value~~		

~~Margin Of Indebtedness Available – General Purposes~~	~~$ 47,087,099~~

~~CITY OF OAK HARBOR~~
~~Schedule of Limitation of Indebtedness~~
~~As Of December 31, 2009~~

~~II. Indebtedness For Utility Purposes With 3/5 Vote (Legal Limit 2.5%)~~	~~$47,449,996~~
~~Indebtedness (Liabilities):~~	
~~GO Bonds~~	
~~Others~~	
~~Less Assets Available~~	
~~Indebtedness Incurred - Utility~~	
~~Indebtedness Margin - Utility Purposes~~	~~$47,449,996~~
~~III. Indebtedness For Open Space And Parks Facilities With 3/5 Vote (Legal Limit 2.5%)~~	~~$47,449,996~~
~~Indebtedness (Liabilities):~~	
~~GO bonds~~	
~~Others~~	
~~Less Assets Available~~	
~~Indebtedness Incurred - Open Space And Parks Facilities~~	
~~Indebtedness margin - Open Space And Parks Facilities~~	~~$47,449,996~~
~~Total Indebtedness Allowable (Legal Limit 7.5%)~~	~~$142,349,987~~
~~Less: Indebtedness Incurred - General Purposes~~	~~362,897~~
~~Less: Indebtedness Incurred - Utility Purposes~~	

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~~Less: Indebtedness Incurred - Open Space and Parks Facilities~~	
~~**MARGIN OF INDEBTEDNESS AVAILABLE**~~	~~$141,987,090~~

Source: City of Oak Harbor Finance Department, ~~2010~~2011

Special Assessment Districts [13]

The State of Washington provides for several special assessment techniques to assist communities in funding both non-enterprise and enterprise capital projects.

Local Improvement Districts/Road Improvement District/Utility Local Improvement District

When a capital project is going to provide a benefit that primarily or wholly benefits only a subset of citizenry, a LID/RID/ULID can be formed as part of the project. These are commonly used for projects such as street improvements, street lights, sidewalks, water and sewer systems, and underground power lines. Property owners may petition to form an LID/RID/ULID, or council can pass a resolution of intent to form one.

Special Purpose District

RCW 67.38.130 authorizes a specified service often encompassing more than one jurisdiction. Included are districts for fire facilities, hospitals, libraries, metropolitan parks, airports, ferries, parks and recreation facilities, cultural arts/stadiums and convention centers, sewers, water flood controls, irrigation, and cemeteries.

Parks & Recreation Service Area

RCW 36.68.400 authorizes voters to approve the formation of park and recreation service areas as junior taxing districts for the purpose of financing the acquisition, construction, improvement, maintenance, or operation of any park, senior citizen activity center, zoo, aquarium, or recreational facility.

Parking & Business Improvement Areas

The Transportation Improvement Act (ESHB 6358) also authorizes a tax to be collected on commercial businesses based on gross proceeds or property acreage or the number of parking stalls or the customers similar to an admissions and operations tax.

Community Revitalization Financing (TIF)

Designated "community revitalization financing" in RCW 39.89 but commonly called TIF (tax increment financing), this financing allows local government to capture a portion of new tax revenue resulting from the increase of valuation from new development within a designated area. The captured tax, referred to as "tax allocation revenues" in RCW 39.89, can be used to service the debt incurred by the local government when constructing "public improvements" necessary to encourage new development within the designated area.

Grants and Loans

For a complete listing of applicable grants and loans available to the City of Oak Harbor, see Appendix F.

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[13] For a detailed discussion of Special Assessment Districts, see Appendix F.

Conclusions

It has been stated throughout this document that non-enterprise funded capital facilities have limited funding available for implementation. The discussion above points out clearly that the capital facility needs of both non-enterprise and enterprise funded activities will require user fee revenue, general and special tax revenue, bonds and/or grants in aid from outside source funding sources. Funding the capital facility needs of the City of Oak Harbor will require innovative planning, but it is a task that can be accomplished.

Section Seven • Implementation Plan

The ~~2010~~2011~~–2015~~2016 CIP is intended to serve as a framework or guide for future capital improvement planning. The process of prioritization of projects was not done as part of the ~~2010~~2011 update and therefore the priorities remain unchanged. However, some available information such as cost estimates, schedule etc. has been modified to reflect the information known at the time of the update. It is anticipated that, with the passage if time, more relevant and needed data will be available. Until that time this section will proscribe a course of action for each priority project to be considered by the elected community leadership and citizens at large. The table below identifies the priority non-enterprise capital request, the estimated cost and the unknown/funded portion of that cost.

Table 7.1. Non Enterprise Activities; Priority Capital Facilities Needs, ~~2010~~2011~~–2015~~2016

Priority	Rating Score	Facility/Project	Estimated Total Cost	Unknown
1	309	Oak Harbor Marina Redevelopment	~~$19,439,925~~$16,285,745	9,594,809
~~2~~	~~302~~	~~Pioneer Way Reconstruction and Streetscape:~~	~~$8,350,000~~	~~$0~~
3	281	SR-20 Widening[14]	$13,154,800	$13,154,800
4	259	Windjammer Park Redevelopment	$9,950,000	$9,950,000
5	250	Pedestrian Access Improvements	$713,000	$713,000
6	222	Local Street Overlays	$2,350,000	$2,350,000
7	211	New West Side Fire Station	$3,200,000	$3,200,000
8	184	Oak Harbor Municipal Pier Project	$8,709,624	$8,709,624~~$7,660,624~~
9	182	RV Park Development	$3,720,000	$3,720,000
10	181	Freund Marsh	$1,700,000	$1,700,000
11	179	Land Acquisition for Future Park Development	$4,000,000	$4,000,000
12	165	New Senior Center	$5,200,000	$5,200,000
13	163	Trail Extensions at Freund Marsh	$162,000	$100,000
14	153	Special Events Center	$10,030,000	$10,030,000
15	70	New City Animal Shelter	$540,000	$525,000
~~16~~		~~New City Hall[15]~~	~~$4,600,000~~	~~$4,600,000~~
		Total	$79,715,169~~$95,819,349~~	$72,947,233~~$76,498,233~~

[14] Total project cost is the State's responsibility. Project is shown on this list as a reflection of the importance of the improvements to the City.

~~[15] Not rated with other capital projects.~~

Table 7.2. Priority Non-Enterprise Capital Facilities Implementation Plan

Priority	Facility Description	Implementation Issues	Implementation Recommendations
1	**Oak Harbor Marina Redevelopment** Total Cost - $19,500,000 Phase I & II Cost - $3,~~531,900~~204,180 Proposed Timeframe for Action— ~~2010~~2011 | 2012~~1~~ | 2013~~2~~ | 2014~~13~~ | 2015~~14~~ | ~~2015~~2016 ~~X~~ | ~~X~~ | X | X | | ~~2011 – Phase II: Dredging~~ ~~2011 –~~ Future Phases ~~III~~: To be determined	**Phase II Dredging is under implementation** Partial dredging of the Marina was done in 2011 under A Dock, F Dock, landing float and Fuel Dock. Future dredging will be done based on the availability of funds.	Further improvements on the Marina in accordance to the Redevelopment Plan will need to implemented in phases to match the availability in funds.
2	**Pioneer Way Reconstruction and Streetscape** SE Pioneer Way from SE Midway Boulevard to SE City Beach Street. Cost—$8,350,000 Proposed Timeframe for Action— ~~2010~~2011 | 2012~~2011~~ | 2013~~2012~~ | 2014~~2013~~ | 2015~~2014~~ | ~~2015~~2016 | X | X | | | 2011 – The project is in its design phase. 2012 - Construction	**Project is under design** Currently under construction and is expected to be complete in 2011 – 2012.	

Table 7.2. Priority Non Enterprise Capital Facilities Implementation Plan (continued)

Priority	Facility Description	Implementation Issues	Implementation Recommendations
3	**SR 20 Widening** SR-20 from SW Beeksma Drive to SW Swantown Avenue. Cost— $13,150,000 Proposed Timeframe for Action— ~~2010~~2011 | 2012~~2011~~ | 2013~~2012~~ | 2014~~2013~~ | 2015~~2014~~ | ~~2015~~2016 | | | | | Note: Total project cost is the State's responsibility. Project is shown on this list as a reflection of the importance of the improvements to the City.	**Challenges—** State responsibility. Grants and loans are limited. **Opportunities—**	Work with legislative delegation to increase state funding to fill the gap.

4	**Windjammer Park Redevelopment** Beeksma Drive to City Beach Street, along the waterfront. Cost—$9,950,000 / Gap—ALL Proposed Timeframe for Action— ~~2010~~2011 | 2012~~2011~~ | 2013~~2012~~ | 2014~~2013~~ | 2015~~2014~~ | ~~2015~~2016 | | | | | |	**Challenges—** Gap is large. Grants and loans are limited. **Opportunities—** Potential community partners. Phasing appears possible.	Determine feasibility of phasing the project. Investigate reducing the scope of the project. Investigate public acceptance to a voted bond proposal. **Funding Options—** Investigate alternative funding approach (Metropolitan Parks District). Investigate public acceptance of a "Water Front Futures" voted bond proposal. Consider a general Parks levy.
5	**Pedestrian Access Improvements** City wide. Cost—$105,000/$110,000/$114,000/ $122,000/$128,000/$134,000 / Gap—ALL Proposed Timeframe for Action— ~~2010~~2011 | 2012~~2011~~ | 2013~~2012~~ | 2014~~2013~~ | 2015~~2014~~ | ~~2015~~2016 | | X | X | X | X	**Challenges—** Insurance and ADA requirements. Grants and loans are limited. **Opportunities—** Is already phased.	Evaluate using the Capital Reserve Account to fill the gap Investigate availability of REET This project received a grant from the Safe Routes to School program and will include some pedestrian improvements around existing schools in 2012 **Funding Options—** Look into Levy Lid Lift approach. Issue non–voted bonds to fill the gap. Investigate public acceptance to a voted bond proposal.

Table 7.2. Priority Non Enterprise Capital Facilities Implementation Plan (continued)

Priority	Facility Description	Implementation Issues	Implementation Recommendations
6	**Local Street Overlays** Locations are established through the Pavement Management Program. Cost—$400,000/$450,000/$500,000/$550,000 Gap—ALL Proposed Timeframe for Action— ~~2010~~2011 | ~~2012~~2011 | ~~2013~~2012 | ~~2014~~2013 | ~~2015~~2014 | ~~2015~~2016 | | X | X | X | X	**Challenges—** Grants and loans are limited. New revenue source needed **Opportunities—** Is already phased.	Evaluate using the Capital Reserve Account. Evaluate using the Capital Reserve Account to fill the gap. Investigate availability of REET. **Funding Options—** Look into Levy Lid Lift approach. Issue non–voted bonds to fill the gap. Investigate public acceptance to a voted bond/utility tax proposal.
7	**New West Side Fire Station** Southwest section of City. Cost—$3,200,000 / Gap—ALL Timeframe Proposed Timeframe for Action— ~~2010~~2011 | ~~2012~~2011 | ~~2013~~2012 | ~~2014~~2013 | ~~2015~~2014 | ~~2015~~2016 | | | | |	**Challenges—** Location unknown. Large gap. **Opportunities—** High community support usually for public safety.	**Funding Options—** Issue non-voted bonds to fill the gap. Investigate public acceptance to a voted bond proposal.

8	**Oak Harbor Municipal Pier Project** The pier itself will overlay the current location of the City dinghy dock on tideland property owned by the City. Cost—$8,709,624 / Gap—$8,709,624~~7,660,624~~ Proposed Timeframe for Action— ~~2010~~2011 | 2012~~2011~~ | 2013~~2012~~ | 2014~~2013~~ | 2015~~2014~~ | ~~2015~~2016 | X | X | ~~2010-2011 – Phase 1 Upland Improvements – $1,045,000~~ Schedule Unknown ~~– Phase II – Transient Moorage~~	**Challenges—** Large gap. Grants and loans are limited. The City Council voted to not pursue the project in 2011 and return any grant money awarded to the project. The project will need to be revisioned and rescoped. **Opportunities—** Significant funds committed. Significant engineering and permitting work completed.	Determine feasibility of phasing. Reduce the scope of the project. Attempt to reduce scope or Phase I to the level that can be paid for by revenue bonds. **Funding Options—** Investigate public acceptance of a "Waterfront Futures" voted bond proposal. Investigate alternative funding approach Package Marina, Public Pier and Goldie Road Sewer (Port District).

Table 7.2. Priority Non Enterprise Capital Facilities Implementation Plan (continued)

Priority	Facility Description	Implementation Issues	Implementation Recommendations
9	**Windjammer RV Park Development** The project will be located on the west side of S. Beeksma Drive, north of Dillard's Addition subdivision. Cost—$3,720,000 / Gap—ALL Proposed Timeframe for Action— 2011~~2010~~ | 2012~~2011~~ | 2013~~2012~~ | 2014~~2013~~ | 2015~~2014~~ | 2016~~2015~~ | | | | | |	**Challenges—** Large gap. Grants and loans are limited. **Opportunities—** Potential revenue generation.	Investigate utilizing revenue stream to service bonds. Evaluate privatizing the operation.
10	**Freund Marsh Improvements** The project is located within the Freund Marsh property, south of SW	**Challenges—**	Combine with # 13 Trail

	Bayshore Drive and west of Beeksma Drive. Cost—$1,700,000 / Gap—ALL Proposed Timeframe for Action— ~~2010~~2011 | 2012~~2011~~ | 2013~~2012~~ | 2014~~2013~~ | 2015~~2014~~ | ~~2015~~2016 [ ] | [ ] | [ ] | [ ] | [ ] | [ ]	Large gap Grants and loans are limited. **Opportunities—** Community involvement possible.	Extensions at Freund Marsh. **Funding Options—** Investigate possible "Environmental Heritage" voted bond proposal. Consider a Parks' Levy.
11	**Land Acquisition for Future Park Development** Developable land within close proximity to the City. Cost—$4,000,000 / Gap—all Proposed Timeframe for Action— ~~2010~~2011 | 2012~~2011~~ | 2013~~2012~~ | 2014~~2013~~ | 2015~~2014~~ | ~~2015~~2016 [ ] | [ ] | [ ] | [ ] | [ ] | X	**Challenges—** Grants and loans are limited. **Opportunities—**	**Funding Options—** Consider a Levy Lid Lift.

Table 7.2. Priority Non Enterprise Capital Facilities Implementation Plan (continued)

Priority	Facility Description	Implementation Issues	Implementation Recommendations
12	**New Senior Center** Unknown. Cost— $5,200,000/ Gap— $5,200,000 Proposed Timeframe for Action— ~~2010~~2011 | 2012~~2011~~ | 2013~~2012~~ | 2014~~2013~~ | 2015~~2014~~ | ~~2015~~2016 [ ] | [ ] | [ ] | [ ] | [ ] | [ ]	**Challenges—** The gap is large. Grants and loans are limited. **Opportunities—**	**Funding Options—** Investigate the possibility of a voted bond issue.
13	**Trail Extensions at Freund Marsh** Freund Marsh, off of Beeksma Drive. Cost—$162,000 / Gap—$100,000 Proposed Timeframe for Action— ~~2010~~2011 | 2012~~2011~~ | 2013~~2012~~ | 2014~~2013~~ | 2015~~2014~~ | ~~2015~~2016 [ ] | X | [ ] | X | X | [ ]	**Challenges—** Grants and loans are limited. **Opportunities—**	Combine with # 10 Freund Marsh Improvements. **Funding Options—** Investigate possible "Environmental Heritage" voted bond proposal. Consider a Levy Lid Lift.

Table 7.2. Priority Non Enterprise Capital Facilities Implementation Plan (continued)

Priority	Facility Description	Implementation Issues	Implementation Recommendations
14	**Special Events Center** The project is conceptually located at the intersection of SE Bayshore Drive and SE City Beach Street. Cost—$10,030,000 / Gap—ALL Proposed Timeframe for Action— ~~2010~~2011 | 2012~~2011~~ | 2013~~2012~~ | 2014~~2013~~ | 2015~~2014~~ | ~~2015~~2016	**Challenges—** The gap is large. Grants and loans are limited. **Opportunities—** Private participation is likely.	Investigate privatizing project. Investigate a public/private partnership.
15	**New City Animal Shelter** City owned property on Technical Drive. Cost—$540,000 / Gap—ALL Proposed Timeframe for Action— ~~2010~~2011 | 2012~~2011~~ | 2013~~2012~~ | 2014~~2013~~ | 2015~~2014~~ | ~~2015~~2016	Challenges— The gap is large. Grants and loans are limited. **Opportunities—** **The City is exploring options to accommodate/retain the facility on Navy Property.**	**Funding Options—** Consider a Levy Lid Lift.

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Appendix A • The Capital Improvements Planning Process

Capital Improvements Planning Process Goal

The City of Oak Harbor Capital Improvements Planning Process shall result in a six year Capital Improvements Plan. The process will involve the staff, public, affected community agencies, and elected officials. It identifies the community's public capital facility needs, prioritizes those needs and identifies an appropriate funding strategy for each.

The planning goal above was adopted by the Capital Improvements Plan Working Group (WG) at their first meeting, July 18, 2006. This group was convened by the Mayor as part of the capital facilities planning process budgeted for and approved by City Council for completion in FY 2006. It was comprised of all City of Oak Harbor Department Heads and their designated staff. The Working Group (WG) met a total of six times. The work program approved by the WG was aggressive, ambitious, and tightly scheduled.

The Planning Process

These major work elements were pursued to complete this document:

Task I. Inventory Existing Capital Facilities.

City departments and functional areas inventoried all capital facilities with a value of more than $50,000 and a useful life of at least 20 years. Location of the facility, original cost, replacement cost and condition were identified where possible.[16]

Task II. Establish Appropriate Level of Service Standards (LOS) and Identify the Community Demand for New Capital Facilities.

Departments reviewed the current LOS[17] and determined their continued utility. Plans and strategies were consulted for facility needs. The Comprehensive Plan Citizen Advisory Committee, acting as a community sounding board, discussed, review and commented on LOS. In addition, staff met with key community stakeholders to ascertain their views and opinions on capital facilities needs.

Task III. Identify Capital Facilities Shortfall Between Level of Service Standards (Demand) and Existing Facilities.

WG members compared the current capital facilities list with the needs identified when reviewing LOS and adopted plans and strategies. A shortfall of needed capital projects was identified.[18]

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[16] For more about existing capital facilities, see Section Three and Appendix B.

[17] For more about Level of Service Standards (LOS), see Section Four.

[18] For more about capital projects needed, see Section Five.

Task IV. Estimate Financial Resources Needed to Meet Capital Facilities Shortfall.

WG members were asked to submit New Capital Facilities Request Forms[19] for projects they felt should be funded over the next six years. On that form, WG members were asked to estimate total construction cost, operational expenses and revenue, timeframe for construction and anticipated funding sources for each project.

Task V. Identify, Analyze and Prioritize Financial Resources Available to the Community for Capital Facilities.

The City's Finance Director and Funding Strategist identified all possible funding sources for the proposed new capital facilities. Sources were reviewed for appropriateness, utility, and timeliness.

Task VI. Prioritize Capital Facilities and Match Appropriate Existing Community Resources.

The WG met on October 27, 2006 and, using ten evaluation criteria[20] that were developed at an earlier meeting, prioritized the non enterprise new capital facility requests. The financial analysis performed in Task V served as a guide for the Finance Director and Funding Strategist to match community resources to the prioritized new non–enterprise funded capital facilities.

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[19] For a complete listing of requested capital facilities, see Appendix C.

[20] For a list of the evaluation criteria and the ranking matrix used to prioritize the non enterprise capital facilities requests, see Section Five and Appendix D.

Appendix B • Inventory of Existing Facilities

Traffic

Level of service standards (LOS) analysis serves as an indicator of the quality of operation at an intersection. The LOS grading ranges from A to F where A is assigned when there are no delays and low volumes. E, on the other hand, represents the "at capacity" condition—more vehicles could not be added to the intersection without a breakdown in traffic flow. F is an unacceptable level of service and indicates long delays and/or strained traffic flows.

Manual p.m. peak-hour traffic volume surveys were conducted by the City of Oak Harbor at 37 intersections in 2007. Daily traffic volume counts were also conducted at 23 locations. The table below summarizes the existing LOS calculated for each of the intersections and roadway section surveyed.

Table B.1. 2007 Level of Service Standards for Traffic

Peak Hour Signalized Intersections	2007 LOS
SR 20/Ault Field Road	C
SR 20/Goldie Rd/Midway Boulevard	C
SR 20/NE 7th Avenue	B
SR 20/Whidbey Avenue	C
SR 20/SW 3rd Avenue	B
SR 20/SW 8th Avenue	B
SR 20/SE Barrington Drive	C
SR 20/W Pioneer Way/Beeksma	D
SR 20/SW Erie Street	C
SR 20/Swantown Road	D
Ault Field Rd/Goldie Road	C
Ault Field Rd/Langley Road	B
Whidbey Ave/Heller Road	B
Whidbey Ave/Oak Harbor Street	C
Whidbey Ave/Midway Boulevard	C
SE 8th Ave/Midway Boulevard	A
W Pioneer Way/City Beach Dr	A
W Pioneer Way/Midway Boulevard	C
Ft Nugent Rd/Swantown Road	B

Peak Hour Signalized Intersections	2007 LOS
State Route 20	
Ault Field to Regatta Dr	A
Regatta Dr and Goldie St	C
Goldie St to 3rd Ave	A
3rd Ave to Barrington Dr	B
Barrington Dr to Pioneer Way	A
Erie St to Beeksma	D
Swantown Ave and Erie St	D
Swantown Road	
Ft Nugent Ave to SR 20	B
Heller Road to Ft Nugent Ave	A
Heller Road/Ault Field Road	
Ault Field Rd to Crosby Rd	A
Whidbey Ave and 6th	A
6th Ave and Barrington Ave	A
Pioneer Way	
City Beach and Dock Street	A
Dock Street to Midway	A
Midway to Regatta	A
Barrington Drive	
SR 20 to SE 8th	A
Midway Blvd	
Whidbey Ave and 6th Street	A
SE 8th Ave and Pioneer Way	A
Whidbey Avenue	
Heller to Oak Harbor Road	A
Oak Harbor Rd to SR 20	B
SR 20 to Midway	A
Midway to Regatta Drive	A
Crosby Avenue, Heller to Oak Harbor	A
Oak Harbor Road	
Ault Field to Crosby	A
Crosby to Whidbey	C
Goldie Road	
Ault Field to SR 20	A

Wastewater Inventory and Conditions Survey 2006

Table B.2. Distribution System

Age (yrs.)→ Size (in.) ↓	0–20	21–30	31–40	41–50	51–60	61–70
4	570	2544	1400	0	0	0
6	482	500	0	607	521	0
8	126801.47	29704	50679	26273	47194	19603
10	6110	820	820	1962	2866	511
12	3109	2106	0	0	0	4190
15	7355	0	0	2963	802	0
16	8047	0	0	0	0	0
18	4493	0	0	0	0	0
20	0	0	0	0	0	0
21	3730	0	0	0	0	807
24	85	0	0	0	0	0

Note: Numbers above are linear feet.

Table B.3. Pump List

Pump Station	Location	Size	Age
No. 1	Taftson	2 – 7.5 hp	1982
No. 2	N.E. 9th	2 – 3 hp	1984
No. 3	N.E 7th	2 – 15 hp	1993
No. 4	Crosby Road	2 – 10 hp	1994
No. 5	Cabot Street	2 – 5 hp	1986
No. 6	E. Pioneer Way	2 – 15 hp	2001
No. 7	Golf Course	2 – 30 hp	1997
No. 8	Capital Street	2 – 7.5 hp	1994
No. 9	East Park	2 – 3 hp	2001
No. 10	Harbor Terrace	2 – 3 hp	2003
No. 11	Scenic heights	2 – 25 hp	2008

Note: Assumed life of sewer lines, manholes, appurtenances, etc. is 70 years.

Water System Inventory And Conditions Survey—2006

Table B.4. Distribution System

Age (yrs.)→ Size (in.) ↓	0–20	21–30	31–40	41–50	51–60
4	28	400	2659	2371	12325
6	788	21851	33889	17766	9433
8	142832	42070	25470	7055	3555
10	15817	4183	7435	6136	2720
12	30262	10605	8212	150	0
16	10720	454	0	0	0
24	0	61852	0	0	0

Note: Numbers above are linear feet.

Table B.5. Source and Pump Station List

Name	Location	Year built	Description	Initial Cost
East side Reservoir	Regatta Dr.	1959	0.5MG reservoir	$ 400,000
Westside Reservoir	Heller St.	1963	.5MG reservoir	$ 400,000
Westside Reservoir 2mg	Heller St.	1976	2.0MG reservoir	$1,500,000
Ault Field Pump station	Ault Field	1974	pumping station	$ 253,710
Westside pump station	Heller St.	1989	booster station	$ 113,451
Redwing pump station	Redwing subdivision	2004	booster station	$ 550,000
Well # 11	Lueck Park	1977	emergency well	$ 39,004
Well # 9	Heller St.	1961	emergency well	$ 17,204

Note The assumed life of water system lines and appurtenances is 50 years.

Street Inventory And Conditions Survey 2006

Table B.6. Street Conditions

Classification	100-90	89-80	79-70	69-60	59-50	<49
Major Arterial	State owned/maintained					
Minor Arterials	7.4	30.3	11.3	3.3	0.3	0.0
Collectors	5.5	8.8	2.0	0.4	0.2	0.6
Residential	49.3	31.2	15.8	7.5	1.5	0.2

Storm Water Drainage Inventory And Conditions Survey 2006

Table B.7. Distribution System

Age (yrs.)→ Size (in.) ↓	0–20	21–30	31–70
4	24	325	0
6	2619	1413	158
8	9585	20171	5946
10	3007	12408	866
12	77926	25839	8577
15	2382	3298	842
18	0	798	2343
21	24	798	0
24	343	492	1394
36	555	65672	0
42	0	2705	0
60	80	0	0

Note: Numbers above are linear feet.

Note: The assumed design life for storm drain lines, manholes, etc. is 70-years.

City Capital Assets Inventory and Conditions Survey, 2006

Table B.8. Capital Assets Inventory and Conditions

Managing Department	Description	Address	Original Cost	Replacement Cost	Size Sq. Ft.	Year Built	Condition 1-10/10 best	Replacement Year
ADMINISTRATION								
	BIG BROTHER HOUSE	913 E. WHIDBEY AVE.	$98,252	$ 284,761	900	1970	5	NA
	CADA RENTAL HOUSE	845 SE IRELAND DRIVE	$52,559	$ 370,028	800	1940	NA	NA
	SWIMMING POOL	85 SE JEROME ST.	$412,500	NA	0	NA	NA	NA
	YACHT CLUB	1301 SE CATALINA	$250,000	NA	1,000	NA	NA	NA
	CITY HALL	865 SE BARRINGTON DR.	$1,219,943	$ 6,577,507	14,000	1949	NA	1999
	LIBRARY	100 E. REGATTA DRIVE	$1,273,080	$ 1,869,560	12,100	1993	NA	NA
	RENTAL HOUSE	945 E. WHIDBEY AVE.	$70,943	$ 320,336	900	1955	NA	NA
	RENTAL HOUSE	935 E. WHIDBEY AVE.	$79,567	$ 171,593	900	1980	NA	NA
	RENTAL HOUSE A & B	1045 IRELAND DRIVE	$117,155	$ 824,172	400	1940	NA	NA
FIRE								
	FIRE DEPARTMENT	855 E WHIDBEY AVE.	$2,527,800	$ 3,823,524	21,000	1992	NA	2042
	FIRE DEPT. TRAINING TOWER	855 E. WHIDBEY AVE.	$250,000	$ 378,147	2,100	1992	NA	NA
MARINA								
	MARINA - DRY SHEDS	1401 SE CATALINA DR.	$94,900	$ 210,000	NA	NA	6	TBD
	MARINA - FUEL TANK	1401 SE CATALINA DR.	$360,309	$ 500,000	NA	NA	8	2020
	MARINA - HARBORMASTER BUILDING	1401 SE CATALINA DR.	$119,009	$ 350,000	NA	NA	4	TBD
	MARINA - MACHINERY & EQUIPMENT	1401 SE CATALINA DR.	$1,330,100	$ 3,500,000	NA	NA	6	2010
	MARINA - WET STORAGE	1401 SE CATALINA DR.	$916,451	Incl. in next line item	NA	NA	4	2008
	MARINA DOCKS & BREAKWATER	1401 SE CATALINA DR.	$3,179,718	$ 19,294,809	166,000	1974	4	2008
PARKS								
	BEEKSMA GATEWAY PARK	1501 BEEKSMA DR.	NA	NA	.5 ACRES	NA	NA	NA
	BEEKSMA GATEWAY	1501 S. BEEKSMA DR. (.25 ACRE)	$160,581	NA	NA	NA	7	NA
	CITY BEACH PARK	BAYSHORE DRIVE	NA	NA	28.5 ACRES	NA	NA	NA
	CITY BEACH PARK - BALLFIELDS	BAYSHORE DRIVE	$75,000	NA	NA	NA	6	NA
	CITY BEACH PARK BATHHOUSE & SHOWER	BAYSHORE DRIVE	$100,000	NA	NA	1980	6	NA
	CITY BEACH PARK COMFORT STATION	BAYSHORE DRIVE	$117,823	NA	NA	NA	6	NA
	CITY BEACH PARK WINDMILL	BAYSHORE DRIVE	$77,665	NA	NA	1980	6	NA
	CITY BEACH PARK KITCHEN A & B	BAYSHORE DRIVE	$75,000	NA	NA	NA	6	NA
	CITY BEACH PARK RESTROOMS	BAYSHORE DRIVE	$100,000	NA	NA	1980	6	NA
	CITY BEACH PARK KITCHEN C	BAYSHORE DRIVE	$75,000	NA	NA	1980	6	NA
	CITY BEACH PARK POOLS & LIGHTING	BAYSHORE DRIVE	$977,684	NA	NA	NA	6	NA
	FIRESIDE PARK	NA	NA	NA	1.2 ACRES	NA	NA	NA
	FLINTSTONE /MINI HARBOR PARK	NA	NA	NA	1.5 ACRES	NA	NA	NA
	FLINTSTONE PARK RESTROOMS	FLINTSTONE PARK	$90,000	NA	NA	NA	NA	NA
	FREUND MARSH	ERIE STREET/BEEKSMA DRIVE	NA	NA	35.0 ACRES	NA	NA	NA
	FT NUGENT PARK PLAYGROUND	NA	NA	NA	40 ACRES	NA	NA	NA
	FT. NUGENT PARK - BALLFIELDS	2075 SE FT. NUGENT AVE.	$121,687	NA	0	NA	9	NA
	FT. NUGENT PARKING LOT	2075 SE FT. NUGENT AVE.	$307,300	NA	0	NA	9	NA
	FT NUGENT PARK PLAYGROUND	FT. NUGENT	$ 170,000	$ 170,000		2006	9	NA
	LUECK PARK	NA	NA	NA	1.5 ACRES	NA	NA	NA
	LUECK PARK EQUIPMENT	1270 SW BARRINGTON	$89,013	NA	0	NA	6	NA
	KIMBALL MEMORIAL PARK	NA	NA	NA	.8 ACRES	NA	NA	NA
	KOETJE PARK	500 NE ELLIS	NA	NA	3.5 ACRES	NA	NA	NA
	HAL RAMALY DISPLAY PARK	526 SE BAYSHORE DRIVE (.5 ACRES)	$78,800	NA	.5 ACRES	NA	9	NA

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Managing Department	Description	Address	Original Cost	Replacement Cost	Size Sq. Ft.	Year Built	Condition 1-10/10 best	Replacement Year
PARKS								
	HOLLAND GARDENS & GIRL SCOUT HUT	759 SE 4TH AVE.	$63,654	$ 184,487	600	1970	NA	NA
	MARINA PARK	NA	NA	NA	2.9 ACRES	NA	NA	NA
	MEADOW RIDGE PARK	1577 NW 8TH AVE.	NA	NA	.5 ACRES	NA	NA	NA
	NEIL PARK EQUIPMENT	NEIL PARK (3.5 ACRES)	$120,000	NA	0	NA	NA	NA
	NEIL WATER TOWER	NE BARRON	$100,000	$ 1,096,012	400	1925	9	NA
	RED WING PARK	NA	NA	NA	1.0 ACRES	NA	NA	NA
	RIDGEHAVEN PARK	NA	NA	NA	.8 ACRES	NA	NA	NA
	HAWTHORNE PARK	NA	NA	NA	.35 ACRES	NA	NA	NA
	HOLLAND GARDEN/NEIL PARK	NA	NA	NA	3.5 ACRES	NA	NA	NA
	RIDGEWOOD PARK	NA	NA	NA	5.8 ACRES	NA	NA	NA
	RUTH COHEN MEMORIAL PARK	NA	NA	NA	5.0 ACRES	NA	NA	NA
	RUTH COHEN PARK EQUIPMENT	1678 SW 8TH AVE. (5 ACRES)	$56,250	NA	0	NA	6	NA
	SHADOW GLEN PARK	385 NW DORY DRIVE	NA	NA	.8 ACRES	NA	NA	NA
	SHADOW GLEN PARK EQUIPMENT	385 NW DORY DRIVE	$50,000	NA	0	NA	6	NA
	SKATEBOARD PARK - NORTH WHIDBEY	175 SE JEROME ST.	$67,330	$ 75,780	0	2002	6	NA
	SMITH PARK	NA	NA	NA	5.0 ACRES	NA	NA	NA
	SMITH PARK EQUIPMENT	SMITH PARK (9 ACRES)	$152,000	NA	0	NA	7	NA
	SPRING TREE PARK	NA	NA	NA	1.5 ACRES	NA	NA	NA
	SR-20 POCKET PARKS	NA	NA	NA	.25 ACRES	NA	NA	NA
	SUMMER PARK	NA	NA	NA	4.0 ACRES	NA	NA	NA
	TYHUIS PARK	NA	NA	NA	.8 ACRES	NA	NA	NA
	VFW PARK	NA	NA	NA	.8 ACRES	NA	NA	NA
	VOLUNTEER SKATE PARK	175 SE JEROME	NA	NA	6.0 ACRES	NA	NA	NA
	VOLUNTEER PARK EQUIP - BALLFIELDS	175 SE JEROME ST. (6 ACRES)	$93,562	NA	NA	NA	7	NA
	WELL SITE #10	NA	NA	NA	.5 ACRES	NA	NA	NA
PUBLIC WORKS								
	NEW CITY SHOP	1400 NW 16TH AVE.	$4,562,427	$ 5,779,546	48,000	1998	NA	NA
	OLD CITY SHOP	1000 SE CITY BEACH ST.	$62,205	$ 209,002	4,000	1965	NA	Replaced
POLICE								
	ANIMAL SHELTER	NAS WHIDBEY BLDG 297	$100,000	$ 165,285	4812	1989	4	NA
	POLICE DEPARTMENT/I-COM	860 SE BARRINGTON	$1,764,714	$ 2,669,288	12,000	1992	NA	NA
SENIOR CENTER								
	SENIOR CENTER	51 SE JEROME	715,181	$ 4,100,000	6,800	1986	7	2011 - 2012
	SENIOR CENTER GARAGE	51 SE JEROME	UNKNOWN	NA	900	1940/60	2	NA
	SKYLINE GREENBRIAR MANUFACTURED HOME	917 E. WHIDBEY AVE	$138,572	$ 155,964	2,100	2002	NA	NA

Appendix B • Inventory of Existing Facilities

Managing Department	Description	Address	Original Cost	Replacement Cost	Size Sq. Ft.	Year Built	Condition 1-10/10 best	Replacement Year
SOLID WASTE								
	RECYCLE TRANSFER STATION	GOLDIE ROAD	$207,990	$ 248,350	NA	2000	9	NA
STREETS								
	INTERSECTION LIGHTING	ALL OTHERS	$2,800,000	NA	NA	NA	7	NA
	INTERSECTION LIGHTING	HELLER/CROSBY	$391,272	NA	NA	NA	9	NA
	LIGHT POLES	VARIOUS LOCATIONS	$411,680	NA	NA	NA	6	NA
	PARKING LOT	IRELAND	$60,000	NA	NA	NA	5	NA
	PARKING LOT	DOCK STREET & PIONEER	$60,000	NA	NA	NA	6	NA
	STREET SIGNS	VARIOUS LOCATIONS	$115,519	NA	NA	NA	7	NA
	CABOT DRIVE HANDRAILS, LIGHTING	CABOT DRIVE	$270,000	NA	NA	NA	NA	NA
WASTEWATER								
	TAFTSON LIFT STATION	1289 NE TAFTSON	$40,000	$ 81,312	100	1982	6	2012
	TREATMENT PLANT	1501 CITY BEACH	$2,121,800	$ 6,149,567	5,800	1970	2	NA
	CABOT STREET LIFT STATION	281 S.E. CABOT DR.	$40,000	$ 72,244	100	1986	5	2016
	CAPITAL STREET LIFT STATION	2831 SW CAPITAL ST.	$40,000	$ 57,030	100	1994	8	2024
	NE 7TH LIFT STATION	638 NE 7TH AVE.	$89,000	$ 230,699	100	1993	8	2023
	NE 9TH LIFT STATION	2085 NE 9TH AVE.	$40,000	$ 76,644	100	1984	3	2014
	PIONEER WAY LIFT STATION	1561 SE PIONEER WAY	$940,208	$ 2,890,936	100	1968	5	1998
	CROSBY ROAD LIFT STATION	1765 NW CROSBY RD.	$62,000	$ 88,397	100	1994	7	2024
	DIVERSION PUMP STATION	1501 CITY BEACH ST.	$250,000	$ 378,147	0	1991	6	NA
	EAST PARK LIFT STATION	2330 SW ROSARIO DR.	$61,000	NA	100	2001	2	2031
	GOLF COURSE LIFT STATION	980 S.W. UPLAND CT.	$152,494	$ 198,970	100	1997	8	2027
	LAGOON NAS	TREATMENT PLANT	$2,121,800	$ 3,115,935	8,845	1993	4	NA
WATER								
	REDWING PUMP STATION	REDWING	$550,000	$ 583,495	748	2004	9	NA
	STORAGE TANK #2	HELLER (.5 MILLION GAL)	$400,000	$ 1,425,806	1256	1963	6	NA
	STORAGE TANK #3	REGATTA (.5 MILLION GAL.)	$400,000	$ 1,604,758	1256	1959	4	NA
	STORAGE TANK #4	HELLER (2 MILLION GAL.)	$1,500,000	$ 3,640,894	5024	1976	7	NA
	AULT FIELD PUMP STATION	AULT FIELD	$253,710	$ 653,324	1539	1974	7	2024
	WELL #11	LUECK PARK (5.8 ACRES)	$39,004	$ 139,030	240	1977	7	NA
	WELL #9, KIMBALL	580 SW HELLER ST. (.8 ACRES)	$17,204	$ 65,059	144	1961	7	NA
	WESTSIDE BOOSTER PUMP STATION	WESTSIDE	$113,451	$ 187,517	256	1989	8	NA

Note: Replacement cost was calculated with an annual 3% inflation factor for the number of years from date built or acquired added to the cost of acquisition.

