

*Whidbey Island's Premiere Waterfront Community*



# **City of Oak Harbor**

Biennial Budget  
For the Years Ending 2017-2018

865 S.E. Barrington Drive ~ Oak Harbor, WA 98277

360 279-4500 ~ [www.oakharbor.org](http://www.oakharbor.org)



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### **Vision Statement**

Oak Harbor...a vibrant Whidbey Island waterfront community where everyone is welcome and encouraged to thrive.

### **Mission Statement**

The City of Oak Harbor is committed to creating a vibrant community by delivering quality services, enhancing the quality of life, and fostering economic opportunities.

### **Goals**

- Goal 1: Promote a healthy and growing business community.
- Goal 2: Improve the appearance and livability of the community.
- Goal 3: Encourage a safe 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.
- Goal 7: Promote a healthy work environment and employee excellence.

**Council Members and Management Team**

**Council Members**

Mayor.....Robert Severns  
Mayor Pro-tem.....Danny Paggao  
Council Member.....Rick Almberg  
Council Member.....James Campbell  
Council Member.....Tara Hizon  
Council Member.....Beth Munns  
Council Member.....Joel Servatius  
Council Member.....Erica Wasinger

**Management Team**

City Administrator.....Doug Merriman  
Finance Director.....Patricia Soule  
Police Chief.....Kevin Dresker  
Fire Chief.....Ray Merrill  
Public Works Director.....Cathy Rosen  
Development Services Director.....Steve Powers  
Harbormaster.....Chris Sublet  
City Attorney.....Nikki Esparza  
City Engineer.....Joe Stowell  
Human Resource Manager.....Emma House  
Senior Services Administrator.....Mary Anderson

**Planning Commission**

The Planning Commission serves in an advisory capacity to the Mayor and the City Council. The Planning Commission reviews and makes recommendations on projects that fall under the Type IV and Type V review processes.

The Planning Commission consists of seven members appointed by the Mayor. Each commissioner serves a term of three years. The current members and their term expirations are listed below:

Greg Wasinger (Chairman).....	04/2017
Bruce Freeman (Vice Chairman).....	09/2019
Hal Hovey.....	07/2017
Alyssa Merriman.....	03/2019
Erik Mann.....	10/2019
Cecil Pierce.....	10/2017
Jes Walker-Wyse.....	01/2018

**Arts Commission**

The Arts Commission was established to promote and support public experiences of the visual and other artistic disciplines for the good of the citizens of Oak Harbor. The majority voting membership must reside or work within the City.

The Arts Commission consists of seven members appointed by the Mayor. The Arts Commission amended their by-laws to include two Oak Harbor High School students as ex-officio members to the Commission in 2014. Each commissioner serves a term of four years. The current members and their term expirations are listed below:

Skip Pohtilla (Chairman).....	12/2019
Lizbeth Cort.....	04/2020
Kit Christopherson.....	06/2020
Sharon Hall.....	05/2020
Nora O’Connell-Balda.....	03/2018
Rick Lawler.....	11/2019
John Pendleton.....	06/2017
K. C. Pohtill.....	07/2020

**Community Police Advisory Board (CAB)**

The CAB was established to promote a close relationship between the Police Department and the community. The majority voting membership must reside or work within the City.

The CAB consists of nine members appointed by the Mayor, five of which are Oak Harbor residents, two are owners or managers of businesses located within the City and one member is a high-school age resident. Each commissioner serves a term of four years. The current members and their term expirations are listed below:

Marty Malloy (Chairman).....	04/2018
Gene Barner.....	04/2019
Jeff Campbell.....	03/2017
Nora Daniel.....	03/2020
Susan Gerard.....	11/2019
Sarah Hackleuy.....	09/2020
Cherly Lawler.....	03/2019
Robert Olson.....	04/2019

## City of Oak Harbor, Washington

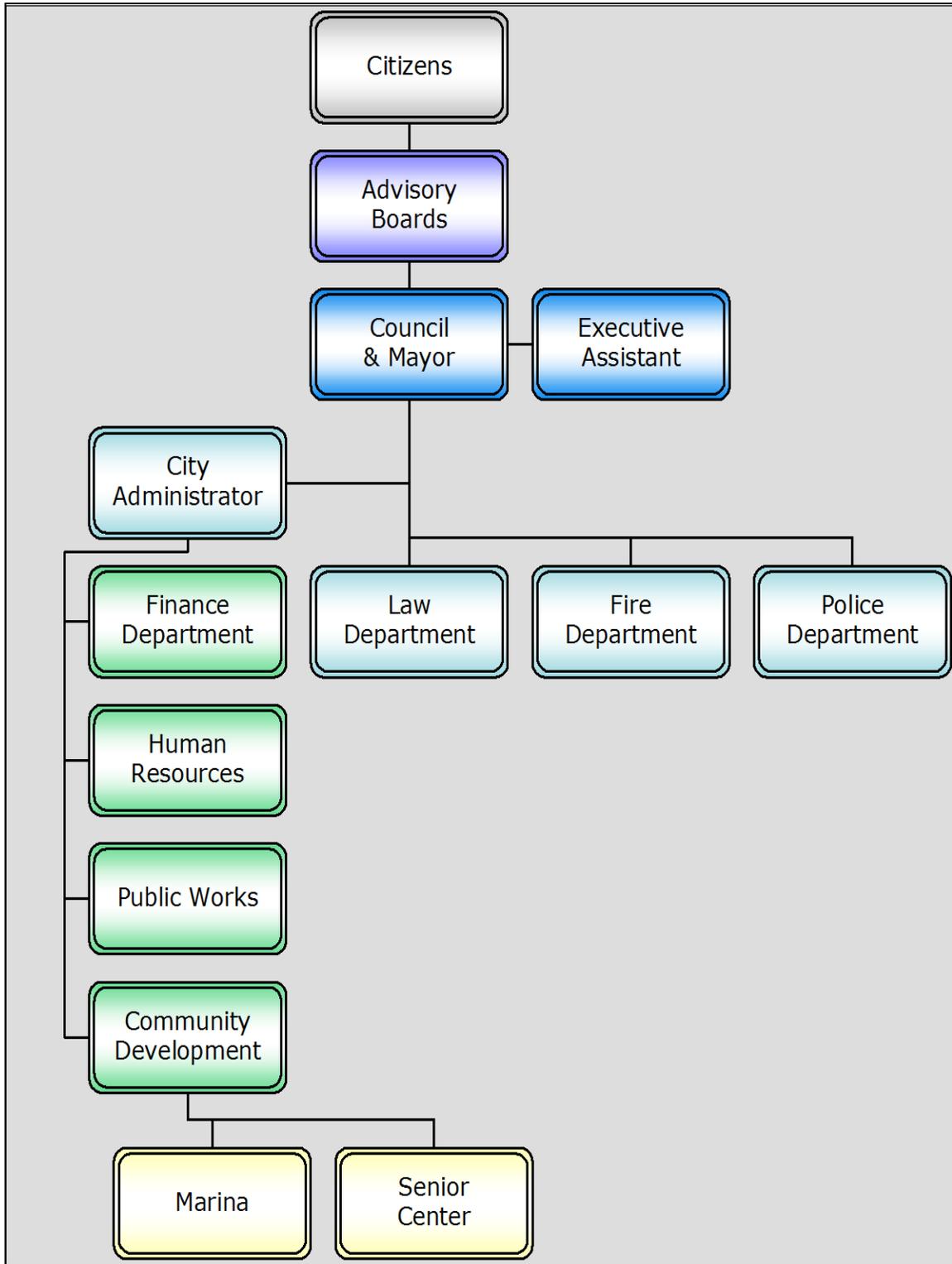


In 1850 the Irish began to settle into the Oak Harbor area with the Dutch following in the 1890's. In 1941 the U.S. Navy began to establish its presence near Oak Harbor. Since then the growth and changes of mission of the Naval Air Station, along with the economic growth of the Northwest Washington, changed the quiet country town of 600 into a beautiful waterfront community of over 20,000 persons.

Oak Harbor's small town flavor continues to be displayed in the numerous annual celebrations. The Irish paint the town green in March, and the Dutch fill the town with tulips the last weekend of April during the annual Holland Happening. Patriotism soars and flags abound on the 4<sup>th</sup> of July celebrating the strong alliance between the community and the Navy. Whidbey Island Race Week, held each year in July, has been rated among the top 20 yachting regattas in the world.

Located just 90 minutes north of Seattle on beautiful Whidbey Island, Oak Harbor is truly a destination to be seen. When visiting Oak Harbor don't miss our old downtown, the original commercial center of Oak Harbor, where historic turn-of-the-century buildings, parks, a full service marina, and beaches are enhanced by panoramic views of the Cascade Range and the Olympic Mountains.

## Organizational Chart



## **Department Functions**

### **City Administrator**

- Administration of City
- Interdepartmental Relations
- Public Relations

### **Community Development**

- Development Services
- Community Planning
- Permit Services
- Building Services
- City Marina
- Senior Center

### **Finance Department**

- Financial Reporting
- Budgeting and Accounting
- Strategic Financial Planning
- Cash and Investment Management
- Utility Billing and Customer Service
- Payroll
- Accounts Payable
- City Clerk
- Information Technology

### **Fire Department**

- Emergency Preparedness
- EMS
- Suppression and Rescue
- Hazard Prevention
- Education

### **Human Resources**

- Staffing
- Employee Training
- Employee Relations
- Workplace Safety

### **Law Department**

- Civil Litigations
- Legal Advisory
- Negotiations
- Criminal Prosecution

### **Police Department**

- Support Services
- Patrol
- Investigation
- Juvenile Services
- Crime Prevention
- Neighborhood Traffic
- Detention and Corrections
- Animal Control

### **Public Works**

- Engineering
- Capital Improvements
- Transportation
- Streets
- Parks and Recreation
- Equipment Rental
- Equipment Replacement
- Facilities
- Water, Sewer, Solid Waste and Storm Drain Utilities



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# Introduction

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January, 2017



To the Members of the City Council, and Citizens of Oak Harbor,

I submit to you the Biennial Budget for the two-year period beginning January 1, 2017 and ending December 31, 2018. This budget incorporates a funding approach which places specific emphasis on supporting our essential priorities: to create safe and vibrant neighborhoods, to grow prosperity and opportunity for all, and to invest in our young people and advance a culture of excellence in government.

### **Budgeted Emphasis**

Oak Harbor, along with nearly every other city in the United States, felt the economic crunch resulting from the Great Recession which began in 2008. During this time, City General Fund revenues decreased dramatically as consumer spending on goods and services, as well as housing sales, plummeted. Fortunately, the City was able to weather this economic storm by implementing our strategic financial contingency plan which utilized precise reductions in elective expenditures as well as a gradual draw against our “rainy day” reserves. Fortunately, this strategy worked as our level of service in critical areas such as public safety, streets, and our utilities, remains strong. Today, our reserves are strong, and our 2017-2018 Biennial Budget reflects slight increases in the areas of fire and police protection, capital maintenance, and economic development. Using community values as a guide, we have crafted the 2017-2018 Biennial Budget to both meet the expectations of our community as well as keeping the City financially sustainable into the future.

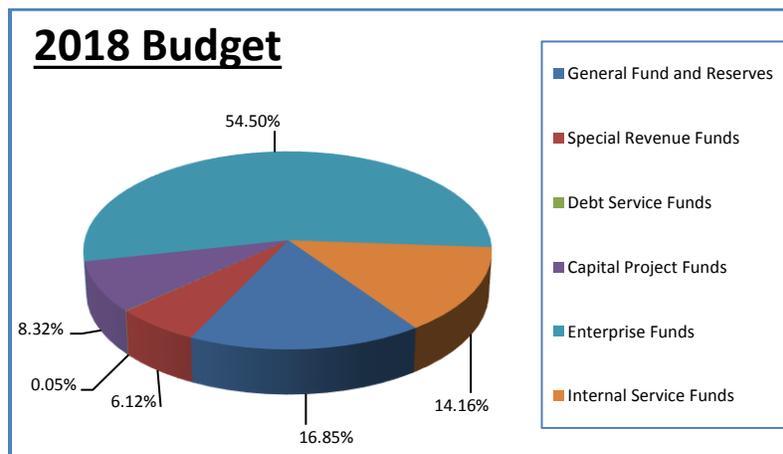
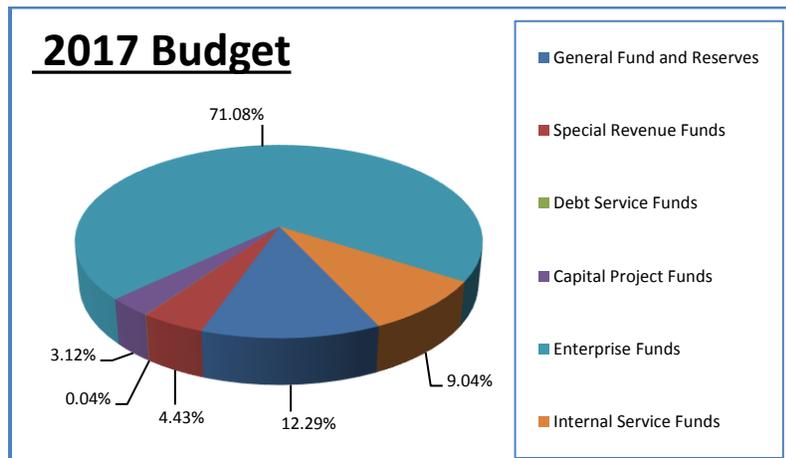
### **Where Does Your Money Go?**

All budgets must be balanced, so the first logical question is where does this money go? The largest item in the overall 2017-2018 Biennial budget by far is for Enterprise Funds, representing 71.08% of the overall budget in 2017, and 54.50% of the overall budget in 2018. The City’s Enterprise Funds, those funds which are supported over 50% by user fees, consist of the City’s Water, Sewer, Solid Waste, and Storm drain utilities, as well as the City Marina. For the next two years, this Enterprise Fund category will remain unusually large as

the City continues the construction and final completion of the new Waste Water Facility. The decrease in expenditure percentages from 2017 to 2018 in this Fund category reflects the wind-down in expenditures as the construction project nears completion.

The General Fund, which supports Fire, Police, Parks, and the supporting departments such as Legal, Finance, Human Resources, and other functions is the next largest category. Following up are expenditures in Internal Service Funds which include budgets for Vehicles and Equipment, Technology, and Facilities, Capital Project Funds which include payments for infrastructure using Real Estate Excise Taxes (REET), and Special Revenue Funds which include budgets for Streets, Arterials, and Tourism Support (2%). A very small section of the graph is Debt Service Funds which reflect payments for General Obligation Debt secured by the General Fund.

The following graphs show the percentage breakdown of the 2017-2018 Biennial Budget by these Fund categories:



## **My Goals for You**

Coming into this office, I have the opportunity to work with the City Council and staff to set a new path to community building and connection. As promised, I have set the following goals to guide our work in a positive manner:

- \* ***Working Together!***
  - \* Building and maintaining relationships
  - \* Enhancing economic development opportunities
  - \* Building strategic partnerships to meet NASWI growth demands
- \* **Promoting and Preserving Sustainable Infrastructure**
  - \* Completing construction of the Clean Water Facility on time
- \* **Relating to Our Community**
  - \* Understanding Oak Harbor's wants and needs
- \* **Helping the City Council Work Effectively**
  - \* Strengthening policymaking capabilities

## **Conclusion**

Through the delivery of these goals, combined with our sound financial policies and enhanced economic development strategies, we respectfully give to you, our citizens, a sound return for the faith and trust you have placed in the City organization. Thank you for making this community a great place to live, work, and play!

Sincerely,



Robert "Bob" Severns  
Mayor  
City of Oak Harbor

### **Oak Harbor's Organizational Structure & Budget Responsibility**

The City of Oak Harbor has a Mayor-Council form of government. The Mayor is elected by the citizens for a four-year term and serves as the chief executive officer of the municipality. The Mayor is responsible for carrying out the policies, which are set by the Council, and supervises the other executive and administrative officers in the performance of their official duties. The Council has the authority to set the municipality's policies and the Mayor is responsible for carrying out these policies.

The City Council consists of seven elected members, each for four year, staggered terms. The Council is the legislative body of the City and is responsible for all legislative actions and policy-making for the City. The Council is empowered with the authority to enact ordinances and policies to protect the rights of the citizens of the community. The City Council meets twice per month to review, direct and legislate on matters of land use, finance and general governance. Council members also serve on committees, which include community members, to review specialized areas and make recommendations to the Mayor and Council.

The City Administrator is appointed by the Mayor, subject to confirmation by the City Council. The City Administrator is the chief administrative officer for the City, under the direction and authority of the Mayor, and is responsible for the management and administration of all City functions and personnel. The Office of the City Administrator is responsible for carrying out all City policies through the supervision and coordination of City departments, the preparation of the annual budget, the preparation of City Council agendas, and a variety of programming, organizing and negotiating activities. The City Administrator is responsible for managing the affairs of the City to maximize efficiency, economy and public confidence.

The Finance Department is responsible for coordinating all aspects of the budget process on behalf of the City Administration. To do this, the Finance Department issues budget instructions, conducts budget preparation training sessions, and communicates regularly with department staff. A primary responsibility of the Finance Director is to provide and analyze department budget information; financial data review the accuracy of financial data, and assist with fiscal elements of the planning process. The Finance Department is also responsible for the actual assembly of the budget document. Furthermore, throughout the year, the Finance Department assists department heads in identifying budget problems formulating solutions and alternatives, and implementing corrective action by the City Administration.

Department heads submit budget requests for the coming fiscal year and provide information that supports their requests for more resources. Each operating department prepares narrative explanations to accompany budget requests. They are necessary to explain exceptions and/or analyze estimated revenues and expenditures.

### **Budgeting Procedures**

Biennial budgets are legally permitted by RCW 35.34.010. In consideration of the lengthy and intense process associated with the adoption of a budget, the Washington State Legislature provided, in 1985, for biennial budgets for cities and towns. The process for adopting a biennial appropriated operating budget is the same as that for an annual budget. The schedule for submitting budget estimates, the proposed preliminary budget, budget hearings and budget adoption is also the same.

#### **The Preliminary Budget**

The budget process for the City of Oak Harbor is year-round activity. Formal budget preparation begins in August, with projection of City reserves, revenues, expenditures and financial capacity. Budget worksheets, manpower reports, instructions and other materials are provided to the departments at this time.

During September, staff in each department is responsible for developing an annual operating budget for their department that meets the general policy direction provided by City Administration. During this time, the Finance Department develops and updates revenue estimates for the coming year. During October the City Administrator meets with representatives from the Finance Department and other departments to discuss specific changes to department budgets. In late October or early November a balanced budget is prepared and submitted to the Mayor for review. A budget is in balance when revenues plus available resources are equal to or greater than planned expenditures plus reserves.

The preliminary budget is available for City Council and citizen review. The Council holds formal public hearings and conducts a series of workshops to examine the budget in detail while deliberating on the preliminary budget proposal.

#### **The Final Budget**

A public hearing is held the second Council meeting in December. Final budget adoption must occur before the December 31 deadline. The Council, by a majority plus one of members, approves the final budget following a public hearing and final discussions.

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## **Comprehensive Financial Management Policies**

### **Introduction**

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.

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 a summary of 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 Financial Goals
- Operating Budget Policies
- Revenue Policies
- Expenditure Policies
- Reserve Policies
- Performance Measurement Policies
- Investment Policy
- Accounting, Financial Reporting and Auditing Policies

### **General Financial Goals**

- a) To provide a financial base sufficient to sustain municipal services to maintain the social well-being and physical conditions of the City.

- b) To be able to withstand local and regional economic trauma, to adjust to changes in the services delivery requirements, and to respond to other changes as they affect the community.
- c) To maintain an excellent credit rating in the financial community and assure taxpayers that Oak Harbor city government is maintained in sound fiscal condition.