Appendix C • List of Needed Capital Facilities

Non-Enterprise Funded—Future Capital Facility Needs

Table C.1. Streets/Roads Needed (Non-Enterprise Funded)

Projects	Estimated Total Costs	Schedule						
		2010	2011	2012	2013	2014	2016	2016
Pioneer Way - City Beach St - Midway Blvd	$8,350,000	$700,000	$7,650,000					
NE 7th Avenue reconstruction	$2,800,000			65,000	233,000	517,000	1,985,000	
Oak Harbor Multimodal Facility	$0							
SE Fourth - Ely Street to Midway Blvd	$2,300,000					$276,000	$2,024,000	
SR-20 Improvements - Beeksma Dr to Swantown Ave	$13,000,000							$13,000,000
Whidbey Avenue reconstruction	$8,300,000						$996,000	$7,304,000
Midway Blvd/NE 7th Avenue intersection	$825,000						$99,000	$726,000
SW Heller St improvements	$7,630,000						$915,600	$6,714,400
SW Eagle Vista Ave extension west of SR-20	$2,800,000						$336,000	$2,464,000
Local Street Overlays	$2,350,000			$400,000	$400,000	$500,000	$500,000	$550,000
Total	$48,355,000	$700,000	$7,650,000	$465,000	$633,000	$1,293,000	$6,855,600	$30,758,400

~~Project Name~~	~~Location~~	~~Project Timeframe~~	~~Estimated Cost (000)~~

Project Name	Location	Project Timeframe	Estimated Cost (000)
Pioneer Way Includes sidewalks, curb & gutter, utilities, street, lighting and circulation	City Beach Street to Midway Blvd	2010/2011	$8,350
Arterial Sidewalk Phase II. Includes installation and repair of safety ramps and crosswalk approaches, repair and replacement of sidewalks and related facilities that restrict safe use and access to the user.	City wide	2010 – 2015	$825
Heller Road. ROW acquisition, pavement, curb, gutter, sidewalks, utilities, transit facilities etc.	Crosby Avenue to Swantown Road	2013 – 2015	$7,630
Local street overlays. Overlay projects will maintain street surfaces at adopted standards on selected streets, in accordance with the Pavement Management Program.	Citywide	2011 – 2015	$2,350
Whidbey Avenue. pavement, curb, gutter, sidewalks, utilities, transit facilities etc	Heller Road to Regatta Drive	2011-2012	$8,300
SE Fourth Street. pavement, curb, gutter, sidewalks, utilities, drainage.	Ely Street to Midway Blvd	2014/2015	$2,300
Installation of signalized street lights.	Swantown Avenue/Heller Road NE Midway Boulevard/NE 7th Avenue	2013 – 2014 2011-2012	$ 1,000 $825
Eagle Vista Street – west extention	Eagle Vista & SR 20	2013- 2014	$2,800
NE 7th Avenue reconstruction	NE 7th Avenue	2011-2012	$2,800
Oak Harbor Multimodal Facility	End of Dock Street	2010-2011	$1,049

Project Name	Location	Project Timeframe	Estimated Cost (000)
SR 20 improvements SR 20/Pioneer Way/S.Beeksma/SR 20		2010-2015	$13,000 $1,175

Table C.2. Parks and Recreation Projects Needed (Non-Enterprise Funded)

Projects	Estimated Total Costs	Schedule						
		20102011	20121	20132	20143	20154	20152016	20176
Neighborhood Park playground replacements and irrigation installation	$250300,000		$50,000	$50,000	$50,000	$50,000	$50,000	$50,000
Windjammer Park								
• Lagoon bridge	$150,000		$150,000	$150,000				
• RV park Upgrades	$1,240,000		$40,000	$1,200,000				
• Splash Park	$250,000			$250,000	$250,000			
• Existing Building replacements	$815,000	$10,000	$2100,000	$200,000	$200120,000	$120,000	$12075,000	$75,000
Scenic Heights Trailhead	$370,000	$334,000 $36,000	$36,000					
Trail extensions at Freund Marsh.	$162,000		$62,000	$62,000	$50,000	$50,000	$50,000	
Land Acquisition								
• Open space land acquisition next to Ft. Nugent Park	$250,000		$250,000	$250,000				
• Neighborhood Park - Scenic Heights, other property acq	$450,000		$250,000		$100,000		$100,000	
• Open Space/Community Park - North of Crosby and west of Oak Harbor	$4,000,000						$4,000,000	$4,000,000
Ft Nugent Park kitchen shelters and trail lighting	$67,000	$3000	$647,000					
Trail developments/links opportunities - Park Plan	$250,000		$50,000	$50,000	$50,000	$50,000	$50,000	$50,000
Total	$8,304,000 $7,880,000	$49,000 $334,000	$854,000 $755,000	$1,712,000 $2,000,000	$570,000 $450,000	$270,000	$4,325,000 $320,000	$4,175,000

Table C.3. Windjammer Project (Non-Enterprise Funded)

Project Name	Location	Project Timeframe	Estimated Cost (000)
Freund Marsh	The project is located within the Freund Marsh property, south of SW Bayshore Drive and west of Beeksma Drive.	2013	$162/$1,700
Pioneer Way Reconstruction and Streetscape	The project is located along SE Pioneer Way from SE Midway Boulevard to SE City Beach Street.	2010/2011	$8,350
RV Park Development	The project will be located on the west side of S. Beeksma Drive, north of Dillard's Addition subdivision.	2013	$620/$2,800
Special Events Center	The project is conceptually located at the intersection of SE Bayshore Drive and SE City Beach Street.	~~2015~~2016 -	$1,203/$8,826
Windjammer Park Redevelopment	The project site is located within the existing Windjammer Park boundaries (from Beeksma Drive to City Beach Street, along the waterfront).	~~2015~~2016 -	$600/$4,372/$4,372
Oak Harbor Municipal Pier	The pier itself will overlay the current location of the City dinghy dock, on tideland property owned by the City.	2010/2014	$$8,709

Table C.4. Marina (Non-Enterprise Funded)

Project Name	Location	Project Timeframe	Estimated Cost (000)
Oak Harbor Marina Redevelopment	City of Oak Harbor Marina, 1401 SE Catalina Drive.	2009/2013	$19,500

Table C.5. General Administration (Non-Enterprise Funded)

Project Name	Location	Project Timeframe	Estimated Cost (000)
New City Animal Shelter	The City owns land on Technical Drive that is currently being utilized as an off-leash park	~~2015~~2016 -	$507
New Senior Center	Unknown at this time	~~2015~~2016 -	$5,2000

Table C.6. Fire (Non-Enterprise Funded)

Project Name	Location	Project Timeframe	Estimated Cost (000)
New West Side Fire Station	It is projected that the station would be located in the SW section of the City as we would continue to work closely with North Whidbey Fire & Rescue to provide services.	Unknown	$3,200

Enterprise Funded—Future Capital Facility Needs

Table C.7. Wastewater System Needs (Enterprise Funded)

Projects	Estimated Total Costs	Schedule						
		2010	2011	2012	2013	2014	2015	2016
Balda/waterloo gravity ext	$633,000	$633,000						
Treatment plant Facilities Plan	$1,089,570		$1,089,570					
Wastewater Treatment Plant – Design and construction	$70,000,000						$4,000,000	$25,000,000
Biosolids removal (lagoon Treatment facility)	$587,000		$290,000		$297,000			
Goldie Road sewer expansion phase 2	$2,350,000			$150,000	$2,200,000			
Sewer Rehab on Pioneer way	$1,000,000	$1,000,000						
RBC force main corrosion study	$100,000		$100,000					
Sewer line replacements	$1,170,000	$150,000	$160,000	$160,000	$170,000	$170,000	$180,000	$180,000
Total	**$76,929,570**	**$1,783,000**	**$1,639,570**	**$310,000**	**$2,667,000**	**$170,000**	**$4,180,000**	**$25,180,000**

Table C.8. Water System Needs (Enterprise Funded)

Projects	Estimated Total Costs	Schedule					
		~~2010~~2011	201~~1~~2	201~~2~~3	201~~3~~4	201~~4~~5	~~2015~~2016
North Reservoir Connection Mains	~~$2,306,000~~ $2,490,900	~~$1,153,000~~	~~$1,153,000~~ $2,490,900				
North Reservoir	$3,~~400~~623,000	~~$1,700,000~~ $223,000	~~$1,700,000~~ $3,400,000				
Ault Field Pump Station Alterations	$~~1~~300,000	~~$300,000~~	$100,000				
North Booster Pump Station	$1,900,000		~~$855,000~~	~~$1,045,000~~	$855,000	$1,045,000	
N.E. Pressure Transmission Main	$2,145,500		~~$1,072,750~~	~~$1,072,750~~	$1,072,750	$1,072,750	
N.E. O'Leary Pressure Zone Main and Connections	$852,000		~~$213,000~~	~~$639,000~~	$213,000	$639,000	
West Side Reservoir Connection to Mainland Zone	$780,000			$780,000	~~$780,000~~		
Main Replacement	$~~1,125~~950,000	$175,000	~~$175,000~~ $187,500	$187,500	~~$187,500~~ $200,000	$200,000	~~$200,000~~
West Pressure Transmission Main	$1,426,000					$1,426,000	~~$1,426,000~~
Total	~~$14,234,500~~ $14,267,400	~~$3,328,000~~ $398,000	~~$5,168,750~~ $6,178,400	~~$2,944,250~~ $967,500	~~$967,500~~ $2,340,750	~~$200,000~~ $4,382,750	$~~1,626,000~~

Table C.9. Stormwater System Needs (Enterprise Funded)

Projects	Estimated Total Costs	Schedule					
		~~2010~~2011	~~2011~~2012	~~2012~~2013	~~2013~~2014	~~2014~~2015	~~2015~~2016
Liszak outfall.	$155,000				$155,000	~~$155,000~~	
~~**Pioneer Way storm drainage rehabilitation.**~~	~~$650,000~~	~~$650,000~~					
42-in. storm drain (Windjammer Park).	~~$2,264,000~~ $1,200,000	~~$1,000,000~~	~~$506,000~~ $200,000	$1,000,000	~~$100,000~~	~~$658,000~~	
Freund Marsh stormwater improvements.	~~$396,000~~ $238,000	$40,000	~~$198,000~~	$198,000			
Total	~~$3,465,000~~ $2,243,000	~~$1,650,000~~ $40,000	~~$704,000~~ $200,000	$1,198,000	$~~100~~155,000	$0~~$813,000~~	$0

Table C.10. General Administration (Enterprise Funded)

Project Name	Location	Project Timeframe	Estimated Cost (000)
Fuel Island upgrade.	Public Works Shop-1400 NE 16th Avenue	2010	$80

Appendix D • Capital Facility Prioritization Process

This appendix contains:

- The New Capital Request Forms (for 16 projects) submitted by the departments in response to the CIP process of 2006.
- The evaluation criteria applied to each new request submitted by the departments.
- The rating score sheet used by the Working Group.

CITY OF OAK HARBOR
CAPITAL IMPROVEMENTS PLAN

NEW CAPITAL FACILITIES REQUEST FORM

Please complete the following as carefully as possible. It is not important to replicate this form but do use the information headings given. Remember the criteria by which the project will be evaluated as you complete this form. The project staff will recast this information for distribution if necessary.

Narrative Section—Oak Harbor Marina Redevelopment

Description—

The Oak Harbor Marina Redevelopment program is as follows. Oak Harbor's City-operated marina was originally constructed in 1974 and has been self sustaining since that time. This valuable asset has contributed to business, growth, tourism, and the community's identity for over 30 years, and is a key/critical component in future redevelopment of the Oak Harbor waterfront. Its redevelopment constitutes one of the "bookends" of the Windjammer Program. Due to its age and significant shifts in the marina market since construction, the marina has a number of critical issues which must be addressed to preserve its value as part of the Cities infrastructure and economic engine. An extensive master planning process was undertaken in 2005 – 2006. The resulting Redevelopment Program which best met the needs of multiple stakeholders, and the goals set forth by the City, was adopted as an official plan of the City on July 5, 2006. Since that time it has become evident that the complete package of projects as outlined in the redevelopment program may not be fundable. A level of downscoping and phasing will be necessary to develop the final project to be carried forward. Project permitting is anticipated to take 18 months - two years from the present. Construction of major project components would begin two years from present following completion of permitting. Refer to the "Oak Harbor Marina Redevelopment Program" for additional project information.

Location—

City of Oak Harbor Marina, 1401 SE Catalina Drive.

Justification—

Due to its age and significant shifts in the marina market since construction, the marina has a number of critical issues which must be addressed which include:

Slips are not sized to meet current market demands, resulting in ever increasing vacancy rates.

Docks A–E and the main approach docks are approaching the end of their useful life and have deteriorated significantly, requiring increasing maintenance and repair to remain safe and functional. Condition of facility makes it difficult for the City to optimize revenue generated by moorage rates which are currently below market.

The marina's electrical system is functionally obsolete, aging, and poses potential safety risks.

The marina's fire system does not meet current code requirements.

The facility does not meet current ADA guidelines and cannot be considered handicap accessible.

Siltation has affected most of the marina basin, and has resulted in the grounding of floats and vessels in areas at low tide.

Tier One

Required by law—The redevelopment of the marina is not mandated by any law. It should be noted however that there are elements of the existing facility which do not meet a number of current codes and standards.

Public health and safety—Redevelopment of the marina will provide a safer facility that complies with current code(s) and standards, in particular electrical, fire, ADA, and dredge depths.

Preserves existing assets—The Marina is an incredible community asset (currently fully paid for and debt free without the use of taxpayer dollars) in desperate need of redevelopment / preservation. Redevelopment is necessary because the marina market has shifted over the past 30+ years so the marina can no longer meet current and future demand and thus optimize revenue. Redevelopment is also necessary because of the physical condition of the 32 year old facility is degraded as outlined above. Preservation and improvement of the marina is not just saving a facility; it is preserving a part of the City's identity that is integral to the community's connection to the water and long term plans for the future. Reinvestment in the facility is essential to preventing this historically outstanding City asset from becoming a liability.

Tier Two

Impact on future operating budgets—A redeveloped marina will increase its net revenue by better meeting market needs at market competitive rates. The new marina will support its own operations and maintenance (as always) and repay any revenue bonds utilized in its construction. Revenue bonding will pay for a large portion of, but not the entire redevelopment costs. Operations and maintenance costs of the existing facility will continue to increase with time due the facilities age and necessary repairs. The redeveloped marina will provide a strong catalyst for future revenue generating upland development projects. The new marina would bring additional business/spending into the community estimated at $5.2 million per year (with the associated tax revenue) not including moorage fees. Currently the marina brings an estimated $3.2 million per year of additional business/spending in, but this will decrease over time if the marina is not redeveloped.

The Marina is capable of generating significant revenue, and has proven its ability to discharge debt service and cover annual operating costs.

Community wide benefit—The marina is currently Oak Harbor's primary – and only - significant connection to the water. The marina has provided a door through which thousands of people have visited Oak Harbor. The marina has enabled, and continues to foster, a vibrant boating community. The marina has brought new residents to the community.

Advances community/council goals and objectives—As a minimum the marina clearly supports the following key Council goals for the City:

- Promote a healthy and growing business community.
- Improve the appearance and livability of the community.
- Protect and enhance capital investment in the City.

Tier Three

Enhances or protects the natural environment—A healthy marina, with floats, pilings and utilities that are sound, fully functioning and compliant with code, does a better job of protecting the marine environment and ecosystems that exist in Oak Harbor Bay.

Enhances or protects the cultural, educational and social environment—The Oak Harbor Marina has served as an important center for community social activities for over 32 years. The Oak Harbor Yacht Club exists on City property because of the availability of the marina. Additionally, the marina has traditionally supported a State-sponsored salmon net pen rearing project that annually releases 30,000 young Coho into the waters of Puget Sound. This project is possible because of the existence of the marina float system. The marina has been a destination for field trips by classes from elementary and high school, as well as Skagit Valley College. It is a marine laboratory for Skagit Valley College's marine technology program as well. A thriving youth sailing association is teaching many people of all ages the skills and fun of sailing.

Provides community economic benefit—Oak Harbor Marina is one of the City's primary economic engines. The marketing professional on our master planning team estimates the marina's current contribution in direct revenue to the greater Oak Harbor retail and business community at $3.2 million per year, not counting money spent on moorage. The redeveloped facility, with its more market-friendly slip mix, is predicted to increase this annual contribution to $5.2 million.

Advances other City capital projects—The City's "Windjammer" waterfront redevelopment and marketing program charts the course for a complete overhaul of the waterfront, from Freund Marsh to the west, to the Oak Harbor Marina to the east. "Windjammer" is one of the City's most significant capital projects in decades. This program identifies the Marina as a key element of "Windjammer", and as the eastern "bookend" of Oak Harbor's waterfront. "The marina could be an incredible economic development tool for Oak Harbor and its connection to downtown is of critical importance. The marina needs much larger slips so it can compete with other area marinas, redevelopment of the upland property, and better transportation connections to downtown lodging, dining, shopping, and entertainment."

Level of Service–

Not applicable.

Comprehensive and Other Adopted Plan References–

City of Oak Harbor Parks Plan (March 2001)

Goal #8: Provide a full range of services at the Oak Harbor City Marina for the recreational boating public.
Objectives:

- 8.1 Provide a mix of uses that fulfills recognized needs, is economically feasible and which maximizes use of the marina property.
- 8.2 Continue to improve the appearance, safety and utility of the marina through needed improvements, regular maintenance and appropriate repairs.
- 8.3 Provide sufficient funding for the Marina, including operation, maintenance, and development of needed capital facilities.
  8.3.2 It is necessary at this point to investigate sources of funding in addition to marina revenues and reserves to support the Marina Master Plan.
- 8.4 Coordinate marina planning and investment decisions with City plans for transportation, parks and economic development, and related activities at Naval Air Station Whidbey Island and with Island County.

City of Oak Harbor Waterfront Redevelopment and Marketing ("Windjammer") Program

"The marina could be an incredible economic development tool for Oak Harbor and its connection to downtown is of critical importance. The marina needs much larger slips so it can compete with other area marinas, redevelopment of upland property, and better transportation connections to downtown lodging, dining, shopping and entertainment."

Estimated Budget Impact Section

Estimated Project Costs–

Project phase	Total cost	Prior years	2007	2008	2009	2010	2011	2012
Planning/design	1,251,668	145,116	276,638 829,914	0	0	0	0	0
Land acquisition	NA	NA	NA	NA	NA	NA	NA	NA
Construction	18,188,254	0	0	18,188,254 (2006 $)	0	0	0	0

Operations and Management–

Estimates	2007	2008	2009	2010	2011	2012
Estimated costs	763,779	840,157				
Estimated revenues	1,257,838	1,580,326				
Anticipated savings						
Net Annual Operations/ Maintenance expense						

Source: Marina Master Plan p. A-22.

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Potential Funding Sources–

Funding program	2007	2008	2009	2010	2011	2012
General Fund						
REET						
Revenue bonds	1,106,552	8,593,448				
G.O. bonds						
Special levy						
LID						
Inter-local revenue						
Grants						
Other		9,594,809				
Total	**1,106,552**	**18,188,257**				

Notes: 1. Source of "other" funding is not identified.

2. Ability to generate $9.6 million in revenue bonds is predicated on the slip mix / configuration identified in the master plan.

CITY OF OAK HARBOR
CAPITAL IMPROVEMENTS PLAN

CITY OF Oak Harbor WHIDBEY ISLAND, WASHINGTON

CAPITAL FACILITIES REQUEST FORM

Narrative Section—Pioneer Way Reconstruction and Streetscape

Description—

Pioneer Way Reconstruction and Streetscape: The project includes water, sewer and storm drain line replacement, street reconfiguration, new curbs, gutters and sidewalks, undergrounds overhead utility lines and installs new street furniture, street lights and landscaping.

Location—

The project is located along SE Pioneer Way from SE Midway Boulevard to SE City Beach Street.

Justification—

Tier One Criteria

Required by law—The project is not specifically required by law.

Public health and safety—There is no immediate threat to public health however the project will assist in protecting public health by replacing utility lines necessary for the provision of basic services.

Preservation of existing assets—Preservation of existing assets will occur only so far as any portions of the existing utility lines prove to be serviceable.

Tier Two Criteria

Impact on future operating budgets—In addition to replacing critical utility lines, the project's purpose is to create a better pedestrian environment along the street. This is viewed as an important step for downtown revitalization, which in turn is focused on increasing tax revenue for the City.

Community wide benefit—The project has community-wide benefit by improving the downtown for all residents to use and enjoy. Increased retail sales and increased property values benefit the community as a whole.

Advances community/council goals and objective—The project is included in the adopted Windjammer Plan. Implementation of this Plan is supported by the Comprehensive Plan's Economic Development Element, Goal 2. This project is also supported by City Council Goals 1, 2, 3, 4, 5 and 6.

Tier Three Criteria

Enhances or protects the natural environment—It is not expected that this project will enhance or protect the natural environment in any measurable way.

Enhances or protects the cultural, educational and social environment—The improvement in the Pioneer Way streetscape will enhance the social environment by providing a place for community gatherings and functions, on a large and small scale, whether formal or informal.

Provides community economic benefit—One of the main goals of the project is to enhance the physical environment of the downtown in order to encourage and support business development and activity. This project will provide community economic benefit in this fashion.

Advances other City capital projects—The project is actually two projects: the utility work and the streetscape improvements. In this sense each of them advances the other. Improvements to Pioneer Way are linked to other Windjammer projects taking place.

Level of Service—

The utility replacement portion of this project will help the City continue to meet adopted LOS for water, sewer and storm drain functions in the downtown. Street improvements will seek to maintain an appropriate level of service for a pedestrian-oriented, collector street.

Comprehensive and Other Adopted Plan References—

The project is included in the adopted Windjammer Plan. Implementation of this Plan is supported by the Comprehensive Plan's Economic Development Element, Goal 2. This project is also supported by City Council Goals 1, 2, 3, 4, 5 and 6.

Estimated Budget Impact Section

Estimated Project Costs—

Project phase	Total project cost	Prior years	2007	2008	2009	2010	2011	2012
Planning/design	$1,016,510		$1,016,510					
Land acquisition	n/a	n/a	n/a	n/a				
Construction	$9,633,490			$9,633,490				

Operations and Maintenance—

Estimates	2007	2008	2009	2010	2011	2012
Estimated costs						
Estimated revenues						
Anticipated savings						
Net Annual Operations/ Maintenance expense						

Potential Funding Sources—

Funding program	2007	2008	2009	2010	2011	2012
General Fund						
REET						
Revenue bonds		$4,000,000				
G.O. bonds		$2,550,000				
Special levy						
LID		$1,300,000				
Inter-local revenue						
Grants		$800,000				
Other	$1,000,000 PWTF	$1,000,000 TIF				
Total	**$1,000,000**	**$9,650,000**				

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CITY OF OAK HARBOR
CAPITAL IMPROVEMENTS PLAN

NEW CAPITAL FACILITIES REQUEST FORM

Please complete the following as carefully as possible. It is not important to replicate this form but do use the information headings given. Remember the criteria by which the project will be evaluated as you complete this form. The project staff will recast this information for distribution if necessary.

Narrative Section—SR 20 Widening

Description—

The SR-20 Widening project extends from Swantown Avenue, MP 30.85, to Beeksma drive, MP 31.39. Major features of the project include roundabouts at the intersections of SR-20 and Swantown Avenue, Erie Street and Beeksma Drive. The Project would construct a two-lane roundabout at major intersections and two lanes in each direction. The conceptual urban corridor roadside treatment includes raised center landscape medians, bike lanes, landscaped planter strips, and street lighting. Landscaping and medians will be of varying width to minimize ROW impacts. Left turns would be eliminated. Roundabout couplets allow for U-turn movements thus eliminating the need for left turn lanes.

Location—

SR-20 from SW Beeksma Drive, MP 0.85, to SW Swantown Avenue, MP 31.39.

Justification—

State Route 20 serves as the major transportation corridor supporting the City and region's arterial and collector roads. Growth in the City, County and NASWI will likely remain strong in the near future. A highway system that meets the needs for movement of freight, goods and people is critical to supporting growth and economic development in the City. State Route 20 is the main north/south corridor for Whidbey Island and arguably the single most important road on the island. SR-20 is also a Highway of Statewide Significance (HSS), a priority highway for the State and a roadway where congestion needs to be kept at a reasonable level. The SR-20 Widening project will provide significant regional benefit by reducing existing and future congestion difficulties.

Project is required by law to maintain transportation concurrency at the currently adopted Level of Service E for City intersections with the State Highway

Project protects the public health and safety by reducing the accident potential and increase pedestrian safety. The section of SR-20 is listed as high accident corridor by the State.

Project has a community wide benefit, serving residents and business of the City.

Project advances Council goals #1 by promoting health and growing business community, #2 by improving the appearance and livability of the community, #3 encouraging a safe community #6 protecting and enhancing capital investment in the City.

Level of Service—

Traffic counts show that SR-20 services an average of 24,000 vehicles per day between Swantown Road and Beeksma Drive, the highest traffic volume anywhere in Island County. Within the limits of the SR-20 Widening project, the intersections of Swantown Road, Erie Street and Beeksma Drive currently operate at Level of Service D, C, & D respectively. Barring an improvement to the SR 20 corridor, all three intersections

will erode to Level of Service F by 2010. The project proposes to improve the capacity at these locations by constructing modern two lane roundabouts at each intersection. The addition of roundabouts improves the intersections to Level of Service C or better for 2010 in each case and maintains an acceptable LOS through 2030.

Comprehensive and Other Adopted Plan References—

Project has been included in the City of Oak Harbor Comprehensive Plan Transportation Element as a necessary project since 2000. Project meets the goals and objectives of the Comprehensive Plan as follows:

Goal 1- Policy 1.c The City should strive to maintain relatively free-flowing traffic along SR-20
Goal 4- Policy 4.a Bicycle paths, lanes, and routes should be provided.
Goal 5- Policy 5.c Design intersections which provide adequate safety for pedestrians and bicyclists (By reducing crossing distance roundabouts are safer for pedestrians)
Goal 6- Policy 6.b the City should encourage beautification projects along all major street in an attempt to protect corridor viewsheds
Goal 7- Policies 7.a, b. c The City shall implement a landscape median program as appropriate on major and minor arterials, collectors and local streets.

Estimated Budget Impact Section

Estimated Project Costs—

Project phase	Total project cost	Prior years	2007	2008	2009	2010	2011	2012
Planning/design	$1,371,000	$300,000		1,000,000				
Land acquisition	$2,668,000				2,668,000			
Construction	$9,115,800					9,115,800		

Note: SR20 project cost is the State's responsibility. Project is shown on this list as a reflection of the importance of the improvements to the City.

Operations and Management—

Estimates	2007	2008	2009	2010	2011	2012
Estimated costs						
Estimated revenues						
Anticipated savings						
Net Annual Operations/ Maintenance expense						

Potential Funding Sources—

Funding program	2007	2008	2009	2010	2011	2012
General Fund				$1,000,000		
REET				$500,000		
Revenue bonds						
G.O. bonds						
Special levy						
LID						
Inter-local revenue						
Grants		$1,000,000				
Other (WSDOT-impact fees-arterial funds)			$2,668,000	$7,615,800		
Total		**$1,000,000**	**$2,668,000**	**$9,115,800**		

CITY OF OAK HARBOR
CAPITAL IMPROVEMENTS PLAN

CAPITAL FACILITIES REQUEST FORM

Narrative Section—Windjammer Park Redevelopment

Description—

Windjammer Park Redevelopment: The project will redevelop the existing Windjammer Park. While referenced as a single project it is in fact comprised of a series of independent projects located within the park boundaries. These projects include new park entrances, development of specialty areas (event areas, family play areas, etc), trail redevelopment, construction of an amphitheater, and reconfiguration of the lagoon and relocation of the baseball fields.

Location—

The project site is located within the existing Windjammer Park boundaries (from Beeksma Drive to City Beach Street, along the waterfront).

Justification—

Tier One Criteria

Required by law—The project is not required by law.

Public health and safety—There are no known public health and safety issues within the existing Windjammer Park.

Preservation of existing assets—The project will extend the life of the existing park assets through redevelopment and new construction.

Tier Two Criteria

Impact on future operating budgets—Some increase in general fund revenue (as realized through sales tax receipts from additional park users) might be expected as a result of this project. It is expected that maintenance costs will increase consistent with a higher level of amenities to maintain.

Community wide benefit—The community will greatly benefit from having an enhanced public park to use. Given the regional nature of the park it is reasonable to expect that this benefit will extend outside of the corporate limits of Oak Harbor.

Advances community/council goals and objectives—The project is included in the adopted Windjammer Plan. Implementation of this Plan is supported by the Comprehensive Plan's Economic Development Element, Goal 2. This project is also supported by City Council Goals 1, 2, 5 and 6.

Tier Three Criteria

Enhances or protects the natural environment—With its location adjacent to the waterfront the proposed project will enhance with public's enjoyment of the natural environment.

Enhances or protects the cultural, educational and social environment—This project will contribute to the cultural and social environment of the community by providing an enhanced public park for community use and enjoyment.

Provides community economic benefit—Some increase in general fund revenue (as realized through sales tax receipts from additional park users) might be expected as a result of this project.

Advances other City capital projects—Completion of this project will assist in the overall implementation of the Windjammer Plan. It will have a direct impact on planned projects to the west of the project site (RV Park redevelopment and Freund Marsh). The project will support the goals of the Transportation Element through the extension of SE Bayshore Drive through this area.

Level of Service–

The proposed improvements to the park will assist the City in continuing to meet our LOS for community park space and amenities.

Comprehensive and Other Adopted Plan References–

The project is included in the adopted Windjammer Plan. Implementation of this Plan is supported by the Comprehensive Plan's Economic Development Element, Goal 2. This project is also supported by City Council Goals 1, 2, 5 and 6.

Estimated Budget Impact Section

Estimated Project Costs–

Project phase	Total project cost	Prior years	2007	2008	2009	2010	2011	2012
Planning/design	$1,200,000		$600,000	$600,000				
Land acquisition	$0							
Construction	$8,745,000			$4,372,700	$4,372,700			

Note: The above estimate arbitrarily divides the total project costs (both design and construction) into two year periods. As the project is actually comprised of a series of smaller projects it is reasonable to assume that the projects will be implemented over a longer time period than is shown above. At this time no information regarding project phasing has been generated.

Operations and Maintenance—

Estimates	2007	2008	2009	2010	2011	2012
Estimated costs	See below					
Estimated revenues	See below					
Anticipated savings	See below					
Net Annual Operations/ Maintenance expense	See below					

Note: Some increase in general fund revenue (as realized through sales tax receipts from additional park users) might be expected as a result of this project. It is expected that maintenance costs will increase consistent with a higher level of amenities to maintain.

Potential Funding Sources—

Funding program	2007	2008	2009	2010	2011	2012
General Fund						
REET						
Revenue bonds						
G.O. bonds						
Special levy						
LID						
Inter-local revenue						
Grants						
Other						
Total						

Insufficient information exists at this time to determine specific funding options. A public park redevelopment project of this size will most likely need to be funded through bond sales. Portions of the work, however, may lend themselves to community involvement. Funding will be phased to match the overall project phasing schedule.

CITY OF OAK HARBOR
CAPITAL IMPROVEMENTS PLAN

NEW CAPITAL FACILITIES REQUEST FORM

Please complete the following as carefully as possible. It is not important to replicate this form but do use the information headings given. Remember the criteria by which the project will be evaluated as you complete this form. The project staff will recast this information for distribution if necessary.

Narrative Section—Pedestrian Access Improvement

Description—

Pedestrian access improvements. ADA (Americans with Disabilities Act) required improvements to existing sidewalk and pedestrian access in the City right of way. This includes installation and repair of safety ramps and crosswalk approaches, repair and replacement of sidewalks and related facilities that restricts safe use and access to the user, installation of missing links of sidewalks and approaches for continued access of the pedestrians, and installation of sections of sidewalk for focused accessibility to schools and recreation areas.

Location—

Locations of improvements for ADA requirements are evaluated by citizen complaints, evaluation of existing facilities by the Engineering Department and Public Works. Evaluation of improvements to fill missing links and larger access concerns are evaluated by the Engineering Department from discussions and recommendations by a Public Access Committee.

Justification—

Required by law—The City of Oak Harbor has to prove that ADA related deficiencies are identified and being addressed. The City's Insurance Pool (Washington Cities Insurance Authority) also strongly recommends that we identify and reduce the potential of pedestrian access deficiencies and/or hazards.

Public health and safety—Safe public pedestrian access reduces the threat of injury to pedestrians using public sidewalks, pedestrian approaches and pathways.

Advances community goals and objectives—Provide to our citizens a safe walking environment.

Enhances or protects the natural environment—

Preserves existing assets—Maintain the existing pedestrian access infrastructure to established industry and ADA standards.

Impact on future operating budgets—The continued repair of existing sidewalks and approaches affect the operation and maintenance budget of the Street Division.

Provides community economic benefit—Safe pedestrian access improves the economic benefit by providing public access to our local commercial businesses.

Advances other city capital projects—

Community wide benefit—Safe and available pedestrian access improves the walk-ability of our community, access to local businesses and the trust of our citizens, that they feel safe on our pedestrian accesses.

Level of Service—

There is no level of service standards included in the non motorized travel section of the transportation element of the City's Comprehensive Plan.

Comprehensive and Other Adopted Plan References—

The City of Oak Harbor has identified non motorized travel in the Transportation Element of the May 2000 Comprehensive Plan. It identifies areas of disconnect of pedestrian accesses. A table of recommended improvements is listed in the plan.

Estimated Budget Impact Section

Estimated Project Costs—

Project phase	Total project cost	Prior years	2007	2008	2009	2010	2011	2012
Planning/design								
Land acquisition								
Construction			$105,000	$110,000	$114,000	$122,000	$128,000	$134,000

Operations and Management—

Estimates	2007	2008	2009	2010	2011	2012
Estimated costs						
Estimated revenues						
Anticipated savings						
Net Annual Operations/ Maintenance expense						

Potential Funding Sources—

Funding program	2007	2008	2009	2010	2011	2012
General Fund	XXX	XXX	XXX	XXX	XXX	XXX
REET						
Revenue bonds						
G.O. bonds						
Special levy						
LID						
Inter-local Revenue						
Grants						
Other						
Total						

CITY OF OAK HARBOR
CAPITAL IMPROVEMENTS PLAN

CAPITAL FACILITIES REQUEST FORM

Please complete the following as carefully as possible. It is not important to replicate this form but do use the information headings given. Remember the criteria by which the project will be evaluated as you complete this form. The project staff will recast this information for distribution if necessary.

Narrative Section—Local Street Overlays

Description—

Local Street Overlays. These overlay projects will maintain street surfaces at adopted standards on selected streets, in accordance with the Pavement Management Program. It is critical that City streets be maintained at a level of service that is acceptable to the motoring public.

Location—

Locations are established through the Pavement Management Program, evaluation by the Engineering Department and Public Works.

Justification—

Required by law—NA

Public health and safety—Safe and well maintained roads are essential for the movement of fire, rescue and police vehicles to respond to incidents.

Advances community goals and objectives—

Enhances or protects the natural environment—

Preserves existing assets—It is proven that preventive maintenance is more economical than no maintenance, and premature failure of the street will lead to costly reconstruction.

Impact on future operating budgets—

Provides community economic benefit—Safe reliable streets are important assets to the City's businesses and industry.

Advances other city capital projects—

Community wide benefit—Well maintained streets are an asset to the motoring public.

Level of Service—

There are no set level of service standards set aside for residential streets. Our Pavement Management Program rates the street in the terms of a Pavement Condition Index which evaluates the current condition and calculates the depreciated condition of a street. Breakpoint Standards have to be adopted to set the preventive maintenance conditions based on the street condition.

Comprehensive and Other Adopted Plan References—

To maintain adequate traffic flow on all streets, the condition of the street will assure that the street can accommodate the proposed traffic flow of selected streets.

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Estimated Budget Impact Section

Estimated Project Costs–

Project phase	Total project cost	Prior years	2007	2008	2009	2010	2011	2012
Planning/design								
Land acquisition								
Construction			$210,000	$220,500	$231,525	$243,101	$255,256	$268,019

Operations and Management–

Estimates	2007	2008	2009	2010	2011	2012
Estimated costs						
Estimated revenues						
Anticipated savings						
Net Annual Operations/ Maintenance expense						

Potential Funding Sources—

Funding program	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
General Fund	XXX	XXX	XXX	XXX	XXX	XXX
REET						
Revenue bonds						
G.O. bonds						
Special levy						
LID						
Inter-local Revenue						
Grants						
Other						
Total						

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CITY OF OAK HARBOR
CAPITAL IMPROVEMENTS PLAN

NEW CAPITAL FACILITIES REQUEST FORM

Please complete the following as carefully as possible. It is not important to replicate this form but do use the information headings given. Remember the criteria by which the project will be evaluated as you complete this form. The project staff will recast this information for distribution if necessary.

Narrative Section—New West Side Fire Station

Description—

Presently, the Oak Harbor Fire Department operates from one station located at 855 East Whidbey Ave. The station was constructed in 1992 and was funded by voter approved bonds. Those bonds retire in 2010.

Over the years, the majority of new construction has occurred to the west and southwest portions of the City. There are several projects planned in the same geographic area and it is anticipated that this trend will continue.

This project would construct a second fire station.

Location—

It is projected that the station would be located in the SW section of the City as we would continue to work closely with North Whidbey Fire & Rescue to provide services.

Justification—

Response times to the SW section of the City have increased due to the expansion of the City's boundaries and increased traffic. It is anticipated that this trend will continue as we have experienced a sizable increase in residential and multi-family occupancies in the SE and West sections of the City.

The following evaluation criteria are referenced as justification using the Tier 1, 2, & 3 criteria.

Tier One Criteria

Required by law—Not to my knowledge other than City Policy on response times are referenced in the Comprehensive Plan of 4 minutes for medical and 5 minutes for fire suppression responses.

Public health and safety—Not specifically. The City is required by law to provide for the public health and safety. This project would be considered a piece to obtain that goal and that as outlined in the Comprehensive Plan.

Preserves existing assets—Currently the City operates from one station. This project will not have a preservation impact on existing assets.

Tier Two Criteria

Impact on future operating budgets—No.

Community wide benefit—Yes. Capital and personnel resources would be more strategically located City wide balancing its resources and providing improved response times throughout the City.

Advances community/council goals and objectives—Yes. This project assists in reaching council goals and those outlined in the Comprehensive Plan.

Tier Three Criteria

Enhances or protects the natural environment—No.

Enhances or protects the cultural, educational and social environmental—Yes. This project would contribute to the community's quality of life due to the improved level of services and the could provide a community meeting place.

Provides community economic benefit—No.

Advances other City capital projects—No.

Level of Service—

This project would construct a second fire station with the intention of achieving the following goals.

- Maintain/improve level of services
- Reduce response times as traffic to that area and calls for service City wide continue to increase.

Comprehensive and Other Adopted Plan References—

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Estimated Budget Impact Section

Estimated Project Costs—

Project phase	Total project cost	Prior years	2007	2008	2009	2010	2011	2012
Planning/design	$50,000 to $75,000							
Land acquisition	Existing City property or $100,000 to $125,000 per acre							
Construction	$2 - $3 million							

Operations and Management—

Estimates	2007	2008	2009	2010	2011	2012
Estimated costs						$200,000 to $300,000
Estimated revenues						0
Anticipated savings						Unknown
Net annual operations/maintenance expense						

Potential Funding Sources—

Funding program	2007	2008	2009	2010	2011	2012
General Fund	X					
REET						
Revenue bonds						
G.O. bonds	X					
Councilmanic bonds	X					
LID						
Inter-local Revenue	X					
Grants	X					
Other	Retail Sales Tax					
Total						

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CITY OF OAK HARBOR
CAPITAL IMPROVEMENTS PLAN

NEW CAPITAL FACILITIES REQUEST FORM

Please complete the following as carefully as possible. It is not important to replicate this form but do use the information headings given. Remember the criteria by which the project will be evaluated as you complete this form. The project staff will recast this information for distribution if necessary.

Narrative Section—Oak Harbor Municipal Pier Project

Description—

The Oak Harbor Municipal Pier Project will construct a municipal pier and associated support / waiting facilities to serve as a multi-modal terminus for foot-passenger commuter ferries, tour boats and float planes. Additionally, the project includes a transient moorage float to provide direct access for pleasure boaters to the harborside restaurants, shops and services, as well as significant shore side park improvements with restrooms, and direct access to the City's waterfront trail.

Location—

The park area (Flintstone Park) is located at the intersection of Bayshore Drive and Dock Street, on the City's waterfront. The pier itself will overlay the current location of the City dinghy dock, on tideland property owned by the City.

Justification—

Tier One

Required by law—Project is not required by law.

Public health and safety—Project enhances safety by providing alternative means of transportation in anticipation of worsening future congestion on the one highway connecting Whidbey Island to the mainland, and on the I-5 corridor.

Project provides alternate means of access for supplies and equipment in the event of natural disaster or terrorist event.

Preserves existing assets—Project is not an existing asset.

Tier Two

Impact on future operating budgets—Sources of potential revenue resulting from this project are to be determined. Possible sources are:

- Landing fees for passenger ferries and tour boats, and for float planes.
- Day use fees for pleasure boats using the recreational float.
- Rental fees for use of the multi-purpose building for meetings and functions.
- Rental fees for use of park for special / organized events.

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Project will impact the General Fund to the extent that annual O&M costs are not met from sources of revenue. Projected O&M costs were estimated by consultant as part of Final Design & Engineering, and are given below.

Community wide benefit—Project is recognized by the community and in all City planning studies as a key element in the revitalization of downtown Oak Harbor and the ongoing "Windjammer" waterfront redevelopment program.

Project site is located across the street from the Island Transit transfer station, and half a block from a park and ride lot. Facility is also located on a regional bicycle route, and on the City's waterfront trail. The combination of transit, pedestrian facilities, bicycle route and ferry terminal establishes this downtown waterfront location as a multi-modal transportation hub. Construction of the proposed municipal pier will complete this hub by enabling foot passenger ferry service as well as tour boat and pleasure boat connectivity, and it will provide connectivity with other like facilities throughout the region.

A recently completed North Sound Connecting Communities passenger ferry study proposes Oak Harbor as the only terminal serving both Whidbey and Fidalgo Islands, and establishes the Oak Harbor Terminal as key to the primary north-south route envisioned from Bellingham to Mukilteo.

Advances community/council goals and objectives—Project directly supports the following City Council goals:

- Goal 1: Promote a healthy and growing business community.
- Goal 2: Improve the appearance and livability of the community.
- Goal 4: Build and enhance community partnerships.
- Goal 5: Deliver superior quality service to our customers.
- Goal 6: Protect and enhance capital investment in the City.

Pier Project is prominent in numerous adopted City and State plans, per Item 5, below.

Tier Three

Enhances or protects the natural environment—Mitigation plan enhances the shoreline in the project area, and the environment in the critical near-shore habitat area, through regarding, reinforcing, riparian planting, construction of a "rain garden" to control runoff, transplanting of eel grass.

Enhances or protects the cultural, education and social environment—Park improvements, including a ?? sq. ft. combination waiting room / restroom / multi-purpose facility, will enhance the value and versatility of the park as a community and social asset.

Viewing / ceremonial plaza areas will enhance the waterfront experience for residents and visitors alike.

Travel / transportation / tour boat availability from the City waterfront will contribute to educational opportunities.

Provides community economic benefit—Facility promotes tourism and provides economic stimulus to harbor side restaurants, shops and services for passenger ferry customers, tour boat patrons, pleasure boaters and float plane passengers alike.

Advances other City capital projects—The City's "Windjammer" waterfront redevelopment and marketing program charts the course for a complete overhaul of the waterfront, from Freund Marsh to the west, to the Oak Harbor Marina to the east. "Windjammer" is one of the City's most significant capital projects in decades. This program identifies the pier project as a key element of "Windjammer" on the City's central waterfront.

Level of Service—
Not applicable.

Comprehensive and Other Adopted Plan References—
City of Oak Harbor Comprehensive Plan
Goal 3: Ensure viable transportation alternatives.
Goal 3.g: The City should explore all potential funding sources to finance the construction and operation of a downtown municipal pier.

City of Oak Harbor "Harbor Watch" Downtown Redevelopment Plan
"Work with marine industry associations, tour boats, etc., to enhance water links to other Puget Sound communities."

Harbor Pride: A Blueprint for Change - 2000
Identifies four "anchors" for development of the downtown, one of which is a City pier.

City of Oak Harbor Six-Year Transportation Plan
City of Oak Harbor Downtown Public Realm Plan
Identifies as a community vision the construction of a municipal pier.

City of Oak Harbor "Windjammer" Waterfront Redevelopment Program
Cites pier as "centerpiece" of waterfront, and identifies it as a project under the Windjammer umbrella.

Skagit / Island RTPO Regional Transportation Plan
Skagit / Island County RTPO, in their recently updated Regional Transportation Plan, cited the pressing need for alternative means of transportation in the region, with foot passenger ferry service as the most viable of these means. The RTP specifically identifies the City of Oak Harbor pier project as critical to this plan.

State of Washington State Transportation Improvement Program (STIP)
Project is part of the State's long-range plan, as reflected in the current STIP.

North Whidbey Diversification Action Plan
Waterfront should be reclaimed and conneeted to downtown. Tourism is underdeveloped.

Estimated Budget Impact Section

Estimated Project Costs •

Project phase	Total project cost	Prior years	2007	2008	2009	2010	2011	2012
Planning/design	717,043	687,043	30,000	0	0	0	0	0
Land acquisition	0	0	0	0	0	0	0	0
Construction	7,962,581	0	7,962,581	0	0	0	0	0

Note: The $30,000 in 2007 is for consultant assistance in meeting requirements of Federal Highways and Federal Transit for receipt of federal funds for the project.

Operations and Management–

Estimates	2007	2008	2009	2010	2011	2012
Estimated costs	0	128,314	130,344	132,427	134,564	136,759
Estimated revenues	Unk.	Unk.	Unk.	Unk.	Unk.	Unk.
Anticipated savings	-	-	-	-	-	-
Net annual operations/maintenance expense	0	128,314	130,344	132,427	134,564	136,759

Notes: 1. Costs are in 2006 dollars.

2. Major maintenance costs (e.g., dredge, float replacement) have been annualized.

3. Source: PND Engineers, Inc., "Maintenance and Operations Preliminary Estimate" for Oak Harbor Municipal Pier.

4. Does not include capital replacement schedule.

Potential Funding Sources—

Funding program	2007	2008	2009	2010	2011	2012
General Fund	30,000					
REET	846,898					
Revenue bonds						
G.O. bonds						
Special levy						
LID						
Inter-local Revenue						
Grants	2,702,115					
Other	4,413,569					
Total	**7,992,581**					

Notes: 1. REET total represents known matching fund requirements. Although Budget specifies REET as source for matching funds, all REET funding is committed for 10 years. Match is not available.

2. "Grants" includes and presumes success as follows:

SAFETEA-LU Fed Transit (Grant - $836,000. Match - $209,000) (Awarded, but no match.)
Boating Infrastructure (BIG) (Grant - $625,219. Match - $625,219) (Pending)
TTHUD Earmark (Grant - $1,000,000. Match – Unknown) (Pending – Promised)
WSDOT Seaplane Float (Grant - $240,896. Match – 12,679) (Not yet applied for.)

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CITY OF OAK HARBOR
CAPITAL IMPROVEMENTS PLAN

CAPITAL FACILITIES REQUEST FORM

Narrative Section—RV Park Development

Description—

RV Park Development: The project will relocate and redevelopment the City's existing recreational vehicle (RV) park to provide a more modern facility and increase the number of amenities.

Location—

The project will be located on the west side of S. Beeksma Drive, north of Dillard's Addition subdivision.

Justification—

Tier One Criteria

Required by law—The project is not required by law.

Public health and safety—There are no known public health and safety issues with the existing RV park.

Preservation of existing assets—As the project is the complete redevelopment of an existing facility it does not strictly preserve an existing asset. It does however extend the life of this activity for an additional 30 years (approximately).

Tier Two Criteria

Impact on future operating budgets—The project is expected to increase net revenues once construction debt has been retired.

Community wide benefit—The general fund revenues generated by the RV park assist in funding park improvements or maintenance City-wide.

Advances community/council goals and objectives—The project is included in the adopted Windjammer Plan. Implementation of this Plan is supported by the Comprehensive Plan's Economic Development Element, Goal 2. This project is also supported by City Council Goals 1, 2, 5 and 6.

Tier Three Criteria

Enhances or protects the natural environment—With its location adjacent to City-owned Freund Marsh and other wetland properties, the construction of this project in a sensitive fashion will both enhance and protect the natural environment.

Enhances or protects the cultural, educational and social environment—It is not likely that this project will enhance or protect the cultural, educational or social environment of the community on any measurable level.

Provides community economic benefit—Some additional general fund revenue, in the form of user fees, will be generated by the redeveloped RV park.

Advances other City capital projects—Completion of this project will assist in the overall implementation of the Windjammer Plan. It will have must direct impacts on planned projects to the west (Freund Marsh) and east (Windjammer Park) of the project site.

Level of Service—

There is no established level of service for the existing RV Park. It is possible that the new project will increase the number of RV spaces; this increase will equate to a higher level of service for the RV park user.

Comprehensive and Other Adopted Plan References—

The project is included in the adopted Windjammer Plan. Implementation of this Plan is supported by the Comprehensive Plan's Economic Development Element, Goal 2. This project is also supported by City Council Goals 1, 2, 5 and 6.

Estimated Budget Impact Section

Estimated Project Costs—

Project phase	Total project cost	Prior years	2007	2008	2009	2010	2011	2012
Planning/design	$420,000		$420,000					
Land acquisition	$500,000		$500,000					
Construction	$2,800,000			$2,800,000				

Operations and Maintenance—

Estimates	2007	2008	2009	2010	2011	2012
Estimated costs	See below					
Estimated revenues	See below					
Anticipated savings	See below					
Net annual operations/ maintenance expense	See below					

Note: An eventual net gain in revenue is anticipated based on the assumption of a greater number of spaces and the ability to charge a higher rental fee (due to improved site amenities). In order for this to occur, construction debt must be satisfied.

Potential Funding Sources—

Funding program	2007	2008	2009	2010	2011	2012
General Fund						
REET						
Revenue bonds						
G.O. bonds						
Special levy						
LID						
Inter-local Revenue						
Grants						
Other						
Total						

Insufficient information exists at this time to determine specific funding options. It is anticipated that funding will occur in one of three major ways:

1. Privately funded, in which case the City will likely not realize any significant revenue stream increase.
2. Public/private funding, in which case City funding will most likely be a combination of general fund and REET monies.
3. Publicly funded via general obligation bond sales.

CITY OF OAK HARBOR
CAPITAL IMPROVEMENTS PLAN

CAPITAL FACILITIES REQUEST FORM

Narrative Section—Freund Marsh

Description—

Freund Marsh: The project will complete the Freund Marsh improvements including a trails network and interpretive center. The project also looks to incorporate regional stormwater facilities as both functional and environmental site features.

Location—

The project is located within the Freund Marsh property, south of SW Bayshore Drive and west of Beeksma Drive.

Justification—

Tier One Criteria

Required by law—The project is not required by law.

Public health and safety—The stormwater component of the project will help prevent localized flooding thereby protecting property and possibly public health and safety.

Preserves existing assets— Completion of the stormwater component has the potential to reduce some of the stormwater maintenance costs for facilities located within the project vicinity.

Tier Two Criteria

Impact on future operating budgets—Completion of the trail improvements will marginally increase the Parks Division maintenance budget. Maintenance costs for the interpretive center (assuming City-ownership) will be new costs to the City.

Community wide benefit—The project will enhance passive recreational and environmental educational opportunities for the community.

Advances community/council goals and objectives—The project is included in the adopted Windjammer Plan. Implementation of this Plan is supported by the Comprehensive Plan's Economic Development Element, Goal 2. This project is also supported by City Council Goals 2, 3, 4, and 6.

Tier Three Criteria

Enhances or protects the natural environment—Construction of this project in a sensitive fashion will both enhance and protect the natural environment.

Enhances or protects the cultural, educational and social environment—The project will enhance the educational environment for the community. This enhancement will take the form of increased opportunities to study the natural environment.

Provides community economic benefit—No direct economic benefit is anticipated.

Advances other City capital projects—Completion of this project will assist in the overall implementation of the Windjammer Plan.

Level of Service—

There is no adopted level of service for this project. Completion of the project will assist the City in meeting its overall park level of service.

Comprehensive and Other Adopted Plan References—

The project is included in the adopted Windjammer Plan. Implementation of this Plan is supported by the Comprehensive Plan's Economic Development Element, Goal 2. This project is also supported by City Council Goals 2, 3, 4 and 6.

Estimated Budget Impact Section

Estimated Project Costs—

Project phase	Total project cost	Prior years	2007	2008	2009	2010	2011	2012
Planning/design	$204,000		$204,000					
Land acquisition	$0		$0					
Construction	$1,496,000			$1,496,000				

Note: The project cost shown above assumes City construction of the entire project. If the project is developed with partnerships (see 'Potential Funding Sources' below) the project cost will be reduced accordingly.

Operations and Maintenance—

Estimates	2007	2008	2009	2010	2011	2012
Estimated costs	See below					
Estimated revenues	See below					
Anticipated savings	See below					
Net annual operations/ maintenance expense	See below					

Note: Completion of the trail improvements will marginally increase the Parks Division maintenance budget. Maintenance costs for the interpretative center (assuming City-ownership) will be new costs to the City.

Potential Funding Sources—

Funding program	2007	2008	2009	2010	2011	2012
General Fund						
REET						
Revenue bonds						
G.O. bonds						
Special levy						
LID						
Inter-local revenue						
Grants						
Other						
Total						

Insufficient information exists at this time to determine specific funding options. It is anticipated that funding will occur in one of three major ways:

1. Trail construction can occur with volunteer labor. Material costs could be funded through general fund monies.
2. The stormwater improvements can be constructed through developer contributions.
3. The interpretative center could be funded through either a foundation or public/private partnership.

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CITY OF OAK HARBOR
CAPITAL IMPROVEMENTS PLAN

CAPITAL FACILITIES REQUEST FORM

Please complete the following as carefully as possible. It is not important to replicate this form but do use the information headings given. Remember the criteria by which the project will be evaluated as you complete this form. The project staff will recast this information for distribution if necessary.

Narrative Section—Land Acquisition for Future Park Development

Description—

Land acquisition for future park development. To meet the goals and objectives outlined in the Oak Harbor Comprehensive Parks and Recreation Plan, it will be necessary to purchase 20 acres of land. An additional 10 acres are also needed to replace the Little League fields at Windjammer Park.

Location—

Developable land within close proximity to the City.

Justification—

Required by law—The adopted Oak Harbor Parks and Recreation Comprehensive Plan has established levels of service that require the City to increase the amount of park land available to the public.

Public health and safety—Parks and open spaces provide recreational opportunities that promote physical exercise.

Advances community goals and objectives—The acquisition of land will make it possible to relocate the ball fields from Windjammer Park. The Windjammer Master Plan proposes to use this site for a convention center, destination hotel or other recreational uses. Additional land also helps us meet the goals of the Comprehensive Parks and Recreation Plan.

Enhances or protects the natural environment—As the community continues to grow, the need to preserve our open spaces becomes increasingly more important.

Enhances or protects the cultural, educational and social environment—Parks offer the public facilities to interact socially through organized sports, community events, and to showcase our community.

Preserves existing assets—NA

Impact on future operating budgets—Additional funding will be required to maintain and operate additional park land.

Provides community economic benefit—Additional sports fields allow the community to host sports tournaments that boost tourism. Relocating the Windjammer Park ball fields also opens up the possibility of bringing in a convention center and a hotel on the waterfront.

Advances other City capital projects—Land to relocate the ball fields is a vital link towards the redevelopment of the Windjammer Park, as identified in the Roger Brooks Study.

Community wide benefit—Additional park land benefits all members of our community, offering active and passive recreational opportunities, as well a preserving open space.

Level of Service—

The adopted Parks and Recreation Comprehensive Plan has set a standard of 4 acres of developed park land per 1,000 population. An additional 20 acres are needed by 2016 to meet that need.

Comprehensive and Other Adopted Plan References—

Goals and objectives outlined within the City of Oak Harbor Comprehensive Park and Recreation Plan are incorporated into the Six Year Capital Facilities Plan, as identified in the GMA.

Estimated Budget Impact Section

Estimated Project Costs—

Project phase	Total project cost	Prior years	2007	2008	2009	2010	2011	2012
Planning/design								
Land acquisition			$200,000			$450,000		
Construction								

Operations and Management—

Estimates	2007	2008	2009	2010	2011	2012
Estimated costs						
Estimated revenues						
Anticipated savings						
Net annual operations/ maintenance expense						

Potential Funding Sources—

Funding program	2007	2008	2009	2010	2011	2012
General Fund	$50,000			$50,000		
REET	$150,000			$200,000		
Revenue bonds						
G.O. bonds						
Special levy						
LID						
Inter-local revenue						
Grants						
Other- park Impact fees				$200,000		
Total	**$200,000**			**$450,000**		

CITY OF OAK HARBOR
CAPITAL IMPROVEMENTS PLAN

CAPITAL FACILITIES REQUEST FORM

Please complete the following as carefully as possible. It is not important to replicate this form but do use the information headings given. Remember the criteria by which the project will be evaluated as you complete this form. The project staff will recast this information for distribution if necessary.

Narrative Section—New Senior Center

Description—

New Senior Center (probably using an alternate name such as "Adult Community Center" or similar)

Purpose—Facility able to handle estimated 2025 levels of demand for Senior support goods/services as well as facilitate optimizing of Senior population community involvement/volunteer work.

History—The City's current Senior Center facility was built in 1986. Building expansion feasibility studies completed in 1995 and 2004 both point out need to create additional space to meet needs of rising Senior population.

Senior population (Island County growth study estimates):

1986 (when current facility built)—12,841 (25% of population)
2025 (growth study estimate)—47,171 (47% of population/59.8% of eligible voters)

Location—

Unknown (likely within the City limits, possibly on City property/possibly outside City limits in North Whidbey geographical area)

Justification—

Action required by law—No

Addresses health & safety issues—Would act as local base of operations for nutrition (meal site/meals on wheels), Case Management, Information & Assistance, Statewide Health Insurance Advisors, exercise facilities and several other health support programs/services supporting senior health and welfare. Protects existing assets: No (although we consider seniors as assets…)

Positive impact on operating budgets—City facility/social service organizations operate within it (minimizes City having to provide/pay costs of providing social services). Example, currently free rent provided to Case Management/Information & Assistance group – result is over $1.3 million in care authorizations provided annually to North Whidbey residents from that office.

Provides community wide benefits—An important purpose of the facility will be to enlist the volunteer efforts of what will soon be the largest segment of the population (seniors) into the many community support groups operating in the local area.

Advances community/council goals—Goals 4 (community partnerships) and 5 (service) primarily getting the resources of social service groups distributed within the City (from the City's facility) and enlist the work of seniors to provide City citizens/organizations with volunteer services/support.

Enhances/protects natural environment—Not really, but we'll make it as "green" as we are able.

Enhances/protects social environment—Not sure what this means, but if protecting seniors fits, then yes.

Economic impact—Should have an "indirect" but "significant" economic benefit for the City. The plan is to make use of this large segment of the population to provide assistance in numerous citizen support programs so as to reduce taxpayers' burden to provide the same. Additionally, increasing the number of seniors who are active/fit/involved, will also reduce the amount of government assistance dollars needed to support them by reducing in length periods of diminishing health.

Advances other projects—In terms of other City physical facilities, no. Meant to assist numerous local support agencies with lowering their physical facility costs and thus enhance their ability to support citizen needs in our area.

Level of Service—

Programs – Sponsor facilities for:	2005	2025 projection
Nutrition programs - # of meals OH	18,000	33,000
Case Management - funding authorizations	$1.3M	$2.36M (no inflation)
SHIBA assistance sessions – clients assisted	32	580
OH Ctr members	1600	2900 (low estimate)
Adult Day Care clients	14	26
Community support program volunteers	0	Hundreds

Comprehensive and Other Adopted Plan References—

Government Service Element Goal 7—Continue to provide our senior residents with recreational, social, educational, and health maintenance services specifically designed to meet their current and emerging needs.

Policy 7.b The City should expand the senior center as use increases and unmet needs are identified.

Expansion of current facility not economically feasible. New center/alternate location needed to permit construction of facility(ies) adequate to house larger scale programs and services.

Estimated Budget Impact Section

Estimated Project Costs (City)—

Project phase	Total project cost	Prior years	2007	2008	2009	2010	2011	2012
Planning/design	BLDG RESERVES to be used		$50K	$100K				
Land acquisition	City land or purchase with fund- raising $			City(?) Otherwise Fundraise $1.5mil				
Construction	$5.2 Mil ($100-150K)				$1.3mil ($100-150K Match)	$1.3mil	$1.3mil	$1.3mil

Operations and Maintenance—

Estimates	2007	2008	2009	2010	2011	2012
Estimated costs						
Estimated revenues						
Anticipated savings						
Net annual operations/ maintenance expense						$11,000

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Potential Funding Sources–

Funding program	2007	2008	2009	2010	2011	2012
General Fund			($100-150K Match)			
REET						
Revenue bonds						
G.O. bonds						
Councilmanic bonds						
LID						
Inter-local Revenue						
Grants			State $1M			
Other	$50K Bldg reserve	$150K Bldg reserve	Fundraising $1mil	Fundraising $1 mil	Fundraising $1 mil	Bldg sale/FR $500K/$500K
Total	**$50K**	**$150K**	**$2.1-2.15mil**	**$1 mil**	**$1 mil**	**$ 1 mil**

CITY OF OAK HARBOR
CAPITAL IMPROVEMENTS PLAN

CAPITAL FACILITIES REQUEST FORM

Please complete the following as carefully as possible. It is not important to replicate this form but do use the information headings given. Remember the criteria by which the project will be evaluated as you complete this form. The project staff will recast this information for distribution if necessary.

Narrative Section—Trail extensions at Freund Marsh

Description—

Additional trail extensions at Freund Marsh. This next phase of the trail will run north to south connecting the existing trail to the beach access west of Dillard's Addition. The trail will also connect with SW Beeksma Drive. This will add an additional 2,750 feet of trail, 8-10 feet in width. Work includes excavation and backfill of base material, covered with a gravel walking surface. Additional plantings of native plant materials will also be included in this project. Work to be performed by the Public Works crew.

Location—

Freund Marsh, off of Beeksma Drive.

Justification—

Required by law—NA

Public health and safety—Promotes a safe environment for walking, jogging and cycling.

Advances community goals and objectives—The development of Freund Marsh is identified as one of the key elements of the Roger Brooks Master Plan for the waterfront. Wetland restoration and the preservation of open space are also listed as one of the goals identified in the Oak Harbors Parks and Recreation Comprehensive Plan. Supplying the public with more pedestrian trails and bicycle pathways is also listed as one of the goals and objectives for the park system.

Enhances or protects the natural environment—This project enhances the existing wetland by planting native vegetation, which is also a natural attractor of wildlife.

Enhances or protects the cultural, educational and social environment—Walking and jogging creates social opportunities for our citizens. These trails also give the public access to a wetland area where they can learn about their environment. Interpretive signage is being used throughout the marsh site to help the public identify birds, animals and plants.

Preserves existing assets—The Freund Marsh property preserves over 40 acres of land along the City's waterfront. This project enhances the property and makes it available to the public to enjoy.

Impact on future operating budgets—There will be some operations and maintenance costs to the Parks Division, but they should be minimal.

Provides community economic benefit—NA

Advances other City capital projects—Freund Marsh is one of the identified projects of the Roger Brooks Study.

Community wide benefit—The trails are available to all the citizens of Oak Harbor and visitors to our community for biking, walking and jogging. The trails are also used for marathon running events.

Level of Service—

There are no level of service requirements within the Parks and Recreation Comprehensive Plan.

Comprehensive and Other Adopted Plan References—

The Oak harbor Parks and Recreation Comprehensive Plan lists the development of off street bicycle and pedestrian trails to connect City parks, residential areas and major activity centers as one of our goals and objectives.

Estimated Budget Impact Section

Estimated Project Cost—

Project phase	Total project cost	Prior years	2007	2008	2009	2010	2011	2012
Planning/design								
Land acquisition								
Construction	$132,000			$108,000	$24,000			

Operations and Management—

Estimates	2007	2008	2009	2010	2011	2012
Estimated costs		$3,000	$3,000	$3,500	$3,500	$3,602
Estimated revenues						
Anticipated savings						
Net annual operations/ maintenance expense						

Potential Funding Sources—

Funding program	2007	2008	2009	2010	2011	2012
General Fund		$30,000				
REET		$48,000	$24,000			
Revenue bonds						
G.O. bonds						
Special levy						
LID						
Inter-local Revenue						
Grants						
Other paths and trails 106acct		$30,000				
Total		**$108,000**	**$24,000**			

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CITY OF OAK HARBOR
CAPITAL IMPROVEMENTS PLAN

CAPITAL FACILITIES REQUEST FORM

Please complete the following as carefully as possible. It is not important to replicate this form but do use the information headings given. Remember the criteria by which the project will be evaluated as you complete this form. The project staff will recast this information for distribution if necessary.

Narrative Section—Windjammer Trail Connection

Description—

Complete the trail link along the waterfront, connecting Windjammer Park and Flintstone Park. The 350 foot long trail will be 8-10 feet wide. The pathway will be a raised boardwalk bridge over the shoreline vegetation with minimal impact to the natural surroundings. It will be constructed of wood support beams on concrete anchors. The pathway/boardwalk will be constructed of recycled material such as trex decking. Low impact lighting will also be included in this project.