**Operating Budget Policies**

- a) The base operating budget is the City's comprehensive two-year financial plan which provide for the desired level of city services as defined by the City's priorities. A budget will be developed every two years using a "budgeting by priorities" process.
- b) The goals of the budgeting by priorities process are:
  - Align the budget with citizen priorities
  - Measure progress towards priorities
  - Get the best value for each tax dollar
  - Foster continuous learning in the City
  - Build regional cooperation
- c) "One-time" expenses require specific authority to be carried forward into subsequent budgets.
- d) Revenues and expenditures for the General Fund and all operating funds shall be projected for the ensuing biennium.
- e) Biennial operating budgets should provide for design, construction, maintenance and replacement of the City's capital, plant, and equipment consistent with the Capital Facilities Plan including the related cost for operating such new facilities.
- f) The City will maintain all its assets at a level such that it protects the City's capital investment and minimizes future maintenance and replacement costs.

**Revenue Policies**

- a) Current revenues will be sufficient to support current expenditures.
- b) 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.
- c) 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.
- d) 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.

- e) 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.
- f) 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.
- g) 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

- 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. 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

- 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. 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.
- 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. 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.

**Expenditure Policies**

- a) 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.
- b) 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.
- c) 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.
- d) 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.
- e) 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.
- f) 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.
- g) The City will maintain expenditure categories according to state statute and administrative regulation.

Personnel

- a) 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.
- b) 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

- 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 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

- 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. Refunding bond issues designed to restructure currently outstanding debt is also an acceptable use of bond proceeds.
- 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.
- e) 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.
- f) 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.
- g) 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.

### **Reserve Policies**

#### General Fund Stabilization Reserve

The General Fund shall maintain a Stabilization Reserve in the amount of \$3,000,000 or 25% of General Fund Budgeted Revenues, whichever is greater.

#### Operating 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 16.67% percent of the fund's operating budget, excluding building permit revenue and any significant one-time revenues.

#### 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, equipment, and technology 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 by the department requesting the withdrawal.

#### Rainy Day 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.

#### 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 1/4 percent 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 Enterprise Funds

A cumulative reserve shall be established by the Water, Wastewater, Solid Waste, Storm Drain, and Marina 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 and the Marina in accordance with the provisions set forth in the bond covenants.

Paths and Trails Fund

The purpose of this reserve fund is to establish and maintain paths and trails for bicyclists, equestrians and pedestrians. The basis for revenue is a one-half of one percent of Motor Vehicle Fuel Taxes received by the Street Fund. Funds must be expended for the purpose required within ten years of receipt.

**Performance Measurement Policies**

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:

- a) Developing accurate and fair measures of quality and effectiveness of service delivery in each City department and agency.
- b) 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.

- c) Integrating the work standards and measures produced by the performance evaluation effort into the City's existing budgetary and accounting systems.
- d) 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.

### ***Investment Policy***

The Finance Director will biennially submit any recommended amendments to the City's investment policy to the City Council for review.

### ***Special Revenue Policies***

- a) The City will establish and maintain Special Revenue Funds in accordance with Generally Accepted Accounting Principles which will be used to account for the proceeds of specific revenue sources to finance specified activities which are required by statute, ordinance, resolution, or executive order.
- b) The City will comply with GASB Statement 54 which defines the appropriate use of Special Revenue Funds for reporting purposes. The City Council may determine to separate the General Fund into supporting "sub-funds" for budgeting and management purposes. These "sub-funds" will be combined for financial reporting purposes to comply with GASB Statement 54.
- c) Special Revenue Funds having biennial operating budgets will be reviewed by the City during the budget process.

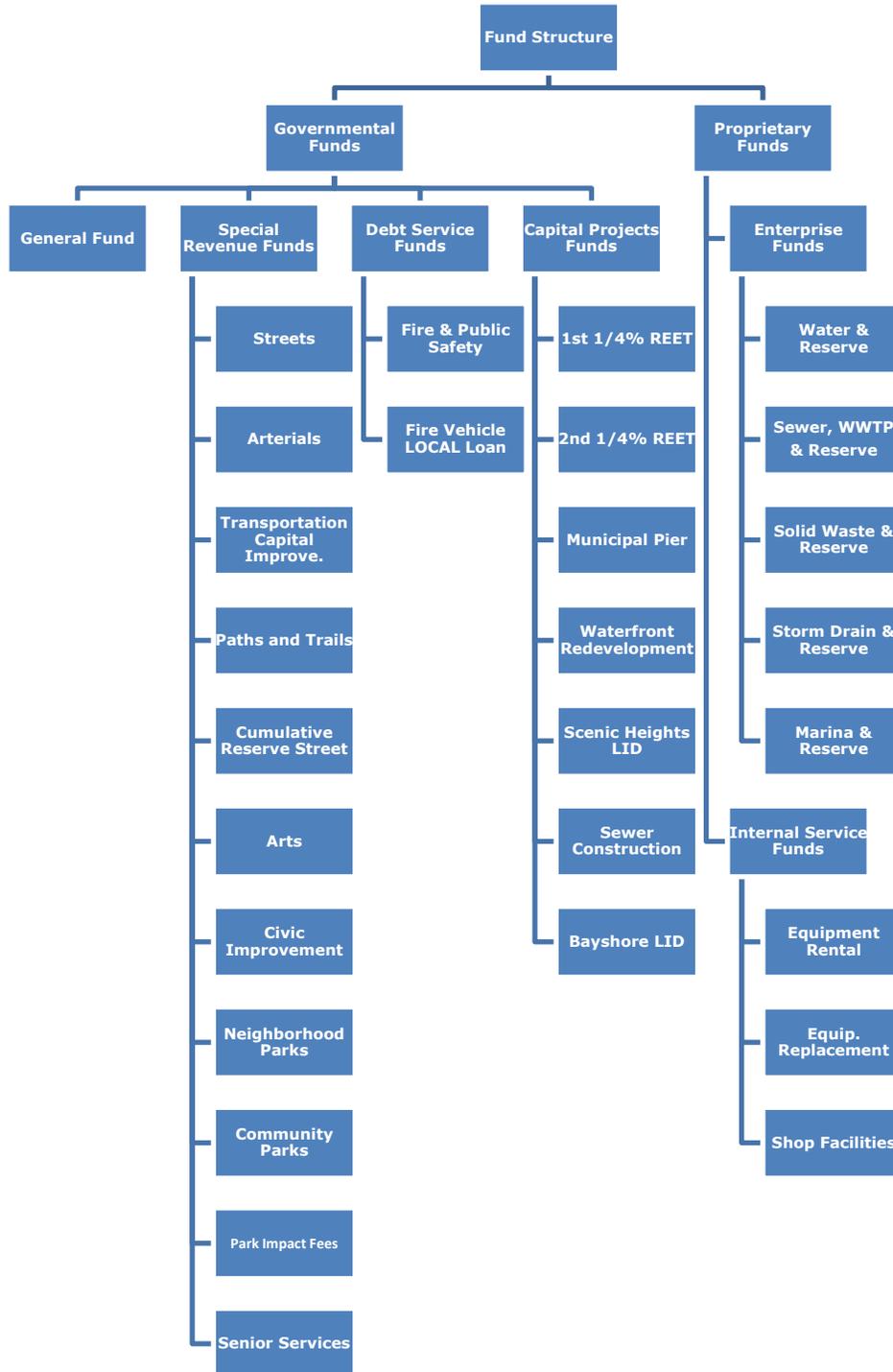
### ***Accounting, Auditing, and Financial Reporting Policies***

- a) The City will establish and maintain a high standard of internal controls and accounting practices. The City budgets and accounts for revenues and expenditures on a modified accrual basis in its day to day operations.
- b) The accounting system will maintain records on a basis consistent with accepted standards for local government accounting and the State of Washington Budgeting, Accounting, and Reporting Systems.
- c) Regular monthly and annual financial reports will present a summary of financial activity by major types of funds.
- d) The annual financial report shall conform to Generally Accepted Accounting Principles and be in the form of a Comprehensive Annual Financial Report as described by the GFOA.
- e) A fixed asset system will be maintained to identify all City assets, their location, condition, and disposition.

- f) The City will ensure that City records are audited annually and which will result in the issuance of a financial opinion. The results of such audit are to be available to the public via the City's website.

**Fund Descriptions**

The financial operations of the City are organized into funds and account groups, each of which is a separate fiscal and accounting entity. All revenues received or expenditures made by the City are accounted for through one of the funds or account groups listed below.



**Governmental Funds**

Most City functions are financed through what are called governmental funds. There are five types of governmental funds:

1. General Fund
2. Special Revenue Fund
3. Debt Service Fund
4. Capital Projects Fund
5. Expendable Trust Fund

**General Fund**

The General Fund is the major operating fund of the City government and it accounts for the vast majority of City operations. The General Fund pays for police and fire services, parks and recreation, development services, building inspection, general city administration, legal, and finance among other city functions.

Major revenues are local sales taxes, property taxes, state shared revenue, fines and forfeitures, license and permit fees, charges for services, interest, and other fees.

The General Fund is considered unrestricted, and can be used for any governmental purpose. All other City funds are used to account for revenues that are restricted under either federal, state, or local law, including generally accepted accounting principles.

**Special Revenue Funds**

Special Revenue funds are used to account for those types of revenues that are legally restricted to be spent for a specific purpose (except for expendable trusts or major capital projects). These revenues must be accounted for separately from the General Fund for a variety of reasons. Special revenue funds pay for street and arterial improvements funded through motor vehicle fuel tax, path and trail improvements funded through motor vehicle fuel tax, civic improvements paid for with the 2% hotel lodging tax, neighborhood and community park improvements paid for with impact fees, and the Senior Center which is funded through restricted contributions from both the City General Fund and Island County, and through program revenues.

**Debt Service Funds**

The following are the types of debt generally issued by the City for general government purposes:

Unlimited Tax General Obligation Bonds represent debt that was approved by voters for a specific purpose. In this case, citizens have agreed to levy property taxes to repay the debt, generally over specified period of time.

Legal Debt Limits Legal Debt Limits established in state statute are as follows: Councilmanic Bonds (non-voted) 1.5% of assessed property valuation; Unlimited Tax General Obligation Bonds (voted), Utility Purposes with a 3/5 public vote, and Open Spaces and Parks Facilities with a 3/5 public vote are all 2.5% assessed property valuation. The 2016 assessed property valuation is \$1,596,639,892. The Councilmanic Legal limit is \$23,949,598. The Unlimited Tax G.O. Bond, Utility and Parks legal limit are all \$39,915,997.

Limited Tax General Obligation Bonds (also called "Councilmanic Bonds") can be issued with approval of the City Council. The debt is repaid from general revenues of the City.

Local Improvement District (LID) Bonds represent debt that is repaid by the property owners who benefited from the capital improvement through annual assessments paid to the City. LIDs are formed by the City Council after a majority of property owners agree to the assessment.

### ***Capital Projects Funds***

The Capital Projects funds are used to account for the monies used for the acquisition or construction of major capital facilities (such as buildings or roads).

The City's Capital Projects funds are funded by grants, private sources, and transfers from other City funds or from the receipt of bond proceeds resulting from the City's issuance of bonds for a specific project.

### ***Expendable Trust Funds***

These funds are used to account for monies received by the City in a trustee capacity, where both the principal and earnings of the fund may be expended. The City currently does not utilize any Expendable Trust Funds

## **Governmental Funds and The City's Financial Structure**

The City's financial structure is consistent with Washington State's Budget, Accounting, and Reporting System (BARS), as required for all Washington local governments. The financial statement is prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units.

Expenditure budgets are prepared at the "line item" or object-of-expense level. (An example is wages, uniforms and clothing, office supplies, professional services, etc.) Summary totals are provided for object groups (such as wages, benefits, supplies, and capital outlay). Further subtotals are provided for organizational units within departments (divisions), which are an approximation of costs by function. Finally, department and fund totals provide a broader viewpoint of the budget. The financial overview page contained within each operating department section provides summary level financial data with comparative years.

Governmental funds use the modified-accrual basis of accounting. Under this basis, revenues are recognized when received in cash and earned. Expenditures are accounted for on the accrual basis with the exception of employee leave benefits and long-term debt, which are recognized when due.

### ***Proprietary Funds***

Proprietary operations of the City, enterprise and internal service functions, are accounted for using the accrual basis of accounting in a manner comparable to private industry. Proprietary funds are used to account for the City's activities that are similar to those found in the private sector. These activities are not financed by taxes, but rather by fees charged to the users of the service. The accounting principles used for proprietary funds are the same as those applicable to similar businesses in the private sector.

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### Utility Enterprise Funds

These funds accounts for the activities of providing utility services to citizens within the City's certificated area of service. The City recognizes that enterprise activities are most advantageous to the City when supported fully by fees. As more customers are connected to the system, user charges are expected to cover the full cost of providing these services to the system customers.

### Internal Service Funds

Internal Service funds are used to account for the financing of goods or services provided by one department to another, or to other governments, on a cost-reimbursement basis. By reporting such goods and services in this manner, the City is able to:

- Account for the total cost of the activity,
- Accumulate resources for replacing fixed assets, and
- Isolate interfund services so that governmental fund types do not report related revenues and expenditures twice within the same fund type (once by the department furnishing the goods or services, and once by the department receiving the goods or services).

Though not required by law, annual budgets for internal service funds are prepared for internal management purposes. Revenue for such funds is derived from the charges assessed to each user department.

### **Budget Organization – Fund Numbering System**

The funds of the city are organized following the guidance provided in the Budgeting Accounting Reporting System (BARS) maintained by the Washington State Auditors Office. The fund numbers correspond to the use of the fund's revenues. The numbering system is as follows:

#### **General Fund**

#### **001 Series**

This fund is the general operating fund of the City. It accounts for all financial resources and transactions except those required to be accounted for in another fund. The activities of fire and police service, legal, finance, planning, parks and recreation, administration, and other general activities are included.

The **Current Expense Fund #001** receives property taxes, sales taxes, and other revenues to cover the cost of general city operations.

The **Current Expense Reserve Fund #002** is the holding fund for stabilization and reserve funds. Currently the stabilization transfer and fire department reserve funding are the major revenue source.

The **Flexible Spending Account Fund #003** is used to account for the activities of the employee unreimbursed medical plan.

The **Seizure Fund #005** holds funds from drug seizures.

The **Marathon Fund #006** is used to account for the activities of the City's marathon.

**Special Revenue Funds****100 Series**

Special Revenue funds account for revenues derived from specific taxes, grants, or other sources, which are designated to finance particular activities of the City. The City's Special Revenue Funds include the following fund accounting entities:

The **Street Fund #101** receives State-shared unrestricted gasoline tax revenues and Capron funds. Capron funds are State-shared revenues comprised of gasoline taxes and motor vehicle license fees. 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.

The **Arterial Street Fund #104** receives State-shared restricted gasoline tax revenues and State grants for capital improvements to the City's arterial system.

The **Transportation Capital Improvement Fund #105** collects revenue from development activity and grants to be used for expenditures on improvements to public streets and roads.

The **Paths and Trails Fund #106** collects revenues equal to ½ of 1% of the motor vehicle fuel tax. These revenues are for the dedicated use of constructing and maintaining the city's pedestrian and bicycle paths and trails.

The **Cumulative Reserve Street Fund #110** reserves matching funds for grant requirements and as a contingency reserve for unanticipated expenditures. There are no balances or activity in this fund

The **Arts Acquisition and Maintenance Fund #115** collects ¼% of the 6¼% utility tax to foster the creative arts in the City.

The **Civic Improvement Fund #116** receives hotel/motel tax revenues for expenditure on promotion of tourism. The City receives both the basic 2% and the additional 2% lodging taxes.

The **Neighborhood Parks Fund #125** receives revenue from developers for constructing and maintaining new and established neighborhood parks.

The **Community Parks Fund #126** receives revenue from developers for constructing and maintaining new and established larger scale community parks.

The **Parks Impact Fee Fund #127** receives revenue from developers for constructing and maintaining new and established parks. This fund is the result of combining Neighborhood and Community Park funds.

The **Senior Services Fund #129** receives participant fees, grant revenues, and contributions from The City's General Fund and Island County for expenditures associated with providing services and activities for the senior citizens in Oak Harbor and Island County.

**Debt Service Funds**

**200 Series**

Debt Service funds account for the accumulation of resources and the payment of general long-term debt principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies when the government is obligated in some manner for the payment.

**Fire and Public Safety Bond Fund #201** accounts for the advance refunding of the callable portion of the City's 1987 General Obligation Bond and advance refunding of the City's 1991 General Obligation Bond (totaling \$2,680,000). These bonds were retired in the year 2010, therefore there are no balances or activity in this fund.

**LOCAL Loan Fund #230** accounts for the debt service on the lighting upgrade project.

**Capital Projects Funds**

**300 Series**

Capital Projects funds account for financial resources, which are, designated for the acquisition and construction of general government capital improvements (other than those financed by proprietary funds).

The **Cumulative Reserve – Municipal Fund #311** receives the first ¼ of 1% of the Real Estate Excise Taxes. These revenues are to be used for municipal capital improvement projects necessary to implement Growth Management Act-related improvements.

The **Cumulative Reserve – Capital Fund #312** receives the second ¼ of 1% of the Real Estate Excise Taxes. These revenues are to be used for general capital improvement projects identified in the City's Capital Facilities Plan.

The **Municipal Pier Fund #320** was established to record the expenditures for the construction of the Municipal Pier project.

The **Windjammer Park Project Fund #325** receives funding from various grant, lodging tax, and subsidy sources to be used in the redevelopment of Windjammer Park project.

The **Scenic Heights LID Fund #361** accounts for the financial activity related to the Scenic Heights LID project. There are no balances or activity in this fund.

The **Sewer Construction Fund #362** accounts for the financial activity related to upgrades to the City's sewer system. There are no balances or activity in this fund.

The **Bayshore LID Fund #363** accounts for the financial activity related to the Bayshore LID project. There are no balances or activity in this fund.

**Enterprise Funds**

**400 Series**

Enterprise funds account for operations (a) that are normally financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of

revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. Enterprise funds include:

The **Water Fund #401** accounts for the operations of the City-owned water utility. The water department maintains three storage tanks, approximately 103 miles of water mains, three booster pumps and associated facilities. The distribution system serves the City of Oak Harbor and supplies water to the U.S. Naval Air Station at Whidbey Island.

The **Wastewater Fund #402** accounts for the operations of the City-owned sanitary sewer utility. The City's sewer treatment plant and sewer treatment lagoons provide secondary treatment. The sewer department maintains approximately 70 miles of sanitary sewer mains, 11 remote lift stations and associated appurtenances. The collection and treatment system serves the City of Oak Harbor and a portion of the U.S. Naval Air Station at Whidbey Island.

The **Solid Waste Fund #403** accounts for the operations of the City-owned solid waste utility. The solid waste utility provides full service solid waste, recycling and yard waste. This utility serves the City of Oak Harbor.

The **Storm Drain Fund #404** accounts for the operations of the City-owned Storm Drain utility. The storm drain utility consists of 10 City-owned detention facilities and control structures and maintains approximately 49 miles of storm drain pipe, roadside ditches and bio-swales. This utility serves the City of Oak Harbor.

The **Marina Fund #410** accounts for the operations of the City-owned Marina. This full-service marina has moorage berths, dry storage sheds and dry landing storage. Other services provided are: temporary moorage, electricity, fuel, and launcher.

The **Water Cumulative Reserve Fund #411** is the Water Fund's reserve account and will collect monies to be used for future capital improvements.

The **Wastewater Cumulative Reserve Fund #412** is the Wastewater Fund's reserve account and collects monies to be used for future capital improvements.

The **Storm Drainage Cumulative Reserve Fund #414** is the Storm Drainage Fund's reserve account and collects monies to be used for future capital improvements.

The **Marina Fund Cumulative Reserve #420** is the Marina Fund's reserve account and will collect monies to be used for future capital improvements.

The **WWTP Project Fund #422** accounts for the revenues and expenditures related to the construction of the new Wastewater Treatment Plant.

## Internal Service Funds

## 500 Series

Internal Service funds account for operations that provide goods and services to other departments or funds within the City or to other governmental units on a cost-reimbursement basis.