Location—

Along the Oak Harbor Bay shoreline, between Windjammer and Flintstone Parks.

Justification—

Required by law—NA

Public health and safety—This trailway gives the public an additional option for walking, jogging and cycling.

Advances community goals and objectives—Completing the waterfront trail by connecting the two parks with the "missing link" has been a community goal for many years. Trailways along the waterfront are identified in the Roger Brooks Plan for the renovation of the waterfront parks. The Plan also recommends that Flintstone Park become a part of Windjammer Park. Linking the two parks together along the waterfront is the optimal way of meeting that goal.

Enhances or protects the natural environment—Having the pathway suspended over the shoreline will protect the natural environment of this area.

Enhances or protects the cultural, educational and social environment—This section of the waterfront is rich with shoreline plants and wildlife. Public access to the area will give the community an appreciation and respect for the outdoor environment

Preserves existing assets—NA

Impact on future operating budgets—There will be a minimal cost to the Parks Division's operations budget for litter control and pathway maintenance.

Provides community economic benefit—The trailway will enhance the waterfront and the downtown area, which helps to draw tourists to our community.

Advances other City capital projects—This is a part of the Windjammer Park Revitalization Plan.

Community wide benefit—Each day, numerous members of our community walk, jog or cycle along the waterfront trail. Completing this link of the trail will make it possible for individuals to stay along the waterfront and not have to detour up to Bayshore Drive to get around the private property between the two park sites.

Level of Service—
NA

Comprehensive and Other Adopted Plan References—
The Roger Brooks Plan focuses much of the plan on utilizing our assets along the waterfront to promote tourism. The Plan recommends that Flintstone Park be made a part of Windjammer Park.

Estimated Budget Impact Section

Estimated Project Costs—

Project phase	Total project cost	Prior years	2007	2008	2009	2010	2011	2012
Planning/design	$13,840 in House		$13,840					
Land acquisition								
Construction	$134,717			$134,717				

Operations and Management—

Estimates	2007	2008	2009	2010	2011	2012
Estimated costs			$750	$750	$800	$800
Estimated revenues						
Anticipated savings						
Net annual operations/ maintenance expense			$750	$750	$800	$800

Potential Funding Sources—

Funding program	2007	2008	2009	2010	2011	2012
General Fund	$13,840					
REET		$134,717				
Revenue bonds						
G.O. bonds						
Special levy						
LID						
Inter-local Revenue						
Grants						
Other						
Total						

CITY OF OAK HARBOR
CAPITAL IMPROVEMENTS PLAN

CITY OF Oak Harbor WHIDBEY ISLAND, WASHINGTON

CAPITAL FACILITIES REQUEST FORM

Narrative Section—Special Events Center

Description—

The special events center will provide public assembly space for a variety of events and functions. The project is intended to meet community needs but to also attract a variety of groups to Oak Harbor. The center was originally envisioned as being 20,000-30,000 square feet in size. Staff now believes the center would be more appropriately sized at no more than 6,000 square feet.

Location—

The project is conceptually located at the intersection of SE Bayshore Drive and SE City Beach Street.

Justification—

Tier One Criteria

Required by law—The project is not required by law.

Public health and safety—The project is not necessary to protect the public health and safety.

Preserves existing assets—The project will not preserve any existing assets.

Tier Two Criteria

Impact on future operating budgets—The project is intended to help increase both hotel/motel tax receipts and sales tax receipts for the City. Net revenues could decrease, however, if the City ends up operating the facility.

Community wide benefit—The community will benefit from having this type of space available for its use and will benefit from the increased tax revenues. Increased tax revenues also benefit the community as a whole.

Advances community/council goals and objectives—The project is included in the adopted Windjammer Plan. Implementation of this Plan is supported by the Comprehensive Plan's Economic Development Element, Goal 2. This project is also supported by City Council Goals 1, 2, and 6.

Tier Three Criteria

Enhances or protects the natural environment—It is not expected that this project will enhance or protect the natural environment in any measurable way.

Enhances or protects the cultural, educational and social environment—The construction of the special events center will most certainly enhance the cultural, education and social environment of the community by providing for a space that can support a variety of events.

Provides community economic benefit—The project is intended to help increase both hotel/motel tax receipts and sales tax receipts for the City. Operation of the center will create an unknown number of jobs.

Advances other City capital projects—This project will not specifically advance any of the other Windjammer capital projects.

Level of Service—
There is no adopted level of service for a community facility such as is envisioned.

Comprehensive and Other Adopted Plan References—
The project is included in the adopted Windjammer Plan. Implementation of this Plan is supported by the Comprehensive Plan's Economic Development Element, Goal 2. This project is also supported by City Council Goals 1, 2, and 6.

Estimated Budget Impact Section

Estimated Project Costs—

Project phase	Total project cost	Prior years	2007	2008	2009	2010	2011	2012
Planning/design				$1,203,600				
Land acquisition								
Construction					$8,826,400			

Operations and Maintenance—

Estimates	2007	2008	2009	2010	2011	2012
Estimated costs						
Estimated revenues						
Anticipated savings						
Net annual operations/ maintenance expense						

Note: Operation and maintenance costs cannot be estimated at this time as these costs are highly dependent on who owns and operates the facility.

Potential Funding Sources—

Funding program	2007	2008	2009	2010	2011	2012
General Fund						
REET						
Revenue bonds						
G.O. bonds						
Special levy						
LID						
Inter-local Revenue						
Grants						
Other						
Total						

Note: A funding strategy is yet to be developed for this project.

CITY OF OAK HARBOR
CAPITAL IMPROVEMENTS PLAN

NEW CAPITAL FACILITIES REQUEST FORM

Please complete the following as carefully as possible. It is not important to replicate this form but do use the information headings given. Remember the criteria by which the project will be evaluated as you complete this form. The project staff will recast this information for distribution if necessary.

Narrative Section—New City Animal Shelter

Description—

The City operates the City Animal Shelter through a cooperative agreement with the Navy, utilizing a Navy facility for the services. Since 9/11, access to the facility has become more restrictive with the installation of a gate to the base. The facility has been utilized since the early 1970's, at a time where the City population was under 10,000. Although there have been some improvements over the years, the facility itself is not conducive towards the level of care the City has elected to provide for animals.

The current facility that we don't own is approximately 2,000 square feet. It would seem reasonable that since the City's population has more than doubled since the City has utilized this facility, an animal shelter of approximately 4,000 square feet would alleviate many of the issues currently faced by our shelter operator. To allow for future growth, a shelter of approximately 4500 square feet would be the desired outcome.

The City has an obligation to provide in some fashion for the sheltering of animals that have been impounded. In order to reduce the number of animal and stray animals, communities across the country provide a location for the surrendering and adoption of domestic animals, usually cats and dogs. This service is usually provided either by contract or in-house.

Oak Harbor has had a rather unusual arrangement, in that we do not own our own facility but rather have an agreement with the Navy to provide the service and utilize their facility. In addition, the City has contracted with a vendor to operate the facility which is owned by the Navy. This agreement has worked for a number of years, since the early 1970's. As the City has not owned the facility, maintenance and improvements over the years have been minimal. Correspondence from the Base Commander in 1989 authorized the City to build a metal covering over previously uncovered runs. This was done to increase the space needs as they had clearly outgrown the building capacity. In that correspondence, it was clear that this was considered a temporary solution as it indicated the City could not use the facility in "perpetuity" and that the base commander understood that the City's long range plans were compatible with that eventuality.

In 2004, the City Council adopted a new philosophy regarding the level of care provided to animals, that of the most humane possible with a reduction in euthanasia of animals, referring to the concept of "minimal kill" facility. With the goal being increased adoptions and fewer animals destroyed due to space restrictions, the capacity at the facility, already stressed due to the increase in population in our community, is becoming a non-viable option.

Location—

The City owns land on Technical Drive that is currently being utilized as an off-leash park. The location would be an ideal site for an animal shelter as it is located in an industrial area, next to Public Works, and at the end of the roadway. In addition, if future needs required any expansion, the City owns the land south of the off-leash park as well.

Justification—

As agreed at the Department Head Meeting on September 6th, the following prioritization questions, taken from the Capital Facilities Plan form, will be answered:

Tier 1

Required by law—No, to my knowledge there is no legal requirement for the City to operate a shelter. It would be reasonable to assume that the City would be required to maintain the ability to enforce State Law and Municipal Code regarding impounding of animals, which could be done by contract as well as operation of its own facility.

Public health and safety—No, assuming that the question was framed to address health and safety of people.

Preserves existing assets—No, currently the City does not own an animal shelter.

Tier 2

Impact on operating budgets—No.

Community wide benefit—This would simply be a guess, but I would imagine that a large percentage of residents own either a cat or dog or both, which means that the proposal would provide a benefit to that percentage of the community.

Advances community/council goals and objectives—Yes, the Council redirected Staff to initiate a process that increased the level of care provided to animals. This was done by awarding of the contract to WAIF, which promotes more humane treatment of animals. Overcrowding, which has increased due to the philosophical shift, would be alleviated by this project for the foreseeable future.

Tier 3

Enhances or protects natural environment—No.

Enhances or protects the cultural, educational and social environment—Unknown.

Provides community economic benefit—Yes, for construction. As we are now paying for utilities at the Naval Facilities, I would anticipate that utility costs would decrease on a newer facility, as the current facility is highly energy inefficient.

Advances other City projects—No, except it does align itself well with the philosophical shift adopted by Council regarding the care of animals.

Level of Service—

Our current shelter size is approximately 2,000 square feet. The building of a facility of 4,000-4,500 feet would allow ample space for our current and short term future animal shelter needs. WAIF is currently in the fund-raising stage of a large facility they envision building south of Coupeville. While the 4,000-4,500 square footage facility would be operating at close to capacity within a reasonably short time, the long term plan of WAIF's facility should prevent the City from needing expanded space in the future.

Comprehensive and Other Adopted Plan References—

Unknown.

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Estimated Budget Impact Section

Estimated Project Costs—

Project phase	Total project cost	Prior years	2007	2008	2009	2010	2011	2012
Planning/design								
Land acquisition	-0-							
Construction	480,000 to 540,000 (turn-key)							

Operations and Management—

Estimates	2007	2008	2009	2010	2011	2012
Estimated costs (See Notes Below)	82,500 (contract) 13,500 operating	84,000 14,000 operating	85,000 15,000 operating	86,000 15,500 operating	87,000 16,000 operating	88,000 16,500 Operating
Estimated revenues	15,000 (licenses)	15,000	15,000	15,000	15,000	15,000
Anticipated savings						
Net annual operations/ maintenance expense	81,000	83,000	84,000	86,500	88,000	88,500

Notes: 1. It would be doubtful that an Animal Shelter would ever be self-sufficient, resulting in a net loss of revenues.

2. Estimated Costs are Broken Down to Include Current Contract Cost for Contractor, and do not include costs for animal control/code assistance officer as that position is irrelevant to this capital facilities request.

Potential Funding Sources—

Funding program	2007	2008	2009	2010	2011	2012
General Fund						
REET						
Revenue bonds						
G.O. bonds						
Special levy						
LID						
Inter-local Revenue						
Grants						
Other (License Fees)	15,000					
Total	**$15,000**					

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City of Oak Harbor Capital Improvements Plan—Project Evaluation Criteria

Definition of a Capital Facility—any new public facility or public improvement of the City costing $50,000 or more, (including financing, design, permitting, environmental analysis, land acquisition and construction costs) requiring the expenditure of public funds over and above annual operational expenses and having a life expectancy of more than twenty (20) years.

A methodology is needed to pare down the lists of projects to an affordable level as well as to balance diverse and competing community values and needs. Capital project evaluation criteria are developed for this purpose.

The following are criterion to be used for this capital project evaluation and prioritization process.

Tier One Criteria

An additional weighting factor of three (x3) is given to the rating score of each Tier One criterion.

- **Required by law**—projects that are required due to federal, state or local legal mandate.
- **Public health and safety**—projects that resolve potentially threatening situations to the health, safety, or physical welfare of citizens (e.g. construction of a new fire station)
- **Preserves existing assets**—projects that save or repair structural integrity of existing buildings, extend the life of or reduces operating costs of existing public infrastructure and facilities (e.g. seismic upgrades, insulate and re-roofing a public building)

Tier Two Criteria

An additional weighting factor of two (x2) is given to the rating score of each Tier Two criterion.

- **Impact on future operating budgets**—forecasts the extent to which the project will impact future operating budgets; will result in decreased operating costs or produce net new revenue (e.g. new tax revenue) a 5 vs. significant requirement additions to personnel or other operating costs a 1.
- **Community wide benefit**—the scope and extent to which the community as a whole benefits from the project; projects that have the broadest community benefit or contribute to balance in the overall program would be rated highest.
- **Advances community/council goals and objectives**—projects that enhance the goals and objectives of the community or City council as identified in adopted plans and policy (e.g. development of the Windjammer Project) will score higher.

Tier Three Criteria

No additional weight (x1) is given the rating score of each Tier Three criterion.

- **Enhances or protects the natural environment**—projects that enhance the natural environment or resolve and reduce the risk of damage to the natural environment (e.g. construction of an adequate storm water retention facility).
- **Enhances or protects the cultural, educational and social environment**—projects that enhance or protects those cultural, educational or social assets that contribute to the community's quality of life (e.g. sidewalk improvements to enhance pedestrian environment, community meeting facility, etc.).

- **Provides community economic benefit**—projects that produce additional family wage jobs, retain family wage jobs or expand the tax base of the community. The more direct the positive impact the higher a project would rate. (E.g. public amities that encourage private sector investment).
- **Advances other City capital projects**—projects that assist the development of another project or a project that must occur in a sequential manner with other capital projects will rate higher.

PLACEHOLDER—Responds to a favorable opportunity—projects that may be advanced by responding to an initiative from the private sector, a grant funding program or other favorable circumstance that could advance that project (e.g. a federal grant opportunity arises that could fund 80% of a project's cost) (to be included in the plan text at this point.)

Prioritizing

Scoring and hence ranking can be accomplished by assigning a value to each criterion. A scale is from 1 to 5, one (1) being lowest and five (5) highest is to be used. The sum of all criterion scores can give Council and community a general idea of project importance relative to other projects. Some criterion is viewed as having more importance than other criterion. For example, the Tier One criterion Public Health/Safety is seen as having a weighted factor of three in importance in project selection while Tier Two criterion has a weight of two and Tier Three criterion has no additional weight.

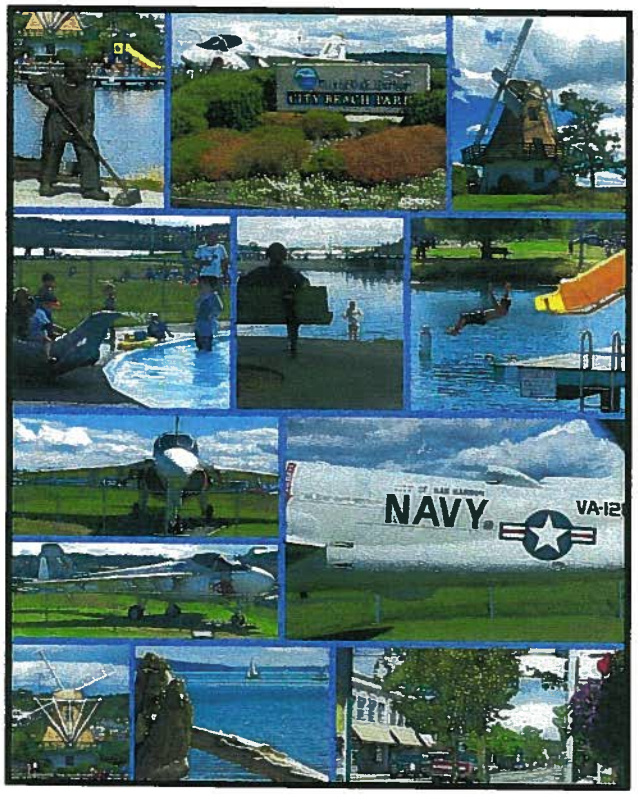
CAPITAL PROJECT PRIORITIZATION FORM

Action required by law
Addresses health & safety issue
Protects existing assets
Positive impact on operating budgets
Provides community wide benefits
Advances community/council goals
Enhances/protects natural environment
Enhances/protects social environment
Economic Impact
Advances other projects

Score each criterion 1 (lowest) through 5 (highest) for each project
Multiply each criterion score by the tier weighting factor

Project Title		Tier One x3			Tier Two x2			Tier Three				Total
EXAMPLE PROJECT	Maximum score	15	15	15	10	10	10	5	5	5	5	

Appendix E • City of Oak Harbor Comprehensive Financial Management Policy



Sound financial stewardship and the prudent use of public funds are two of the primary responsibilities given to the officials and managers of the City of Oak Harbor. Having been entrusted with this responsibility by our citizens, the establishment and maintenance of wise fiscal policy enables City officials to protect public interests and ensure public trust. The overall financial strategy of the City of Oak Harbor is to develop a sound financial resource base for the purpose of ensuring public safety, maintaining the physical infrastructure and surroundings of the City, and promoting the social well-being of the citizens of Oak Harbor.

Introduction

This Comprehensive Financial Management Policy document incorporates past financial practices in defining the current policies to be used by the City to meet its obligations and operate in a financially prudent manner. These policies have been established to provide general fiscal guidelines and are intended to provide sound direction in the management of the City's financial affairs.

Purpose

The Comprehensive Financial Management Policy assembles all of the City's financial policies in one document. These policies are a tool to ensure that the City maintains a high level of financial solvency in order to meet the City's immediate and long-term service objectives. The purpose of the individual policies contained herein is to serve as guidelines for both the strategic long-term-financial planning and internal financial management processes of the City.

The City of Oak Harbor is accountable to its citizens for the use of public funds. The City's resources must be wisely used to ensure adequate funding for the services, public facilities, and infrastructure necessary to meet the community's present and future needs. The importance of sound financial management makes it desirable for a City to establish goals and targets for its financial operations, so that policies will be consistent and complete, and performance can be monitored on an ongoing basis. Because a fiscally sound City government is in the best interests of the citizens of the City of Oak Harbor, this Comprehensive Financial Management Policy has been adopted as the guiding management principle to be applied in the management of the City's finances.

The City's policies are categorized in the following sections:

- General Revenue Policies
- Expenditure Policies
- Reserve Policies
- Accounting and Financial Reporting Policies
- Performance Measurement Policies

General Revenue Policies

Current revenues will be sufficient to support current expenditures.

A well-diversified and stable revenue system will be maintained to shelter public services from short-run fluctuations in any particular revenue source. Because revenues, especially those of the General Fund, are sensitive to both local and regional economic activities and legislation, revenue estimates should be calculated using an objective, analytical process, and will be neither overly optimistic nor overly conservative. Revenue estimates will be as realistic as possible based on the best available information.

Revenue forecasts will encompass all resources that can be utilized for public services. Should economic downturns develop which could result in revenue shortfalls or fewer available resources, the City will immediately compensate by making adjustments in anticipated expenditures.

Revenues of a one-time, limited or indefinite term will be used for capital projects or one-time operating expenditures to ensure that no ongoing service program is lost when such revenues are reduced or discontinued.

The City will project revenues for the next three years and will update this projection annually. The Finance Department will annually review and make available to the Finance Committee an analysis of each revenue source.

The City will not utilize deficit financing or short-term borrowing as a revenue source to finance current operating needs without full financial analysis and prior approval of the City Council. Interfund loans are permissible to cover temporary gaps in cash flow, but only when supported by a well-documented repayment schedule of short duration.

In order to assist decision makers in prioritizing support for various City program alternatives, and tier system consisting of three levels shall be utilized. Tier 1 programs will consist of programs critical to core business functions of the City. Tier 2 programs shall consist of programs not necessarily belonging to a core business function, but shall consist of those programs assigned a high priority in meeting specific City objectives. Tier 3 programs shall consist of those programs receiving consideration as funds are available, and after all business core functions and high priority programs have been considered. As part of Council's mission statement objectives, and specific dollar amount or percentage of the annual operating budget shall be established as a not to exceed threshold for the aggregate cost of Tier programs.

Grant Revenues

All potential grants shall be carefully examined for matching requirements. If local matching funds are not available, some grants may not be accepted. Grants may also be rejected if programs must be entirely funded with local resources after the grant program is completed.

When considering grants for the purposes of capital construction or other projects of an acquisition nature, an analysis will be made of the City's ongoing ability to maintain, repair, or commit the facilities to a specific economic purpose. In all cases, an analysis will be performed regarding the City's ability to comply with any restrictions or long-term commitments included as a stipulation of receiving the grant award.

Enterprise Revenues

To ensure that the enterprise funds remain self-supporting, user fees and rate structures will be incorporated to support the total direct and indirect costs of operations, capital facilities maintenance, debt service, depreciation,

and pass-through rate increases from source of supply vendors.

Revenues received for enterprise purposes will be restricted to the respective funds.

User Fee Revenues

The City will establish all user fees and charges at a level related to the cost of providing the service. Every year, the City will regularly revise user fees with a review by the Mayor to adjust for the effects of inflation and increases in operating costs.

As much as is reasonably possible, authorized City services that provide direct benefit to a specific group, organization, or citizen should be supported by fees and charges to recover the costs of providing such benefit. The goal of this is to provide maximum flexibility in the use of general City taxes to meet the cost of services of broader public benefit. Charges for services that benefit specific users should recover full costs, including all direct costs, capital costs, department overhead, indirect cost allocation, and City-wide overhead. Departments that impose fees or service charges should prepare and periodically update cost-of-service studies for such services.

A high level of priority will given to expenditures that will reduce future operating costs, such as increased utilization of technology, equipment, personnel, and prudent business methods.

The City of Oak Harbor strives to ensure its service programs are of high quality. If expenditure reductions are necessary, complete elimination of a specific service is preferable to lowering the quality of programs provided.

All City personnel share in the responsibility of looking at and understanding the City's long-term financial viability, its general spending trends, its projected incomes, and educating themselves, division heads, and employees on the necessary short and long-term balance between revenues and expenditures. Department heads are responsible for ensuring departmental expenditures under their control are in accordance with City Council's authorized expenditure authorization.

Before the City undertakes any agreements that would create fixed ongoing expenses, the cost implications of such agreements will be fully determined for current and

future years through the use of strategic financial planning models.

Organizations that are not part of the City, but which receive funding from the City, shall not have their appropriation carried forward from year to year unless expressly authorized and directed by City Council. Performance measures will be established for each program receiving to ensure support is in conformance with City objectives. Annual review to include a report from the program sponsor and reauthorization of funding is required.

All externally mandated services provided by one fund for another, for an outside source, or for which full or partial funding is available will be fully costed out to allow for reimbursement of expenses. The estimated direct costs of providing the service will be budgeted and actual costs charged to the fund performing the service. Interfund service fees charged to recover these direct costs will be recognized as revenue to the providing fund.

Expenditure Policies

The City will maintain expenditure categories according to state statute and administrative regulation.

Personnel

Emphasis is placed on improving individual and workgroup productivity rather than adding to the work force. The City will hire additional personnel only after the need for a new employee is substantiated and documented.

All compensation negotiations will focus on total compensation including direct salary, health care premiums, pension contributions, and other benefits of a non-salary nature. Cost analysis of salary increases will include the effect of such increases on the employer-share of related fringe benefits.

Maintenance and Replacement

The budget process will include a multi-year projection of vehicle replacement requirements. The budget will provide sufficient funding for adequate maintenance and orderly replacement of capital plant, equipment, and vehicles. Future maintenance needs for all new capital facilities will be costed out and included as decision criteria.

Short-Term Debt Policies

Short-term debt covers a period of one year or less.

The City may use short-term debt to cover temporary cash flow shortages that may be caused by a delay in receipting tax revenues or issuing long-term debt.

The City may issue interfund loans rather than outside debt instruments to meet short-term cash flow needs. Interfund loans will be permitted only if an analysis of the affected fund indicates

excess funds are available and the use of these funds will not impact the fund's current operations. All short-term borrowing will be subject to Council approval by ordinance or resolution, and will bear interest based upon prevailing rates.

Long-Term Debt Policies

The City will confine long-term borrowing to capital improvements that cannot be financed from current revenues.

Acceptable uses of bond proceeds can be viewed as items that can be capitalized and depreciated. Refunding bond issues designed to restructure currently outstanding debt is also an acceptable use of bond proceeds.

Where possible, the City will use special assessment revenue, or other self-supporting bonds instead of general obligation bonds.

The City will not use long-term debt for current operations.

The City will maintain good communications with bond rating agencies about its financial condition. The City will follow a policy of full disclosure on every financial report and bond prospectus.

General Obligation Bond Policy

1. Every project proposed for financing through general obligation debt should be accompanied by a full analysis of the future operating and maintenance costs associated with the project.
2. Bonds cannot be issued for a longer maturity schedule than a conservative estimate of the useful life of the asset to be financed.

Limited Tax General Obligation Bond Policies

1. As a precondition to the issuance of limited tax general obligation bonds, all alternative methods of financing should have been exhausted.
2. Limited tax general obligation bonds should only be issued under certain conditions:

A project in progress requires monies not available from alternative sources;

Matching fund monies are available which may be lost if not applied for in a timely manner; or

Catastrophic conditions.

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Reserve Policies

Fund Balance Policy

One of the most significant policies envisioned for the City's budget is to begin each year with a targeted fund balance. The long-term goal is to obtain a rolling beginning fund balance in each operating fund equal to ten percent of the fund's operating budget, excluding the beginning fund balance, building permit revenue and any significant one-time revenue. . As a short-term objective, the 2001-2002 Biennial Budget begins with an estimated beginning fund balance of 5%, with a planned increase in the targeted fund balance of 1% per year until the long-term goal of 10% is reached.

Technology Reserve Fund

The Technology Reserve Fund is to be utilized as a sinking fund in which to set aside the necessary resources to finance the purchase or replacement of new technology or highly specialized equipment for the operational needs of the City. Each fund or operation of the City will prepare an inventory of computers, network servers, and other technological equipment. This list will include a schedule of planned retirement of such assets, and a schedule of periodic payments to be made to the Technology Reserve Fund for the purpose of replacing outdated equipment as they are retired from the City inventory.

Equipment Replacement Reserve Fund

The Equipment Replacement Reserve Fund is to be utilized as a sinking fund to set aside the necessary resources to finance the purchase or replacement of vehicles and equipment for the operational needs of the City. For each listed piece of equipment, a schedule will be made outlining

the project future cost of replacement, a listing of the current contributions made towards replacement, and the estimated service charges for maintenance. Funds or departments that participate will make regularly scheduled payments to ensure that adequate funds are available. Should a department require equipment that has not previously been scheduled, the initial acquisition of the equipment will be budgeted for and purchased from the department's own budgetary schedule. The equipment will then be donated to the equipment replacement fund. Under no circumstances will funds be withdrawn from the reserve for other operating purposes unless a corresponding reduction in the equipment listing is made be the department requesting the withdrawal.

Current Expense Reserve Fund

The Rainy Day Reserve's primary purposes are to protect the City's essential service programs during periods of economic downturn that may temporarily reduce actual resources or cut the growth rate of City resources below that necessary to maintain pre-existing service levels. Disbursement of funds will only be made upon approval of Council. The long-term goal is to reserve an amount equal to five percent of the annual General Government expense budget in this fund.

LEOFF I Post-retirement Benefit Fund

The LEOFF I Post-retirement Benefit Fund is to provide actuarial-sound fund balances to match the post-retirement liabilities accrued for covered fire and police personnel. An actuarial study is commissioned every five years to assess the status of the pension plan and to set new reserve targets as required. The pension plan is expected to service retirees until approximately the year 2040.

Cumulative Reserve 1st Quarter Percent REET Fund

The City created the Cumulative Reserve 1st Quarter Percent REET Fund to finance the repair, maintenance, and acquisition of park, library, recreational, cultural, and civic improvements; and land. The proceeds from the 1st Quarter Percent REET are authorized by RCW 82.46.010.

Cumulative Reserve 2nd Quarter Percent REET Fund

The City created the Cumulative Reserve 2nd Quarter Percent REET Fund to finance a package of improvements that will be funded from a second ¼% real estate excise tax. This tax was specifically enacted as a part of the state's growth management statutes, which call for the provision of resources for capital facilities that relate directly to growth. The long-term goal of this fund is to accumulate sufficient cash for capital needs deemed appropriate within the scope of the Growth Management Act.

Cumulative Reserve Utilities Fund

A cumulative reserve shall be established by the Water, Wastewater, Solid Waste, and Storm Drain Funds to replace utility capital, plant and equipment. This reserve will be adjusted biennially by the current year's depreciation expense less bond reserves, principal paid on outstanding debt, and purchases of replacement capital. The long-term goal of this fund is to accumulate sufficient cash for capital needs deemed appropriate within the scope operations and the Growth Management Act.

Bond reserves shall be created and maintained by the Water, Wastewater, Solid Waste, and Stormwater Utilities in accordance with the provisions set forth in the bond covenants.

Paths and Trails Reserve

The purpose of this reserve is to establish and maintain paths and trails for bicyclists, equestrians and pedestrians. The basis for revenue is a ½% of Motor Vehicle Fuel Taxes received by the Street Fund. Funds must be expended for the purpose required within ten years of receipt.

Accounting, Financial Reporting and Auditing Policies

The City of Oak Harbor will establish and maintain a high standard of accounting practices. Accounting and budgetary systems will, at all times, conform to Generally Accepted Accounting Principles, the State of Washington Budgeting Accounting Reporting System (B.A.R.S.) and local regulations.

A comprehensive accounting system will be maintained to provide all financial information necessary to effectively operate the City.

The City will meet the financial reporting standards set by the Governmental Accounting Standards Board.

Full disclosure will be provided in all City financial reports and bond representations.

An annual audit will be performed by the State Auditor's Office and will include the issuance of a financial opinion as to the financial position and the results of operations of the City.

Productivity and Performance Measurement

As the demands for new services and improvements to existing programs have strained the City's capacity to provide these in an era of fiscal restraint, new techniques for stretching resources have been developed and tested by municipalities throughout the country.

To this end, it is the policy of the City of Oak Harbor to develop a comprehensive productivity/work measurement program throughout City government to improve the efficiency and effectiveness of service delivery. The primary objectives of this City initiative should be:

- Developing accurate and fair measures of quality and effectiveness of service delivery in each City department and agency;
- Training City managers and employees to conduct performance measurement studies, to help design and implement an overall performance evaluation program, and to utilize this program on an ongoing basis;
- Integrating the work standards and measures produced by the performance evaluation effort into the City's existing budgetary and accounting systems; and
- Saving City dollars and resources in providing existing and new municipal services.

In implementing each of the phases of this performance measurement program, the City will seek to maximize the reporting and analysis of data that demonstrates progress and area for further refinement. The City believes the development of accurate and realistic productivity measures, and the integration of these measures into its budgetary and accounting systems, will enable future City Councils, City Administrations, and management personnel to make resource allocation decisions which reflect the financial requirements of all activities as well as hard information on the quality and quantity of services being delivered.

Appendix F • Financial Resources for Capital Facility Planning and Implementation[21]

1—General Planning

1.0. State grants—WA Office Trade & Economic Development (OTED)

- 1.0.0: Community Development Block Grants (CDBG) Planning-only – grants provide support to eligible small communities and rural counties carrying out planning activities leading to the implementation of priority projects that principally benefit low- and moderate-income persons including:

  Small area and neighborhood plans,

  Strategies and action programs to implement plans including development of codes, ordinances, and regulations, and

  Infrastructure planning.

2—Business Development

2.0. State grants—WA Office of Community Development (OCD)

OCD focuses on programs that develop communities, urban areas, and economic activities directly related to urban development. Funding programs include:

- 2.0.0: Regional Micro-enterprise Development Grant Funds—a component of the Community Development Block Grant (CDBG) Program. Funds may be used to provide assistance to public and private organizations, agencies, and other entities (including nonprofits) to enable such entities to facilitate economic development. Projects must benefit low and moderate income persons.
- 2.0.1: CDBG Float Loan: Community Development Block Grant Float Loans—available to businesses from CTED through cities and counties that are eligible to receive Small Cities CDBG program assistance. Principal and interest on the loans will be due at maturity or on demand for a normal term of 24-30 months. Interest rates are negotiated based on the contribution the project will make to job creation or retention. A City or county is eligible to apply for a grant under this program in order to extend a short-term loan to a private business entity under the following conditions:

  demonstrates that public financing of the project is necessary and appropriate to create or retain jobs,

  provides an unconditional, irrevocable Letter of Credit in the full amount of the principal and interest of the due as collateral for the loan,

  agrees to create jobs and make the majority of them available to qualified lower-income candidates (job retention may also be considered as a qualifying factor),

[21] Not an exclusive list. Funding programs change over time, and staff will respond as necessary.

agrees to enter into an agreement with CTED and the local job service center to obtain referrals of qualified lower income job candidates for new non-managerial jobs to be created.

- 2.0.2: Rural Washington Loan Fund—provides gap financing for businesses that will create new jobs or retain existing jobs, particularly for lower-income persons. Only businesses in non-entitlement areas of the state are eligible for these loans. Gap is that portion of a project that cannot be financed through other sources, but which is the last portion needed before the investment can occur. The "gap" and competitive factors determine the loan amount, which cannot exceed 33% of total project costs up to $700,000. Funds can be lent for acquisition, engineering, improvement, rehabilitation, construction, operation, or maintenance of any property, real or personal that is used or is suitable for use by an economic enterprise. Priority is give to timber-dependent and distressed areas. RWLF priority projects include:

  Manufacturing and other industrial production,

  Agricultural development or food processing,

  Aquaculture development or seafood processing

  Development or improved utilization of natural resources,

  Tourism facilities,

  Transportation or freight facilities,

  Other activities that represent new technology or a type of economic enterprise needed to diversify the economic base of an area,

  Retail or service enterprises that will expand the community's economic base rather than primarily redistribute the existing customer base.

2.1. Federal grants—Economic Development Administration (EDA)

- 2.1.0: Economic Adjustment Program—supports strategic planning, project implementation, and revolving loan funds. Strategy grants help organize and carry out a planning process resulting in a Comprehensive Economic Development Strategy (CEDS) tailored to a community's specific economic problems and opportunities. Implementation grants support activities identified in an approved CEDS which may include, but are not limited to, the creation or expansion of strategically targeted business development and financing programs such as, construction of infrastructure improvements, organizational development, and market or industry research and analysis. Revolving Loan Fund (RLF) grants may also be used to implement a CEDS.

2.2. Federal grants—Small Business Administration and HUD)

- 2.2.1: Small Business Administration Loan 7(a)—the most common SBA loan or guaranty loan. The lender lends its own funds and the SBA guarantees up to 90% of the loan against default, which the lender may sell on the secondary market. The 7(a) program may be used to obtain long-term financing for business needs including working capital, machinery, equipment, furniture, fixtures, leasehold improvements, building acquisition or construction, and in some cases, debt consolidation. Maximum size limits for SBA eligibility are under $3,500,000 in retail or service business sales, less than 100 wholesale employees, and less than 500 manufacturing employees.

- 2.2.2: Small Business Administration Loan 504—may lend loans for economic growth on a ratio of $35,000 for each job created. Loan funds can be used for fixed asset acquisition including land, building, and equipment for more than $200,000 in project size on a below market fixed rate. The SBA loan is subordinated to the first private loan or lien.

- 2.2.3: HUD Section 108 Guaranteed Loans—available to businesses from CTED through cities and counties that are eligible to receive CDBG Small Cities program assistance. A City or county eligible to apply may obtain a 108 Loan Guarantee for a private business that meets the following criteria:

Need for assistance is appropriate given the type of project,

Project will create jobs, and if qualified lower-income candidates are available, the majority of jobs will be made available to them (job retention may be considered),

Proposed repayment is 20 years or less,

Other reasonable financing alternatives have been exhausted,

Request is not less than $700,000 nor more than $7,000,000,

The sponsoring jurisdiction has less than $7,000,000 in outstanding Section 108 Loan Guarantees.

2.3. State grants—OTED Economic Development Division Business Assistance Center

- 2.3.1: Business Finance—helps businesses obtain capital for start-up and expansion projects that create or retain jobs, stimulate private investment, increase local tax base, and strengthen community economic vitality.
- 2.3.2: Community Development Finance—ombines private financial resources with federal and state lending assistance and local leadership to focus on business expansion through community development activities.
- 2.3.3: Business Loan Portfolio—provides capital necessary to fund loans to small businesses statewide. Federal dollars are combined with local revolving loan fund programs and private funds from banks and other sources. Local community leadership is relied upon to access the priority of proposed projects. Projects may be funded through 1 or more of the program's 8 federally funded loan programs.
- 2.3.4: Minority and Women Business Development—assists minority and women-owned businesses to access resources and technical assistance to start or expand a business. MWBD provides entrepreneurial training, contract opportunities, bonding information, export assistance, and access to capital for start-ups or expanding businesses.

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3—Infrastructure Planning and Implementation

3.0. Local multi-purposes levies

- 3.1.0: Real Estate Excise Tax—RCW 82.46 authorizes local governments to enact up to 0.25% of the annual sales for real estate for capital facilities. The Growth Management Act authorizes another 0.25% for capital facilities. Revenues must be used solely for financing new capital facilities, or maintenance and operations at existing facilities, as specified in the capital facilities plan. An additional option is available under RCW 82.46.070 for the acquisition and maintenance of conservation areas if approved by a majority of the voters of the county.

  The first and second REET may be used for the planning, acquisition, construction, reconstruction, repair, replacement, rehabilitation, or improvement of streets, roads, highways, sidewalks, street and road lighting systems, traffic signals, bridges, domestic water systems, and storm and sanitary sewer systems, or the planning, construction, repair, rehabilitation, or improvement of parks and recreational facilities.

  In addition, the second REET may be used for:

  The acquisition of parks and recreational facilities, or

  The planning, acquisition, construction, repair, replacement, rehabilitation, or improvement of law enforcement facilities, protection of facilities, trails, libraries, administrative and judicial facilities, and river and/or floodway/flood control projects and housing projects subject to certain limitations.

3.1. Local single purpose levies

- 3.1.0: Hotel/Motel Tax—a sales tax levy collected on certain hotel and motel business categories for the purpose of promoting tourism. Revenues may be used for planning, promotional programs, or capital facilities that directly enhance tourism and benefit the hotel and motel industry.

- 3.1.1: Transportation Improvement Board—the Washington State Transportation Improvement Board (TIB) disburses revenues generated from motor vehicle taxes to cities, urban counties, and transportation benefit districts for the purpose of alleviating and preventing traffic congestion caused by economic development or growth. Projects must be multi-agency, multi-modal, congestion related, related to economic development activities, and partially funded locally.

- 3.1.2: Local Option Vehicle License Fee—the Transportation Improvement Act (ESSB 6358 – RCW 82.80) authorizes countywide (no county levy) local option fees up to $15.00 maximum per vehicle registered in the county. Revenues are distributed back to the county and cities within the county levying the tax on a prorated per capita basis (1.0 for population in incorporated areas). Revenues must be spent for "general transportation purposes" including the construction, maintenance, and operation of county streets, country roads and state highways, policing of local roads, public transportation, high capacity transportation, transportation planning and design and other transportation related activities. The local option fee does not require voter approval.

- 3.1.3: Street Utility Charge—RCW 35.95.040 authorizes cities to charge for City street utilities to maintain, operate, and preserve City streets. Facilities that may be included in a street utility include street lighting, traffic control devices, sidewalks, curbs, gutters, parking facilities, and drainage facilities. Businesses and households may be charged a fee up to 50% of the actual cost of construction, maintenance, and operations, while the City provides the remainder. The fee charged to businesses is based on the number of employees and may not exceed $2.00 per full-time employee per month. Owners or occupants of residential properties are charged a fee per household that may not exceed $2.00 per month.

- 3.1.4: Local Option Fuel Tax—RCW 82.80 authorizes a countywide voter approved tax equivalent to 10% of the statewide Motor Vehicle Fuel Tax and a special fuel tax of $0.023 cents per gallon. LOFT revenue is to be distributed to the City on a weighed per capita basis. Revenues must be spent for highway (City streets, county roads, and state highways) construction, maintenance, or operation; the policing of local roads; or highway related activities.

- 3.1.5: Transportation Benefit District—RCW 35.21.225 authorizes cities to create transportation districts with independent taxing authority for the purposes of acquiring, constructing, improving, providing, and funding any City street, county road, or state highway improvement within the district. The special district's tax base in used to finance capital facilities.

  The district may generate revenues through property tax excess levies, general obligation bonds (including Councilmanic bonds), local improvement districts, and development fees. Voter approval is required for bonds and excess property tax levies. Council approval is required for Councilmanic bonds, special assessments, and development fees.

  Transportation improvements funded with district revenues must be consistent with state, regional and local transportation plans; necessitated by existing or reasonable foreseeable congestion levels attributable to economic growth; and partially funded by local government or private developer contributions, or a combination of such contributions.

- 3.1.6: Storm Drain Utility Fee—a City or county authorized fee to support storm drainage capital improvements. The fee is usually a flat rate per residential equivalency based on an average amount of impervious surface. Commercial property is commonly assessed a rate based on a fixed number of residential equivalencies.

- 3.1.7: Storm Drainage Payment in Lieu of Assessment—cities may authorize storm drainage charges in lieu of assessments that can be used for construction, maintenance, and/or repair of storm drainage facilities, acquisition of property or related debt service.

3.2. Local non-levy financing mechanisms

- 3.2.0: GMA Growth Impact Fees—the Washington State Growth Management Act (GMA - Chapter 36.70A of the Revised Code of Washington and RCW 82.02.050-090) authorizes cities and counties to collect growth impact fees from developers to offset the impact caused by new developments within each jurisdiction's boundaries. The growth impact fees may be collected from developers in an amount less than 100% of the cost of sustaining the jurisdiction's schools, transportation, and park facility existing level-of-service (ELOS) as a result of the developer's project impact. The growth impact fees are usually collected at the issuance of building permits or certificates of occupancy.

  Impact fees authorized by ESHB 2929 do not include any other form of developer contributions or exaction. Other forms of exaction that are excluded consist of mitigation or voluntary payments authorized by the Washington State Environmental Policy Act (SEPA - RCW 43.21C), local improvement districts or other special assessment districts, linkage fees, or land donations or fees in lieu of land.

  In accordance with the Washington State Growth Management Act (GMA), a City must have an adopted comprehensive plan in place that satisfies GMA requirements before the jurisdiction can implement a growth impact fee.

- 3.2.1: Storm water User Fees—under state law, cities may collect rate charges from each generator of storm water runoff. Impact or user fees are based on the amount of storm water generated per developed property that is not held on-site, on the assumption there is a correlation between off-site discharge and storm water improvements elsewhere in the City. Storm water utility user fees may be charged on a flat fee per account and are usually collected at the time of development, and thereafter on an assessed charge per volume of storm water generated per account. Fee revenues may be used for capital facilities as well as operating and maintenance fees.

- 3.2.2: Local Improvement District—property owners may petition (or vote in response to a request from a local government) to adopt an annual tax assessment for the purpose of improving the public right-of-way abutting their property.

  A majority approval (the percentage to be decided by the local government) can establish an amortized payment schedule to finance sidewalk, landscaping, parking, streetscape, or other improvements to the public or private abutting properties.

- 3.2.3: Special Assessment District—service entities completely or partially outside of the jurisdiction. Special assessments are levied against those who directly benefit from the new service or facility. Special assessment districts include local improvement districts (LIDs), road improvement districts (RIDs), utility improvement districts (UIDs), and the collection of development fees. Funds must be used solely to finance the purpose for which the special assessment district was created.

- 3.2.4: Special Purpose District—RCW 67.38.130 authorizes a specified service often encompassing more than one jurisdiction. Included are districts for fire facilities, hospitals, libraries, metropolitan parks, airports, ferries, parks and recreation facilities, cultural arts/stadiums and convention centers, sewers, water flood controls, irrigation, and cemeteries.

  Voter approval is required for airport, parks and recreation, and cultural arts/stadium and convention districts. Special assessment districts have the authority to impose levies or charges up to a funding limit of $0.25 per $1,000 assessed valuation. Special assessment district funds must be used solely to finance the purpose for which the special purpose district was created.

- 3.2.5: Parks & Recreation Service Area—RCW 36.68.400 authorizes voters to approve formation of park and recreation service areas as junior taxing districts for the purpose of financing the acquisition, construction, improvement, maintenance, or operation of any park, senior citizen activity center, zoo, aquarium, or recreational facility. PRSAs may assess up to $0.15 per $1,000 assessed valuation subject to voter approval. A PRSA can generate revenue from either the regular or excess property tax levies and through general obligation bonds, subject to voter approval. Revenue must be used for capital facilities maintenance and operation.

- 3.2.6: Parking & Business Improvement Areas—the Transportation Improvement Act (ESHB 6358) also authorizes a tax to be collected on commercial businesses based on gross proceeds or property acreage or the number of parking stalls or the customers similar to an admissions

and operations tax. Like the PIA, the revenues must be spent for "general transportation or business improvement purposes" including those outlined under the PIA but also allowing for the management, operation, and accomplishment of business promotional efforts including marketing studies, tenant recruitment, advertising and promotions of special events, and other promotion related activities.

A majority approval of the participating property owners (the percentage to be decided by the local government) can establish an amortized payment schedule to finance off-street parking or other business improvements of benefit to the participating properties. The assessments may be amortized over generous time periods at low interest charges, based on each property's proportionate share of the improvement cost - usually assessed on a per linear foot, acre, parking stall or other formula.

- 3.2.7: State Environmental Protection Act—Washington State Environmental Policy Act (SEPA - RCW 43.21C) allows local governments to impose mitigated on-site improvements or fee assessments with which to finance off-site improvements that are caused by a property's development. SEPA mitigation may cover a variety of physical improvements that are affected by the property's proposed land use including sidewalks, trails, roads and parking areas, utilities, and other supporting infrastructure systems. SEPA mitigation must be proportionately related to the property's impact on infrastructure requirements.
- 3.2.8: Lease Agreements—allow the procurement of a capital facility through lease payments to the owner of a facility. Several lease package methods can be used. Under the lease-purchase method, the capital facility is built by the private sector and leased back to the local government. At the end of the lease, the facility may be turned over to the municipality without any future payment. At that point, the lease payments will have paid the construction cost plus interest.

3.3. State grants and loans

- 3.3.0: Community Economic Revitalization Board—low interest loans (rate fluctuates with state bond rate) and occasional grants to finance infrastructure projects for a specific private sector development. CERB funding is available only for projects that will result in specific private developments or expansions in manufacturing and businesses that support the trading of goods and services outside of the state's borders. CERB projects must create or retain jobs. The Department of Trade and Economic Development distributes CERF funds primarily to applicants who indicate prior commitment to project. CERB revenue is restricted in the type of project and may not be used for maintenance and operations.

  CERB supports the following business sectors: manufacturing, production, food processing, assembly, warehousing, industrial distribution, advanced technology and research and development, recycling facilities or businesses that substantially support the trading of goods and services outside of Washington State borders.

  In rural counties, CERB can support tourism development projects that meet the program's primary goal of supporting business growth and job creation.

- 3.3.1: Historic Preservation Grants—available on an annual basis from the Office of Archaeology and Historic Preservation (OAHP) to local historic preservation programs. Historic preservation grants may be used for:

  historic preservation planning;

  cultural resource survey and inventory;

  nomination of properties to the National Register of Historic Places; and

  public education and awareness efforts.

To be eligible for grants, communities must be a Certified Local Government (CLG) as approved by OAHP. In addition, when funds are available, OAHP awards grants for the acquisition or rehabilitation of National Register listed for eligible properties. Grant awards are predicated on the availability of funds and require a match.

- 3.3.2: Historic Preservation Tax Certification Program—a federal investment tax credit available for buildings in Washington that are listed on the National Register of Historic Places. National Register properties must be income producing, which includes commercial, retail, office, residential, rental or industrial uses, to be eligible.

- 3.3.3: Certified Local Government—can be awarded to a local government that establishes a historic preservation program meeting federal and state standards. CLG status requires a local government to encourage, develop, and maintain its local preservation efforts with development plans. CLGs may also apply for special grants from the State Historic Preservation Office (SHPO), obtain technical assistance and training from the SHPO, participate in the National Register nomination process, and assist with statewide preservation programs and planning. CLGs may also quality for a Special Tax Valuation available for both commercial and residential properties that have rehabilitation costs equaling 25% of more of the buildings assessed value. The rehabilitation costs may be subtracted from the assessed value of the property for a period of 10 years.

- 3.3.4: Public Works Trust Fund—low interest loans for financing capital facility construction, public works emergency planning, and capital improvement planning. To apply for the loans, the City must have a capital facilities plan in place and must be levying the original 0.25% real estate excise tax (REET). The Washington State Department of Community Development distributes Public Works Trust Funds. Public works trust fund loans for construction projects require matching funds generated only from local revenues or state shared entitlement revenues. Public works emergency planning loans are at a 5% interest rate, and capital improvement planning loans are no interest loans with a 25% match. Public works trust fund revenue may be used to finance new capital facilities, or maintenance and operations at existing facilities. PWTF funds may be used for domestic water, storm sewer, solid waste recycling, and sanitary sewer, road, and bridge projects.

- 3.3.5: Washington State Interagency Committee for Outdoor Recreation—federal monies available for the construction of outdoor park and trail facilities from the National Park Service's Land and Water Conservation Fund (LWCF). The Washington State Interagency Committee for Outdoor Recreation (IAC) administers NPS grants.

  NPS grants usually do not exceed $150,000 per project and must be matched on an equal basis by the local jurisdiction. The IAC assigns each project application a priority on a competitive statewide basis according to each jurisdiction's need, population benefit, natural resource enhancements, and a number of other factors.

- 3.3.6: Aquatic Lands Enhancement Act—the 1985 Aquatic Lands Enhancement Act (ALEA) initiated on a trial basis, and since renewed and expanded, uses revenues obtained by the Washington Department of Natural Resources from the lease of state owned tidal lands. The ALEA program is administered by the IAC for the development of shoreline related trail improvements and may be applied for the full cost of the proposal.

- 3.3.7: Motor Vehicle Excise Tax—Paths and Trails Reserve Washington State (RCW 82.44) collects an annual excise tax that is paid by motor vehicle owners and administered by the Washington State Department of Licensing. Cities receive 17% of the base allocation. Cities are required to spend these funds for police and fire protection and the preservation of public health. The revenues may also be spent on capital facilities including roadway improvements.

  RCW 47.30.050 requires that local governments collect and dedicate not less than 0.005 of the total amount of MVET funds received during the fiscal year for the purpose of developing paths and trails (the Paths and Trails Reserve). The Paths and Trails Reserve was established under State of Washington RCW 47.30 to provide for the establishment and maintenance of paths and trails within the right-of-way of public roads.

- 3.3.8: TEA-21–SAFETEA-W— Safe, Accountable, Flexible, Efficient Transportation Equity Act. The grants, which may total up to 86.5% of a project's cost, are decided on a competitive basis on a regional level for the purpose of expanding the inter-modal use of and transportation enhancement of roadways for other than vehicular activities, including bicycle, pedestrian, and transit. Transportation enhancement activities may include improvements to any of the following surface transportation facilities:

Facilities for pedestrians and bicycles,

Safety and educational activities for pedestrians and bicycles,

Acquisition of scenic easements and scenic or historic sites,

Scenic or historic highway programs including the provision of tourist and welcome center facilities,

Landscaping and other scenic beautification,

Historic preservation,

Rehabilitation and operation of historic transportation buildings, structures or facilities including historic railroad facilities and canals,

Preservation of abandoned railway corridors including the conversion and use thereof for pedestrian or bicycle trails,

Control and removal of outdoor advertising,

Archaeological planning and research,

Environmental mitigation to address water pollution due to highway runoff,

Reduce vehicle-caused wildlife mortality while maintaining habitat connectivity, and

Establishment of transportation museums.

- 3.3.9: Surface Transportation Program (STP) provides flexible funding that may be used by states and localities for projects on any Federal-aid highway, including the NHS, bridge projects on any public road, transit capital projects, and public bus terminals and facilities. An average of $700k is available annually for the Island County sub-regional transportation planning organization (RTPO)
- 3.3.10: Transportation Improvement Board invests state gas tax funds in local community through grant programs serving cities, urban counties, and transportation benefit districts in Washington State. The TIB identifies and funds the highest-ranking transportation projects based on criteria established by the Board. TIB programs include:

  Urban Arterial Program—best suited for roadway projects that improve safety and mobility

  Urban Corridor Program— best suited for roadway projects with multiple funding partners that expand capacity.

  Sidewalk Program—suited for sidewalk projects that improve safety and connectivity.

  Road Transfer Program—provides state funding to offset extraordinary costs associated with the transfer of state highways to cities.

  Pedestrian Safety & Mobility Program (SCPSMP—funds pedestrian improvements for safety, pedestrian generators, convenience, public acceptance, and project cost.

  New Streets for Small Cities—
- 3.3.11 Centennial Clean Water Fund—grants and loans administered by the Department of Ecology under the Centennial Clean Water Program (Referendum 39), a water quality program that provides grants for up to 75% of the cost of water quality/fish enhancement studies. CCWF monies can be applied to public and park developments that propose to restore, construct or otherwise enhance fish producing streams, ponds

or other water bodies. CCWF funds are limited to the planning, design and construction of water pollution control facilities, storm water management, ground water protection, and related projects.

- 3.3.12: Water Pollution Control State Revolving Fund—low interest loans and loan guarantees for water pollution control projects. The Washington State Department of Ecology distributes WPCSRF loans. The applicant must show water quality need, have a facility plan for treatment works, and show a dedicated source of funding for repayment.
- 3.3.13: Building for the Arts—provides state grants through CTED to performing arts, art museums, and cultural organizations to defray up to 20% of the cost of new facilities or major renovation projects to match monies raised locally from non-state sources. The program intent is to fund temporary construction jobs as well as permanent arts-related jobs and employment opportunities in businesses that support new arts facilities.
- 3.3.14: Local Capital Projects—provides state appropriates for capital construction projects that benefit local governments and nonprofit organizations. Each appropriate, sponsored by the Governor or the Legislature, is tailored to the needs of the recipient organization.
- 3.3.15: Job Creation & Infrastructure—provides targeted capital facilities funding for local governments and community nonprofits to stabilize and stimulate the state's long-term economic through infrastructure development. Previous JCIP projects have funded a wide range of capital facilities including small business incubators, ball fields, wastewater treatment plants, parks, and museums.
- 3.3.16: Department of Health Water Systems Support—grants for upgrading existing water systems, ensuring effective management, and achieving maximum conservation of safe drinking water. The Washington State Department of Health (DOH) distributes DOHWSS grants through intergovernmental review and with a 60% local match requirement.

3.4. Direct Federal grants and loans

- 3.4.0: Federal Aid Urban System are revenues available for the construction and reconstruction improvements to arterial and collector roads that are planned for by an MPO and the Federal Highway Administration. FAUS funds may also be used for non-highway related public mass transit projects. The Washington State Department of Transportation distributes FAUS funds with a 16.87% local match requirement.
- 3.4.1: Federal Aid Safety Programs are revenues available for improvements at specific locations that constitute a danger to vehicles or pedestrians as shown by frequency of accidents. The Washington State Department of Transportation distributes FASP funds from a statewide priority formula with a 10% local match requirement.
- 3.4.2: CDBG: Community Development Block Grants (CDBG)—the U.S. Department of Housing and Urban Development's (HUD) Community Development Block Grant (CDBG) program dispense discretionary funds to local governments for the development of local public facilities or services assisting low income or disadvantaged neighborhoods.
- CDBG grants are available through CTED for non-entitlement cities and towns of less than 50,000 population and counties with less than 200,000 population. Projects must principally benefit low- and moderate-income persons (less than 80% of county median income) under 8 different programs dealing with:

  General Purpose Grants,

  Planning-Only Grants,

  Housing Enhancement Grants,

  Float-Funded Activity Grants,

  Community Investment Fund,

Public Service Grant,

Imminent Threat Grant

Section 108 Loan Guarantees

CDBG funds are primarily intended for facility construction and may not be used to finance operation and maintenance costs. The program is authorized and funded by annual federal appropriations that have fluctuated widely in recent years due to other federal budgetary needs and philosophies. Eligible activities include:

New housing construction and rehabilitation projects,

Economic development revolving loan funds, infrastructure, and incubators,

Community facilities including community centers, health care facilities, and ECEAP/Headstart facilities,

Public facilities including water, wastewater, storm sewer, and streets,

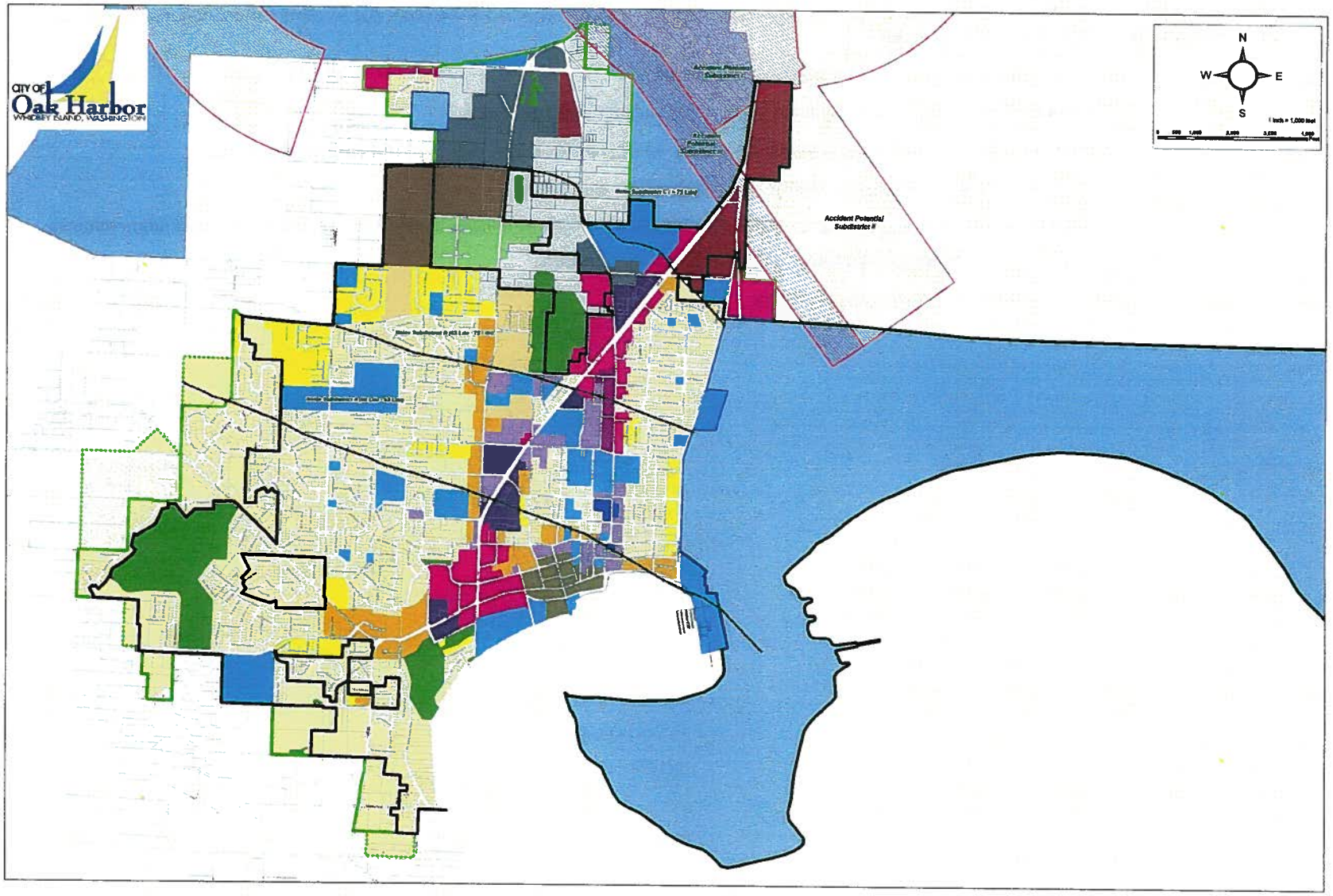
Comprehensive projects requiring a combination of activities such as housing rehabilitation and infrastructure improvements,

Public services providing counseling, job training, or other benefits,

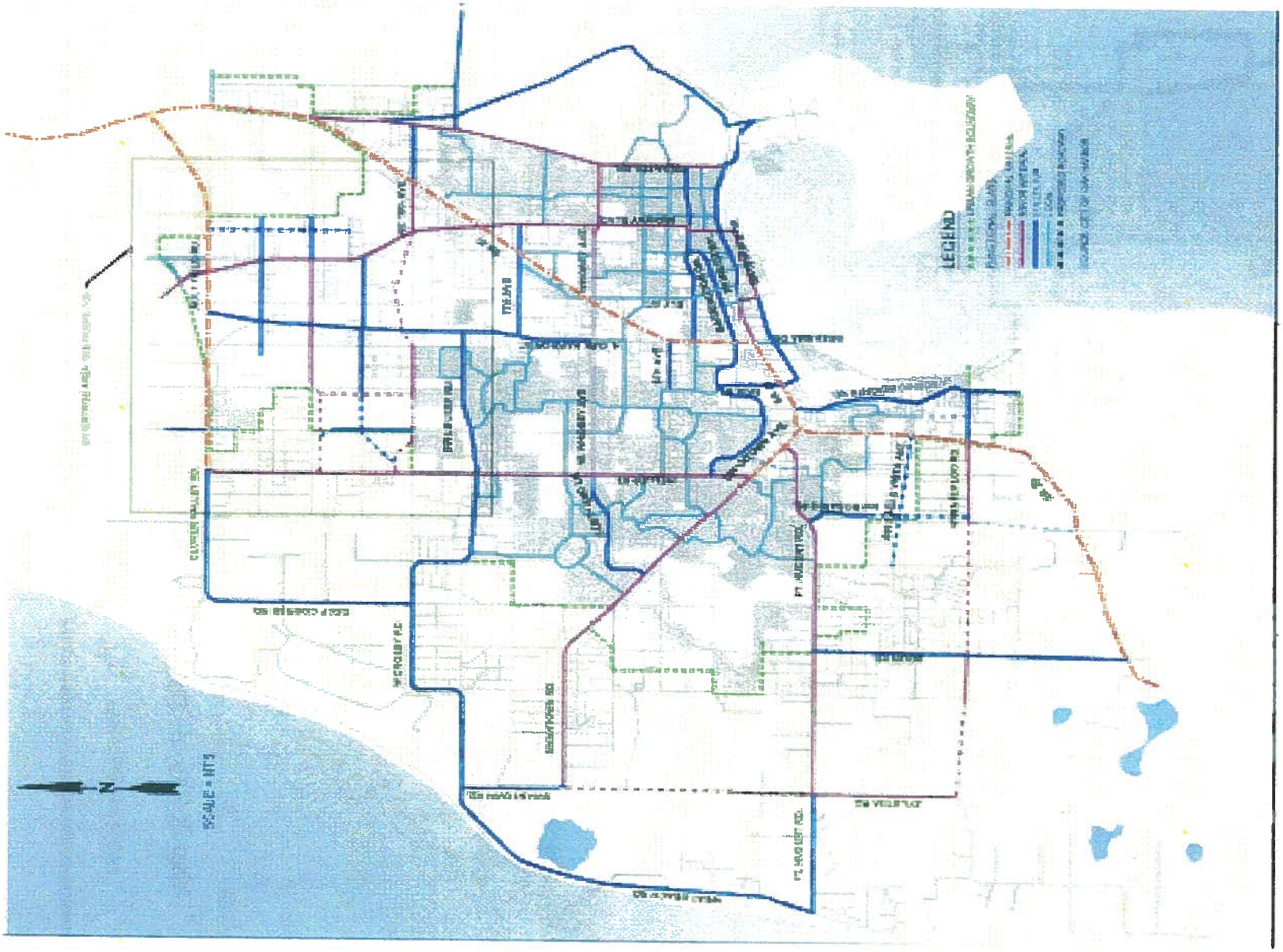
Barrier removal for handicap accessibility.

Section Eight • Appendix G • Maps

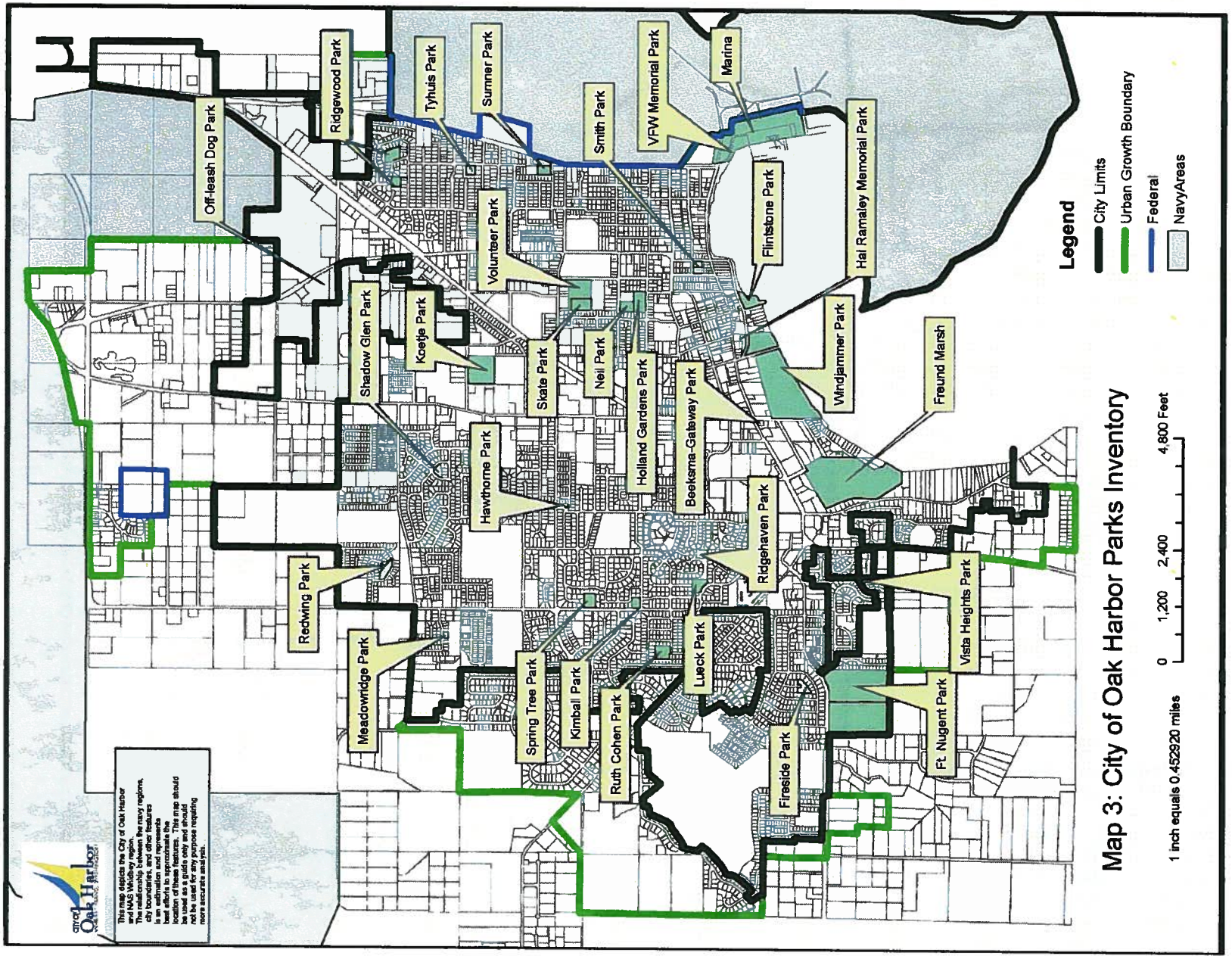
Map 1. City of Oak Harbor Boundaries



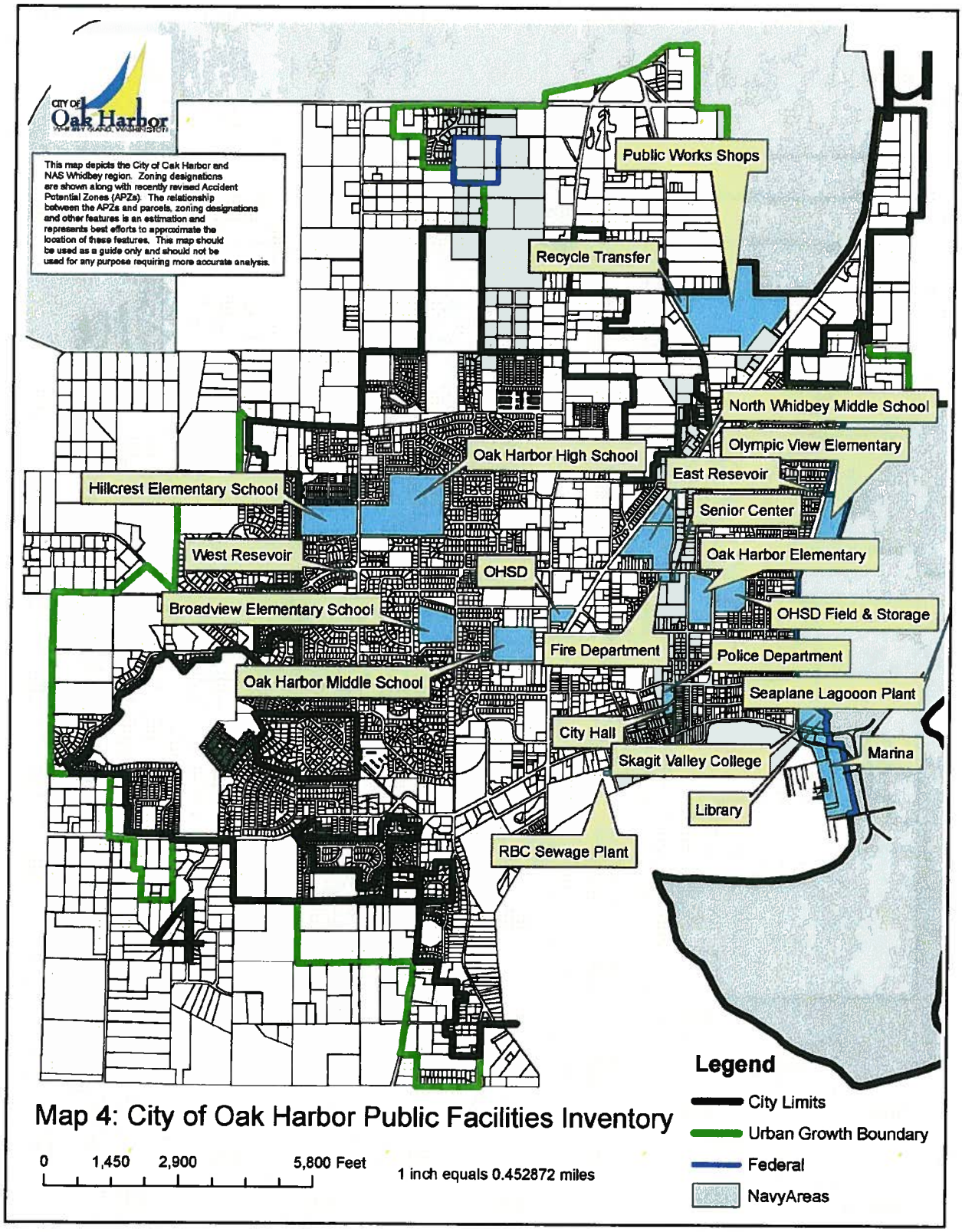
Map 2. City of Oak Harbor Street Classification