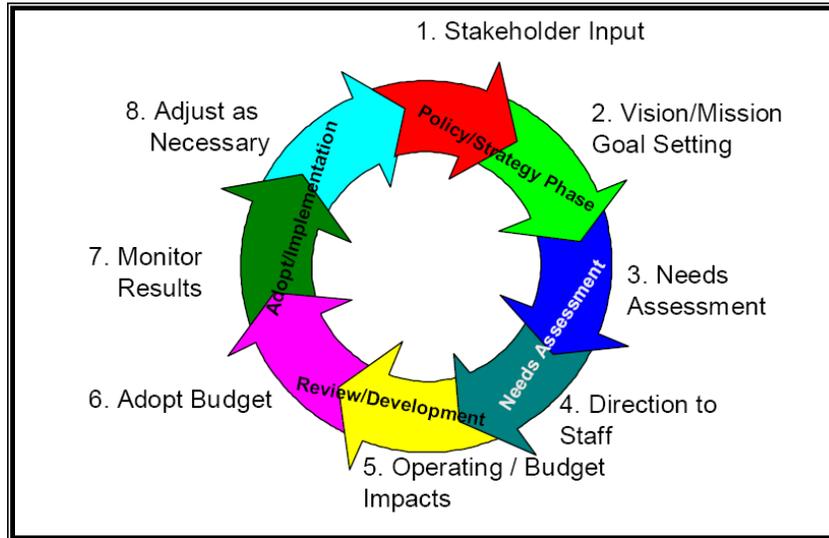
The **Equipment Rental Fund #501** accounts for the motor-pool operations of the City. Maintenance, operation, and depreciation costs are charged to each user

department on a monthly basis. Equipment Rental finances replacement of all vehicles and heavy equipment. Cash reserves or “sinking funds” are established to fully fund vehicle and major equipment needs at the time of purchase.

The **Equipment Replacement Fund #502** accumulates funds for future purchases of larger pieces of equipment, technology and all vehicles for the City.

The **Shop Facility Fund #510** serves two purposes. First, it accounts for the cost of operating the Public Works Facility Campus and supervision of the various Public Works divisions. Each division that is housed at the facility is charged space rent, with the annual proceeds used to pay maintenance and overhead. Secondly it charges out for the Special Labor Pool to the other funds that use these employees.

**Budget Process Calendar**



**Process**

**Date**

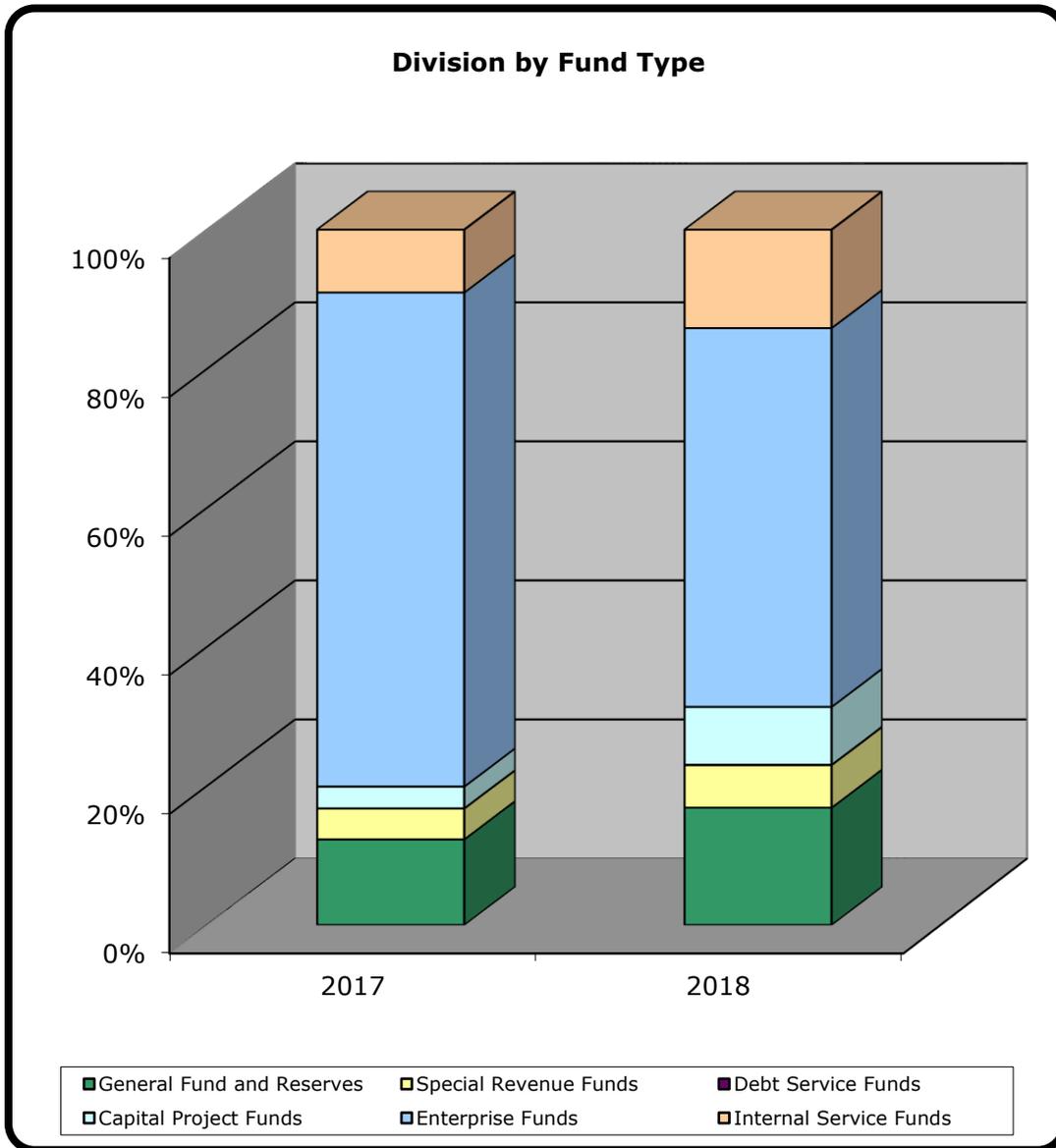
Stakeholder Input Process	March
Council Retreat	Early April
Early Budget Hearing	Early June
Deadline for City Council Suggestions & Proposals	June 30
Mid-Year Financial Review	Mid-July
Proposed Preliminary Budget	Late September
Proposed Biennial Budget and Planning Calendar	2 <sup>nd</sup> Week September
Budget Workshops on Departmental Proposals	October
Budget Estimates – Revenue & Expenditure	1 <sup>st</sup> October Meeting
Budget hearing - Motion to Adopt the Preliminary Budget	1 <sup>st</sup> November Meeting
Council Work Session – Review of Budget	November
Public Hearing – Final Budget (as defined by RCW 35A.33.070)	Final November Meeting
Mid-Biennium Review Commences Process	Sept. 1, through Aug 31
for Mid-Biennium Review - review with City Council	

**Overall Budget Summary****Operating Budget by Fund**

<b>Fund</b>	<b>Actuals 2015</b>	<b>Amended 2016</b>	<b>Adopted 2017</b>	<b>Adopted 2018</b>
001 CURRENT EXPENSE	\$13,410,339	\$15,976,827	\$17,029,382	\$15,886,033
002 CURRENT EXPENSE RESERVES	-	3,683,688	3,765,488	3,418,700
003 CURRENT EXP - AMERIFLEX	31,725	15,000	15,000	15,000
005 CURRENT EXP - SEIZURE	3,585	10,000	5,000	5,000
006 WHIDBEY ISLAND MARATHON	137,130	153,171	158,165	164,209
101 STREETS	1,230,267	2,423,957	2,619,987	2,257,205
104 ARTERIALS	127,595	1,404,997	1,713,820	1,624,017
105 TRANSPORTATION CAPITAL IMPROVE	-	1,188,097	1,284,276	1,291,108
106 PATHS & TRAILS 1/2 OF 1% MVFT	19,295	12,422	10,727	12,862
115 ART ACQUISITION & MAINTENANCE	40,398	63,534	144,716	190,749
116 CIVIC IMPROVEMENT (2%)	287,006	887,110	912,396	920,436
125 PARK IMPROV-NEIGHBORHOOD PARKS	-	98,092	98,392	600
126 PARK IMPROV COMMUNITY PARKS	4,908	266,335	264,182	264,982
127 PARK IMPACT FEES	-	100,657	170,757	195,985
129 SENIOR CENTER	359,073	432,403	330,164	323,437
230 LOCAL LOAN	-	-	59,890	59,890
311 CUM RESERVE (M) 1ST 1/4% REET	-	1,532,334	1,935,334	1,927,249
312 CUM RESERVE MCI 2ND 1/4% REET	-	938,482	1,440,482	1,561,232
320 CONSTRUCTION - DOCK PROJECT	-	168,900	200,500	201,000
325 WATERFRONT REDEVELOPMENT FUND	-	400,902	1,747,976	5,933,325
401 WATER	4,960,890	10,643,357	14,061,441	12,649,293
402 SEWER	7,798,388	37,552,483	87,101,564	30,684,833
403 SOLID WASTE	3,724,589	5,708,304	5,032,597	5,018,537
404 STORM DRAIN	1,597,015	3,005,560	3,854,289	3,901,976
410 MARINA	1,693,706	1,854,658	1,936,868	1,865,998
411 CUMULATIVE RESERVE WATER	1,987	2,983,161	3,192,661	2,718,441
412 CUMULATIVE RESERVE SEWER	1,124	5,417,889	5,539,889	5,660,649
413 CUMULATIVE RESERVE - SOLID WASTE	-	117,560	117,910	118,260
414 CUMULATIVE RESERVE STORM DRAIN	-	418,494	419,694	420,894
420 CUMULATIVE RESERVE MARINA	-	8,651	8,701	8,751
501 EQUIPMENT RENTAL	922,763	1,266,321	1,174,302	1,176,753
502 EQUIPMENT REPLACEMENT	785,834	10,140,175	11,356,884	12,158,346
510 SHOP FACILITY	3,419,426	2,676,164	2,897,434	3,043,508
<b>Total</b>	<b>\$40,557,044</b>	<b>\$111,549,685</b>	<b>\$170,600,868</b>	<b>\$115,679,258</b>

**Operating Budget by Fund Type**

Fund Type	Actuals 2015	Amended 2016	Adopted 2017	Adopted 2018
General Fund and Reserves	\$13,582,779	\$19,838,686	\$20,973,035	\$19,488,942
Special Revenue Funds	2,068,543	6,877,604	7,549,417	7,081,381
Debt Service Funds	-	-	59,890	59,890
Capital Project Funds	-	3,040,618	5,324,292	9,622,806
Enterprise Funds	19,777,700	67,710,117	121,265,614	63,047,632
Internal Service Funds	5,128,023	14,082,660	15,428,620	16,378,607
<b>Total</b>	<b>\$40,557,044</b>	<b>\$111,549,685</b>	<b>\$170,600,868</b>	<b>\$115,679,258</b>





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# General Fund

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**General Fund Revenues**

**Major Revenue Sources**

***Property Taxes***

Property taxes are levied on the assessed valuation of real and personal property within the city limits. State law limits the amount of property tax the city may levy to no more than \$3.60 per \$1,000 of assessed valuation. In addition there are limitations on the amount of property tax increases from one year to another.

***Sales Tax***

Sales tax is imposed on the sale of goods and services occurring within the municipal boundaries of the city, or when certain goods ordered from other jurisdictions are delivered to customers residing in Oak Harbor. Currently, the City's total sales tax rate is 8.7% of which the City is allowed to receive, by law, an amount equal to 1% of sales. The sales tax is collected by the State of Washington, remitted to Island County, which in turn remits to Oak Harbor its 1% revenue portion, less a 15% fee retained by the County for administration. The net effect being that the City of Oak Harbor receives sales tax in the amount of 0.85% of sales – equaling approximately 9.77 cents of each sales tax dollar collected at the point of sale.

***Business & Cable Taxes***

The City imposes a tax on business within the city limits based on their gross operating revenues.

***Gambling Taxes***

These taxes are assessed upon gambling operations within the City of Oak Harbor and cover punch- boards, pull tabs, bingos, and raffles.

***Business Licenses***

This revenue is from the issuance of licenses to conduct business in the City of Oak Harbor. The fees charged are a direct reflection of the type of business and number of employees.

***Building & Other Permits***

Building permit fees represent a cost recovery fee established to reimburse the City for the time spent by staff in reviewing construction projects. Also included in the figures below are small amounts collected for animal licenses and other miscellaneous permits.

***State Shared Revenue***

The State of Washington collects certain revenues and then shares these funds with local government, with distribution based on population. These monies include Motor Vehicle Fuel Tax, CAPRON funds, Liquor Excise Taxes, Liquor Profits, and others.

***Municipal Court Collections***

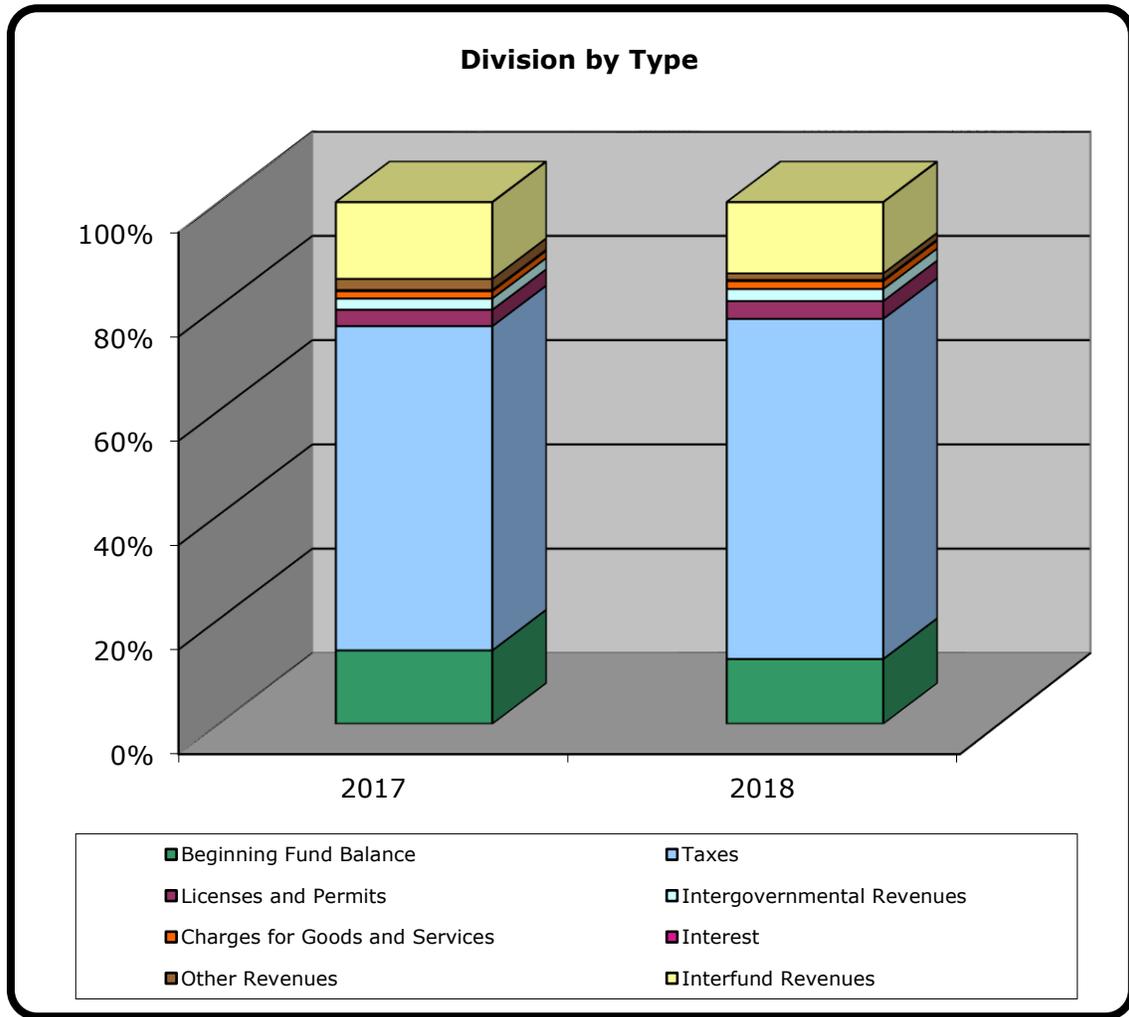
The City of Oak Harbor collects and retains a portion of the fines levied to individuals who appear in the municipal court and also is reimbursed for a portion of some costs and expenses such as probation fees and court appointed attorney fees.

**Camping Fees**

The City owns and operates a recreational vehicle campground and these fees represent the camping fees related to this operation.

**Revenues by Type**

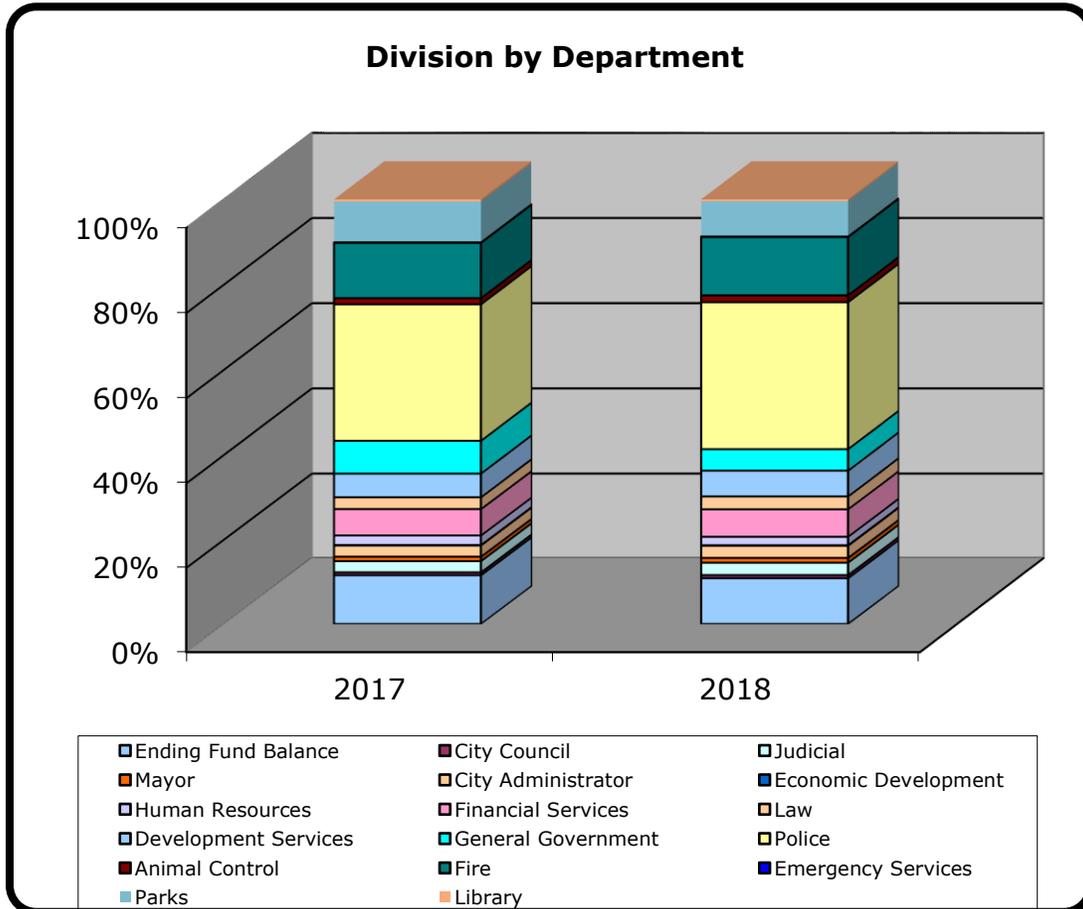
Source	Actual 2015	Amended 2016	Adopted 2017	Adopted 2018
Beginning Fund Balance	\$ 2,850,299	\$ 2,083,857	\$ 2,392,571	\$ 1,969,700
Taxes	9,663,416	9,879,343	10,587,970	10,359,983
Licenses and Permits	541,273	530,640	534,550	542,171
Intergovernmental Revenues	475,779	282,650	366,925	368,000
Charges for Goods and Services	269,177	253,200	240,587	240,587
Interest	28,664	17,600	33,100	33,100
Other Revenues	685,804	337,000	367,636	201,636
Interfund Revenues	1,928,289	2,592,537	2,506,043	2,170,856
<b>Total</b>	<b>\$ 16,442,701</b>	<b>\$ 15,976,827</b>	<b>\$ 17,029,382</b>	<b>\$ 15,886,033</b>



**Current Expense Summary**

**Expenditures by Department**

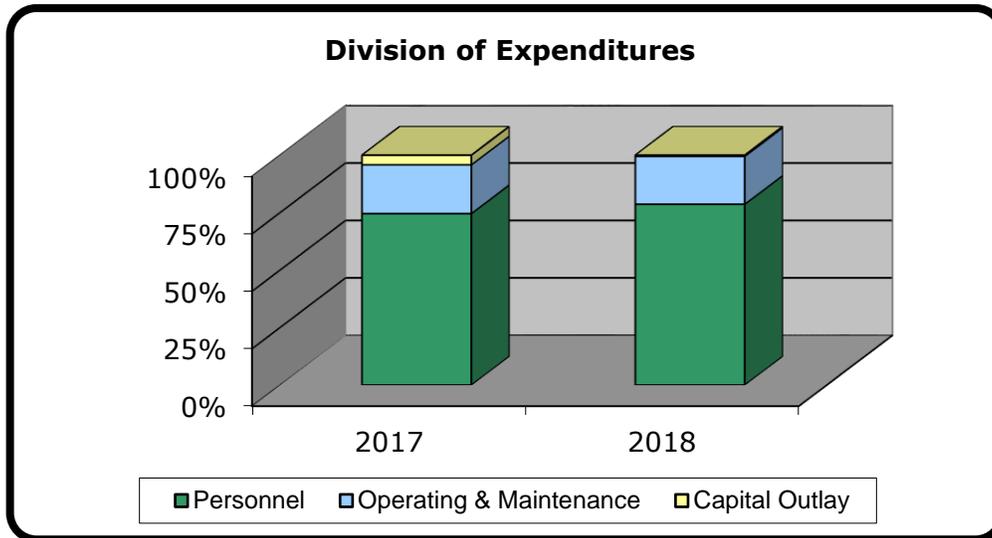
Fund	Actual 2015	Amended 2016	Adopted 2017	Adopted 2018
Ending Fund Balance	\$ -	\$ 1,684,300	\$ 1,969,700	\$ 1,726,028
City Council	111,661	121,100	117,308	116,791
Judicial	305,063	451,575	448,980	463,980
Mayor	169,848	173,193	180,212	181,239
City Administrator	181,168	415,983	451,933	458,004
Economic Development	33,906	105,010	20,000	20,000
Human Resources	242,757	271,046	384,744	318,633
Financial Services	937,637	928,329	1,062,796	1,033,828
Law	544,400	457,861	478,336	484,881
Development Services	818,621	959,581	951,753	964,502
General Government	933,747	901,120	1,311,805	803,059
Police	5,440,193	5,540,794	5,456,104	5,483,700
Animal Control	234,641	270,153	249,764	253,677
Fire	2,109,942	2,080,465	2,208,878	2,173,668
Emergency Services	14,895	19,090	17,671	17,973
Parks	1,264,319	1,307,551	1,634,598	1,316,270
Library	67,541	289,676	84,800	69,800
<b>Total</b>	<b>\$ 13,410,339</b>	<b>\$ 15,976,827</b>	<b>\$ 17,029,382</b>	<b>\$ 15,886,033</b>



**Fund Balance Reconciliation**

Fund balance represents the amount of financial resources available to be used during a given budget cycle. At the start of a fiscal year, beginning fund balance represents primarily liquid assets such as cash, investments, and certain receivables which will be converted to cash during the next twelve month period, less claims or restrictions against those assets, and which will be available to be spent on appropriated expenditures. And the end of a fiscal year, ending fund balance represents the beginning fund balance plus cash revenues received during the year, less cash expenditures. There are certain times when fund balances will not reconcile from year to year. This occurs when non-cash transactions, prompted by such actions as resolutions, ordinances, or the write-off of certain receivables, add or remove certain classes of assets from the fund balance equation without an actual cash transaction taking place. Accordingly, the actual ending balance for one year may not equal the beginning balance of the subsequent year if it is anticipated that some form of action may be taken that might adjust the future projection of resources available to be appropriated in that year.

<b>Fund Balance Reconciliation</b>	<b>Actual 2015</b>	<b>Amended 2016</b>	<b>Adopted 2017</b>	<b>Adopted 2018</b>
Beginning Fund Balance	\$ 2,850,299	\$ 2,083,857	\$ 2,392,571	\$ 1,969,700
Revenues	11,664,113	11,300,433	12,130,768	11,745,477
Expenditures				
Personnel	9,125,616	9,596,462	9,744,572	9,957,548
Operating & Maintenance	2,660,287	2,895,182	2,771,728	2,638,359
Capital Outlay	86,438	343,203	548,300	65,000
Total Expenditures	11,872,341	12,834,847	13,064,600	12,660,907
Surplus (Deficit)	(208,228)	(1,534,414)	(933,832)	(915,430)
Other Sources (Uses)				
Net Interfund Transactions	857,317	1,045,445	898,529	972,380
Net Operating Transfers	(467,027)	89,412	(387,568)	(300,622)
Sources Over (Under) Uses	390,290	1,134,857	510,961	671,758
Change in Fund Balance	182,062	(399,557)	(422,871)	(243,672)
Ending Fund Balance	\$ 3,032,361	\$ 1,684,300	\$ 1,969,700	\$ 1,726,028



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**Department Expenditure Budgets**

**City Council**

**Mission:**

The City Council consists of seven elected members, each for four year, staggered terms. The Council is the legislative body of the City and is responsible for all legislative actions and policy-making for the City. The Council is empowered with the authority to enact ordinances and policies to protect the rights of the citizens of the community. The City Council meets twice per month to review, direct and legislate on matters of land use, finance and general governance. Council members also serve on committees with staff, community members, and other advisors to review specialized functions and make recommendations to the Mayor.

The Oak Harbor City Council is the legislative branch of city government, and each member is elected to represent all the citizens of Oak Harbor. The responsibilities of the Council are set forth by state law and the City of Oak Harbor Municipal Code. The principal function of the Council is policy-making for the City organization and the population it serves, usually by resolution or ordinance. The Council adopts annual priorities and goals and regularly reassesses community needs. When making policy, the Council relies on ideas from many sources, including staff, citizens' groups, advisory committees, individuals, and various local organizations. It is the Council's responsibility to consider the merits of each item before them, and then approve, modify, or reject it. This process allows Council members to analyze community needs, program alternatives and available resources. The principal forum for local government policy-making is the City Council meeting that takes place on Tuesday evenings approximately two times a month. Standing committee meetings take place on various days of the week. In addition, several special meetings and work sessions are scheduled as needed during the course of the year. The biennial budget process defines departmental objectives and goals for the following year. The key to the budget process is the Council's focus on developing policy, targeting issues and establishing multi-year goals. Goals reflect community vision, and budgets and programs make those goals reality.

**Responsibilities:**

- Set forth the powers vested in legislative bodies.
- Represent citizens through legislation and policy direction.
- Anticipate and target issues that affect the community.
- Set community direction and goals for the future.
- Monitor performance of the administration in achieving goals.
- Provide a policy framework for municipal operations and services.
- Serve on standing committees, which act as work sessions.
- Represent the City in regional and intergovernmental affairs.
- Inspire our citizens to become a part of the City's future.

**2016 Accomplishments:**

- ✓ Approved 2017-2018 Biennial Budget
- ✓ Approved funding and staff effort to incorporate small cell deployment elements into the City's Municipal Code.

- ✓ Adopted 6-year Transportation Plan.
- ✓ Approved hiring of new Human Resources Director candidate.
- ✓ Approved addition of one lieutenant position in the Fire Department.
- ✓ Held community informational meetings on the proposed Windjammer Park Improvement Plan.
- ✓ Reviewed and approved contract amendments and construction schedule elements for the new Waste Water Facility.
- ✓ City Council contingent, in conjunction with the Mayor, met with Naval officials at the Pentagon for continuing discussions regarding staffing levels and other operational topics regarding Naval Air Station Whidbey Island.
- ✓ Met with federal and state legislative representatives to promote City’s legislative priority list.

**2017 – 2018 Goals:**

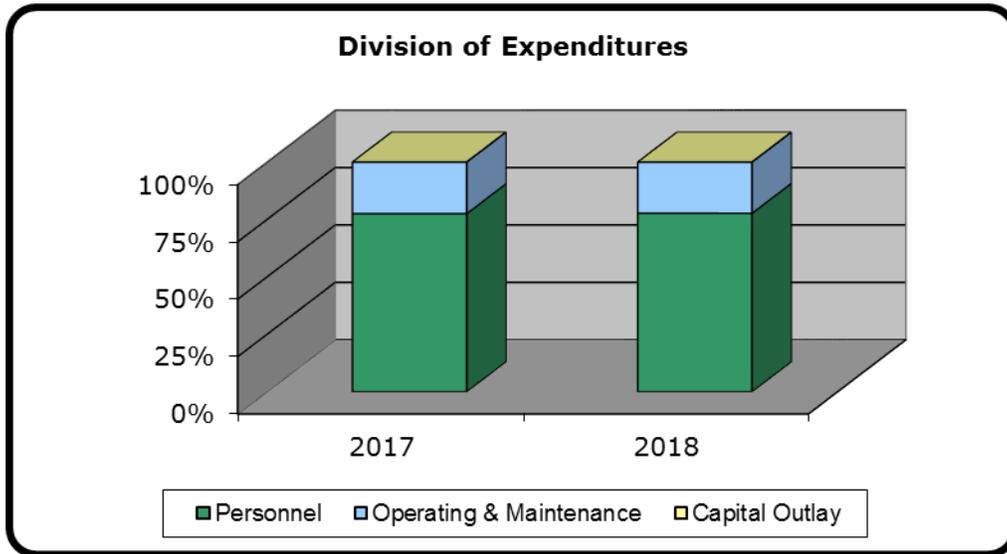
- ❖ **Goal: Continue with the Wastewater Treatment Plant planning and development, scheduled to be complete in 2017.**
  - Objective: For this two-year period, objectives include the acquisition and installation of construction materials for the Wastewater Treatment Plant, approving financing documents for rate setting methodologies, and substantial completing the project.
- ❖ **Goal: Begin visioning and conceptual planning for the enhancement of Windjammer Park.**
  - Objective: Work with City staff, consultants, and community action groups to develop a conceptual plan for the redevelopment of Windjammer Park.
- ❖ **Goal: Develop and Adopt Economic Development Plan.**
  - Objective: Assemble an action plan to implement a wide range of the economic development objectives. Hire an economic development coordinator.
- ❖ **Goal: Address and respond to Affordable Housing needs within the community.**
  - Objective: Work with community partners and development groups to explore new avenues of providing affordable housing within the City. This includes both affordable housing as well as discussion on homelessness issues.

**Personnel Schedule**

Classification	Budgeted Positions				
	2014	2015	2016	2017	2018
City Council Member	7.00	7.00	7.00	7.00	7.00
Total	7.00	7.00	7.00	7.00	7.00

**Summary of Financial Information**

Use of Funds	Actual 2015	Amended 2016	Adopted 2017	Adopted 2018
Expenditures				
Personnel	\$ 87,941	\$ 86,031	\$ 82,586	\$ 83,415
Operating & Maintenance	15,323	27,200	23,900	23,900
Capital Outlay	-	-	-	-
<b>Total Expenditures</b>	<b>103,264</b>	<b>113,231</b>	<b>106,486</b>	<b>107,315</b>
Other Uses				
Interfund Transactions	8,396	7,869	10,822	9,476
Operating Transfers Out	-	-	-	-
<b>Total Uses</b>	<b>\$ 111,661</b>	<b>\$ 121,100</b>	<b>\$ 117,308</b>	<b>\$ 116,791</b>



**Discussion of Key Elements**

**Personnel Expenditures:**

Personnel expenditures are for salary and related benefits for City Council members.

**Operating and Maintenance Expenditures:**

The majority of the operating and maintenance budget is for travel and for technology costs related to City Council meetings.

**Judicial**

**Mission:**

The mission of the Judicial department is to administer the operations of the judicial branch of City government in a neutral and effective manner and to ensure access to justice for all citizens.

**Responsibilities:**

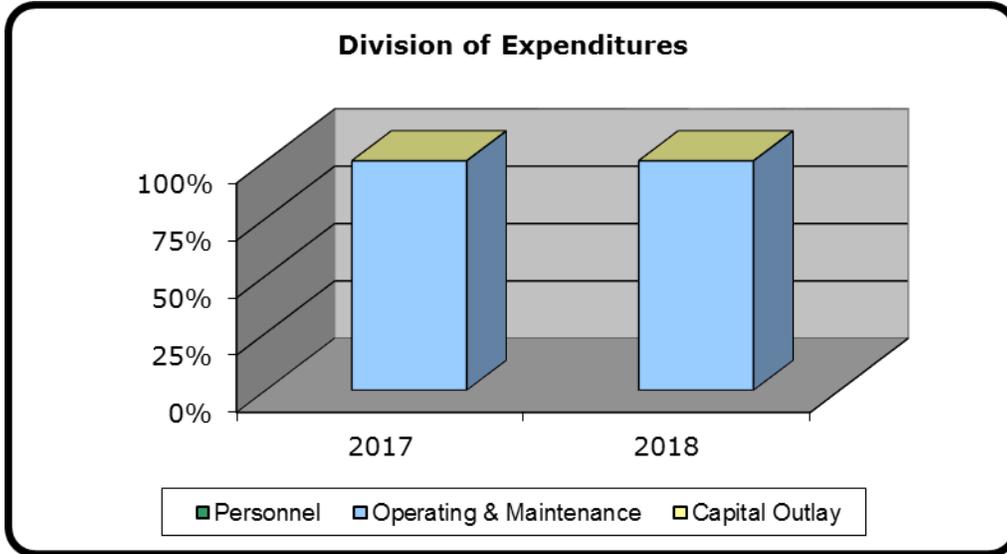
Municipal Court has jurisdiction over criminal, traffic, parking, and civil matters, which arise from violation of municipal ordinances. The City’s Municipal Court function is contracted to Island County under an interlocal agreement. The City also provides public defense services consistent with Chapter 10.101 RCW.

**2017 – 2018 Goals:**

- ❖ **Goal: Continue providing fair and equitable prosecution and public defense services.**
  - Objective: A strong and vibrant community relies on a sound and fair judicial system.
  - Objective: Evaluate and adjust as appropriate the public defense services program to insure an effective legal defense.
  
- ❖ **Goals: Continue to provide and improve the Work Crew Program.**
  - Objective: The Work Crew Program represents an alternative to incarceration which benefits the efficiency of the judicial system as well as enhances general revenue.

**Summary of Financial Information**

<b>Use of Funds</b>	<b>Actual 2015</b>	<b>Amended 2016</b>	<b>Adopted 2017</b>	<b>Adopted 2018</b>
Expenditures				
Personnel	\$ -	\$ -	\$ -	\$ -
Operating & Maintenance	305,063	451,575	448,980	463,980
Capital Outlay	-	-	-	-
<b>Total Expenditures</b>	<b>305,063</b>	<b>451,575</b>	<b>448,980</b>	<b>463,980</b>
Other Uses				
Interfund Transactions	-	-	-	-
Operating Transfers Out	-	-	-	-
<b>Total Uses</b>	<b>\$ 305,063</b>	<b>\$ 451,575</b>	<b>\$ 448,980</b>	<b>\$ 463,980</b>



**Discussion of Key Elements**

**Operating and Maintenance Expenditures:**

The majority of the operating and maintenance budget is for professional services which represent the City’s portion of operating the courts, including indigent defense fees.

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**Mayor****Mission:**

The City of Oak Harbor is committed to delivering quality services to its citizens in the most effective manner possible.

**Responsibilities:**

- Maintain accountability, integrity and communication with the citizens of Oak Harbor.
- Responsive stewardship of the tax dollars collected and spent to deliver City services. And to ensure the City's continued financial health through sound financial management.
- Oversee and command administrative duties of City government.
- Provide leadership to Council concerning the direction and future needs of the City.
- Build quality into the future and purpose into our actions.
- Ensure compliance with all laws, ordinance47s and policies and respond to emerging issues of policy development and immediate needs.
- Promote healthy relations between business, schools, military and government by identifying and initiating "partnering" opportunities.
- Maintain open communications with Federal, State and local elected officials.

**2016 Accomplishments:**

- ✓ Because the Navy base is vital to the local community, the Mayor's office has arranged to have regular, monthly meetings with the Commanding Officer of Naval Air Station Whidbey Island, which provides communication beneficial to the City, the Navy, and to the community.
- ✓ In a move to increase economic development, the Mayor has taken on economic development and is working with local citizens and business owners. As a result, the Economic Development Committee was formed, a community-formulated strategic economic plan was created and the recently established Oak Harbor Main Street Association is off to a positive start.
- ✓ In order to improve communication and transparency between the City and citizen, City Council meetings were streamed live and anyone could view a Council meeting, workshop, or a Planning Commission meeting via video-on-demand from our website, [www.oakharbor.org](http://www.oakharbor.org). In 2016, we improved live stream access, which included streaming on mobile devices, and reduced the overall cost through use of web-based software vs in-house equipment. We continued to broadcast Council meetings, Council workshops, Planning Commission meetings, and community announcements on Comcast Cable Channel 10.
- ✓ Continued assessment of the current information technology system of the City of Oak Harbor, and initiated review of the information technology department and support provided.
- ✓ Continued to encourage the stabilization fund in order for the City to be fully prepared for any possible future downturns in the economy.
- ✓ Met with Federal legislators and Pentagon officials to discuss issues relative to the City's Clean Water Facility project, and our unique partnership with Naval Air Station Whidbey Island.

- ✓ Presented our Legislative Priorities to State Senator Barbara Bailey, State Representative Norma Smith, and State Representative Dave Hayes.
- ✓ Served on the I-COM Board of Directors, Island County Board of Health, Island County Council of Governments, Island County Regional Transportation Planning Organization, Island County Law and Justice Council, NAS Whidbey Island Task force, Island County Economic Development Council.
- ✓ Launch of Affordable Housing Task Force
- ✓ Capital Projects
  - » Clean Water Facility – Continued design and construction management.
  - » Windjammer Park Phase 1 – Completed planning and initiated design.
  - » Scenic Heights Stormwater Outfall – Initiated permitting for construction of a new outfall over the bluff at Scenic Heights.
- ✓ Planning Projects
  - » Marina Boat Hoist – Completed structural evaluation.
  - » Low Impact Development – Engineering staff assisted with the implementation of the 2012 Western Washington Design Manual for stormwater design.
- ✓ Archaeology
  - » Development Services – Provided comments on private development applications.
  - » Education – Presented at several local and regional service organizations.
  - » Public Works Projects – Assists or provides archaeological services on Public Works Capital Projects.

**2017 – 2018 Goals:**

❖ **Goal: Working Together!**

- Objective:
  - Building and Maintaining Relationships.
  - Enhancing Economic Development Opportunities.
  - Building Strategic Partnerships to meet NASWI Growth Demands.

❖ **Goal: Relating to our community.**

- Objective: Understanding Oak Harbor’s wants and needs.

❖ **Goal: Promoting and preserving sustainable infrastructure.**

- Objective: Completing construction of Clean Water Facility on time and under budget.

❖ **Goal: Continued financial strength and sound fiscal policy.**

- Objective: To maintain a deliberate and responsible approach to financial management, to live within budget and maintain adequate financial services in case of unseen expenses, economic downturn or emergency.

❖ **Goal: Meet with Pentagon Officials regarding Naval Air Station Whidbey Island.**

- Objective: To discuss items of mutual interest and mutual partnership such as police, fire protection, water, sewer, solid waste, zoning, noise and encroachment.