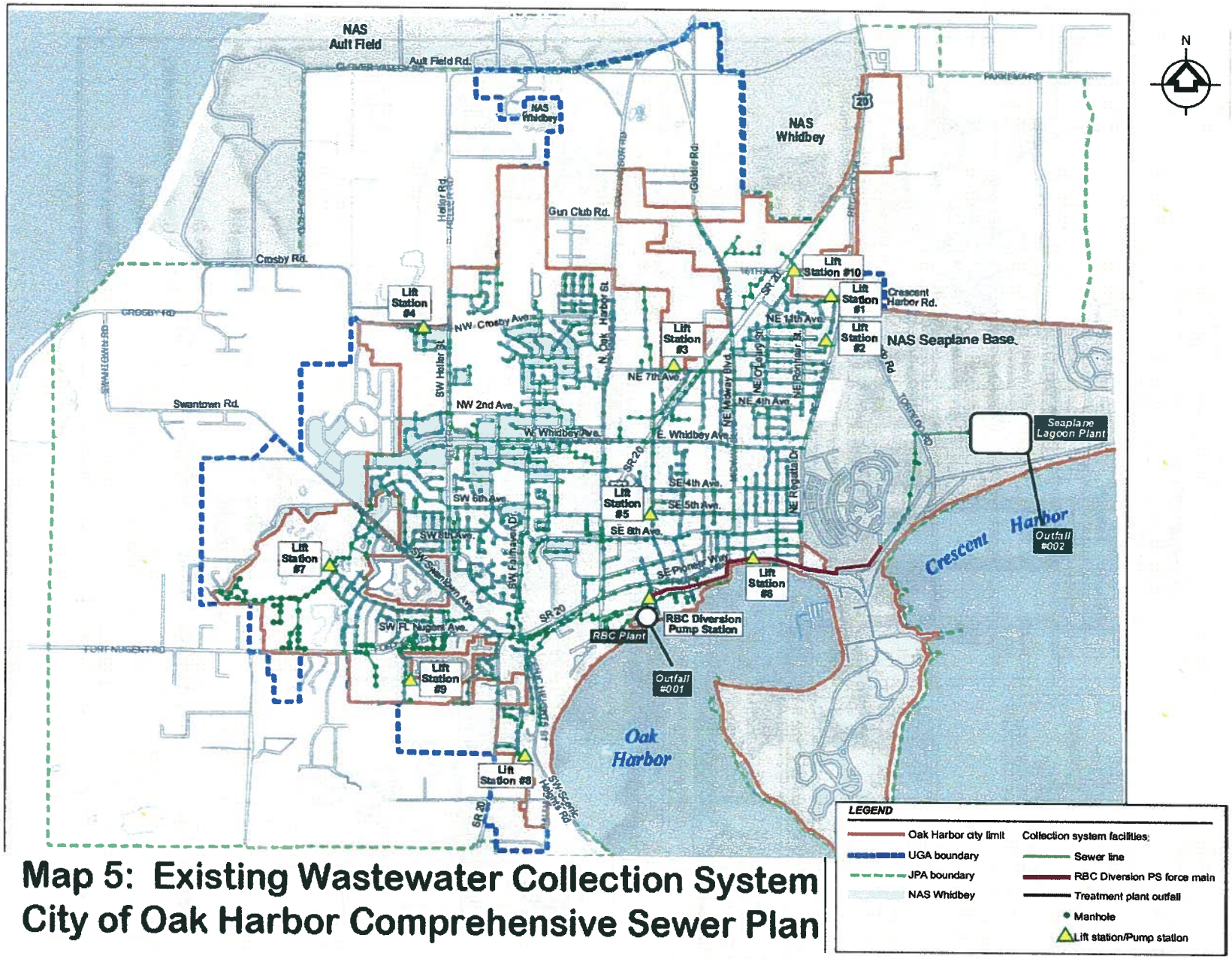
Map 3. City of Oak Harbor Parks Inventory



Map 4. City of Oak Harbor Public Facilities Inventory



Map 5. Existing Wastewater Collection System, City of Oak Harbor Comprehensive Sewer Plan



Map 5: Existing Wastewater Collection System
City of Oak Harbor Comprehensive Sewer Plan

LEGEND

- Oak Harbor city limit
- UGA boundary
- JPA boundary
- NAS Whidbey

Collection system facilities:

- Sewer line
- RBC Diversion PS force main
- Treatment plant outfall
- Manhole
- Lift station/Pump station

PLANNING COMMISSION
REGULAR MEETING
CITY HALL – COUNCIL CHAMBERS
October 25, 2011

ROLL CALL: **Present:** Bruce Neil, Keith Fakkema, Jeff Wallin, Greg Wasinger, Kristi Jensen and Jill Johnson. **Absent:** Gerry Oliver.
Staff Present: Development Services Director, Steve Powers; Senior Planners, Ethan Spoo and Cac Kamak and Associate Planner, Melissa Sartorius.

Chairman Neil called the meeting to order at 7:30 p.m.

MINUTES: **MR. FAKKEMA MOVED, MR. WALLIN SECONDED, MOTION CARRIED TO APPROVE THE SEPTEMBER 27, 2011 MINUTES AS PRESENTED.**

PUBLIC COMMENT:

No comments.

SIGN CODE UPDATE – Public Hearing

Mr. Spoo reported that Planning Commission will have at least two meetings on this topic. This month staff will present some background, shortcomings of the existing code, principles for new code language and initial research. Next month the draft code will be presented.

Background
On July 12, 2011, the City Council adopted an interim ordinance. Interim ordinances are effective for a period not to exceed six months. The interim ordinance deleted a provision in the "Temporary and Special Signs" code that limits placement of political signs to "a period of 60 days preceding the election". By January 12, 2012, the City Council must either extend the interim ordinance for another six months accompanied by a work plan or adopt a permanent ordinance.

Shortcomings of the Existing Code
Mr. Spoo pointed out that section 19.36.080(8)(d) prohibits political signs on public property and 19.36.080(8)(a) establishes that a time limit of 60 days preceding an election. *Collier vs. City of Tacoma,* has established that political signs must be allowed on certain types of public property subject to time, place, and manner restrictions and pre-election time limits have been deemed to be unconstitutional.

Mr. Neil asked if the Collier case means that someone can put a political sign up three years before the event. Mr. Spoo answered yes, that is our understanding.
Mr. Neil asked if they can put up a sign in Windjammer Park. Mr. Spoo answered yes, parks are considered to be public fora, but that doesn't mean there can't be certain restrictions for where the signs can go.

Mr. Spoo continued; there are different types of public property. Some of those locations are appropriate for placement of political signs and some are not. The way the courts have distinguished between these types of public property is using something called forum analysis. There are three different types of public forums: traditional public forums, limited public forums, and non-public forums.

Traditional public forums are places where public debate has traditionally been allowed in the past. The public right-of-way is one of those places. Think marches, rallies, etc. Limited public forums are places where public debate and signage might be appropriate at some times, but not others. Finally, there is what is called a non-public forum where political signage and debate is

clearly not allowed. An example would be a police car. Clearly, this would detract from the police car's main purpose. Even though we have different classes of public property, the community can impose time, manner, place restrictions subject to legitimate government purpose, as long as those restrictions aren't any more restrictive than necessary.

Mr. Spoo outlined some of the time, manner, place restrictions that are proposed for the new code. Mr. Spoo explained that the pre-election time limit will be removed since pre-election time limits are not permissible. Manner restrictions can be applicable subject to a legitimate public concern. Safety has been seen as a legitimate public concern (limiting the size and the height of signs in the public right-of-way so that drivers can see pedestrians, bicyclists, etc.). Place: the same safety principle applies. You don't want signs at locations that obstruct views and visibility and you also don't want the signs in traffic lanes. So we will be proposing restrictions to only allow signs to be placed in the public right-of-way or on the sidewalk at appropriate locations.

Mr. Spoo provided, for the record, a letter (Attachment A) to the Planning Commission from the American Civil Liberties Union of Washington (ACLU) which was given to the Planning Commission at the pre-meeting. The letter expresses concern about the City's retention of a post-election time limit of seven days on political signage.

Mr. Spoo provided another handout (Attachment B) to the Planning Commission which supported retention of the post-election time limit. The handout came from the Municipal Research Services Center of Washington (MRSC).

Planning Commission Questions/Discussion

Mr. Neil asked if someone could put up a political sign on the City of Oak Harbor entrance sign or on the trees along SR20 and if the signs could stay up there forever. Mr. Powers explained that tonight the Planning Commission is being presented with a couple of concepts that have to be addressed. It is complicated and there are many court cases that help form the case law that the City has to respond to. The short answer is that the community is able to limit the placement and the length of time on the signs if the community can clearly articulate a public purpose behind those limitations. As for the example of the trees along the highway, there is a public purpose in saying that you can't nail your sign to the public's tree. There is a public investment, community ideal and goal that is part of the landscaping theme. So we could probably successfully limit the ability for someone to nail their sign to the public's tree.

Ms. Jensen asked staff to provide the State's definition of pre-election and asked if there was a certain time that a candidate would have to register as a candidate? Ms. Johnson also commented that there are candidates that file immediately for fund raising purposes, so there are perpetual candidates which make the post-election time limit open to question.

Mr. Spoo indicated that he may be able to get a definition in the State law but that his impression was that you cannot impose any pre-election time limit. In most cities this issue works itself out practically because generally a candidate won't buy signs three years ahead of an election.

Mr. Powers pointed out that you can have political speech without being a candidate, so trying to say that the sign shouldn't go up until they file declaring their intension to run for election is a limitation on that speech.

Ms. Johnson asked if there is a definition of a political sign. Can a sign say "I don't like the military", "I don't like war", I don't like police" or I don't like whatever. We are assuming these are advocacy signs but what if they are signs in opposition of a value that this community holds closely. Are those signs allowed in public spaces at any time as long as they meet the height requirement?

Mr. Powers said that his operating assumption would be that all of that is political speech and protected in some fashion. The question is what community standards that the citizens of Oak Harbor would like to see put into the code that address time, manner and place but not content. This is why we made a special effort to say political signs and elections signs because it can be a particular candidate or a particular topic.

Mr. Wallin asked if we can address the quantity of signs.

Mr. Spoo said he didn't think that you can limit the number of signs, for instance, an apartment complex may have 15 apartments with 15 people that might want to put up signs up regarding 10 different issues each and to say that there can only be two signs per property could be challenging.

Mr. Neil asked if the code will apply to the dancing pizza signs.

Mr. Spoo replied, those signs would fall under the temporary signs category and you have to treat commercial and non-commercial speech the same and they would be subject to the same restrictions that apply to political signs.

Mr. Powers explained that staff has tried to narrow the scope of what we are dealing with. Political signs are in the category of temporary signs so we will need to address all of the standards that relate to temporary signs which include A-frame signs, but he didn't know that we will get into the dancing pizza signs. We are not proposing any amendments to the permanent signs.

Ms. Johnson asked if temporary signage means the way it is designed or the length of time that it is up.

Mr. Powers indicated that there are definitions in the code that relate to the length of time and structural make-up (signs that can be easily put in place and removed).

Ms. Johnson asked if there can be a timeframe on commercial speech but not an individual's right to speech.

Mr. Powers said that there are questions about whether commercial speech needs to be treated the same as political speech. That is a topic that is outside the scope of this particular amendment. Our immediate concern was responding to the issue raised that lead to the interim ordinance being adopted. But it is likely we will have to address that in the future.

Ms. Johnson and Mr. Neil felt that free speech should extend to businesses, candidates and individuals equally and asked how you could have a different set of criteria for business than we have for candidates.

Mr. Powers clarified that we can't regulate separately or differently on content. In the temporary sign aspect we will have to treat all signs that go on public property in a uniform fashion and all signs that go on private property in a uniform fashion. The challenge is to figure out what the community wants to see in the regulations that we can reasonably pin to time, place and manner.

Mr. Wasinger asked who is in charge of policing signage.

Mr. Powers said that the sign code is in the zoning title of the Municipal Code so it falls under the Development Services Department in a couple of different aspects. The Building Division issues permits for those signs that require permits. For those signs that don't require permits and are placed illegally, the Building Division will also operate as our code compliance arm of the City. So they notify the people that the signs are placed inappropriately.

Ms. Jensen asked what Tacoma did.

Mr. Spoo said that Tacoma did the same thing that we are doing which is to remove the 60 day pre-election time limit and they also had to allow political signs within planter strips, public sidewalks and parks.

Ms. Jensen asked how Tacoma's code reads now to comply with the court case and make the people of Tacoma happy.

Mr. Spoo said that it may not have made the people of Tacoma happy and we understand that there are some issues that we have to deal with in the community in which the direction to us is fairly strong. Mr. Powers reminded the Commissioners of the discussion regarding adult entertainment and the process by which we put regulations into place as a community and in some sense those arguments are the same. This is one of those issues that the Commission cannot just say no to, but what we can do is to try to tailor those regulations so they apply to the City of Oak Harbor in as good a way as possible. That theory worked for adult entertainment regulations. That same sort of thought process can work for the temporary signs.

Ms. Jensen asked if we can designate certain planter strips or certain parks.

Mr. Spoo indicated that you have to have a legitimate public purpose; safety is generally considered the legitimate purpose. Mr. Powers added that aesthetics is much tougher to argue but not necessarily impossible. We have to be able to clearly articulate what those reasons are. From the aesthetics standpoint it would have to clearly be based on some existing standards or policies that the City has in place that get to the issue of community design and aesthetics. Even then it might not be successful.

Mr. Powers concluded the discussion by noting that the meeting has accomplished its goal which was to get the Planning Commission's comments and creative juices flowing. Staff will find other codes that are compliant with the case law to provide good examples for the Commission to see how other communities have responded to this particular challenge. Commissioner's suggested looking at communities of similar size.

Ms. Jensen asked about the sign limitations for residential directions "Open House Signs" that was highlighted on page 12 of the agenda packet. Mr. Spoo said that section was highlighted because that is one of the only other types of signs in the existing code that was allowed in the public right-of-way and had a limitation on the number of signs. The limitation on the number of signs will probably be deleted in the draft code.

Mr. Wallin commented that if we are going to allow signs in the public right-of-way can we put limitations on the way that the signs are put in the ground? If there is a planter and you put 50 signs in a public planter, the planter will be trashed.

Mr. Powers thought that would be a budget issue to the community because the City would have to repair the damage. The City would be better served by setting the parameters for the structure of a sign that could go there.

Ms. Jensen commented that the Planning Commission was uncomfortable with open-ended regulations because they are thinking of the person that will take advantage and the negative effect it could have on the City.

Mr. Powers acknowledged the struggle that the Planning Commission has with topics that relate to aesthetics and design and that it is natural for the Commission to worry about what will result if the bar isn't set high enough in terms of the design of a building or the character of landscaping or the character of a housing development. It is very understandable that the Planning Commission would express concerns about aesthetics.

Ms. Jensen also noted the discomfort in allowing signs that are anti something that is close to the community's heart. Mr. Powers reminded the Commission that fundamentally it is a free

speech issue and the citizens have the right to express their opinion on a topic, event or issue so we can't only have signs that say "hooray" for something without allowing signs that say "boo" to something.

CAPITAL IMPROVEMENT PLAN 2011-2016 – Public Hearing

Mr. Kamak reported that the 2011 Comprehensive Plan Amendment Process began in October 2010. Call for projects was advertised in November 2010, no applications for sponsored amendments were received so the only items on the docket were the continuing work on the UGA Capacity Analysis and amendments to the Capital Improvements Plan (CIP). The UGA Capacity Analysis is still in work and there is a hearing at the end of the month that will hopefully create a framework for continued work on the UGA Capacity Analysis with the County. So the UGA Capacity Analysis will remain on the docket for two or three years while work continues. We hope that by 2015 there will be some sort of resolution coming forth.

The CIP is updated every year and what is normally updated are the project lists. As projects are completed and new projects are added during the course of the year through Council action, those projects are added to or deleted from the list. This year there are minor amendments to the plan. The years are updated to reflect the planning period 2011-2016, financial numbers get updated every year to reflect current revenues and expenditures. The Pioneer Way project is being removed from the list as it is close to completion as well as the revenue and expenditures associated with the project. Projects schedules have also been updated.

Some of the major projects that will be coming forward in the next six years are the NE 7th Avenue improvements and the SE 4th Avenue waterline replacement and street improvements. In terms of parks, the Windjammer Park has a lot of structures that are coming to the end of their lifespan so some of those buildings will need to be replaced. Trail connections and extensions will be pursued as opportunities arise as well as acquiring new park land to accommodate the population. The waste water treatment plant and the 42-inch outfall are also coming forward. Other updates include an update to reflect the City Council's decision to return the federal grant for the Municipal Pier project but to keep the project on the books. The cost for the Marina Redevelopment project was updated to reflect the gangway and dredging improvements.

Mr. Kamak provided updated pages to reflect a change in the Animal Shelter situation. Originally it was thought that the shelter could stay on Navy property since the gate security was removed but now the gate security has been reinstated and brings back the need to find a place for the shelter in the City.

The one addition to the project list is the old high school stadium along Midway Boulevard. There is a possibility of the City using that facility. The old stadium is in an area that has been identified in the Parks and Recreation Plan that has a need for a park. Minor improvements can be made to use the facility as a neighborhood/community park.

Planning Commission Questions

Ms. Jensen asked why we have to have a levy for the pool and not for the other park areas.

Mr. Kamak explained that the pool is maintained by the North Whidbey Parks and Recreation and they are different from the City.

Ms. Johnson asked how we have money for acquisition but not for maintenance of parks.

Mr. Powers explained that the State says that certain funds can be used for acquisition and certain funds that can be used for maintenance. Impact fees are restricted funding sources that can be used for acquisition of land, development of new parks and if we can reasonably demonstrate that new improvements in existing parks are necessary to serve new growth.

Under State law we were only allowed to hold those impact fees for six years. Last year the legislature pushed it out to a ten year time limit. If we don't use it within that time we have to return it to the developer or whoever contributed those funds. We cannot use impact fees for maintenance and upkeep of existing parks. Only general fund dollars can be used. Now there is some ability to use real estate excise tax. So what you see is an imbalance in which a community may have funds to put new things in place yet lack the funding to take care of what they already. Additionally, there is a direct reflection of the amount of sales tax and property tax that the City is able to have in their general fund.

Mr. Powers explained the difficulties generating sales tax compared to other communities our size because of the influence of Naval Air Station and property tax increases being limited to 1% a year which limits the amount of money coming into the general fund. The top two users of general funds are police and fire and the next user is the parks system.

Mr. Fakkema asked if the Planning Commission could recommend that some of the old high school stadium property be set aside for a performing arts center.

Mr. Kamak said that there would be an opportunity to make that recommendation when the parks plan is updated in the near future.

Mr. Wallin asked if there has been any discussion about relocating the bus barn portion.

Mr. Kamak said that the latest discussions have been that the bus barn will remain because the School District doesn't have enough space to move the buses elsewhere.

Ms. Jensen asked if there was an agreement with the property owner that the property has to stay with the School District or else it has to go back to the property owner.

Mr. Powers believe that the agreement was that the property has to be used for recreational purposes.

Mr. Wallin asked if the City would be taking over the maintenance for the buildings.

Mr. Kamak said no. Mr. Powers added that there is an agreement with the School District, the City and the County that they all share in the maintenance responsibilities from a funding perspective. The City is looking at the opportunity for picking up the maintenance of the facility so that we know that we can continue to have it as a community asset and looking at how we can arrange a new agreement so that the facility can be taken care of.

Mr. Neil opened the public hearing.

Ms. Johnson said she was not clear on what the Planning Commission was doing and what the CIP was about. She asked if the decisions were already made or if the Planning Commission was supposed to share their thoughts about the content. She asked if this was a review of what has already been done.

Mr. Kamak explained that most of the projects in the CIP have been in the plan for a number of years and the annual update is intended to update the numbers, policy direction on anything that the City Council has done in terms of changing course and to reflect those changes in the CIP document as a Comprehensive Plan amendment. The CIP is part of the Comprehensive Plan and it is updated every year to keep it current.

Ms. Johnson asked if a project on the list becomes a pressing issue does it become a viable project or does the project get done just because it is on the list.

Ms. Johnson also asked about the special events center, senior center and Chamber office listed on page 51. She wanted to know why these three items were listed separately and could they be combined.

Mr. Powers explained that the majority of the projects come from the City's other planning efforts (Water System Plan, Storm Drain Plan, Sewer Plan, Parks and Recreation Plan and the Transportation Plan). They all feed projects into the CIP. The Growth Management Act requires that cities and counties look at the projects that are necessary to support the anticipated growth. All the projects are listed along with the funding sources and consider whether we can reasonably do these projects within a six year period of time or at least continue to plan for them in that period of time so that they track with new growth. The table that Ms. Johnson is referring to shows the list of non-enterprise activity projects which came out of a project prioritization process which happened about five or six years ago. The Council spent a lot of time looking at the wish list of community projects and capture them all in one spot within the CIP so that we could at least keep our eye on them and put some cost information with the projects. Additionally, they went through a prioritization process that started with the Comprehensive Plan Task Force, then to the Planning Commission and on to the City Council. A new Senior Center for example, had been talked about in the community in a separated planning process and made its way on to this list because the Council was trying to get them all together. The special events center was something that came to us out of the Windjammer planning effort and got onto the list because it was one of the major capital needs that the Council had identified. At some point the Council may decide that they need to go back in and reprioritize the projects with the community. We have purposely not adjusted the priorities because from a staff perspective that was outside of our purview because that is a much larger process.

Ms. Johnson commented, so this is kind of a tickle file.

Mr. Powers said it is and it is also an attempt to keep our eye on the projects that we know that we have to do from a growth perspective versus the things that the community may want to do and how are we going to portion out the General Fund dollars. For example are we going to spend those dollars on parks maintenance or are we going to spend them on a new City Hall?

Mr. Kamak addressed Ms. Johnson's question about combining projects. Mr. Kamak said that if there was an opportunity to have a special events center then the possibility of combining other projects there would have to be community input and then reprioritize.

MOTION: MR. FAKKEMA MOVED THAT THE PLANNING COMMISSION MAKE A RECOMMENDATION TO THE CITY COUNCIL TO APPROVE THE 2011-2016 CAPITAL IMPROVEMENT PLAN.

MR. WALLIN SECONDED THE MOTION.

Discussion

Ms. Jensen asked if the Planning Commission recommended approval would prioritization stay the same as it currently is in the CIP.

Mr. Fakkema said that he understood that there really isn't a priority and just because it is number one on the list doesn't mean that it is number one on the City's list.

Mr. Powers said that the priorities were established by the Council when the list was initially put in place but as we have seen, given an opportunity to pursue a lower ranked project versus a higher ranked project if funding and the situation aligns, the Council has the opportunity to direct staff to pursue that project.

Ms. Johnson asked if a Commissioner had a concern about any item on the list or the order that an item appears on the list should they be concerned about recommending approval. Should they deal with it now or wait until the individual item comes back around then say something.

Mr. Powers said that if the Planning Commission as a body or as a member has a concern with a particular project or the order of the projects it is appropriate to put that out this evening. That can be part of the recommendation put forward to the Council, assuming that the rest of the members agree. As a Planning Commission you may be able to address a project at a later point if that project comes through a particular permitting process or if the project is discussed with the Planning Commission. The third opportunity is, since we do this on an annual basis, the Commission could work on this over the course of next year so that that following year's recommendation on the Plan the Commission could recommend something different to the Council. Mr. Powers said he didn't want to discourage anyone from making a motion this evening that says something different should be done with the document because it is absolutely within the Commission's purview.

Mr. Wallin commented that it was highly unlikely, in the current economic state, that any of the non-enterprise projects would come forth.

Mr. Power acknowledged that Mr. Wallin was probably right and the only exception might be the marina project because that is funded by the marina rates and that it would be phase three of the project.

Ms. Jensen said that the marina appears on the top of every single list we have and you're saying that the marina funds itself but then it is on the top of every list.

Mr. Powers said to keep in mind that when we talk about tackling projects, while we gravitate toward the funding side because that is the practical side of doing a project, another major part of undertaking a project is how the City allocates its staff time. You don't allocate staffing resources to a project to which you don't have any funding when you have funding for another project. If the Planning Commission would like to make a recommendation that the list should be reprioritized, that is something that the Planning Commission can do. The Planning Commission could send a different order of projects or recommend reprioritizing the list next year.

Ms. Johnson said she would feel more comfortable seeing an updated list from the Council so that they could clearly know what their priorities are rather that just saying that here are fifteen things that may or may not happen. Ms. Johnson said she had concerns about the special events center and the sustainability of it if it was built. She felt uncomfortable with going along with the list thinking that the special event center would not happen when the Council might be thinking that it should happen.

Mr. Powers used the Municipal Pier project as an example. He reminded the Commission of when the Planning Commission was considering whether the Shoreline Conditional Use permit should be approved. The Planning Commission recommended approval but not without some concerns about the design, the need for the facility and the uses that might occur. But the Commission focused on the permit decision because staff advised them that the Council, in addition to taking up the issue of the permit, would also have to deal with the issue of whether or not to move forward with committing to using the grant dollars. The Municipal Pier project is on the list now and has been on this list since long before the CIP was in this format. The Council made the decision that not to proceed with the Pier project this year and returned federal dollars but chose to keep it on the list because they believed it was a worthwhile project but not a project that should be undertaken at this point in time. The point is that while these projects are on this list there is a separate decision making process which has to happen with every one of those projects if they are actually going from being a placeholder in this document to being a capital project that the City would actually build. Mr. Kamak added that since these projects come from other City plans, the special events center comes from the Windjammer Plan so to make a change to that it would be best to look at the Windjammer Plan again to see how

practical the plan is. Doing it in the CIP may not give any clarity as to what the Windjammer Plan should then do.

Mr. Fakkema commented that if a project is taken off the list it is saying that we will not pursue it in any fashion. The same goes for the performing arts center (special events center) if we keep it on the back burner realizing that it may be important later, if you take it off now, were saying that is never going to be important. Mr. Kamak added that that is the question that staff asked Council regarding the Pier project, is whether they wanted to keep it on the list.

Ms. Jensen asked who added the old high school stadium to the list. Mr. Powers explained that it was a staff recommendation because we saw that as an emerging opportunity so we thought that this was an appropriate time to capitalize on that.

Mr. Jensen asked how long it had been since the public had in put on the list. Mr. Powers said that the public has the opportunity every year when we go through this process. There is opportunity to comment on the CIP. Mr. Powers added that prior to 2006 when this document was put into this format the City's Capital Facilities Plan did everything we needed to do from a Growth Management perspective. It captured the water, sewer, storm drain, streets and parks projects for the six year period time for a twenty year projection revenue sources and matched all that up. We satisfied our Growth Management Act (GMA) requirements. In 2006 the City went to this new format. We tried to capture all of the other non-GMA capital projects that the community had talked about along with the GMA requirements. These weren't new projects; many of them have been talked about for a very long time. We tried to put the things that we have to do and the things that we might want to do into the same document so that when Planning Commission and Council are talking about what our needs are and what our resources are to address those needs, they had a single document that they could look at as opposed several documents with multiple projects. The list is about six years old and you could make a good case that it is probably time to go through another major look at the list but the last time, the process took about a year.

Mr. Powers pointed out that the CIP is on an annual cycle for review as required by the GMA so we are tracking to a date that gets the document to the Council in December but if the Planning Commission would like another meeting in November that option is available. Mr. Powers also noted that the Planning Commission meeting minutes are provided to the City Council so the Council will have the benefit of seeing the Planning Commission's questions and concerns about this project list.

Mr. Fakkema called for the question.

VOTE ON THE MOTION

MOTION PASSED ON A VOTE OF 5 IN FAVOR AND 1 OPPOSED.

Ms. Jensen explained that she was opposed to the motion because she wanted to work on reprioritizing the list over the next year. Mr. Powers said that Ms. Jensen's preference would be reflected in the minutes and that staff will also put it in the Council's agenda bill that the Planning Commission recommended approval of the CIP but thought that the list should be reexamined.

MOTION: **MS. JENSEN MOVED TO HAVE THE PLANNING COMMISSION WORK OVER THE NEXT YEAR TO REPRIOITIZE AND REVISE THE NON-ENTERPRISE FUND LIST IF NEEDED.**

MOTION DIED FOR LACK OF A SECOND.

Ms. Johnson asked if this motion could be brought up again at the next Planning Commission meeting.

Mr. Powers and Mr. Neil said that the Planning Commission could make a motion at any time.

Mr. Wasinger asked what the expense would be in terms of staff time. Mr. Kamak said that it is a good idea to bring this up at the next meeting because at the next meeting the Planning Commission will be discussing what Comprehensive Plan amendments we should to take on next year, so these are the types of things that can be discussed to formulate recommendations on the 2012 Comprehensive Plan amendments.

Mr. Powers went back to Mr. Wasinger's question and said that it depends on the context of what the Planning Commission envisions. Is the Planning Commission proposing to look at the list inside of the CIP and thinking about whether the projects should stay on the list or are you proposing they be reordered through the comprehensive planning process which is what Mr. Kamak described? If the thought is to go down a couple of levels and revisit everything in the Windjammer Plan and start that effort from the ground up, that is outside our scope and not something that we can tackle. But in the comprehensive planning process you can have a conversation with the community about what their thoughts are on the list and how the list might be revised.

Ms. Jensen said she would like to ask questions like what made us think we needed a new senior center, in other words, how some of the items got where they are on the list.

Mr. Fakkema commented that the question was raised about getting public input, no one is here tonight, isn't this the place that people would come to give their input?

Ms. Jensen said that she wouldn't know what reviewing the Capital Improvement Plan means as a member of the public. If it said that we were looking at future projects in the City the public would understand that.

Mr. Powers said that if we embark on a process to dig into this in the course of the next year then the notices that we put in the news paper, web site etc. would be geared around that. The notices for this process were geared around the normal review process that we do which is a fine tuning of the existing document. If you're going to go back in and question what is in the plan then we would write different notices to let the public know what we are talking about.

Ms. Johnson asked if it would be wise to recommend that the list be reviewed on a regular basis or at regular intervals i.e. with each new administration or every 10 years. Mr. Kamak said that would be wise and staff has asked Council if the list should be reviewed but the Council has not indicated that there was a need to review the list yet. Mr. Powers added that the GMA side is governed by state law which is six years. You would not want to do it with every new Council because as we have seen, projects take time. Even if you spend all of your time on one project you're probably 24 months into a project before you can get to construction. Changing a list of projects every 2 or 3 years isn't going to yield you any time to actually work on projects.

Hearing no further discussion the public hearing was closed.

ADJOURN: 9:11 p.m.

ORDINANCE NO. _____

AN ORDINANCE ADOPTING THE 2011-2016 CAPITAL IMPROVEMENT PLAN AS AN AMENDMENT TO THE COMPREHENSIVE PLAN AND AMENDING OAK HARBOR MUNICIPAL CODE SECTION 18.10.015 ENTITLED "CAPITAL IMPROVEMENT PLAN" REFLECTING SUCH ADOPTION

WHEREAS, the City of Oak Harbor first adopted a Comprehensive Plan consistent with the requirements of the Washington State Growth Management Act (Chapter 36.70A RCW) in 1995 by Ordinance 1027, and adopted amendments to the plan in 1997 by Ordinance 1100, in 1998 by Ordinance 1161, in 2000 by Ordinance 1215, in 2001 by Ordinance 1287, in 2003 by Ordinance 1340, in 2004 by Ordinance 1396, in 2005 by Ordinance 1439, in 2007 by Ordinance 1488, in 2008 by Ordinance 1542, in 2009 by Ordinance 1564, and in 2010 by Ordinance 1594;

WHEREAS, the City of Oak Harbor initiated the 2011 Comprehensive Plan amendments in November 2010 with notices to the public in accordance with OHMC 18.15.040; and

WHEREAS, a preliminary docket was compiled, advertised and reviewed by the Planning Commission and the City Council in accordance with the procedures and notices set forth in OHMC 18.15.040; and

WHEREAS, the City Council in March 2011 approved a final docket that included continuing work of the UGA Capacity Analysis and an update to the Capital Improvement Plan; and

WHEREAS, the 2011 Comprehensive Plan amendment review process beginning in November 2010 and continuing through the adoption of this Ordinance involved early and continuous public involvement in accordance with OHMC 18.15.100 through public meetings, blogs, and hearings, as required by the Growth Management Act and the City's public participation plan; and

WHEREAS, a SEPA Determination of Non-significance was issued for the 2011 Comprehensive Plan amendments on November 2, 2011 with a 14 day appeal period ending on November 18, 2011, which received no substantive comment; and

WHEREAS, the City of Oak Harbor, in the public interest, may adopt amendments as revisions to the Comprehensive Plan no more frequently than once per year in accordance with the State of Washington Growth Management Act RCW 36.70A.130(2); and

WHEREAS, as required by RCW 36.70A.106, the City provided 60-days' notice to the Department of Commerce on September 30, 2011 and received no substantive comments from the Department; and

WHEREAS, changes have occurred in the community since adoption of the previous 2010-2015 Capital Improvements Plan making it desirable to amend the plan; and

WHEREAS, after due and proper notice, public hearings were conducted by the Planning Commission on October 25, 2011 and City Council on December 20, 2011 covering all proposed changes in the update of the Comprehensive Plan;

THE CITY COUNCIL OF THE CITY OF OAK HARBOR do ordain as follows:

Section One. Section 18.10.015 of the Oak Harbor Municipal Code last amended by Ordinance 1564 in 2010 is amended to read as follows:

> The document entitled "2010-2015 Capital Improvement Plan" is hereby repealed. A new document as shown in Exhibit 1 to this ordinance entitled "Capital Improvement Plan 2011-2016" is hereby adopted pursuant to RCW 36.70A.070(3)(d).