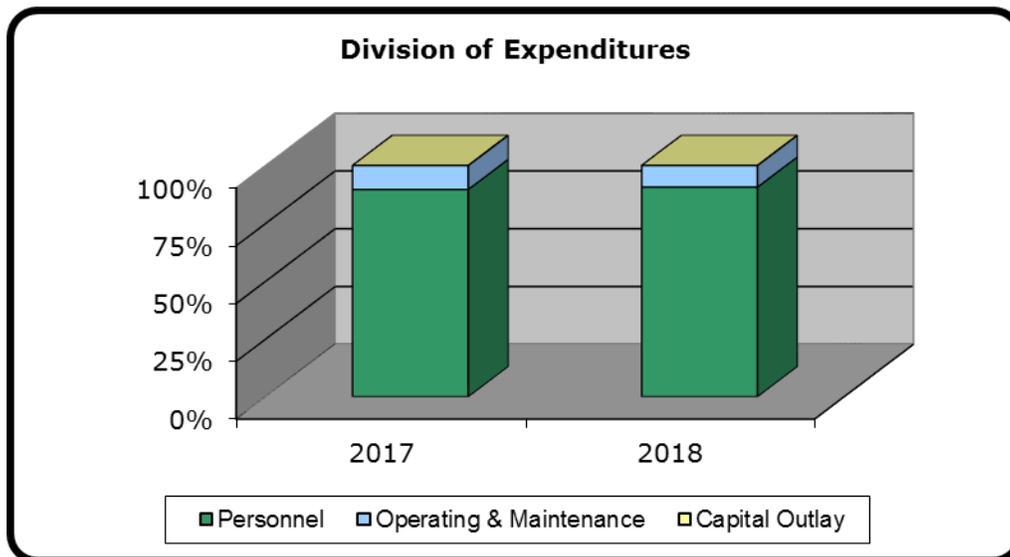
- ❖ **Goal: Helping the City Council work Effectively.**
  - Objective: Strengthening Policymaking Capabilities.
- ❖ **Goal: Improve technology to better serve our citizens.**
  - Objective: Improve technology to better serve our citizens.

**Personnel Schedule**

Classification	Budgeted Positions				
	2014	2015	2016	2017	2018
Mayor	1.00	1.00	1.00	1.00	1.00
Executive Assistant	1.00	1.00	1.00	1.00	1.00
<b>Total</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>

**Summary of Financial Information**

Use of Funds	Actual 2015	Amended 2016	Adopted 2017	Adopted 2018
Expenditures				
Personnel	\$ 149,956	\$ 143,628	\$ 156,778	\$ 159,985
Operating & Maintenance	15,390	25,695	18,122	16,480
Capital Outlay	-	-	-	-
<b>Total Expenditures</b>	<b>165,345</b>	<b>169,323</b>	<b>174,900</b>	<b>176,465</b>
Other Uses				
Interfund Transactions	4,503	3,870	5,312	4,774
Operating Transfers Out	-	-	-	-
<b>Total Uses</b>	<b>\$ 169,848</b>	<b>\$ 173,193</b>	<b>\$ 180,212</b>	<b>\$ 181,239</b>



**Discussion of Key Elements**

**Personnel Expenditures:**

Personnel costs include salary and benefits for the Mayor and the Assistant to the Mayor. The offering of benefits to family members of elected officials is no longer available to dependents of the Mayor as of 2015.

**Operating and Maintenance Expenditures:**

The majority of the operating and maintenance budget is for travel for conferences, meetings in Washington, DC and training for the Assistant to the Mayor.

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**City Administrator**

**Mission:**

The mission of the City Administrator's Office is to provide professional leadership and to maintain effective relationships in the administration and execution of policies and objectives formulated by the Mayor and City Council; to assist the Mayor and City Council in the development of alternative solutions to community problems; to plan and develop strategic programs to meet future needs of the city; to prepare the annual budget; to create an organizational culture that results in the delivery of excellent services to our customers and our community; to ensure operational accountability to the public, Mayor and City Council; and to foster community pride in city government through excellent customer service.

**Responsibilities:**

The City Administrator works with the mayor, city council, city department heads, and city staff to develop and implement policies guiding the city. This general function may take a number of forms including coordination of daily operations and long range planning, guidance to staff in the preparation of the annual budget, development and implementation of personnel regulations, operational and administrative policies, and other actions as required by the mayor and city council and the Oak Harbor Municipal Code.

- Chief Administrative Officer of the City.
- Coordinating interdepartmental projects and programs.
- Providing clear, timely and accurate information to the public, Mayor and City Council.
- Administering policies established by the Mayor and City Council and by law
- Advising and counseling the Mayor and City Council in the performance of its governmental duties
- Developing and implementing administrative procedures
- Coordinating and directing the day-to-day operational functions of departments and staff operations
- Selecting, supervising, developing and effectively utilizing staff
- Management of control of the financial affairs of the City of Oak Harbor
- Representing the city at local, state, regional and national meetings.
- Acting as a liaison for the city between local, state and federal governmental entities.
- Providing assistance in the development of personnel policies, health and safety standards, wages and disciplinary procedures.
- Ensure that City services are cost effective and efficiently provided.

**2016 Accomplishments:**

- ✓ Applied for and was successful in receiving an award of a \$1 million in Rural Economic (.09) grant for the Waste Water Treatment Plant.
- ✓ Completed recruitment, hiring, and on-boarding processes for Finance Director and Human Resources Director positions. Recruited and secured interim Police Chief to assist in transitioning department during recruitment and hiring of a new Police Chief.

- ✓ Planned, developed, and implemented a new Labor Management Team focusing on strategic negotiation, improved communication, and positive relational development between management and the City's bargaining unit representatives.
- ✓ Revamped and streamlined the Whidbey Island Marathon event business model to reduce both costs and the required staff time to run the event.
- ✓ Participated in the presentation of City Legislative Priorities to the City's Legislative and Senate contingents to seek funding and legislative assistance in the promotion of City initiatives such as public records, participation and funding for the Department of Archeological and Historic Preservation (DAHP) grant program. Testified before State Senate Subcommittee on the Public Records Act.
- ✓ Increased City presence in community partner forums such as the Island County Council of Governments, assisted in the transition and formation of the Island Transportation Planning Organization, initiated participation in the Skagit County City/County Administrators focus group.
- ✓ Revised agenda management and communication practices for City Council meetings effectively reducing meeting time requirements by approximately 50%.

**2017 – 2018 Goals:**

- ❖ **Goal: Provide creative, accountable and effective support to the Mayor and City Council to help achieve the City's short- and long-range goals.**
  - Objective: Anticipate and respond to the City Council on requests for information on current projects and new initiatives in a timely manner.
  - Objective: Implement 2017/2018 Budget as the primary document to achieve the City's economic goals.
  - Objective: Communicate clearly and comprehensively to the Mayor and City Council on staff recommendations and the basis for the recommendations□
  - Objective: Design and incorporate a monthly City Administrators report to the Mayor and City Council focusing on current staffing projects and the related funding and manpower requirements.
- ❖ **Goal: Provide consistent and positive leadership to the organization.**
  - Objective: Seek staff ideas for improving the overall working culture at the City and to better deliver quality customer service to our citizens.
  - Objective: Clearly communicate and discuss with staff the policies, directions, and goals of the Mayor and City Council to assure successful implementation.
  - Objective: Provide information and support that is consistent with the practices of sound public administration to successfully provide the intended outcomes and maintain the delivery of high quality municipal services.
  - Objective: Design and implement a new staff development program focusing on supervisory excellence and risk mitigation.
- ❖ **Goal: Align departmental performance expectations with the available resources.**
  - Objective: Implement the 2017/2018 work program based on approved biennial budget. Communicate with the City Council and community the desired outcomes and report progress.

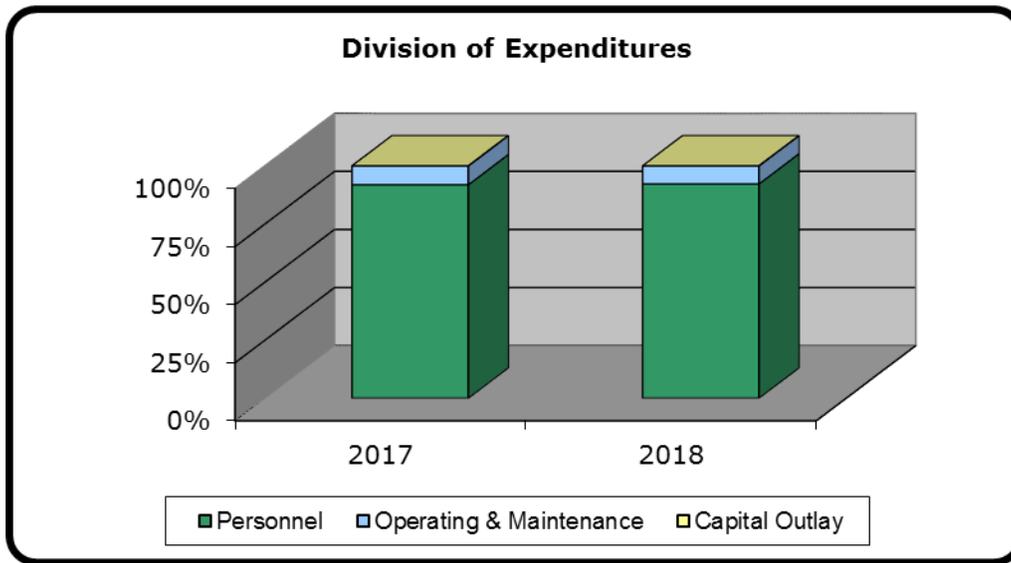
- Objective: Provide ongoing communication to the Mayor and City Council on potential emerging policy directions for enhancing revenue and program delivery.
- Objective: Work with Human Resources Department to build and retain a highly qualified staff, promote ongoing technical and customer service training and insure that human resources are managed in the most effective manner.

**Personnel Schedule**

Classification	Budgeted Positions				
	2014	2015	2016	2017	2018
City Administrator	1.00	1.00	1.00	1.00	1.00
City Clerk	0.00	0.00	1.00	1.00	1.00
Executive Assistant	0.00	1.00	1.00	1.00	1.00
Total	1.00	2.00	3.00	3.00	3.00

**Summary of Financial Information**

Use of Funds	Actual 2015	Amended 2016	Adopted 2017	Adopted 2018
Expenditures				
Personnel	\$ 172,680	\$ 385,113	\$ 400,726	\$ 409,255
Operating & Maintenance	3,353	24,200	35,317	34,435
Capital Outlay	-	-	-	-
<b>Total Expenditures</b>	<b>176,032</b>	<b>409,313</b>	<b>436,043</b>	<b>443,690</b>
Other Uses				
Interfund Transactions	5,136	6,670	15,890	14,314
Operating Transfers Out	-	-	-	-
<b>Total Uses</b>	<b>\$ 181,168</b>	<b>\$ 415,983</b>	<b>\$ 451,933</b>	<b>\$ 458,004</b>



**Discussion of Key Elements**

**Personnel Expenditures:**

Implemented and staffed in 2016, the Executive Assistant to the City Administrator position is fully funded for the 2017-2018 biennium. In addition, supervisory and reporting structure of the Office of the City Clerk was moved to the City Administrator Department in 2016.

**Operating and Maintenance Expenditures:**

The majority of the operating and maintenance budget is for office expenditures, training and travel, software and hardware costs, and other miscellaneous expenditures.

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## **Economic Development**

### **Mission:**

The mission of the Economic Development Department is to assist our existing businesses, attract new business, and stimulate capital investment in the City of Red Oak.

This division was originally established in 2016 to begin the design and implementation of enhanced efforts by the City to take a more formalized, consistent approach to economic development. The 2016 historical cost information reflects the hiring of an Economic Development manager tasked with taking the initial steps to coordinate the City's economic development functions and to initiate discussions with other economic development partners. The budget figures for 2017-2018 show a change in this staffing arrangement with the removal of the FTE position with the possible goal of consolidating the Economic Development function under the Development Services Department.

### **Responsibilities:**

- Assisting in the creation of primary jobs to raise the community's overall standard of living and boost local income.
- Actively assisting our existing businesses and industries with retention and expansion opportunities to retain primary jobs and stabilize the local economy.
- Proactively identifying and recruiting new primary businesses and industries into Oak Harbor to enhance the local tax base.
- Developing and marketing preferred business and industry expansion sites in Oak Harbor.
- Funding land acquisition, construction, and operation of park facilities to improve the overall quality-of-life for the community.
- Supporting and assisting our local educational and training institutions in developing a highly skilled workforce.

### **2016 Accomplishments:**

- ✓ Established division function and initial definition work on goals and objectives of City's economic development vision

### **2017 – 2018 Goals:**

- ❖ **Goal: The City of Oak Harbor acknowledges that NASWI will increase its number of squadrons during the 2017 – 2019 timeframe. This, along with Oak Harbor's normal 1% average annual growth, creates the need for more local housing, and more local job opportunities.**
  - Objective: Encourage and support a vibrant Oak Harbor Main Street Association.
  - Objective: Work to influence an increase in the number of available residential building lots and residential living units by 250 lots/units by year-end 2018.
  - Objective: Develop a commercial infrastructure plan, to commercial construction standards, along both sides of Goldie Road, from State Highway 20 to Ault Field Road, by year-end 2019.
  - Objective: : Create a master plan for Oak Harbor's waterfront from Maylor Point to Scenic Heights by year-end 2019 - this includes improvements and expansion opportunities in Windjammer Park and the Marina.

- Objective: Find, develop, and fund better transportation opportunities for people, goods, and information (i.e. repair existing infrastructure -roads, transit between marina, college, and business districts).

**Measurement Results**

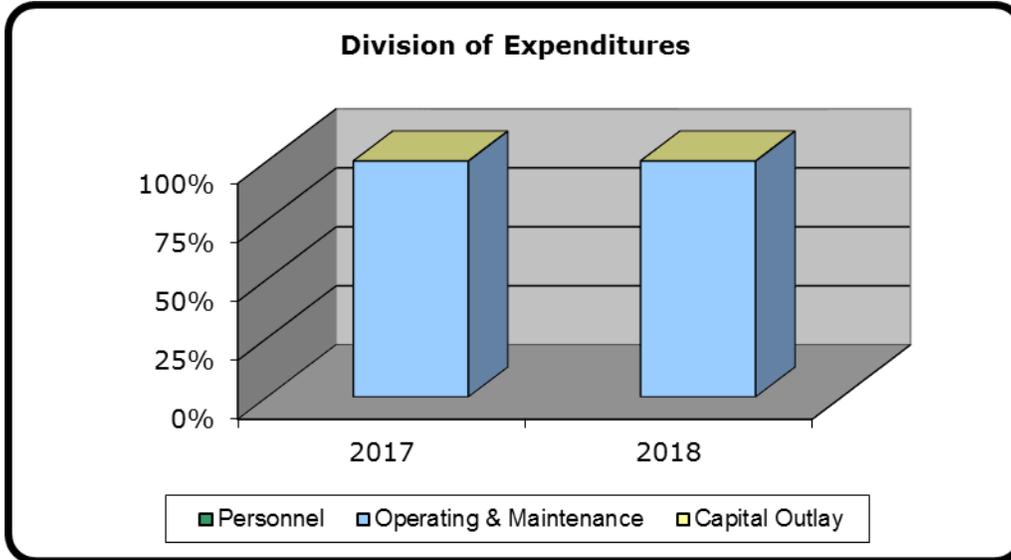
Measures	Actual		Projected	
	2015	2016	2017	2018
<b>Qualitative Measures</b>				
Establish Economic Development division		X		
Establish Economic Development goals			X	

**Personnel Schedule**

Classification	Budgeted Positions				
	2014	2015	2016	2017	2018
Economic Development Coordinator	0.00	1.00	1.00	0.00	0.00
Total	0.00	1.00	1.00	0.00	0.00

**Summary of Financial Information**

Use of Funds	Actual 2015	Amended 2016	Adopted 2017	Adopted 2018
Expenditures				
Personnel	\$ 23,647	\$ 98,000	\$ -	\$ -
Operating & Maintenance	9,816	7,010	20,000	20,000
Capital Outlay	-	-	-	-
<b>Total Expenditures</b>	<b>33,463</b>	<b>105,010</b>	<b>20,000</b>	<b>20,000</b>
Other Uses				
Interfund Transactions	443	-	-	-
Operating Transfers Out	-	-	-	-
<b>Total Uses</b>	<b>\$ 33,906</b>	<b>\$ 105,010</b>	<b>\$ 20,000</b>	<b>\$ 20,000</b>



**Discussion of Key Elements**

**Personnel Expenditures:**

The 2015 and 2016 historical balances show the initial hiring of an Economic Development manager. The 2017-2018 budget shows the elimination of this position with the Division functions being consolidated, in the near term, in the Development Services Department.

**Operating and Maintenance Expenditures:**

The 2017-2018 budget amounts reflect \$20,000 per year allocated to cover any incidental or other operating costs pertaining to economic development activities. Any structural changes developed during the 2017-2018 biennial period will be addressed through future budget amendments.

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## **Human Resources**

### **Mission:**

The mission of the Human Resources department is to support the City's mission of premier public service by providing services which promote a work environment that is characterized by fair treatment of staff, open communications, personal accountability, trust and mutual respect. We will seek and provide solutions to workplace issues that support and optimize the principles of the City.

The Human Resources department is a cohesive, collaborative team dedicated to creating partnerships by supporting all programs and departments. We strive to support, guide and maintain requirements to create a healthy and positive work environment in order to assist staff in accomplishing individual program goals as well as overall organizational goals. Because we care about our employees, we stand for integrity, efficiency, problem solving, equity and character in all of our relationships and interactions. We do this to promote growth, accountability and empowerment in our representation of our City.

### **Responsibilities:**

- Strategic human resource planning
- Organizational development
- Policy development and maintenance
- Recruitment and retention
- Compensation and classification
- Training and development
- Employee relations
- Labor relations
- Performance management
- Personnel records
- Workforce planning and development
- Administering Federal/State employment law
- Promoting communications
- Promoting wellness and morale
- Workers Compensation claims management

Day-to-day activities include; support to managers in cases of disciplinary issues, providing counsel and assistance to employees at all levels in the organization, assisting departments in meeting current and anticipated needs by providing the leadership, direction and support to attract, retain and develop quality employees and facilitate conflict resolution.

Human Resources strives to provide the best people through effective recruitment, selection, retention and development of all City employees and to ensure compliance with applicable state, federal and City laws, regulations and policies.

**2016 Accomplishments:**

- ✓ Enhanced the online application process to more efficiently manage the recruitment, selection, and hiring processes in a professional and timely manner.
- ✓ Promoted a repeat award-winning wellness program to earn AWC's WellCity Award for a 2% discount on medical premiums. The wellness program promotes a commitment to employees' well-being by developing healthy and safe workplace cultures.

**2017 – 2018 Goals:**

- ❖ **Goal: Transition the Human Resources department through a change in leadership while continuing to support all City Programs and Departments in an efficient and effective manner.**
  - Objective: Gain efficiencies within the HR Department and better assist City departments in meeting human resources needs and serve citizens in a professional, cost-effective and timely manner.
- ❖ **Goals: Create procedure manual for internal HR processes.**
  - Objective: Document processes within the department to ensure processes are not lost when staff turnover.
  - Objective: Provide cross-training opportunities within the Human Resources department to increase efficiencies and customer service to the departments/customers we serve.
- ❖ **Goal: Update and re-write current Employee Handbook.**
  - Objective: Provide staff with clear policies that have been updated to reflect legislative changes and City policy changes.
  - Objective: Legal and clear employee policies protect both the City and the employees.
- ❖ **Goal: Research functionality and implementation of a Human Resources Information System (HRIS) or a Human Capital Management (HCM) Solution.**
  - Objective: Provide up-to-the minute personnel data as well as providing accurate historical data on positions and employees. Provide a clear process for all personnel changes.
  - Objective: Provide a real-time tracking system for positions that will better enable the City to manage costs and utilize position budgeting with recruitment and retention.
  - Objective: Create a two-step process for all payroll changes that will ensure a check and balance to transactions.
  - Objective: Provide an electronic timeclock and scheduling system to automate time cards and calculations for more efficient payroll processing
- ❖ **Goals: Promote a healthy/safe work environment.**
  - Objective: Repeat a quality, AWC award-winning wellness program. Encourage continued commitment to healthy employees and a safe workplace by providing onsite wellness programs to help reduce employee health risks and health care costs.
  - Objective: Improve morale, retain and attract quality employees and improve productivity.

- Objective: Human Resources will fully investigate all accidents. The goal will be to provide information that will eventually lead to an improved L&I Experience Rating thus decreasing L&I rates for the City.

**Measurement Results**

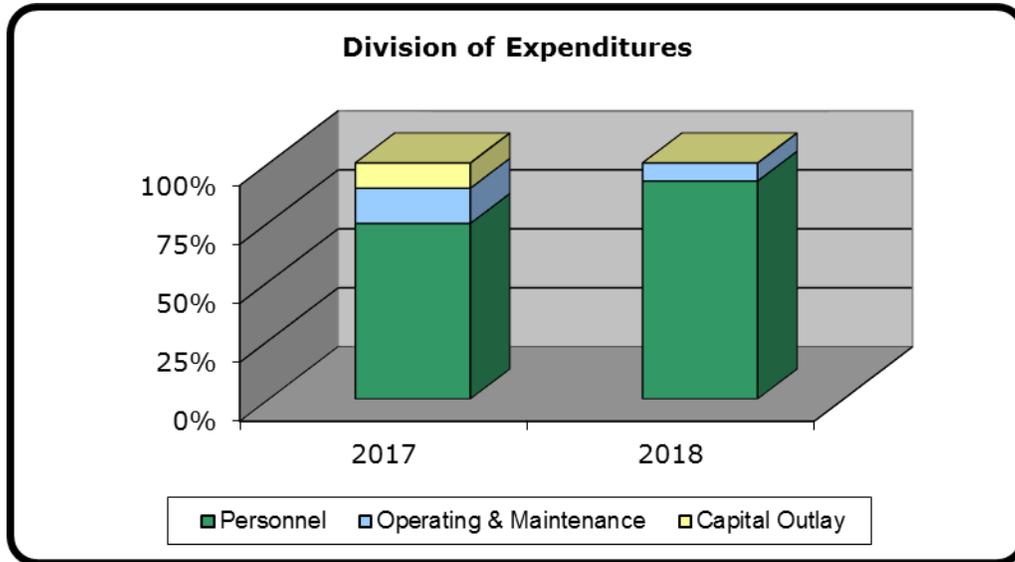
Measures	Actual		Projected	
	2015	2016	2017	2018
<b>Quantitative Measures</b>				
Number of L&I claims	22	6	10	10
Number of positions filled	32	19	7	7
Number of internal training programs	1	1	2	2

**Personnel Schedule**

Classification	Budgeted Positions				
	2014	2015	2016	2017	2018
Human Resources Director	1.00	1.00	1.00	1.00	1.00
Administrative Assistant	0.00	0.50	0.50	0.50	0.50
Human Resources Analyst	0.50	0.50	0.50	1.00	1.00
Total	1.50	2.00	2.00	2.50	2.50

**Summary of Financial Information**

Use of Funds	Actual 2015	Amended 2016	Adopted 2017	Adopted 2018
Expenditures				
Personnel	\$ 210,987	\$ 218,589	\$ 272,714	\$ 278,691
Operating & Maintenance	22,722	29,169	54,727	23,085
Capital Outlay	-	15,000	39,100	-
<b>Total Expenditures</b>	<b>233,709</b>	<b>262,758</b>	<b>366,541</b>	<b>301,776</b>
Other Uses				
Interfund Transactions	9,048	8,288	18,203	16,857
Operating Transfers Out	-	-	-	-
<b>Total Uses</b>	<b>\$ 242,757</b>	<b>\$ 271,046</b>	<b>\$ 384,744</b>	<b>\$ 318,633</b>



**Discussion of Key Elements**

**Personnel Expenditures:**

There have been no significant changes to the personnel expenditures.

**Operating and Maintenance Expenditures:**

The majority of the operating and maintenance budget is for professional services.

**Capital Outlay:**

Human Resources has requested an HRIS for a 2017 Capital Outlay. Utilizing an HRIS can positively affect the City’s internal work environment by creating time for HR staff to allocate toward more impactful employee programs or issues. Managers can streamline their HR-related tasks by utilizing an HRIS for time and attendance tracking, employee data collection, benefits administration, performance reviews and application processing for potential employees.

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**Finance and Information Services****Mission:**

The mission of the Finance and Information Services department is to promote the efficient and effective use of the City's financial and technology resources, to provide excellent customer service to the citizens, Administration, City Council, and all departments, to present accurate and relevant financial information that is the basis for sound decision making, and to maintain the public trust through integrity and sound financial practices.

**Responsibilities:**

- Management and control of the financial affairs of the City of Oak Harbor, which includes current receivables, payable, treasury, and debt management.
- Financial reporting for both public information and management decision-making purposes.
- Strategic financial planning and revenue projecting for all City operations.
- Financial risk management and internal control assessment.
- Managing Information Technology consultants.
- Utility rate structure analysis.
- Utility and Business Licensing billing.
- Coordinating, preparing, and publishing the City's biennial budget and Annual Financial Report.
- Revenue receipting, payroll and accounts payable and audits of all payments.
- Coordinating and regulatory reporting and billing of City grants.
- Providing the City Council, City Administrator, and all departments with financial support services.
- Coordination of the City audit and establishing financial policies and instituting internal controls.

The bulk of the day-to-day activities of Finance department employees include the processing of accounts payable, accounts receivable, general accounting, utility billing and collection, improving district payment and collection, processing cash payments, purchasing, administering City travel, business licenses, and handling petty cash requests. The additional responsibilities include financial reporting, financial risk assessment, grant billing and reporting, and participating on various teams as needed.

Finance strives to provide the highest quality services at the lowest possible cost to the City taxpayers. Employees are committed to the primary goal of protecting and securing City assets for their proper and authorized use.

**2016 Accomplishments:**

- ✓ Fully staffed accounting department with hire of third Accountant.
- ✓ Applied for and successful in receiving a preliminary award of approximately \$29 million in capital funding to go with previous years bond issue and loans for the Clean Water Facility.
- ✓ Coordinated Project Accounting to match needs of Clean Water Facility Project.

- ✓ Clean Audit report from the State Auditor’s Office for 2016.
- ✓ First City of Oak Harbor Single Audit of federal funds was successful with no findings.
- ✓ Implemented GASB 68 for 2016 Audited Financials.

**2017 – 2018 Goals:**

❖ **Goal: Add Purchase Order Module to Eden**

- Objective: Allow contracts and other purchases to be encumbered when initiated
- Objective: Purchase, install and receive training on new Purchase Order system.
- Objective: Begin using Purchase Order system for all contract and other purchases.

❖ **Goal: Select and purchase an electronic timesheet program**

- Objective: Select electronic and easily merged system for time recording.
- Objective: Customize system to work seamlessly with different union contracts.
- Objective: Train staff and supervisors on new system and procedures.
- Objective: Begin use of program on targeted date of February 2018.

❖ **Goal: Add Account Receivable Module to Eden**

- Objective: Purchase AR module for Eden after Purchase Order system is operating successfully.
- Objective: Setup and train on how this system is to be used.
- Objective: Ensure all invoiced items to customers are input into AR system.

❖ **Goal: Update Financial Policies and Procedures**

- Objective: Continue risk assessment of financial policies and procedures.
- Objective: Update all policies and procedure as needed.
- Objective: Train staff on new policies and procedures.
- Objective: Verify new policy and procedures are being followed and adjust if necessary.

**Measurement Results**

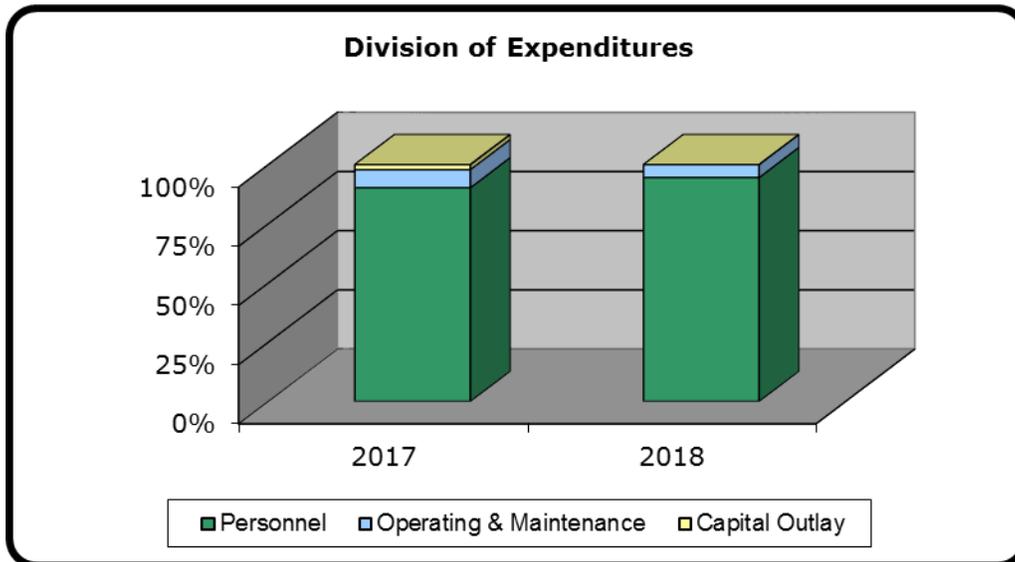
Measures	Actual		Projected	
	2015	2016	2017	2018
<b>Qualitative Measures</b>				
State Auditor findings	0	0	0	0
<b>Quantitative Measures</b>				
Number of accounts payable invoices processed	12,937	14,072	15,000	15,500
Size of expenditure budget managed	136 mil	111 mil	170 mil	115 mil
Number of utility accounts maintained	22,734	23,295	23,400	23,450

**Personnel Schedule**

Classification	Budgeted Positions				
	2014	2015	2016	2017	2018
Finance Director	1.00	1.00	1.00	1.00	1.00
Accounting Manager	0.00	1.00	1.00	0.00	0.00
City Clerk	1.00	1.00	0.00	0.00	0.00
Accountant	3.00	2.00	3.00	3.00	3.00
Finance Manager - Utilities	1.00	1.00	1.00	1.00	1.00
Accounting Technician	2.00	2.00	2.00	2.00	2.00
Cashier	2.00	2.00	2.00	3.00	3.00
Receptionist	1.00	1.00	1.00	0.00	0.00
<b>Total</b>	<b>11.00</b>	<b>11.00</b>	<b>11.00</b>	<b>10.00</b>	<b>10.00</b>

**Summary of Financial Information**

Use of Funds	Actual 2015	Amended 2016	Adopted 2017	Adopted 2018
Expenditures				
Personnel	\$ 851,551	\$ 783,251	\$ 913,194	\$ 932,582
Operating & Maintenance	55,591	117,580	77,424	53,500
Capital Outlay	-	-	21,200	-
<b>Total Expenditures</b>	<b>907,143</b>	<b>900,831</b>	<b>1,011,818</b>	<b>986,082</b>
Other Uses				
Interfund Transactions	30,494	27,498	50,978	47,746
Operating Transfers Out	-	-	-	-
<b>Total Uses</b>	<b>\$ 937,637</b>	<b>\$ 928,329</b>	<b>\$ 1,062,796</b>	<b>\$ 1,033,828</b>



**Discussion of Key Elements**

**Personnel Expenditures:**

The department is fully staffed.

**Operating and Maintenance Expenditures:**

The majority of the operating and maintenance budget is for professional services for auditing fees.

**Capital Outlay:**

The utility office will undergo a remodel to tighten up the safety for our front line staff, this project is projected to be accomplished in 2017.

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**Legal**

**Mission:**

The Legal department's mission is to deliver excellent legal services to the City of Oak Harbor by providing sound legal advice to the Mayor, Council and City department managers, to help them achieve their goals; represent or oversee outside counsel for the City in litigation; and protect public health, safety, and welfare by effectively prosecuting violations of City ordinances.

**Responsibilities:**

- Provides legal advice to the Mayor, City Council and other City officials.
- Prepares ordinances, resolutions and related documents and provides information for City Council decisions.
- Drafts and reviews City contracts as requested by Mayor and City Administrator.
- Negotiates contracts and legal disputes to resolve issues in a fair and cost effective manner.
- Oversees outside counsel retained to carry out City's litigation requirements.
- Prosecutes violations of City code.

The areas of law in which these activities are primarily carried out are municipal governance, constitutional land use, employment, contract, criminal and tort law.

**2016 Accomplishments:**

- ✓ Continued support to all City departments regarding advice on contract drafting and review.
- ✓ Prosecuted 422 cases in 2016. This does not include 157 bench warrants that were issued.
- ✓ Engaged in Officer training.
- ✓ Engaged in OHPD Records Department Staff training regarding public records.
- ✓ Completed Prolaw database upgrade to make it compatible with the City's SQL Server.
- ✓ Sent Sr. Legal Administrative Assistant to 2016 WAPRO Conference regarding public records.
- ✓ Completed the Employee Policy Manual.
- ✓ Continued defense with outside counsel of land use litigation (Coachman).
- ✓ Participation on Wastewater Treatment Plant team (property and contract issues).
- ✓ Ordinance drafting resulting in code changes/updates.
- ✓ Participated in labor negotiations.
- ✓ Maintained positive work relationship with Oak Harbor Police Department.

**2017– 2018 Goals:**

- ❖ **Goal: Up-to-date records retention and decreased use of physical space to store records.**
  - Objective: Research the use of digital record retention software for legal files. If appropriate, obtain software and train staff in its use. Scan records still within retention period to create electronic records.
  - Objective: Significantly decrease the amount of retained files in our legal department office by dedicating a full day of staff time at least two Wednesdays per month to record retention/destruction work.
  
- ❖ **Goal: Maintain a fully trained legal staff.**
  - Objective: Obtain higher level of public records training for Senior Legal Administrative Assistant so as to ensure efficient responses to public record requests in the event the City Clerk is not available.
  - Objective: Obtain victim/witness interview training for office Senior Legal Administrative Assistant.
  - Objective: Ensure that City Attorney and Assistant City Attorney stay up-to-date on municipal law issues by attending WCIA and MRSC sponsored trainings.
  - Objective: Locate and secure training related to ordinance and resolution drafting for Legal Department and other department heads.
  - Objective: Increase the safety of office personnel by engaging in trainings geared towards dealing with angry or unstable subjects.
  
- ❖ **Goal: Assist in maintaining and improving the system in place for responding to public records requests.**
  - Objective: Ensure that the Legal Department is aware of changes in public records case law or changes to best practice recommendations by attending public records training a minimum of one time per year.
  - Objective: Work closely with the City Clerk to continuously improve the City's public record response system.
  - Objective: Ensure that Legal has system in place to seamlessly step in and fill records requests when Clerk unavailable.
  
- ❖ **Goal: Up-to-date legal forms.**
  - Objective: Review and update legal forms and ensure that the forms comply with WCIA requirements.
  
- ❖ **Goal: Up-to-date prosecution standards.**
  - Objective: Review and make significant changes to the dated Oak Harbor prosecution standards.
  
- ❖ **Goal: Up-to-date criminal code.**
  - Objective: Eliminate conflicting language in Title 6 and Title 9A.
  
- ❖ **Goal: Minimize effects of heavy workload on staff.**
  - Objective: Partner with local law schools and create an externship program.

**Measurement Results**

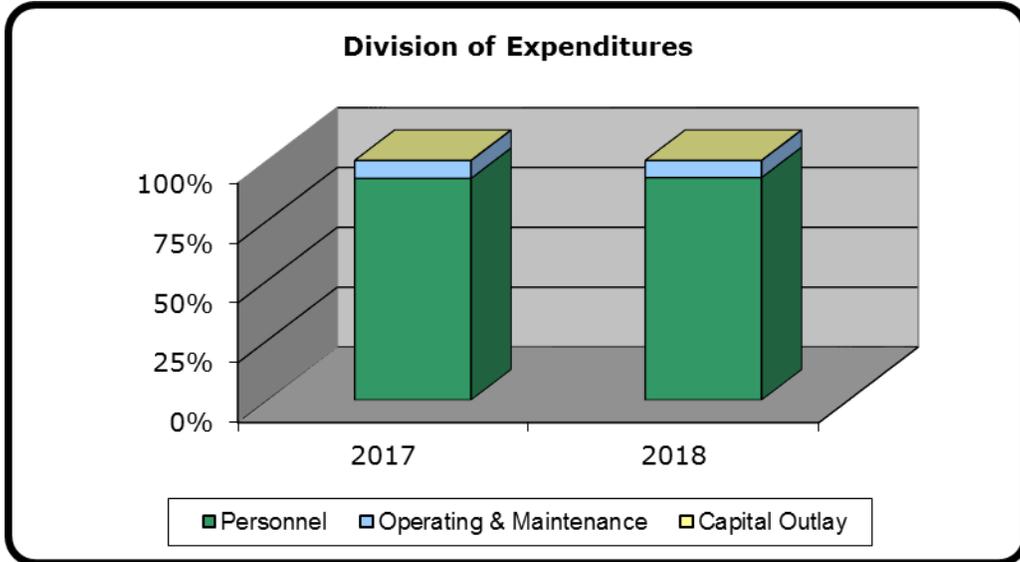
Measures	Actual		Projected	
	2015	2016	2017	2018
<b>Quantitative Measures</b>				
Criminal cases:				
Filed/cited	443	422	450	450
Declined	0	2	0	0
Civil cases:				
Civil	74	121	125	130
Requests for assistance	14	10	20	25

**Personnel Schedule**

Classification	Budgeted Positions				
	2014	2015	2016	2017	2018
City Attorney	0.00	1.00	1.00	1.00	1.00
Assistant City Attorney/Prosecutor	1.00	1.00	1.00	1.00	1.00
Paralegal	1.00	1.00	1.00	1.00	1.00
Administrative Assistant	1.00	1.00	1.00	0.00	0.00
Senior Administrative Assistant	0.00	0.00	0.00	1.00	1.00
Total	3.00	4.00	4.00	4.00	4.00

**Summary of Financial Information**

Use of Funds	Actual 2015	Amended 2016	Adopted 2017	Adopted 2018
Expenditures				
Personnel	\$ 381,210	\$ 407,829	\$ 431,608	\$ 440,568
Operating & Maintenance	150,288	43,200	34,767	33,699
Capital Outlay	-	-	-	-
<b>Total Expenditures</b>	<b>531,498</b>	<b>451,029</b>	<b>466,375</b>	<b>474,267</b>
Other Uses				
Interfund Transactions	12,902	6,832	11,961	10,614
Operating Transfers Out	-	-	-	-
<b>Total Uses</b>	<b>\$ 544,400</b>	<b>\$ 457,861</b>	<b>\$ 478,336</b>	<b>\$ 484,881</b>



**Discussion of Key Elements**

**Personnel Expenditures:**

The Legal Department is fully staffed so there are no significant changes to the 2017 or 2018 expenditures.

**Operating and Maintenance Expenditures:**

While the majority of the operating and maintenance budget is for professional services, the amounts anticipated to be expended in 2017-2018 should be less than in previous years since we now have an in-house City Attorney. We will be using Weed, Graafstra & Associates, Inc., P.S., on an "as-needed" basis.

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**Development Services****Mission:**

The mission of the Development Services Department is to help the community articulate and implement its vision for Oak Harbor. This mission is accomplished through the ongoing refinement and implementation of the community's Comprehensive Plan and its related development regulations and design standards. To ensure that this vision becomes a reality, staff conscientiously applies and administers the City's development regulations to public and private development projects. The department also plans and assists with the implementation of community-enhancing projects, such as parks, streets, and utility infrastructure. Staff courteously works with the community to preserve and safeguard public health, safety, and welfare through the provision of accurate technical information and the professional, efficient and timely evaluation and inspection of construction projects within the City.