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

Section Three. Effective Date. This Ordinance shall be in full force (5) five days following publication.

PASSED by the City Council this 20th day of December, 2011.

( ) APPROVED by its Mayor this _____ day of _____, 2011.
( ) Vetoed

THE CITY OF OAK HARBOR

_____
Mayor

Attest:

_____
City Clerk

Approved as to Form:

_____
City Attorney

Published: _____

City of Oak Harbor
City Council Agenda Bill

Bill No. 6
Date: December 20, 2011
Subject: GASB Statement No. 54 – Policy Ordinance

FROM: **Doug Merriman, Finance Director**

INITIALED AS APPROVED FOR SUBMITTAL TO THE COUNCIL BY:

Jim Slowik, Mayor
Paul Schmidt, City Administrator
Margery Hite, City Attorney, as to form

PURPOSE

An ordinance to establish a Fund Balance Policy as required by GASB Statement No. 54.

AUTHORITY

Under RCW 35A.11.020, The legislative body of each code city shall have power to organize and regulate its internal affairs within the provisions of this title and its charter, if any; and to define the functions, powers, and duties of its officers and employees;

FISCAL IMPACT DESCRIPTION

There is no direct fiscal impact of implementing GASB Statement No. 54. The amounts reported as the total fund balance in any given fund are not altered. Only the reporting of the individual components that make up total fund balance is changed.

Funds Required: $_____O_____

Appropriation Source: __Not Applicable_____

SUMMARY STATEMENT

The Governmental Accounting Standards Board (GASB) has issued its Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. The requirements of this statement are intended to improve financial reporting by providing fund balance categories and classifications that will be more easily understood to the reader of our financial statements. The categories are more clearly defined to make the nature and extent of the constraints placed on a government's fund balance more transparent. Part of the City's implementation of this statement for 2011 is the formal adoption' of a fund balance policy. The policy explains the five components of fund balance and formally delegates to the Finance Director, as required by the statement, the assignment of fund balance for specific purposes for inclusion in the annual financial reports. In addition, the policy sets, at Council direction, a quantified minimum fund balance percentage. Prior to GASB Statement No. 54, these amounts were reported by the Finance Director as

unreserved and designated and did not require City Council delegation. Finally, the policy also establishes the fund balance spending order.

STANDING COMMITTEE REPORT

The Finance Standing Committee reviewed this item at their December 14, 2011 meeting.

RECOMMENDED ACTION

1. Hold public hearing
2. Approve ordinance to commitment specific fund balances and to adopt GASB Statement No. 54 Fund Balance Policy

ATTACHMENTS

1. Draft Ordinance
2. Draft Policy GASB 54 Fund Balance Policy
3. Copy of GFOA Best Practices Recommendation for fund balance policies.

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF OAK HARBOR, WASHINGTON, TO ADOPT A FUND BALANCE POLICY STATEMENT REQUIRED BY CITY IMPLEMENTATION OF GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENT NO. 54 FOR FINANCIAL REPORTING PURPOSES.

WHEREAS, the City prepares the Annual Financial Report under the standards set by the Governmental Accounting Standards Board (GASB); and

WHEREAS, in February 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which requires a change in Fund Balance Reporting for all Governmental Funds and clarifies how some governmental funds are presented and classified; and

WHEREAS, with the adequacy of unrestricted fund balance in the general fund being assessed based upon an entities own specific circumstances, the City of Oak Harbor desires to adopt the Governmental Finance Officers Association (GFOA) best practices recommendation, at a minimum, that general-purpose governments, regardless of size, maintain unrestricted fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures; and

WHEREAS, GASB 54 requires direct collections of utility tax revenues implemented for art acquisition and maintenance be deposited directly into the Art Acquisition and Maintenance Fund created for such a purpose; and

WHEREAS, the changes within this statement are effective with the City's 2011 financial reporting period; and

WHEREAS, compliance with GASB 54 requires Council adoption of a Governmental Fund Balance policy.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF OAK HARBOR, WASHINGTON, DOES HEREBY ORDAIN AS FOLLOWS:

Section One: The City of Oak Harbor shall adopt Exhibit A entitled "GASB Statement No. 54 Fund Balance Policy" as its policy statement for fund balance classification, fund balance spending order, and designating the Finance Director as the authorized official to determine and define the amounts of those components of fund balance that are classified as "Assigned Fund Balance".

Section Two: Commitment of Revenues for Specific Purposes. The City of Oak Harbor shall classify the following fund balances as committed for specific purposes in each respective fund:

BARS 101.00.322.040.000(	STREET AND CURB PERMITS	Commit for the operations of the Street Fund
BARS 104.00.367.011.000(	CONTRIBUTIONS AND DONATIONS	Commit for the operations of the Arterial Fund
BARS 104.00.379.000.000(	CAPITAL CONTRIBUTION - PRIVATE RES(	Commit for the operations of the Arterial Fund
BARS 105.00.368.010.000(	SPECIAL ASSESSMENTS-CAPITAL BAYSH	Commit for repayment of Bayshore street improv
BARS 115.00.314.050.000(	UTILITY TAX	Commit for the operations of the Arts Fund
BARS 115.00.367.011.000(	CONTRIBUTIONS/DONATIONS	Commit for the operations of the Arts Fund
BARS 125.00.367.011.000(	CONTRIBUTIONS & DONATIONS	Commit for the operations of Neighborhood Park
BARS 126.00.367.011.000(	CONTRIBUTIONS & DONATIONS	Commit for the operations of Community Parks
BARS 129.10.341.099.000(	PASSPORTS	Commit for the operations of the Senior Center
BARS 129.10.345.050.000(	USER FEES	Commit for the operations of the Senior Center
BARS 129.10.347.040.000(	EVENTS	Commit for the operations of the Senior Center
BARS 129.10.347.060.000(	PROGRAM FEES - BUS REPLACEMENT	Commit for the operations of the Senior Center
BARS 129.10.347.060.010(	TRAVEL	Commit for the operations of the Senior Center
BARS 129.10.347.090.000(	MEMBERSHIP	Commit for the operations of the Senior Center
BARS 129.10.362.050.000(	RENT	Commit for the operations of the Senior Center
BARS 129.10.367.011.000(	DONATIONS	Commit for the operations of the Senior Center
BARS 129.10.367.011.100(	SERVICES - DONATION	Commit for the operations of the Senior Center
BARS 129.10.369.090.203(	OTHER SPECIAL PROGRAMS	Commit for the operations of the Senior Center

Section Three: Oak Harbor Municipal Code Chapter 3.71.040 entitled "General Fund" is amended to read as follows:

3.71.040 General Fund. The tax collected shall be placed in the general fund, except for the proportion of the tax allocated to the Art Acquisition and Maintenance Fund. The allocation for art purposes shall be deposited directly into the Art Acquisition and Maintenance fund.

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

Section Five: Effective Date. This ordinance shall take effect five days after publication as provided by law.

Passed by the City Council this 20th day of December, 2011.

Approved by the Mayor this _____ day of December, 2011.

THE CITY OF OAK HARBOR

_____ Mayor

Attest:

_____

City Clerk

Approved as to Form:

_____

City Attorney

Published: _____

Department: Finance
Policy Number: 11-01

GASB Statement No. 54 Fund Balance Policy

I. PURPOSE:

This Fund Balance Policy establishes the procedures for reporting both restricted and unrestricted fund balance in the financial statements. Fund balance will be required to be reported using five major classifications based on the extent to which the City is bound by the constraint on resources reported in the funds. The policy also authorizes and directs the Finance Director to prepare financial reports showing fund balances classification as required by Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

II. PROCEDURES:

Fund balance is basically the difference between the assets and liabilities reported in a governmental fund. GASB Statement No. 54 eliminates the current use of the terms "reserved" and "designated" in the reporting of fund balance, and replaces those terms with five new categories for classifying fund balance. Following are the new categories and related definitions to be used for describing the components of the fund balance:

NONSPENDABLE Fund Balance — Includes amounts either not in spendable form, or legally or contractually required to be maintained intact. This would include inventory, prepaids, and non-current receivables.

RESTRICTED Fund Balance — Reflects the same definition as restricted net assets: constraints placed on the use of amounts are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. This would generally include amounts in bonded capital projects funds, debt service funds, and program funds funded with federal program dollars.

COMMITTED Fund Balance — Includes amounts that are committed for specific purposes by formal action of the City Council. Amounts classified as "committed" are not subject to legal enforceability like restricted fund balance; however, those amounts cannot be used for any other purpose unless the city council removes or changes the limitation by taking the same form of action it employed to previously impose the limitation. Action to constrain resources must occur prior to year end; however, the amount can be determined in the subsequent period.

ASSIGNED Fund Balance — Amounts that are intended by the city to be used for specific purposes, but are neither restricted nor limited, should be reported as assigned fund balance. This policy hereby delegates the authority to assign amounts to be used for specific purposes to the Finance Director for the purpose of reporting these amounts in the annual financial statements

Assigned fund balance includes:

a) For the General Fund, these are the amounts assigned by the Finance Director intended to be used for specific purposes. The amounts reported as assigned should not result in a deficit in unassigned fund balance.

b) For all governmental funds (other than General Fund), these are all remaining positive amounts (except for negative balances) that are not classified as nonspendable and are neither restricted nor committed. However, if there is a negative balance after classifying amounts as nonspendable, restricted or committed, the fund would report a negative amount as Unassigned and zero to be reported as Assigned.

UNASSIGNED Fund Balance — includes any remaining amounts after applying the above definitions. Planned spending in the subsequent year's budget would be included here and can no longer be described as "designated" unless formally committed or assigned.

For the General Fund, these are amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance.

For all other governmental funds except the General Fund, these are the amounts expended in excess of resources that are nonspendable, restricted, committed or assigned (a residual deficit). In determining a residual deficit, no amount should be reported as assigned.

No funds should report a negative amount for restricted, committed or assigned fund balance

Fund Balance Spending Order

Unless legal requirements disallow it, the City will spend the most restricted dollars before less restricted in the following order:

1. Nonspendable – if the funds become spendable
2. Restricted
3. Committed
4. Assigned
5. Unassigned

Minimum Fund Balance Policy for the General Fund

It is the goal of the City to achieve and maintain an unrestricted fund balance in the General Fund equal to 16.67% of regular operating expenditures. The unrestricted fund balance may only be reduced below the goal level for non-routine circumstances, such as severe economic downturns or other unanticipated budget shortfalls. In the event that the unrestricted General Fund fund balance becomes less than the policy goal, the City shall plan to adjust budget resources in the subsequent years to restore the balance.

This policy is in place to comply with GASB Statement No. 54. No other policy or procedure supersedes the authority and provisions of this policy.

BEST PRACTICE

Appropriate Level of Unrestricted Fund Balance in the General Fund (2002 and 2009) (BUDGET and CAAFR)

Background. Accountants employ the term *fund balance* to describe the net assets of governmental funds calculated in accordance with generally accepted accounting principles (GAAP). Budget professionals commonly use this same term to describe the net assets of governmental funds calculated on a government's budgetary basis.[1] In both cases, fund balance is intended to serve as a measure of the financial resources available in a governmental fund.

Accountants distinguish up to five separate categories of fund balance, based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts can be spent: *nonspendable fund balance*, *restricted fund balance*, *committed fund balance*, *assigned fund balance*, and *unassigned fund balance*.[2] The total of the last three categories, which include only resources without a constraint on spending or for which the constraint on spending is imposed by the government itself, is termed *unrestricted fund balance*.

It is essential that governments maintain adequate levels of fund balance to mitigate current and future risks (e.g., revenue shortfalls and unanticipated expenditures) and to ensure stable tax rates. Fund balance levels are a crucial consideration, too, in long-term financial planning.

In most cases, discussions of fund balance will properly focus on a government's general fund. Nonetheless, financial resources available in other funds should also be considered in assessing the adequacy of unrestricted fund balance (i.e., the total of the amounts reported as committed, assigned, and unassigned fund balance) in the general fund.

Credit rating agencies monitor levels of fund balance and unrestricted fund balance in a government's general fund to evaluate a government's continued creditworthiness. Likewise, laws and regulations often govern appropriate levels of fund balance and unrestricted fund balance for state and local governments.

Those interested primarily in a government's creditworthiness or economic condition (e.g., rating agencies) are likely to favor increased levels of fund balance. Opposing pressures often come from unions, taxpayers and citizens' groups, which may view high levels of fund balance as "excessive."

Recommendation. The Government Finance Officers Association (GFOA) recommends that governments establish a formal policy on the level of unrestricted fund balance that should be maintained in the general fund.[3] Such a guideline should be set by the appropriate policy body and should provide both a temporal framework and

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[1] For the sake of clarity, this recommended practice uses the terms GAAP fund balance and budgetary fund balance to distinguish these two different uses of the same term.

[2] These categories are set forth in Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* which must be implemented for financial statements for periods ended June 30, 2011 and later.

[3] Sometimes restricted fund balance includes resources available to finance items that typically would require the use of unrestricted fund balance (e.g., a contingency reserve). In that case, such amounts should be included as part of unrestricted fund balance for purposes of analysis.

specific plans for increasing or decreasing the level of unrestricted fund balance, if it is inconsistent with that policy. [4]

The adequacy of unrestricted fund balance in the general fund should be assessed based upon a government's own specific circumstances. Nevertheless, GFOA recommends, at a minimum, that general-purpose governments, regardless of size, maintain unrestricted fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures.[5] The choice of revenues or expenditures as a basis of comparison may be dictated by what is more predictable in a government's particular circumstances.[6] Furthermore, a government's particular situation often may require a level of unrestricted fund balance in the general fund significantly in excess of this recommended minimum level. In any case, such measures should be applied within the context of long-term forecasting, thereby avoiding the risk of placing too much emphasis upon the level of unrestricted fund balance in the general fund at any one time.

In establishing a policy governing the level of unrestricted fund balance in the general fund, a government should consider a variety of factors, including:

- The predictability of its revenues and the volatility of its expenditures (i.e., higher levels of unrestricted fund balance may be needed if significant revenue sources are subject to unpredictable fluctuations or if operating expenditures are highly volatile);
- Its perceived exposure to significant one-time outlays (e.g., disasters, immediate capital needs, state budget cuts);
- The potential drain upon general fund resources from other funds as well as the availability of resources in other funds (i.e., deficits in other funds may require that a higher level of unrestricted fund balance be maintained in the general fund, just as, the availability of resources in other funds may reduce the amount of unrestricted fund balance needed in the general fund);[7]
- Liquidity (i.e., a disparity between when financial resources actually become available to make payments and the average maturity of related liabilities may require that a higher level of resources be maintained); and
- Commitments and assignments (i.e., governments may wish to maintain higher levels of unrestricted fund balance to compensate for any portion of unrestricted fund balance already committed or assigned by the government for a specific purpose).

Furthermore, governments may deem it appropriate to exclude from consideration resources that have been committed or assigned to some other purpose and focus on unassigned fund balance rather than on unrestricted fund balance.

Naturally, any policy addressing desirable levels of unrestricted fund balance in the general fund should be in conformity with all applicable legal and regulatory constraints. In this case in particular, it is essential that differences between GAAP fund balance and budgetary fund balance be fully appreciated by all interested parties.

Approved by the GFOA's Executive Board, October, 2009.

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[4] See Recommended Practice 4.1 of the National Advisory Council on State and Local Budgeting governments on the need to "maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures" (Recommended Practice 4.1).

[5] In practice, a level of unrestricted fund balance significantly lower than the recommended minimum may be appropriate for states and America's largest governments (e.g., cities, counties, and school districts) because they often are in a better position to predict contingencies (for the same reason that an insurance company can more readily predict the number of accidents for a pool of 500,000 drivers than for a pool of fifty), and because their revenues and expenditures often are more diversified and thus potentially less subject to volatility.

[6] In either case, unusual items that would distort trends (e.g., one-time revenues and expenditures) should be excluded, whereas recurring transfers should be included. Once the decision has been made to compare unrestricted fund balance to either revenues or expenditures, that decision should be followed consistently from period to period.

[7] However, except as discussed in footnote 4, not to a level below the recommended minimum.

City of Oak Harbor
City Council Agenda Bill

Bill No. 7
Date: December 20, 2011
Subject: Public Art Project – Artist Georgia Gerber's "Stumbly Ducklings"

FROM: Steve Powers, Development Services Director
Cac Kamak, Senior Planner

INITIALED AS APPROVED FOR SUBMITTAL TO THE COUNCIL BY:

___ Jim Slowik, Mayor
___ Paul Schmidt, City Administrator
___ Doug Merriman, Finance Director
___ Margery Hite, City Attorney, as to form

PURPOSE

This agenda bill requests City Council direction and action on the selection of the "Stumbly Ducklings", public artwork created by Georgia Gerber, for the SE Pioneer Way Improvement Project.

AUTHORITY

The Council has authority under 35A.11.020 to regulate its internal affairs, to provide for the improvement and beautification of public ways, and to render local, social and cultural services.

FISCAL IMPACT DESCRIPTION

Funds Required: $33,000 (including tax).

Appropriation Source: Fund #115 – Arts Acquisition and Maintenance Fund.

The Arts Acquisition and Maintenance Fund derives its revenue from a ¼% Utility Tax. The revenues received to date are shown in Exhibit B. Although the amounts vary slightly, the fund receives an average of $2500 every month. Since the Fund's inception, expenditures in this fund have covered Driftwood Days celebrations, public noticing for proposals, public art for Pioneer Way and other Arts Commission related activities and supplies. The purchase of the two art pieces (Mermaid and Moon Waves) approved by the City Council for Pioneer Way is expensed out of this fund and totals approximately $65, 220. The $33,000 required to fund the "Stumbly Ducklings" will also be expensed out of this fund. However, an additional accrual of approximately $11,049.37 over the next few months will be needed to cover the total cost of the project. Since the art piece will likely take 6-8 months to complete, it is likely that the funds will be in place at the time of closing the project.

SUMMARY STATEMENT

On June 7, 2011 the City Council requested the Arts Commission undertake further public comment opportunity for the "Stumbly Ducklings". On August 8, 2011 the Arts Commission conducted a public meeting which was advertised to specifically take further public comment for the "Stumbly Ducklings" (see Exhibit C). Since the initial introduction of the "Stumbly Ducklings", there has been only support for the proposed art piece for Oak Harbor.

On November 8, 2011, the Oak Harbor Arts Commission unanimously passed a motion to forward to the City Council a request to consider the "Stumbly Ducklings" as the third piece of public art for the Pioneer Way Improvement Project.

STANDING COMMITTEE REPORT

This agenda bill was presented at the General Governmental Standing Committee on December 13, 2011, and at the Finance Standing Committee on December 14, 2011.

RECOMMENDED ACTION

Consider and act upon Resolution 11-20.

ATTACHMENTS

Exhibit A - Resolution 11-20 with attached Agreement and Exhibits A – F.
Exhibit B - Arts Acquisition and Maintenance Fund Balance
Exhibit C - August 8, 2011 Arts Commission Minutes
Exhibit D – Image of "Stumbly Ducklings"

Public Art Project – Georgia Gerber's "Stumbly Ducklings"

AGENDA BILL – EXHIBIT A

Resolution 11-20 with Professional Services Agreement and Agreement's Exhibits A - F

Exhibit A

Resolution includes the Professional Services Agreement and Agreement Exhibits A - F

RESOLUTION NO. 11-20

A RESOLUTION BY THE CITY COUNCIL OF OAK HARBOR AUTHORIZING THE COMMISSIONING AND ACQUISITION OF THE PUBLIC ART KNOWN AS THE "STUMBLY DUCKLINGS", CREATED BY ARTIST GEORGIA GERBER, FOR THE PIONEER WAY IMPROVEMENT PROJECT

WHEREAS, on April 7, 2009 the City Council adopted Ordinance 1548 which eliminated the 1% project-level arts funding ordinance and replaced the method of funding for the Arts by imposing the .25% utility tax on water, sewer and solid waste utilities; and

WHEREAS, on June 7, 2011 the City Council acted upon the Arts Commission recommendation to purchase public art for the SE Pioneer Way Project; and

WHEREAS, the City Council chose to purchase two pieces of art using accrued funds in the Arts Acquisition and Maintenance Fund in the amount of $65,220; and

WHEREAS, on June 7, 2011 the City Council also acted by requesting the Arts Commission to provide further public comment opportunity for the "Stumbly Ducklings" art piece as a possible third art project for the SE Pioneer Way Project; and

WHEREAS, on August 8, 2011, the Oak Harbor Arts Commission conducted a public meeting to take public comment concerning the "Stumbly Ducklings" art piece and received all positive comments and no known negative comments were submitted; and

WHEREAS, on November 8, 2011 the Oak Harbor Arts Commission unanimously passed a motion to forward to the City Council a request to consider the "Stumbly Ducklings" as the third piece of public art for the Pioneer Way Improvement Project; and

WHEREAS, it is estimated the "Stumbly Ducklings" art piece will cost approximately $33,000 (including tax); and

WHEREAS, as of the end of December 2011, the total balance in the Art Acquisition and Maintenance Fund is approximately $21,950.63; and

WHEREAS, the Art Acquisition and Maintenance Fund monthly average accrual rate is approximately $2,500; and

WHEREAS, the remaining balance necessary to fund the "Stumbly Ducklings" for the Pioneer Way Improvement Project is approximately $11,049.37; and

WHEREAS, it is projected the remaining amount of $11,049.37 should be accrued with the monthly .25% utility tax of $2,500 by June 1, 2012.

WHEREAS, it can now be demonstrated that the three (3) pieces of proposed art for the Pioneer Way Improvement Project can be timely purchased solely from the Art Acquisition and Maintenance Fund.

Exhibit A

Resolution includes the Professional Services Agreement and Agreement Exhibits A - F

NOW THEREFORE BE IT RESOLVED, by the City Council of the City of Oak Harbor, Washington, the Mayor is authorized to enter into the attached agreement to commission the acquisition of the "Stumbly Ducklings", created by artist Georgia Gerber, for the Pioneer Way Improvement Project.

PASSED by the City Council of the City of Oak Harbor and approved by its Mayor this 20th day of December, 2011.

CITY OF OAK HARBOR

_____

MAYOR

ATTEST:

_____

City Clerk

Approved as to Form:

_____

City Attorney

CITY OF OAK HARBOR
PROFESSIONAL SERVICES
AGREEMENT

THIS AGREEMENT is made and entered into this _____ day of _____, 2012, between the CITY of Oak Harbor Washington, hereinafter called the "CITY", and Georgia Gerber, hereinafter referred to as the "ARTIST".

WITNESSETH THAT:

WHEREAS, the provision of art in public places, whether in the form of freestanding pieces such as sculptures or memorials, architectural embellishments, or other forms incorporated into areas accessible to the public makes the CITY more interesting and vibrant for its residents and visitors; and

WHEREAS, the CITY desires to facilitate the provision of art in a public place; and

WHEREAS, the CITY has selected the ARTIST to be commissioned to create and install an original and appropriate work of art, all as described in this Agreement; and

WHEREAS, the ARTIST is qualified and able to perform the services, and is willing to accept the commission as described in this Agreement; and

WHEREAS, the CITY desires to own and maintain such work of art as provided herein;

NOW, THEREFORE, in consideration of the mutual undertakings and covenants contained herein, the CITY and ARTIST, hereby agree as follows:

Part I. Term and Termination

1.01 This Agreement shall not become effective until signed by all parties.

1.02 This Agreement shall terminate upon the issuance of a written notice of acceptance by the CITY and transfer of ownership of the Artwork to the CITY pursuant to Part IV of this Agreement, unless earlier terminated as provided herein.

1.03 Prior to acceptance of the artwork, a waiver of certain rights and conditions attributed to the artist, in the Visual Artists Rights Act 106A, must be signed by the ARTIST as described in Exhibit A.

1.04 If the ARTIST fails to fulfill any of his/her obligations under this Agreement in a timely or proper manner, or if the ARTIST violates any of the covenants, agreements, or stipulations of this Agreement, the CITY thereupon shall have the right to terminate this Agreement by giving the ARTIST written notice of termination at least ten (10) days before the effective date of termination. The termination date and reasons for the

termination shall be stated in the notice. In such event, all finished or unfinished drawings, specifications, models, portions of the Artwork, supplies, or other objects which have been prepared by the ARTIST under this Agreement shall at the option of the CITY become the CITY's property, and the ARTIST shall be entitled to receive just and equitable compensation for any work completed under this Agreement to the satisfaction of the CITY. The ARTIST shall be liable to the CITY for damages sustained by virtue of any breach of this Agreement by the ARTIST. The CITY may withhold any payments to the ARTIST for the purposes of set-off until such time as the exact amount of damages due the CITY fro m the ARTIST is determined. Damages shall include all amounts paid pursuant to the Agreement. In addition thereto, the CITY has the right to recover attorney's fees, costs and expenses.

Part II. Engagement of the ARTIST; Designation of the Artwork; Community Involvement

2.01 Subject to the terms and conditions of this Agreement, the CITY engages the ARTIST, and the ARTIST agrees to be so engaged, to design, fabricate, create and install the Artwork (collectively, hereinafter "the Work") as described in "Exhibit B", attached hereto and incorporated herein by reference. The ARTIST, at his/her sole expense, shall provide all labor, materials, and supplies necessary to complete the Work.

2.02 The ARTIST shall perform the Work in a satisfactory and competent manner, consistent with the best standards in the ARTIST'S field, and the Artwork shall be designed, fabricated and installed in a manner that is structurally sound. If the ARTIST employs or engages a person or firm to perform a part of the Work, the ARTIST shall ensure that each such person or firm shall agree to perform such part of the Work in a satisfactory and competent manner, consistent with the best standards in such person's or firm's field. Notwithstanding the ARTIST'S employment of a person or firm to perform a part of the Work as permitted under this Agreement, the ARTIST shall remain responsible to the CITY for the faithful performance, when due, of the Work, and no delegation or subcontracting of a part of the Work shall relieve the ARTIST of his or her duties under this Agreement.

2.03 Throughout the process of the Work, the CITY and the ARTIST shall advise and cooperate with each other with respect to any alteration or revision of the Artwork, including but not limited to a variation in component materials, method of construction, size, and/or appearance, from that which is provided in Exhibit B, or any alteration or revision to the proposed installation site. The ARTIST acknowledges that if the Work is materially altered or revised from that which is provided in Exhibit B and the ARTIST has failed to advise or cooperate with the CITY as provided herein, the CITY may terminate this Agreement without penalty to the City.

Part III. <u>Independent Contractor Relationship</u>.

3.01 The ARTIST shall at all times be an independent contractor and not an employee of the CITY and shall not be entitled to compensation or benefits of any kind except as specifically provided herein.

3.02 The ARTIST shall not be covered by any CITY benefit programs, such as health and welfare, benefit plans, social security, workers compensation or unemployment compensation, and shall not be treated as an employee for federal tax purposes or any other purpose. The ARTIST shall be responsible for paying all taxes related to payments the CITY makes to the ARTIST, including federal income taxes, self employment (social security and Medicaid) taxes and state business and occupation taxes, and the CITY is not responsible for withholding for or paying any of those taxes.

3.03 ARTIST shall indemnify and hold harmless the CITY from and against any and all costs (including attorney's fees incurred in defense) or liabilities (including payroll taxes penalties or interests) arising out of any breach of the above representations and warranties or any assertion that the ARTIST is not an independent contractor.

Part IV. Installation of the Artwork

4.01 The Artwork shall be installed and incorporated into a public site that has been chosen and designated by the CITY; such site is identified and described in Exhibit C, attached hereto and incorporated herein by reference. The ARTIST shall provide to the CITY a written description of the manner in which the Artwork shall be installed, including a statement of details regarding the Artwork as described in the Detailed Artwork Report – Part 1 attached hereto as Exhibit D.

4.02 The CITY shall cooperate with the ARTIST in the preparation of the site prior to installation.

4.03 The ARTIST and the CITY shall consult and agree to the date and time for delivery of the Artwork to the site. The ARTIST shall be responsible for and bear the costs of transportation and installation of the Artwork. The CITY will assist, within existing resources, with the installation of the Artwork.

Part V. Final Acceptance; Title of the Artwork to Vest in the CITY

5.01 Upon the completion of the Work and installation of the Artwork to the ARTIST'S satisfaction, the CITY shall inspect the work and present the ARTIST with a detailed listing of any observed flaws. When the CITY is satisfied with the Work, the City shall provide written notice to the ARTIST of their final acceptance of the Work, which notice shall state that the Work has been completed and the Artwork has been installed as agreed to by the parties and to the satisfaction of the CITY.

5.02 Upon final acceptance, title to the Artwork shall pass from the ARTIST to, and vest in, the CITY as described in Exhibit E. The ARTIST hereby donates and transfers to the CITY the ARTIST'S rights except those limited by this Agreement, title, and interest in and to the Artwork. Thereafter, the CITY shall retain all written documentation regarding the Artwork, and shall have, for maintenance and historical documentation purposes only, the right to a copy of all drawings, sketches and designs of the Artwork produced prior to final acceptance of the Work.

5.03 Upon final acceptance, the ARTIST shall be available for a public dedication of the Artwork; and, the CITY, and the ARTIST, shall provide appropriate, on-site signage to identify the Artwork by the ARTIST'S name, the year of fabrication, and other information deemed appropriate by the CITY.

Part VI. <u>Schedule of Performance, Compensation and Method of Payment</u>.

6.01 The CITY shall pay to the ARTIST for performance of the Work and for the Artwork as provided in this Part of the Agreement; however, in no event shall the ARTIST be paid an amount in excess of the sum of $30,000 (plus tax). This amount shall constitute full and complete compensation for the ARTIST'S Work and Artwork; the ARTIST shall be solely responsible for all expenses necessary for the performance of this Agreement, including any cost overruns.

6.02 Upon approval of the completed preliminary design, the ARTIST shall proceed with the execution of the Work and the CITY agrees to pay the total purchase price of $30,000.00 plus tax.

a. An initial payment of _____ will be made to the ARTIST for materials and incurred expenses within 30 days of invoice.

b. The balance of the purchase price, _____ will be paid to the ARTIST within 30 days of the completed installation. The Work will be completed and installed no later than _____.

6.03 The above-stated purchase price includes the cost of materials necessary to create the Work and the cost of any additional labor services necessary to create the WORK, including workers' compensation coverage for employees.

Part VII. Warranty; Indemnification; and, Release

7.01 The ARTIST represents and warrants to the CITY that:

a. He or she is the sole creator of the Artwork and that the ARTIST has full power and authority to make this Agreement;

b. The Artwork does not infringe upon any copyright or violate any property right or other rights; and,

c. No lien or encumbrance exists against the Artwork and that following the transfer of title to the Artwork to the CITY, no individual or entity will have any right or interest in the Artwork that is prior or superior to the CITY's right and interest.

The ARTIST further represents and warrants that the Artwork, as fabricated and installed, will be structurally sound and free of defects in material and workmanship, including any defects consisting of "inherent vice" or qualities which cause or accelerate deterioration of the Artwork, and shall be designed so as routinely not to require extensive or extraordinary maintenance or conservation measures. The parties agree and acknowledge that the Work will remain outside and exposed to the elements and climate changes and will not be stored, or otherwise provided special protection during cold or severe weather

conditions. These warranties shall be in effect for a period of one (1) year after final acceptance of the Artwork under Part IV of this Agreement and transfer of ownership to the CITY.

7.02 The ARTIST agrees to defend, indemnify, and hold harmless the CITY, and their respective officials, agents, and employees from and against any and all claims, actions, suits, or proceedings of any kind brought against such parties for or on account of any matter arising from performance of the Work performed by the ARTIST pursuant to this Agreement.

7.03 Unless otherwise provided, the ARTIST acknowledges that until the ownership of the Artwork is transferred to the CITY pursuant to Section 5.02 of this Agreement, any injury to property or persons caused by the Artwork or any damage to, theft of, vandalism to, or acts of God affecting the Artwork are the sole responsibility of the ARTIST, including but not limited to any loss occurring during the creation, storage, transportation, delivery or installation of the Artwork, regardless of where such loss occurs.

Part VIII. Insurance

8.01 The ARTIST shall procure and maintain during the life of this Agreement such comprehensive general liability insurance as will protect the ARTIST, and the CITY, and each of their respective officers, agents, employees and subcontractors performing any of the Work covered by this Agreement, from claims for damages for personal injury including accidental death, as well as from claims for property damages, which may arise from operations or work under this Agreement, whether such operations or work be by the ARTIST or the CITY, or any of their respective officers, agents, employees and subcontractors performing any of the Work. The amounts of insurance shall be not less than One Million Dollars ($1,000,000) combined single limit for any one occurrence covering both body injury and property damage, including accidental death.

8.02 The insurance policy or policies procured as required by Section 8.01 shall name the CITY as additional insured parties, and shall require a thirty-day mandatory cancellation notice.

8.03 ARTIST shall furnish the CITY with original certificates and a copy of the amendatory endorsements, including but not necessarily limited to the additional insured endorsement, evidencing the insurance requirements of the ARTIST before commencement of the work.

Part IX. Copyright and Reproduction Rights

9.01 The ARTIST expressly reserves every right available to the ARTIST under the Federal Copyright Act and other applicable statutes to control the making or dissemination of copies or reproductions of the Artwork, except the rights which are limited by this Agreement.

9.02 The ARTIST certifies that the Artwork created pursuant to this Agreement is a unique

work of art and has not been and will not be substantially duplicated by the ARTIST without the prior written permission of the CITY. Should the ARTIST decide to reproduce the Artwork in an edition or in any other way, the ARTIST shall first obtain the written permission of the CITY.

9.03 The CITY retains the right to publish and distribute photographs, drawings or other forms of reproductions of the Artwork as installed and formally accepted by the CITY, for reference, promotional, educational and scholarly purposes. The CITY agrees to make no commercial use of the Artwork without the ARTIST'S written consent. If such consent is obtained from the ARTIST, all reproductions of the Artwork by the CITY shall contain a credit to the ARTIST that states the ARTIST'S name and year of creation,

9.04 The ARTIST agrees to include on or in any form of reproduction of the Artwork initiated or authorized by the ARTIST, a credit to the CITY, stating that the Artwork was commissioned and is owned by the CITY.

Part X. Maintenance, Repair, and Restoration

10.01 If, within the time period specified in Section 7.01 of this Agreement, the Artwork exhibits any structural or cosmetic defect or flaw in violation of the ARTIST'S warranty, the ARTIST shall repair the Artwork or replace any defective component of the Artwork at no cost to the CITY. All repairs or cures to defects shall be consistent with professional conservation standards.