**Responsibilities:**

- Protect the public by reducing the potential hazards of unsafe construction and ensure public health, safety, and welfare.
- Promote habitability, comfort, sanitation, energy conservation, structural strength, fire protection, and accessibility within our built environment and in consideration of the applied forces of nature; and provide a level of safety to first responders during emergency operations.
- Provide permit and code information to citizens, the development community, other City departments and outside agencies; issue permits; perform plan reviews; issue certificates of occupancy; maintain records on projects; perform inspections; and enforce City ordinances.
- Promote compliance with the Growth Management Act through the monitoring and implementation of the Comprehensive Plan.
- Guide the growth and appearance of Oak Harbor through thoughtful administration of community design guidelines and development standards.
- Administer and enforce City codes as they pertain to land development, infrastructure construction and physical building construction.
- Assure proper and timely processing of land use applications, plan reviews, utility construction permits, and building permits.
- Safeguard the community's environmental features by ensuring compliance with the City's environmental regulations and policies; the State Environmental Policy Act, Shoreline Management Act, and Low Impact Development requirements; and the Federal Flood Plain Management and National Pollutant Discharge Elimination System act requirements.
- Serve as liaison with other departments and agencies involved in growth management, transportation, and other infrastructure development.
- Manage the City's permit tracking system, various project files, and related databases.
- Administer a public participation process that facilitates community involvement in land use decision-making.
- Continue to provide training and personal skill development opportunities to maintain a competent and professional staff.

**2016 Accomplishments:**

- ✓ Completed a major update to the Comprehensive Plan and renewed the City's 20 year vision
- ✓ Completed annual update of the 2016-2021 Capital Improvements Plan – the City's blueprint for scheduling and funding construction projects
- ✓ Collaborated with Island County on updating Countywide Planning Policies – a multijurisdictional agreement that sets the framework for long range planning
- ✓ Updated the City's Transportation Plan – addressing existing problems and planning future improvements
- ✓ Administered and adopted the Windjammer Park Integration Plan – engaging the community to envision the future for Windjammer Park, after the Clean Water Facility is constructed
- ✓ OHMC Amendment: Timeline for extension of plats – brought Code into alignment with revised RCWs concerning preliminary plats and vesting for final plats
- ✓ OHMC Amendment: Deferred Impact Fee – updated Code to allow for applicants to defer payment on impact fees
- ✓ OHMC Amendment: Residential Non-Conformities – introduced new allowances for residential non-conformities
- ✓ OHMC Amendment: IBC 2015 Compliance – updated building Code to reflect the new International Building Code standards
- ✓ OHMC Amendment: Homeless encampments – amended the Code regulations relating to how and where an organized, sponsored homeless encampment may be established
- ✓ OHMC Amendment: Cellular communications code – updated City standards to meet FCC regulations making expansion of existing networks easier
- ✓ OHMC Amendment: Low Impact Development – brought Code into compliance with the Department of Ecology's Low Impact Development Regulations to meet the National Pollutant Discharge Elimination System Phase II permit requirements.

**2017 – 2018 Goals:**

- ❖ **Goal: Maintain the City's compliance with the Growth Management Act.**
  - Objective: Monitor amendments to the Growth Management Act and respond accordingly.
  - Objective: Continue to update and amend the City's Comprehensive Plan, Shoreline Master Program, and development regulations.
  - Objective: Work with Island County on any necessary amendments to the County-wide Planning Policies, so that the Comprehensive Plans of both jurisdictions may be fully implemented.
- ❖ **Goal: Continue implementation of the Capital Improvements Plan and other adopted city plans.**
  - Objective: Assist in implementation of community development and capital projects identified in the Comprehensive Plan, the Marina Redevelopment Program, and the Windjammer Park Integration Plan through the Capital Improvements Plan.

- Objective: Continue to update and refine the City’s Capital Improvement Plan with the intent of creating a document that is an effective project planning and financing tool for the community and the City.
- ❖ **Goals: Provide timely and accurate planning review of permit applications and information to the public.**
  - Objective: Review land use and development permit applications for code compliance within prescribed timeframes.
- ❖ **Goal: Protect the general public health, safety, welfare and accessibility in the built environment through the provision of an effective and efficient plan review and inspection process.**
  - Objective: Work with the community, the City Council and the City Administration to adopt appropriate codes for the protection of the general public and first responders, and modify and administer a plan review and inspection process that meets the needs of the community.
  - Objective: Use a variety of public education approaches to inform the community of minimum construction codes and requirements, and introduce technology as a way to improve efficiency, effectiveness, and consistency in enforcement of those codes.
- ❖ **Goal: Protect the general public health, safety, welfare, and property values through the provision of an effective and efficient code enforcement process.**
  - Objective: Work with the community, the City Council, and the City Administration to establish a code enforcement process that meets the needs of the community today.
  - Objective: Use a variety of public education approaches to inform the community of property maintenance codes and the City’s approach to enforcing those codes.

**Measurement Results**

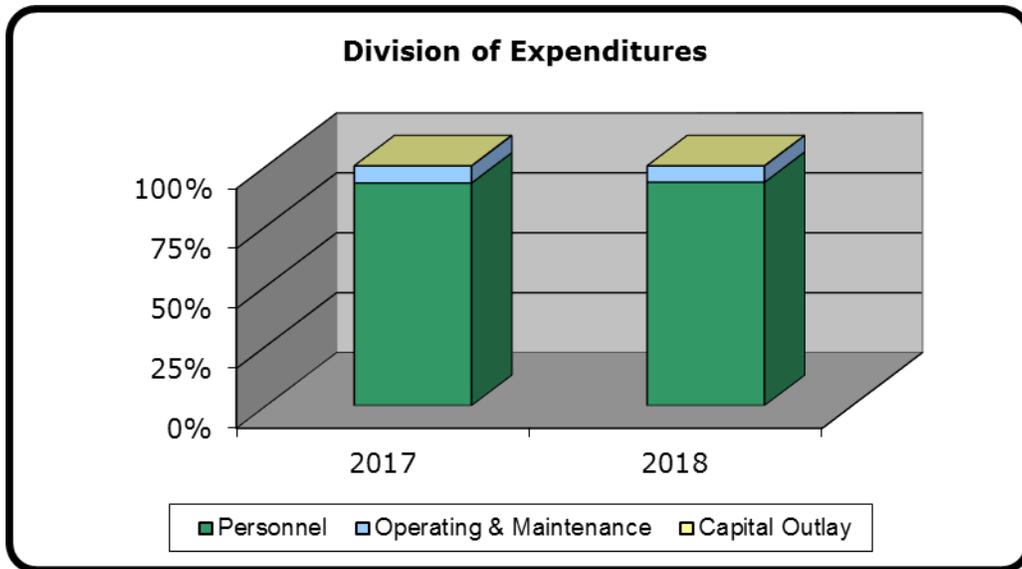
Measures	Actual		Projected	
	2015	2016	2017	2018
<b>Qualitative Measures</b>				
Percent of customer service responses within prescribed timelines	95%	95%	95%	95%
Percent of planning reviews completed within 120-day timeline	95%	95%	100%	100%
Number of preliminary plat reviews started during the year	1	1	2	3
Percent of single-family home permits issued within two weeks	100%	95%	100%	100%
<b>Quantitative Measures</b>				
Number of land use applications reviewed	36	48	20	20

**Personnel Schedule**

Classification	Budgeted Positions				
	2014	2015	2016	2017	2018
Development Services Director	1.00	1.00	1.00	1.00	1.00
Senior Planner	2.00	2.00	2.00	2.00	2.00
Associate Planner	0.00	1.00	1.00	1.00	1.00
Permit Coordinator	1.00	1.00	1.00	1.00	1.00
Administrative Assistant	1.00	1.00	1.00	1.00	1.00
Building Official	1.00	1.00	1.00	1.00	1.00
Plans Examiner	1.00	1.00	1.00	1.00	1.00
<b>Total</b>	<b>7.00</b>	<b>8.00</b>	<b>8.00</b>	<b>8.00</b>	<b>8.00</b>

**Summary of Financial Information**

Use of Funds	Actual 2015	Amended 2016	Adopted 2017	Adopted 2018
Expenditures				
Personnel	\$ 725,072	\$ 812,568	\$ 834,228	\$ 851,793
Operating & Maintenance	45,239	62,226	64,178	62,420
Capital Outlay	-	-	-	-
<b>Total Expenditures</b>	<b>770,311</b>	<b>874,794</b>	<b>898,406</b>	<b>914,213</b>
Other Uses				
Interfund Transactions	48,310	84,787	53,347	50,289
Operating Transfers Out	-	-	-	-
<b>Total Uses</b>	<b>\$ 818,621</b>	<b>\$ 959,581</b>	<b>\$ 951,753</b>	<b>\$ 964,502</b>



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**Discussion of Key Elements**

**Personnel Expenditures:**

There were no changes to the staffing levels during the 2015 and 2016 fiscal years. The Department has maintained 1 Director, 2 Senior Planners, 1 Associate Planner, 1 Permit Coordinator, 1 Administrative Assistant, 1 Building Official, and 1 Plans Examiner. There is not a projected need to increase staffing levels through 2018.

**Operating and Maintenance Expenditures:**

The majority of the operating and maintenance budget is for professional services.

**General Government**

**Mission:**

The mission of the General Governmental department is to provide funding for the various components of administrative and overhead costs that are not directly attributable to one of the other specific General Fund departments. Thus, the General Governmental department acts as a catch all for those activities within the General Fund that cannot be categorized to other defined departments.

**Responsibilities:**

- Monitor those congruent activities, such as special event against the intended purpose.
- Review all activities for any significant or unintended expenses.
- Act as an indicator for General Fund supporting costs.

**2016 Accomplishments:**

- ✓ Continued monitoring and developed further changes in general governmental activities in line with diminishing resources.
- ✓ Identified funding required to offset revenue loss at Senior Center.
- ✓ . Continued monitoring and adjustment of insurance needs and costs drivers. Look at ways to reduce the overall insurance costs to the City.

**2017 – 2018 Goals:**

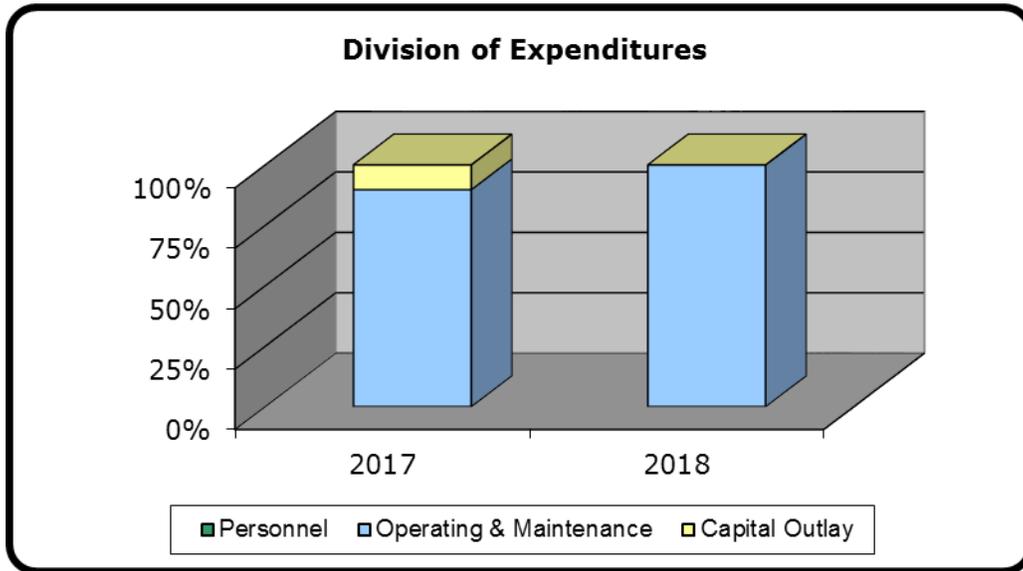
- ❖ **Goal: Better identify those needed services and demonstrate true cost for services as we move through this budget cycle.**
  - Objective: Utilizing the General Government fund to assist in developing policies to better respond to the community needs of those general activities.

**Personnel Schedule**

Classification	Budgeted Positions				
	2014	2015	2016	2017	2018
Web Specialist	0.00	0.30	0.30	0.00	0.00
Total	0.00	0.30	0.30	0.00	0.00

**Summary of Financial Information**

<b>Use of Funds</b>	<b>Actual 2015</b>	<b>Amended 2016</b>	<b>Adopted 2017</b>	<b>Adopted 2018</b>
Expenditures				
Personnel	\$ 22,565	\$ -	\$ -	\$ -
Operating & Maintenance	434,287	473,550	439,100	443,700
Capital Outlay	-	-	50,000	-
<b>Total Expenditures</b>	<b>456,853</b>	<b>473,550</b>	<b>489,100</b>	<b>443,700</b>
Other Uses				
Interfund Transactions	10,572	6,982	13,765	13,765
Operating Transfers Out	466,322	420,588	808,940	345,594
<b>Total Uses</b>	<b>\$ 933,747</b>	<b>\$ 901,120</b>	<b>\$ 1,311,805</b>	<b>\$ 803,059</b>



**Discussion of Key Elements**

**Personnel Expenditures:**

As of 2016, there are no more personnel charges to this department.

**Operating and Maintenance Expenditures:**

The most significant item of the operating and maintenance expenditures is insurance.

**Operating Transfers:**

Operating transfers consist of transfers out to the Senior Center for operations, to the Windjammer Park Project fund to transfer excess sales tax to be used in capital projects and transfers out to the LOCAL fund for repayment of the lighting project debt.

## **Police**

### **Mission:**

The mission of the Police Department is to provide law enforcement services to the citizens of Oak Harbor, to include service assistance to Base Housing within the corporate limits of the City. This service involves responding to calls for service, resolution of disputes, apprehension of criminals, criminal investigations, enforcement of traffic laws, development and/or maintenance of community programs that enhance community safety/service, as well as pro-active and reactive police responses.

### **Responsibilities:**

- Overall management of all police operations to include but not be limited to labor relations, budget, community interaction, crisis management, and other community issues.
- Providing leadership where possible and collaborate with area partners on social issues such as homelessness and mental health services.
- Responding to calls-for-service, traffic enforcement, preventive patrol, criminal investigation of both misdemeanor and felony crimes.
- Manage a full-service police Records Division: enter case and traffic enforcement information into the Records Management System (RMS), transcribe taped interviews, issue Concealed Pistol Licenses, conduct employment related background checks, respond to Public Records requests.
- Operation of our 12-bed, thirty-day correctional facility.

The Police department is committed to providing the highest level of service to the citizens of our community within the limits of the resources entrusted to us.

### **2016 Accomplishments:**

- ✓ Continued with replacement cycle for department vehicles.
- ✓ Additional radio equipment for officers who now have their radios available 24/7.
- ✓ Hired two new Police Officers, who graduated in November from the Washington State Criminal Justice Training Academy.
- ✓ Hired two new Records Specialists to replace two who retired.
- ✓ Increased training for staff.
- ✓ Completed agreements on one-year contracts with commissioned and non-commissioned bargaining units.
- ✓ Hired a new Police Chief.
- ✓ Continuation of jail bed space rental program.
- ✓ Increased commitment to and involvement by the community.
- ✓ Continued collaboration and partnership with other city agencies during multiple city events.
- ✓ Washington State Criminal Justice Training Commission training standards met affording all commissioned officers with 24+ hours of training.

**2017 – 2018 Goals:****❖ Goal: Focus on efficient and effective service.**

- Objective: Conduct a comprehensive analysis of all department business practices, internal processes, and operating procedures. OHPD has an obligation to utilize the resources entrusted to us as effectively and efficiently as possible. "We've always done it that way" does not serve as sufficient justification for any program, process, or procedure.
- Objective: Continue working with and for the community to keep the community a safe and desirable place to live, work and visit.

**❖ Goal: Maintain vehicle fleet.**

- Objective: Completely analyze the use of in-car video from a technology and process perspective. Evaluate the need for training and or equipment and acquire the training and/or material to operate the system to appropriate standards.
- Objective: Put a new jail transportation van into service.
- Objective: Ensure appropriate rotation schedule and budget allocation for vehicles.

**❖ Goal: Maintain police facility.**

- Objective: Make improvements to the Police Department as appropriate and as budgeted, to include carpeting, a drying locker and other needed improvements or repairs.
- Objective: Efficient and appropriate use of facility spaces.

**❖ Goal: Evaluate department needs and develop a comprehensive training plan.**

- Objective: Acknowledge that people are any organizations most valuable asset. Assess department training needs and develop a multi-year plan to fully optimize staff development.
- Objective: Increase department training by identifying needs and sending staff to appropriate external training.
- Objective: Establish a regular internal department training program and conduct regular and consistent shift training.
- Objective: Provide Crisis Intervention Training (CIT) for all Officer/Jail staff.

**❖ Goal: Continue to work with the community.**

- Objective: Increase department activities in areas such as; traffic enforcement, downtown patrols, park patrols and school patrols.
- Objective: Develop department "Shift Plans".

**❖ Goal: Increase collaboration with area law enforcement partners.**

- Objective: Review and consider multi-agency teams and training.
- Objective: Increased inter-agency collaboration and partnerships.
- Objective: Collaborate with area partners regarding a variety of social issues, including: mental health, the homeless population and challenges facing our juveniles.

- ❖ **Goal: Increase staff ownership, teamwork, individual participation and job satisfaction.**
  - Objective: Continually strive to improve job satisfaction, teamwork and departmental pride for all staff.
  - Objective: Increase participation by all staff in multiple departmental tasks and responsibilities.
  
- ❖ **Goal: Maintain professionalism and Best Practices.**
  - Objective: Complete a department LEMAP process and use as a “roadmap” for improvement.
  - Objective: Begin processes and improvements necessary to obtain WASPC Accreditation with a goal of applying for accreditation in 2019.
  
- ❖ **Goal: Personnel.**
  - Objective: Identify and hire to fill vacant positions, including a Captain position.
  - Objective: Enhance succession planning within the department.