10.02 Except as provided in Section 10.01, after the written notice of final acceptance has been issued and transfer of ownership has occurred, the CITY shall maintain and protect the Artwork as it reasonably determines, being responsible for the care, custody, maintenance and security of the Artwork. Any required maintenance of the Artwork shall be carried out by the CITY with the intention of protecting the value, integrity, and authenticity of the Artwork.

10.03 After the expiration of the warranty period, the CITY will make a reasonable effort to consult with the ARTIST in all matters concerning repairs and restoration of the Artwork.

10.04 The ARTIST shall provide to the CITY a written description of as-built information of the artwork and installation/foundation as described in the Detailed Artwork Report – Part 1I attached hereto as Exhibit F.

Part XI. Relocation or Removal of the Artwork

11.01 Upon final acceptance and transfer of title to the Artwork to the CITY, the CITY shall have the authority and sole discretion thereafter to remove, or remove and relocate, the Artwork from the original installation site.

Part XII. Non-Destruction, Alteration, or Modification of the Artwork

12.01 To the extent required by applicable federal law or other applicable laws and regulations, the CITY shall not intentionally destroy or modify the Artwork in any way whatsoever during the ARTIST'S lifetime without first making a reasonable effort to locate and inform the ARTIST, and to obtain the ARTIST'S written permission, if possible; however, this section shall not apply to modifications caused by the passage of time, the inherent nature of the materials or the result of conservation, lighting or placement in connection with public presentation.

12.02 If any significant modification occurs to the Artwork after final acceptance by the CITY under Section 5.02 of this Agreement, whether such change is intentional, unintentional, or malicious, and if the ARTIST makes a written request to the CITY that the Artwork no longer be represented as the work of the ARTIST, then the Artwork shall no longer be so.

Part XIII. General Provisions

13.01 The ARTIST, in the performance of this Agreement, shall comply with all applicable federal, state or local laws and ordinances, including regulations for licensing, certification and operation of facilities, programs and accreditation, and licensing of individuals, and any other standards or criteria as described in this Agreement to assure quality of services.

13.02 The CITY is an equal opportunity employer.

13.03 In the performance of this Agreement, the ARTIST will not discriminate against any employee or applicant for employment on the grounds of race, creed, color, national origin, sex, marital status, age or the presence of any sensory, mental or physical handicap provided that the prohibition against discrimination in employment because of handicap shall not apply if the particular disability prevents the proper performance of the particular worker involved. The ARTIST shall take such action with respect to this Agreement as may be required to ensure full compliance with local, state and federal laws prohibiting discrimination in employment.

13.04 The ARTIST shall not assign its performance under this Agreement or any portion of this Agreement without the written consent of the CITY, and it is further agreed that said consent must be sought in writing by the ARTIST not less than thirty (30) days prior to the date of any proposed assignment. The CITY reserves the right to reject without cause any such assignment.

13.05 Either party may request changes to the scope of services and performance to be provided hereunder, however, no change or addition to this Agreement shall be valid or binding upon either party unless such change or addition be in writing and signed by both parties. Such amendments shall be attached to and made part of this Agreement.

13.06 Notice provided for in this Agreement shall be sent by certified mail to the addresses designated for the parties on the last page of this Agreement.

13.07 If any legal proceeding is brought for the enforcement of this Agreement, or because of a dispute, breach, default, or misrepresentation in connection with any of the provisions of this Agreement, the prevailing party shall be entitled to receive from the other party, in addition to any other relief to which such party may be entitled, reasonable attorney's fees and other costs incurred in that action or proceeding.

13.08 This Agreement has been and shall be construed as having been made and delivered within the State of Washington and it is agreed by each party hereto that this Agreement shall be governed by laws of the State of Washington, both as to interpretation and performance.

13.09 Any action of law, suit in equity, or judicial proceeding for the enforcement of this Agreement or any provisions thereof shall be instituted and maintained only in any of the courts of competent jurisdiction in Island County, Washington.

13.10 If, for any reason, any part, term or provision of this Agreement is held by a court of the United States to be illegal, void or unenforceable, the validity of the remaining provisions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if the Agreement did not contain the particular provision held to be invalid.

13.11 If it should appear that any provision hereof is in conflict with any statutory provision of the State of Washington, said provision that may conflict therewith shall be deemed inoperative and null and void insofar as it may be in conflict therewith, and shall be deemed modified to conform to such statutory provisions.

Section XIV. Entire Agreement.

The parties agree that this Agreement is the complete expression of the terms hereto and any oral representations or understandings not incorporated here are excluded. Further, any modification of this Agreement shall be in writing and signed by both parties. Failure to comply with any of the provisions stated herein shall constitute material breach of contract and cause for termination. Both parties recognize time is of the essence in the performance of the provisions of this Agreement. It is also agreed by the parties that the forgiveness of the nonperformance of any provision of this Agreement does not constitute a waiver of the provisions of this Agreement.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to executed the day and year first hereinabove written.

CITY:

CITY OF OAK HARBOR
865 SE Barrington Drive
Oak Harbor, WA 98277

_____
Jim Slowik, Mayor

SERVICE PROVIDER:

GEORGIA GERBER
6790 Heggenes Road
Clinton, WA 98236

_____
Georgia Gerber

ATTEST:

_____
Connie Wheeler, CITY Clerk

EXHIBIT A

ARTIST WAIVER OF RIGHTS

On this date, _____, in Oak Harbor, Washington, _____, artist, in consideration of being retained as an artist to complete art associated with the Pioneer Way Improvement Project, hereby voluntarily releases and waives all artist rights to the artwork described as:

> **"Stumbly Ducklings", as described in Part II, Section 2.01(Exhibit B) of this Agreement and Part IV, Section 4.01 (Exhibit D).**
>
> **The uses to be made by the City of "Stumbly Ducklings" artwork include, but are not limited to, any verbal presentation or writing containing information relating to the above-named artwork in connection with marketing, tourism, cultural or historical promotion. "Writing" means handwriting, typewriting, printing, photostating, photographing, and every other means of recording any form of communication or representation including, but not limited to, letters, words, pictures, sounds, or symbols, or combination thereof, and all papers, maps, magnetic or paper tapes, photographic films and prints, motion picture, film and video recordings, magnetic or punched cards, discs, drums, diskettes, sound recordings, and other documents including existing data compilations from which information may be obtained or translated.**

This Waiver has been executed by artist _____, voluntarily and with full knowledge of the rights afforded her under the Visual Artist Right's act, Section 106A(e)(1) of Title 17 of the United States Code.

Dated: _____

_____
ARTIST

Exhibit B

Georgia Gerber

Three Ducklings
Approximately 3' Tall x 8' Long
Cast Bronze

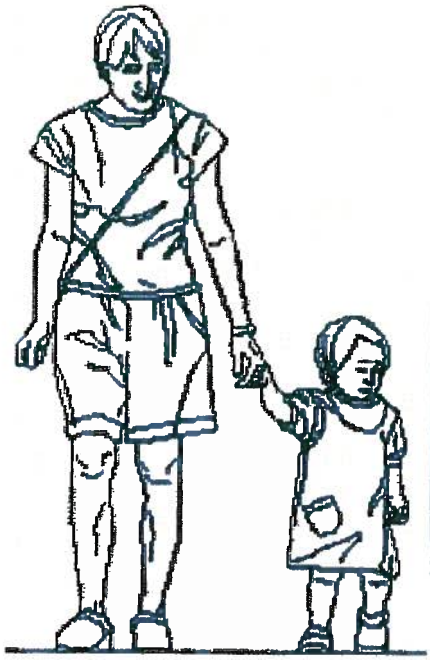

EXHIBIT C

SITE LOCATION AND DESCRIPTION

On this date, _____, in Oak Harbor, Washington, _____ (Artist name), artist, in consideration of being retained as an artist to complete art associated with the Pioneer Way Improvement Project, hereby agrees to place the agreed upon artwork on the following public site:

Proposed landscape area at the intersection of Pioneer Way and Ireland Street, Oak Harbor, Washington

Dated: _____

_____
ARTIST

EXHIBIT D
DETAILED ARTWORK REPORT – PART I

1. Artwork Summary (check all that apply)

☐ Sculpture (3D Work) ☐ Wall Hanging/Relief (2D Work) ☐ Interior ☐ Exterior

☐ Integrated Work ☐ Site Specific ☐ Permanently Installed ☐ Assembled Onsite

☐ Removable Components ☐ Kinetic

Material/Composition of Artwork (check any that apply; do not include mounting hardware or pedestal information)

☐ Acrylic Paint ☐ Oil Paint ☐ Paint (other) ☐ Patina

☐ Canvas/Woven Fabric ☐ Textile (Hand-made) ☐ Paper ☐ Wood

☐ Ceramic/Clay ☐ Concrete/Cement ☐ Stone ☐ Glass

☐ Metal (Ferrous) ☐ Metal (Non-Ferrous) ☐ Plastic/Resin/PVC ☐ Bone/Ivory

☐ Photography ☐ Video ☐ Electricity/Motor ☐ Light (integral to work)

☐ Digital Media/Software ☐ Sound Media/Implements ☐ Terrazzo ☐ Other:

Method of Display for Artwork (check any that apply and briefly describe material, e.g. imbedded in concrete, suspended by cable, mounted to brick wall)

☐ Pedestal: ☐ Ground Level:

☐ Suspended: ☐ Wall Mounted:

2. Dimensions/Weight

Overall/Spatial Dimensions of artwork: Height: in☐/ft☐ Width: in☐/ft☐ Depth: in☐/ft☐

Approximate Weight of the entire artwork: lbs ☐/grams ☐

How many individual components comprise the artwork?

Individual/Dissimilar Component information: Major portions of an artwork are considered components, even if they have several dissimilar materials within each component. Please list components that are not the same, for example 100 stainless steel cutouts of a fish could be considered one component if each fish is exactly the same. If there are more than 8 dissimilar components, attach a separate sheet with dimensional information for each additional component.)

3. Artwork Detail (Materials/Composition of Artwork/Fabrication Techniques)

Provide proper and common names of all materials and components. Include alloy numbers, brand names, manufacturer name and contact information, supplier name and contact information, and any information that can be used to distinguish the material from other similar products. (For instance, a cast bronze component could have the proper name Bronze alloy CDA. #876, and also have the common name Herculoy Silicon Bronze.)

2D – Wall Hanging/Flat Artwork/Relief

A. Support material (base or foundation).

B. Ground material (primer, gesso, etc., used to isolate media from support). Include approximate number of applied layers if known.

C. Materials/media used in painting, drawing, collage, etc. Include specific information to colors/palette (brand, names, color names, mediums, and texture). Include the method(s) of application, e.g. brush, roller, sponge, sprayer. (Enter material information and manufacturer and supplier information)

D. Varnish or protective coating (e.g. natural, paint color and type, glaze, sealer, patina, fire retardant, etc.). Include method(s) of application and number of applications. (Enter material information and manufacturer and supplier information).

E. Materials used in the presentation of the artwork (e.g. composition of pedestal, deck, vitrine, frame, and assembly hardware, etc.) Enter material information and manufacturer and supplier information

F. Mounting/hanging hardware (e.g. sheetrock mollies, ¼" x 3" galvanized steel lag screws, galvanized d-rings, nooses of stainless steel braided wire, type of cable and fittings, etc.). Enter material information and manufacturer and supplier information

G. Are there mechanical components (e.g. motors, moving parts, sound implements) incorporated into or as part of the artwork? ☐ Yes ☐ No
If Yes, fill in section C in the following section '3D-Sculpture/Integrated Works'.

H. Are there technological components (e.g. digital media, solar panels, lighting, sound media, video) incorporated into or as part of the artwork? ☐ Yes ☐ No
If Yes, fill in sections D, E, and F in the following section '3D-Sculpture/Integrated Works'.

I. Was digital media used to create any portion of the artwork? (e.g. digital files for porcelain enamel, cut-files for CNC machinery) ☐ Yes ☐ No
If Yes, fill in section G in the following section '3D-Sculpture/Integrated Works'.

J. Are there landscaping components incorporated into or as part of the artwork? ☐ Yes ☐ No
If Yes, fill in section H and I in the following section '3D-Sculpture/Integrated Works'.

K. List all vendors, contractors, or persons that had a significant role in the creation, fabrication, materials, and/or installation of the artwork that have not been identified in this section. Include contact information.

3D – Sculpture/Integrated Works

A. Materials and fabrication techniques used in each component of artwork. For each component entry include materials, manufacturer and/or supplier information, fabrication techniques, and fabricator information.

B. Components that received colorants[1], sealants, or protective coatings. Provide detailed information about the type and application of these coatings, including chemical composition. Attach Material Safety Data Sheets (MSDS) and manufacturer's instructions for each product.

C. Describe the location and delivery of power and/or water supplies to or near the artwork that are utilized for the artwork. Provide detailed information about underground conduit, electrical panels and breakers, or connections to a power source.

[1] 'Colorants' can include paints, primers, colored waxes, patina chemicals, dyes, pigments, and oxides.

D. Describe any mechanical components, their placement, and their intended use as they pertain to the artwork.

E. Describe any technological components, their placement, and their intended use as they pertain to the artwork.

F. List any digital media (e.g. e.g. digital files for porcelain enamel, cut-files for CNC machinery) used to create or produce the artwork. Identify artwork components and the type, size, and quality (e.g. dots per inch or pixels) of the digital media files that correspond.

G. Are there landscape elements that are considered part of the artwork? ☐ Yes ☐ No
List the names of specific plants, rocks, or natural objects that are considered part of the artwork and describe the aesthetic and/or conceptual factors that determined their use. Also include information regarding the long term intent of the landscape components. (Attach a site map with specific locations of these landscape elements.)

I. As the work ages, landscape elements can alter drastically and compromise the integrity of other components of the artwork, or possibly even the entire site. Conversely, some landscape components may not develop as intended. Identify any aesthetic or conceptual issues the City of Oak Harbor should consider for reduction or replacement of landscape components.

J. List all vendors, contractors, or persons that had a significant role in the creation, construction, and fabrication of the artwork that have not been identified in this section. Include contact information.

EXHIBIT E

TITLE
and
CERTIFICATE of AUTHENTICITY

"STUMBLY DUCKLINGS"
DATE: _____

This certifies that "Stumbly Ducklings" that was installed in the proposed landscape area at the intersection of Pioneer Way and Ireland Street, Oak Harbor, Washington is an original concept and personally created by

Georgia Gerber
6790 Heggenes Road
Clinton, WA 98236

This transfer of title gives the City of Oak Harbor all rights of ownership, except copyright. The artist retains copyright as permitted under the Federal Copyright Act of 1974. The title of ownership is transferable, but conditions set forth here remain in effect for any new owners. The owner has non-commercial rights, such as photographs for publication purposes and other rights set forth in the Professional Services Contract.

Dated: _____

_____
ARTIST

EXHIBIT F

DETAILED ARTWORK REPORT – PART II

As-Built Information (Artwork Detail)

A. Is the artwork design, materials, fabrication, or location different from the final proposal?

☐ Yes ☐ No

If yes, please describe which portions of the final proposal are different than the completed artwork.

1. Installation/Foundation

A. Is the artwork permanently installed? ☐ Yes ☐ No

B. Can the artwork be deinstalled without being damaged? ☐ Yes ☐ No

C. Explain the process of deinstallation that would allow for the least amount of damage to the artwork.

D. Describe the footing, support structure, mounting, or suspension system for the artwork. Include material type, trade name, composition, hardware specifics, vendor, etc.

E. List the dimensions of the footing, support structure, etc.

F. Are there elements of the footing, support structure, or mounting system that are considered part of the artwork?

☐ Yes ☐ No

G. List the components or portions of the footing, support structure, or mounting system that are considered part of the artwork.

H. List all vendors, contractors, or persons that had a significant role in the installation of the artwork that have not been identified in this section. Include contact information.

As-Built Information (Installation/Foundation)

A. Is the completed artwork installation, footing, support structure, or mounting system different from the final proposal? ☐ Yes ☐ No
If yes, please describe which portions of the final proposal are different than the completed artwork. If the engineering requirements have been revised, please include original sets of all stamped engineering revisions.

2. Conservation/Maintenance

A. Were additional replacement components provided to the City of Oak Harbor for future maintenance and conservation purposes? ☐ Yes ☐ No

List the additional components, material of components, dimension, quantity.

B. Was a mold or dye custom produced for any component of this artwork? ☐ Yes ☐ No

Will the artist provide the City of Oak Harbor with the molds/dyes and consent to allow pieces to be produced from the molds/dyes for the sole purpose of replacing missing or broken components of the artwork? ☐ Yes ☐ No

Will the molds/dyes remain in the artist's possession after the warranty period? ☐ Yes ☐ No

C. Provide recommendations for annual (routine) maintenance for each material type that comprises the artwork. Include information about any specialized tools or equipment required to perform maintenance.

D. Provide recommendations for specialized (cyclical) maintenance for each material type that comprises the artwork. Include information about any specialized tools or equipment required to perform maintenance.

E. Describe what may be acceptable in form, surface, texture, coloration as related to the natural aging, public exposure, or use of each material.

F. Describe conceptual elements of the artwork that need to be considered for future conservation, restoration, or re-siting efforts (e.g. position related to solstice shadow, facing magnetic North)

3. Documents Checklist

Supplemental documentation is required for specific portions of this report. Below is a convenient checklist that will indicate which information is provided by the artist or representative working on the artist's behalf.

- ☐ A manual or booklet has been created to serve as a supplement to this Detailed Artwork Report.
- ☐ MSDS (Material Safety Data Sheets), manufacturer's technical information and instructions for all colorants, sealants, and protective coating systems (with exception to powder coating and porcelain enamel).
- ☐ Schematics, drawings, and/or instructions detailing the process of dismantling or deinstalling the artwork.
- ☐ Site plan detailing the specific location of all components, including landscape components, that are considered part of the artwork.
- ☐ Manufacturers' instruction manuals for all 'off-the-shelf' mechanical and technological components.
- ☐ Backup copies of software and digital media files used in the creation of artwork components, as part of the artwork technology, and/or as the artwork itself.
- ☐ Photographic documentation of installation, during and after the process.

Public Art Project – Georgia Gerber's "Stumbly Ducklings"

AGENDA BILL – EXHIBIT B

Arts Acquisition and Maintenance Fund Balance

Exhibit B

1/4% Utility Tax to Art Fund

2009				
	Revenues	April, 2009	$1,609.57	
		May, 2009	$2,330.59	
		June, 2009	$2,395.83	
		July, 2009	$2,597.49	
		August, 2009	$2,568.54	
		September, 2009	$2,722.48	
		October, 2009	$2,383.99	
		November, 2009	$2,509.24	
		December, 2009	$2,196.33	
		Total	$21,314.06	
	Expenses		$0.00	
		Balance		$21,314.06
2010	Revenues	January, 2010	$2,469.90	
		February, 2010	$2,147.48	
		March, 2010	$2,456.88	
		April, 2010	$2,166.28	
		May, 2010	$2,463.69	
		June, 2010	$2,240.86	
		July, 2010	$2,366.20	
		August, 2010	$3,865.41	
		September, 2010	$2,533.52	
		October, 2010	$2,398.35	
		November, 2010	$2,347.10	
		December, 2010	$2,356.96	
		Total	$29,812.63	
	Expenses		$1,256.10	
		Balance		$49,870.59
2011		January, 2011	$2,374.81	
		February, 2011	$2,378.47	
		March, 2011	$2,371.26	
		April, 2011	$2,491.34	
		May, 2011	$2,555.10	
		June, 2011	$4,544.63	
		July, 2011	$2,543.73	
		August, 2011	$2,632.10	
		September, 2011	$2,989.50	
		October, 2011	$2,569.73	
		November, 2011	$2,478.90	
		December, 2011*	$2,500.00	
		Total	$32,429.57	

* Assumed Revenue

Exhibit B

Expenses	Current expenses - Driftwood Days, public noticing, advances to artists	$35,153.53	
	Budgeted Expense - Balance on completion of Moon Waves and Mermaid	$25,196.00	
	Balance		$21,950.63

			Projected Balance
2012	January, 2012	$2,500	$24,450.63
	February, 2012	$2,500	$26,950.63
	March, 2012	$2,500	$29,450.63
	April, 2012	$2,500	$31,950.63
	May, 2012	$2,500	$34,450.63
	June, 2012	$2,500	$36,950.63
	July, 2012	$2,500	$39,450.63
	August, 2012	$2,500	$41,950.63
	September, 2012	$2,500	$44,450.63
	October, 2012	$2,500	$46,950.63
	November, 2012	$2,500	$49,450.63
	December, 2012	$2,500	$51,950.63
	Total	$30,000	

Public Art Project – Georgia Gerber's "Stumbly Ducklings"

AGENDA BILL – EXHIBIT C

August 8, 2011 Arts Commission Minutes

Exhibit C

Arts Commission Meeting
Monday, August 8, 2011
Oak Harbor City Hall – Conference Room

In Attendance:
Commissioners Lawler, Pohtilla and Townsdin. City Administrator Paul Schmidt was also in attendance.

It was unanimously agreed upon that Commissioner Lawler would lead the meeting.

The meeting was called to order at 6:10 p.m.

- **Minutes**

Upon motion of Pohtilla and second by Townsdin the minutes of July 11, 2011 were unanimously approved.

- **Receive public comment regarding "Stumbly Ducklings", artwork created by Georgia Gerber, for consideration for placement on Pioneer Way.**

City Administrator Schmidt reviewed the Council's June 7, 2011 action to direct the Arts Commission to provide a public comment opportunity on the "Stumbly Ducklings" art piece and provide the results of that process to the Mayor. He added a display ad was placed in the Whidbey News Times prior to this meeting and staff has not received any negative public comments. He noted the purpose of this agenda item is to provide an opportunity for members of the public to comment on the artwork. Mr. Schmidt discussed funding options and advised the Commission staff will put together a report for the City Council giving funding options from which to choose.

Commissioner Lawler opened the meeting to public comment.

Dee Harbour advised the Commissioners she likes the ducklings and inquired about the proposed location.

Discussion followed regarding locations previously chosen in conjunction with the project and the fact that "Moon Waves" will be on Midway and Pioneer and "The Mermaid" will be located on Dock Street.

Ron Hancock expressed support for the ducklings and noted they will speak to the friendlessness of the community.

Wayne Lewis stated he is a fan of Georgia Gerber and it will be good to have her artwork in the community.

There were no further public comments.

The Commissioners expressed unanimous support for the "Stumbly Ducklings".

Public Art Project – Georgia Gerber's "Stumbly Ducklings"

AGENDA BILL – EXHIBIT D

Image of "Stumbly Ducklings"

Exhibit D

Georgia Gerber

Three Ducklings
Approximately 3' Tall x 8' Long
Cast Bronze

City of Oak Harbor
City Council Agenda Bill

Bill No. 8
Date: December 20, 2011
Subject: Suspension of Marina 2012 Rate Increase

FROM: Steve Powers RSP
Development Services Director

INITIALED AS APPROVED FOR SUBMITTAL TO THE COUNCIL BY:
Jim Slowik, Mayor
Paul Schmidt, City Administrator
Doug Merriman, Finance Director
Margery Hite, City Attorney, as to form

PURPOSE
This agenda bill presents a resolution pertaining to Marina rates for the City Council's consideration. If adopted, the resolution would suspend the planned 2012 rate increase for the Oak Harbor Marina.

AUTHORITY
The City Council has authority under RCW 35A.11.020 to regulate its internal affairs, while OHMC 3.36.021 provides the Council the authority to set marina rates by resolution.

FISCAL IMPACT DESCRIPTION

Funds Required: $ N/A

Appropriation Source: N/A

The proposed action would suspend the planned Marina rate increase of five percent (5%) for 2012. The fiscal impact of this action would be a reduction in the amount of revenue received by the Marina from moorage customers during 2012. The exact amount of the decreased revenue cannot be precisely determined as it is a function of the number of boats, their size, the type of moorage and the length of time they are customers. However, using projected 2011 revenue figures, it is estimated that the un-realized revenues would be approximately $38,390. This amount would need to be absorbed by the Marina's budget. On the other hand, the suspension of the pending 5% increase may encourage existing customers to continue their moorage with the Marina which may prevent an even greater loss in revenue.

SUMMARY STATEMENT
In December of 2009, the City Council considered a rate increase for the Marina that would fund its operations and maintenance as well as accrue funds for capital projects. The proposed rate increase introduced to the City Council on December 1, 2009 was set at eleven percent (11%). After receiving public comment on the topic, the Council directed staff to return with a phased rate increase that would raise rates five percent (5%) per year for 2010, 2011 and 2012. The Council approved a resolution that established such a rate schedule on December 15, 2009. Staff has charged rates according to this schedule since that time.

The Marina Advisory Committee has heard comment at several of their meetings in 2011 that the City should consider suspending the pending 5% rate increase for 2012. The reasons given for this proposal are the state of the economy and concern that an additional increase may cause some tenants to leave the Marina. At the Mayor's direction, this topic was placed on the Marina Advisory Committee's agenda for October. Staff introduced the topic to the Advisory Committee at that time, with discussions continuing in November and December.

DISCUSSION

The rate schedule adopted in 2009, for implementation in 2010, 2011 and 2012 was intended to provide adequate funding for Marina operations and maintenance and to begin to develop a reserve to help fund future capital improvement projects. The target level for the reserve was $300,000 per year.

Revenue from permanent moorage is the largest revenue source for the Marina. The amount of revenue generated in any given year is a function of the number of boats, their size, the type of moorage (covered versus uncovered) and their length of stay in the Marina. Occupancy rates in the Marina tend to fluctuate by dock and by time of year. The average occupancy rates, by dock and annually, for the years 2005-2011 are as follows:

Annual Occupancy by Dock for Years 2005-2011

	A	B	C	D	E	F	G	S	Annual
2005	62.3	65.7	93.3	76.3	81.6	45.8	65.7	76.3	**70.9**
2006	59.2	67.8	95	83.1	83.7	45.8	49.3	54.4	**67.3**
2007	66.7	64.5	96.2	86.1	83.9	61.7	56.4	37.3	**69.1**
2008	63.3	60.2	95.8	86	82.9	64.8	70.6	30.9	**69.3**
2009	73.8	66.5	97.4	88.8	87.1	70.7	60.8	67.7	**76.6**
2010	69.6	62.2	95	85.8	85.8	72.1	63.7	93.8	**78.5**
2011	68.2	58.8	89.6	74.6	78.6	47.7	60.7	82.5	**70.1**

*Please note that the 2011 occupancy is through the month of Octoberonly.

This information shows an average, annual occupancy rate of around 70% for 2005-2008. The average increased to almost 77% in 2008 and approximately 79% in 2010. So far in 2011, the rate is approximately 70%.

The permanent and guest moorage revenues received by the Marina for 2005 through 2011 are shown below:

Moorage Revenues for Years 2005-2011

Year	Permanent Moorage Revenue	Guest Moorage Revenues	Total Moorage Revenues
2005	$612,958	$64,972	$677,630
2006	$663,094	$70,773	$733,867
2007	$725,500	$65,710	$791,210
2008	$720,313	$57,866	$778,179
2009	$739,658	$53,100	$792,758
2010	$742,977	$57,066	$800,043
2011	$696,706	$71,089	$767,795

*Please note the 2011 figures are projected based on January-October revenue figures.

A comparison of the occupancy data and the revenue totals finds that there is not always a direct correlation between occupancy and revenue generated. While it can generally be said that the higher the occupancy, the greater the revenue generated, this is not always the case. It is clear, however, that in 2011 there was a decrease in both occupancy and revenues when compared to 2010.

CONCLUSION

Marina revenues are largely a function of its occupancy rate. Fluctuations in the occupancy rate are likely due to a variety of factors, including general economic conditions. Given the downturn in the economy, and the concern that implementing the planned five percent rate increase in 2012 would cause a further decline in occupancy, it is prudent for the City Council to consider suspending the rate increase. A resolution directing staff to suspend the rate increase is attached for the Council's review.

MARINA ADVISORY COMMITTEE REPORT

The Marina Advisory Committee discussed this topic in October, November and December of this year. At their December 5th meeting, the Committee recommended (5-0) that the City Council suspend the 2012 5% rate increase.

STANDING COMMITTEE REPORT

This item was presented to the Governmental Services Standing Committee at their December 13, 2011 meeting.

RECOMMENDED ACTION

Adopt resolution

ATTACHMENTS

Draft resolution

RESOLUTION No. _____

A RESOLUTION OF THE CITY OF OAK HARBOR SETTING CERTAIN MARINA RATES AND CHARGES

WHEREAS, the Oak Harbor City Council conducted a public meeting on December 20, 2011, and determined that the previously approved five percent (5%) Marina rate increase for 2012 should be suspended due to concerns related to the economy and the effect the increase may have on Marina occupancy and revenue generation.

NOW, THEREFORE BE IT RESOLVED by the City Council of the City of Oak Harbor that the following rates shall be established pursuant to OHMC 6.36.020 and shall be referred to as the 'Marina Rate Schedule' for the period January 1, 2012 through December 31, 2012:

SEE ATTACHED TABLES

PASSED and approved by the City Council this 20th day of December, 2011.

THE CITY OF OAK HARBOR

_____
Jim Slowik
Mayor

Attest:

_____
City Clerk

Approved as to form:

_____
Margery Hite
City Attorney

Moorage Rates: Uncovered Slips

Marina

Rate Schedule - 2012

Effective January 1, 2012

Boat or Slip Length	Rate	Subtotal Moorage	State Leasehold Excise Tax 12.84%	Customer Total
15	x $6.091	$91.37	$11.73	$103.10
16		$97.46	$12.51	$109.97
17		$103.55	$13.30	$116.84
18		$109.64	$14.08	$123.72
19		$115.73	$14.86	$130.59
20		$121.82	$15.64	$137.46
21		$127.91	$16.42	$144.33
22		$134.00	$17.21	$151.21
23		$140.09	$17.99	$158.08
24		$146.18	$18.77	$164.95
25		$152.28	$19.55	$171.83
26		$158.37	$20.33	$178.70
27	x $6.51	$175.77	$22.57	$198.34
28		$182.28	$23.40	$205.68
29		$188.79	$24.24	$213.03
30		$195.30	$25.08	$220.38
31	x $6.62	$205.22	$26.35	$231.57
32		$211.84	$27.20	$239.04
33		$218.46	$28.05	$246.51
34		$225.08	$28.90	$253.98
35	x $6.775	$237.13	$30.45	$267.57
36		$243.90	$31.32	$275.22
37		$250.68	$32.19	$282.86
38		$257.45	$33.06	$290.51
39	x $6.895	$268.91	$34.53	$303.43
40		$275.80	$35.41	$311.21
41		$282.70	$36.30	$318.99
42		$289.59	$37.18	$326.77
43		$296.49	$38.07	$334.55
44		$303.38	$38.95	$342.33
45		$310.28	$39.84	$350.11
46		$317.17	$40.72	$357.89
47		$324.07	$41.61	$365.67
48		$330.96	$42.50	$373.46
49	x $7.348	$360.05	$46.23	$406.28
50		$367.40	$47.17	$414.57
51		$374.75	$48.12	$422.87
52		$382.10	$49.06	$431.16
53		$389.44	$50.00	$439.45
54		$396.79	$50.95	$447.74
55		$404.14	$51.89	$456.03
56		$411.49	$52.84	$464.32
57		$418.84	$53.78	$472.61
58		$426.18	$54.72	$480.91
59		$433.53	$55.67	$489.20
60		$440.88	$56.61	$497.49

Moorage Rates: Covered Slips

Marina
Rate Schedule - 2012
Effective January 1, 2012

Boat or Slip Length	Rate	Subtotal Moorage	State Leasehold Excise Tax 12.84%	Customer Total
15	x $7.954	$119.31	$15.32	$134.63
16		$127.26	$16.34	$143.60
17		$134.88	$17.32	$152.20
18		$143.17	$18.38	$161.56
19		$151.13	$19.40	$170.53
20		$159.08	$20.43	$179.51
21		$167.03	$21.45	$188.48
22		$174.99	$22.47	$197.46
23		$182.94	$23.49	$206.43
24		$190.90	$24.51	$215.41
25		$198.85	$25.53	$224.38
26		$206.80	$26.55	$233.36
27	x $8.384	$226.37	$29.07	$255.43
28		$234.75	$30.14	$264.89
29		$243.14	$31.22	$274.35
30		$251.52	$32.30	$283.82
31	x $8.825	$273.58	$35.13	$308.70
32		$282.40	$36.26	$318.66
33		$291.23	$37.39	$328.62
34		$300.05	$38.53	$338.58
35	x $9.74	$340.90	$43.77	$384.67
36		$350.64	$45.02	$395.66
37		$360.38	$46.27	$406.65
38		$370.12	$47.52	$417.64
39	x $10.247	$399.63	$51.31	$450.95
40		$409.88	$52.63	$462.51
41		$420.13	$53.94	$474.07
42		$430.37	$55.26	$485.63
43		$440.62	$56.58	$497.20
44		$450.87	$57.89	$508.76
45		$461.12	$59.21	$520.32
46		$471.36	$60.52	$531.88
47		$481.61	$61.84	$543.45
48		$491.86	$63.15	$555.01
49		$502.10	$64.47	$566.57
50	x $10.776	$538.80	$69.18	$607.98
51		$549.58	$70.57	$620.14
52		$560.35	$71.95	$632.30

Marina
Rate Schedule – 2012
Effective January 1, 2012

Guest Moorage Rates

Based on Overall Length of Vessel	**Nightly Rate**
May 1 – September 15	$.89 per foot
September 16 – April 30	$.69 per foot
Charge for electricity	$3.00

Electricity

Metered slips

Account service charge (applies to all accounts)	$4.96 per month
Charge per kilowatt hour consumed (per meter)	$0.116 per kwh
Minimum charge, regardless of consumption (includes account service charge)	$10.75 per month

Unmetered slips, nonliveaboard (flat fee)

Boats to 30 feet	$10.75 per month
Boats 31 through 36 feet	$16.54 per month
Boats greater than 36 feet	$24.26 per month

Unmetered slips, liveaboard (flat fee)

Boats to 36 feet	$44.10 per month
Boats greater than 36 feet	$58.43 per month

Note: If a tenant utilizes more than one electrical connection, he shall be charged for all power terminals used in accordance with the above rates.

Storage Sheds

Monthly Rate (subtotal)	**State Leasehold Excise Tax (12.84%)**	**Total Monthly Rental Rate**	**Temporary Daily Rate**
$93.53	$12.01	$105.53	$3.86

Use of Hoist

Fees for hoist services performed for customers by marina staff

Launching or retrieving (one way)	$26.25
Round trip	$52.50

Monthly contract rates

Non-commercial	$42.00
Commercial	$58.25

Environmental Compliance Fee

A monthly fee of $1.10 shall be charged to each moorage and mini-storage account.

Parking Lot Storage Rate

Monthly Rate (subtotal)	State Leasehold Excise Tax (12.84%)	Total Monthly Rental Rate	Temporary Daily Rate
$44.95	$5.77	$50.72	$2.21