**Measurement Results**

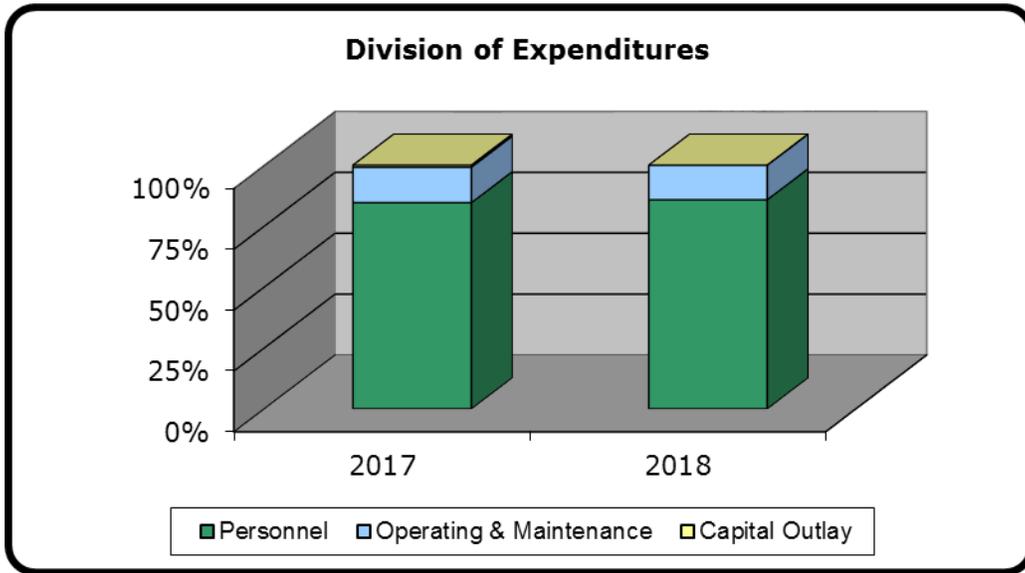
Measures	Actual		Projected	
	2015	2016	2017	2018
<b>Quantitative Measures</b>				
Calls for service	12,712	14,087	14,791	15,531
Misdemeanor/felony arrests	748	828	868	912
Traffic stops:	4,111	3,056	3,464	3,983
Criminal traffic	168	149	164	180
Notice of infraction	622	514	565	622

**Personnel Schedule**

Classification	Budgeted Positions				
	2014	2015	2016	2017	2018
Chief of Police	1.00	1.00	1.00	1.00	1.00
Captain	0.00	1.00	1.00	1.00	1.00
Lieutenant	1.00	0.00	0.00	0.00	0.00
Administration Assistant	1.00	1.00	1.00	1.00	1.00
Sergeant	5.00	5.00	5.00	5.00	5.00
Police Officer	19.00	20.00	20.00	19.00	19.00
Jail Sergeant	1.00	1.00	1.00	1.00	1.00
Jailer	6.00	6.00	6.00	6.00	6.00
Support Services Supervisor	1.00	1.00	1.00	0.00	0.00
Records/Evidence Supervisor	0.00	0.00	0.00	1.00	1.00
Records Information Specialist	2.00	2.00	2.00	2.00	2.00
Civil Service Secretary	0.00	0.20	0.20	0.00	0.00
Receptionist	1.00	1.00	1.00	1.00	1.00
<b>Total</b>	<b>38.00</b>	<b>39.20</b>	<b>39.20</b>	<b>38.00</b>	<b>38.00</b>

**Summary of Financial Information**

<b>Use of Funds</b>	<b>Actual 2015</b>	<b>Amended 2016</b>	<b>Adopted 2017</b>	<b>Adopted 2018</b>
Expenditures				
Personnel	\$ 4,261,025	\$ 4,350,512	\$ 4,252,364	\$ 4,349,450
Operating & Maintenance	783,944	758,280	731,712	717,035
Capital Outlay	15,585	68,500	40,000	-
<b>Total Expenditures</b>	<b>5,060,554</b>	<b>5,177,292</b>	<b>5,024,076</b>	<b>5,066,485</b>
Other Uses				
Interfund Transactions	359,639	363,502	425,436	410,623
Operating Transfers Out	20,000	-	6,592	6,592
<b>Total Uses</b>	<b>\$ 5,440,193</b>	<b>\$ 5,540,794</b>	<b>\$ 5,456,104</b>	<b>\$ 5,483,700</b>



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**Discussion of Key Elements**

**Personnel Expenditures:**

The department saw some major personnel changes in 2016. The Police Chief left the department and an interim Chief filled the position for several months. Following a selection process a new Police Chief was hired and started duties in October. The Records Division saw the retirement of the two Records Specialists and two temporary staff were hired and performed those duties for several months. Two new Records Specialists began work in November. These two joined the Records Supervisor and Receptionist to form a fairly new Records Division.

The department hired two new Police Officers, who attended training in Burien and graduated in November. They were then assigned to training Officers within the department and are nearing the end of their training and will be out on their own. Police Officers are constantly training and learning in order to improve their knowledges, skills and abilities. The Police Captain retired at the end of the year, leaving that position vacant. The department currently has three openings which we will work on filling.

The Navy is expanding its mission and number of aircraft at Whidbey Island NAS over the next 4 to 5 years and as a result we are expecting growth in the City and in the number of calls for service for the department. The City and the Police Department will continue to monitor this growth and the associated needs in order to cope with the increased demand for services.

**Operating and Maintenance Expenditures:**

2017 will see an increase in expenses in the operating and maintenance budget for services such as ICOM, medical costs, jail costs and other functions vital to providing citizens with quality police services. The Police Department budget includes Police and, Jail.

**Capital Outlay:**

2017 capital outlay includes \$9,500 evidence drying "rack". Items of evidence which are "wet" or moist must be hung up to dry. This "rack" will allow for this to occur without contamination and in accordance with "best practice" and \$30,500 will be used to redo the flooring in the department. The flooring is old and very worn as the result of many years of use. The department is reviewing costs for carpeting and "durable" rubber-type flooring to determine the cost-benefit for each type, in order to determine which flooring would be the most appropriate to obtain.

**Operating Transfers:**

Operating transfers consist of transfers out to the LOCAL fund for repayment of the lighting project debt.

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## **Animal Control**

### **Mission:**

The mission of the Animal Control department is to enforce State and Municipal laws relating to the care and custody of animals within our jurisdiction, as well as ensuring that an appropriate level of care is provided to animals that are in our care through shelter operations.

### **Responsibilities:**

- Enforcement of Title Seven of the Oak Harbor Municipal Code.
- Shelter operations, which include the impounding and release of animals, and the placement of animals for adoption.
- Partnering with the Navy and WAIF for the utilization and operation of the animal shelter.

### **2016 Accomplishments:**

- ✓ Continued contract with WAIF and the animal control holding facility.
- ✓ Continued use of Facebook Stray Page for animals.
- ✓ Continue partnering with Hunt, US Navy housing contractor, for animal services.

### **2017 – 2018 Goals:**

#### **❖ Goal: Maintain Professional Animal Control Services**

- Objective: Provide relevant training to the Animal Control Officer to ensure the officer is current with the applicable case law, and practices and procedures for handling animals.

#### **❖ Goal: Complete a comprehensive analysis of animal control services and related facilities for the city of Oak Harbor.**

- Objective: Determine if public resources dedicated to animal welfare within the city of Oak Harbor are being managed as efficiently and effectively as possible.

**Measurement Results**

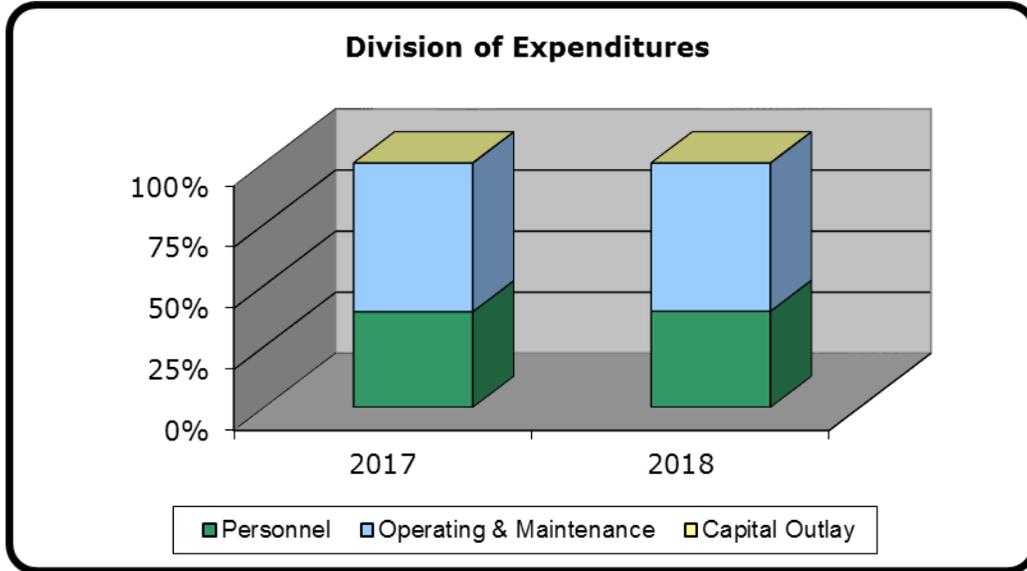
Measures	Actual		Projected	
	2015	2016	2017	2018
<b>Qualitative Measures</b>				
Animal control public education (animals returned to owner/owner educated):				
Cats	17	14	15	16
Dogs	138	144	150	155
<b>Quantitative Measures</b>				
Number of animal licenses sold	1,162	1,057	1,110	1,165
Number of animals impounded:				
Cats	36	29	30	32
Dogs	121	112	118	123

**Personnel Schedule**

Classification	Budgeted Positions				
	2014	2015	2016	2017	2018
Animal Control/Code Enforcement Officer	1.00	1.00	1.00	1.00	1.00
Total	1.00	1.00	1.00	1.00	1.00

**Summary of Financial Information**

Use of Funds	Actual 2015	Amended 2016	Adopted 2017	Adopted 2018
Expenditures				
Personnel	\$ 81,127	\$ 96,274	\$ 91,954	\$ 93,929
Operating & Maintenance	140,956	154,752	142,942	144,900
Capital Outlay	-	-	-	-
<b>Total Expenditures</b>	<b>222,083</b>	<b>251,026</b>	<b>234,896</b>	<b>238,829</b>
Other Uses				
Interfund Transactions	12,557	19,127	14,868	14,848
Operating Transfers Out	-	-	-	-
<b>Total Uses</b>	<b>\$ 234,641</b>	<b>\$ 270,153</b>	<b>\$ 249,764</b>	<b>\$ 253,677</b>



**Discussion of Key Elements**

**Personnel Expenditures:**

There have been no significant changes.

**Operating and Maintenance Expenditures:**

The most significant item of the operating and maintenance budget is professional services for the Whidbey Animal Improvement Foundation (WAIF) which operates the Oak Harbor Animal Shelter.

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## **Fire**

### **Mission:**

The mission of the Fire Department is to provide emergency and non-emergency services within the city limits of Oak Harbor and auto aid areas with North Whidbey Fire and Rescue. Emergency services include responding to all hazards ranging from fire suppression, medical, hazardous materials, marine, fire investigation, and technical rescue incidents.

Non-emergency services include functions that support fire and life safety inspections, fire code enforcement, facility maintenance, apparatus and equipment maintenance, record keeping, and all other administrative and public education activities.

### **Responsibilities:**

- Management of department operations, budgeting, personnel relations, and community interaction.
- The suppression division is primarily responsible for responding to emergency incidents. Other functions include fire and life safety inspections and assisting with public education activities.
- Our prevention division is the code enforcement arm of the department. Primary duties include the management of fire and life safety inspections, new construction and development plan review and inspections.
- The training division is tasked with managing the training of department personnel. These duties include the scheduling of all training to meet federal, state, and local requirements. The coordination of public education requests is also included in the responsibilities of the training division.
- All divisions participate in managing inventories and the care and maintenance of the station and training facilities, apparatus and equipment, and working closely with the public works maintenance personnel to assure the readiness of all apparatus and equipment.

### **2016 Accomplishments:**

- ✓ Entered into an agreement with Carletti Architects to conduct a feasibility study for a fire station located on the west side of the City.
- ✓ Sponsored two (2) Paid on Call firefighters through the Recruit Academy; both members will earn IFSAC Firefighter 1 certification.
- ✓ Sponsored four (4) Paid on Call firefighters through the Washington State Emergency Medical Technician (EMT) training program; they have received both National and Washington EMT certification.
- ✓ Maintained all required International Code Council Certifications for Fire Inspector 1 and 2. One member earned the Managing Company Officer Certification at the National Fire Academy. Another earned the exceptional NAFI Certified Fire and Explosion Investigator designation.
- ✓ Continued training the Active Shooter Emergency Medical Response Team.
- ✓ Conducted a promotional exam for career Lieutenant's position.
- ✓ Participated at Holland Happening, Independence Day, National Night Out, Home Depot Safety Fair, and many additional public education events.

**2017 – 2018 Goals:**

- ❖ **Goal: Re-rate the City of Oak Harbor’s insurance rating from a class 4 to a class 3, per Washington Surveying and Rating Bureau’s standard rating scale.**
  - Objective: A lower rating reflects the abilities and preparedness of the fire department to respond to emergency incidents.
  - Objective: Insurance premiums for businesses and some residences may be decreased when the City has earned a lower insurance rating.
- ❖ **Goal: Sponsor four to six entry-level paid-on-call firefighters per year through our certified recruit firefighting academy for their Firefighter 1 certification.**
  - Objective: Increase the total number of paid-on-call firefighters.
- ❖ **Goal: Continue efforts in public education on fire safety and disaster preparedness.**
  - Objective: Reduce loss and prepare for disasters likely to occur in our community.
- ❖ **Goal: Continue certification process for personnel, including Emergency Medical Technician (EMT), Firefighter 2, Fire Officer 1 and 2, Fire Investigator, and Driver/Operator.**
  - Objective: Maintain highly qualified and motivated personnel.
- ❖ **Goal: Purchase replacement and new firefighting tools and equipment for suppression activities.**
  - Objective: Replace old and nearly worn out fire suppression tools and equipment to include portable circular saws, Blitzfire monitors, thermal imaging cameras, and ventilation fans.
- ❖ **Goal: Utilize current funds (fire fees) to continue working with the architectural firm selected in 2016 Request for Qualifications (RFQ) for an additional fire station in the southwest quadrant of the City.**
  - Objective: Complete the scope of work – phase 1, outlined in the RFQ, including the Feasibility Study, site selection, and fire station design work.
  - Objective: Select from the four potential sites outlined in the Oak Harbor Emergency Response Analysis (*May 2016, Fehr & Peers*), obtain City Council and public support to proceed.
  - Objective: Obtain funding and continue with the scope of work – phase 2, outlined in the RFQ; implementation of the preferred alternative.
  - Objective: Address current expansion, and be prepared for the anticipated growth, in the southwest quadrant.
- ❖ **Goal: Utilizing current funding (fire fees), acquire the services of a bond and levy consultant.**
  - Objective: Assistance in developing a communications plan, materials, and smart strategies for a passing ballot measure.

❖ **Goal: Obtain funding to purchase fire apparatus equipment for Station 82.**

- Objective: To specify and purchase a 75 foot quint ladder/fire engine to fulfill a Washington Survey and Rating Bureau requirement to have two ladder trucks for the City of Oak Harbor.

❖ **Goal: Obtain funding to hire additional staffing.**

- Objective: Hire five (5) career firefighters to staff Station 82 in order to provide 24/7 coverage at that station.
- Objective: Continue to utilize the cost-saving paid-on-call (POC) firefighting program by increase authorized POC staffing level from 42 to 50 positions.
- Objective: Hire a full-time office assistant to assist with public reception, data entry, payroll, training, maintenance, and operational reports.

**Measurement Results**

Measures	Actual		Projected	
	2015	2016	2017	2018
<b>Qualitative Measures</b>				
Surveying & Rating Bureau: Rating	4	4	4	4
<b>Quantitative Measures</b>				
Fire & Life Safety Inspections Complete	98%	98%	98%	98%
Percentage Tested: Hose, Ladders, Pumps, and Self Contained Breathing Apparatus	100%	100%	100%	100%

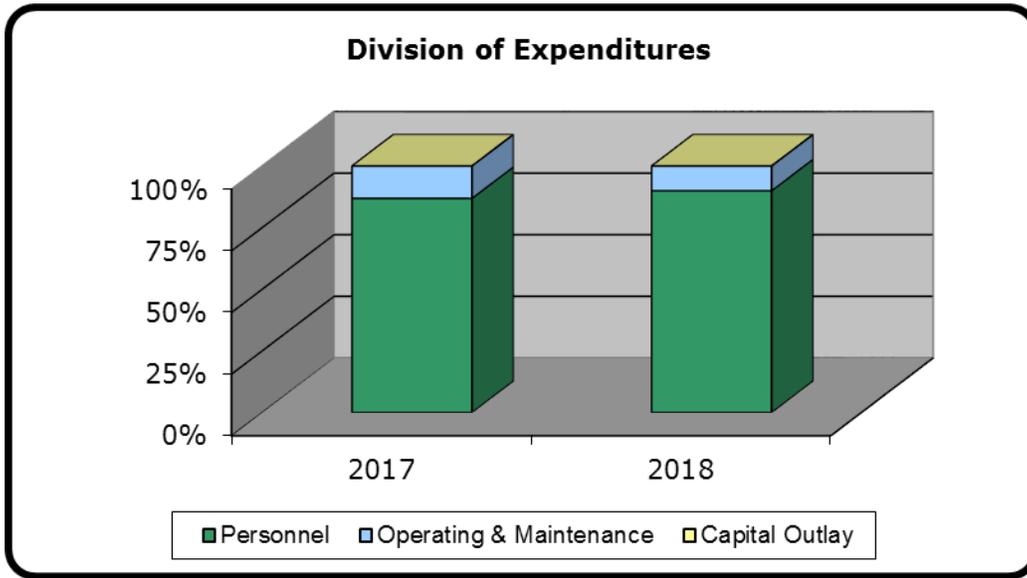
**Personnel Schedule**

Classification	Budgeted Positions				
	2014	2015	2016	2017	2018
Fire Chief	0.90	0.90	0.90	0.90	0.90
Administrative Assistant	1.00	1.00	1.00	1.00	1.00
Captain	0.00	0.00	0.00	4.00	4.00
Lieutenant	4.00	4.00	4.00	1.00	1.00
Firefighter/EMT	4.00	4.00	4.00	4.00	4.00
Deputy Chief	1.00	1.00	1.00	1.00	1.00
Paid On Call Firefighter *		unavailable		13.90	13.90
Civil Service Secretary	0.00	0.40	0.40	0.00	0.00
<b>Total</b>	<b>10.90</b>	<b>11.30</b>	<b>11.30</b>	<b>25.80</b>	<b>25.80</b>

\* Paid on Call firefighter budgeted positions is calculated by anticipated hours worked divided by 2,080 to come up with an equivalent FTE.

**Summary of Financial Information**

Use of Funds	Actual 2015	Amended 2016	Adopted 2017	Adopted 2018
Expenditures				
Personnel	\$ 1,624,675	\$ 1,589,028	\$ 1,714,564	\$ 1,751,664
Operating & Maintenance	257,471	293,470	259,092	195,400
Capital Outlay	-	9,000	-	-
<b>Total Expenditures</b>	<b>1,882,146</b>	<b>1,891,498</b>	<b>1,973,656</b>	<b>1,947,064</b>
Other Uses				
Interfund Transactions	227,796	188,967	224,675	216,057
Operating Transfers Out	-	-	10,547	10,547
<b>Total Uses</b>	<b>\$ 2,109,942</b>	<b>\$ 2,080,465</b>	<b>\$ 2,208,878</b>	<b>\$ 2,173,668</b>



**Discussion of Key Elements**

**Personnel Expenditures:**

All current staffing levels are maintained by this budget. 2017: two (2) additional firefighter positions were requested. 2018: two (2) additional firefighter positions were requested. Both requests were denied.

**Operating and Maintenance Expenditures:**

The majority of the operating and maintenance budget is for office and operating supplies, fire suppression tools, safety equipment, communications, and utilities.

**Operating Transfers:**

Operating transfers consist of transfers out to the LOCAL fund for repayment of the lighting project debt.

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## Emergency Services

### **Mission:**

The mission of Emergency Services is to plan and prepare for hazards that threaten the lives, property, and environment of our citizens. This includes the maintenance of a Comprehensive Emergency Management Plan (CEMP) that provides the direction for city departments to mitigate the hazards and emergency preparedness training for our citizens.

### **Responsibilities:**

Preparing for all types of hazards our city can encounter is the prime concern of the Department of Emergency Services. They include all events from civil disorder to earthquakes. A top priority is the training of City employees and to promote and provide public education to prepare our citizens.

### **2016 Accomplishments:**

- ✓ Activated Emergency Operations Center (EOC) during severe weather events and applied for FEMA grant relief for damage during events.
- ✓ Utilized Mobile Emergency Operations Center during Independence Day event.
- ✓ Continued partnership with Island County Department of Emergency Management.
- ✓ Hosted Emergency Operations Center (EOC) training for Elected Officials.
- ✓ Participated in regional and national training exercises, including the *Cascadia Rising* earthquake training event.

### **2017 – 2018 Goals:**

- ❖ **Goal: Conduct Emergency Operations Center (EOC) operations and procedures training for the City's key personnel.**
  - Objective: Ensure key personnel not only understand their specific roles and responsibilities within the EOC process but also what other positions do and who they must coordinate effectively with in the EOC to be successful.
  - Objective: Allow for practice and evaluation of the effectiveness of the Comprehensive Emergency Management Plan (CEMP) and the readiness of City departments.
- ❖ **Goal: Continue the partnership with the Island County Department of Emergency Management.**
  - Objective: Reduce loss and prepare for large scale incidents and disasters likely to occur in our community.
- ❖ **Goal: Complete the required four year update of the Comprehensive Emergency Management Plan (CEMP).**
  - Objective: Reduce the impact of emergencies by maintaining a current and effect emergency management plan.

**Measurement Results**

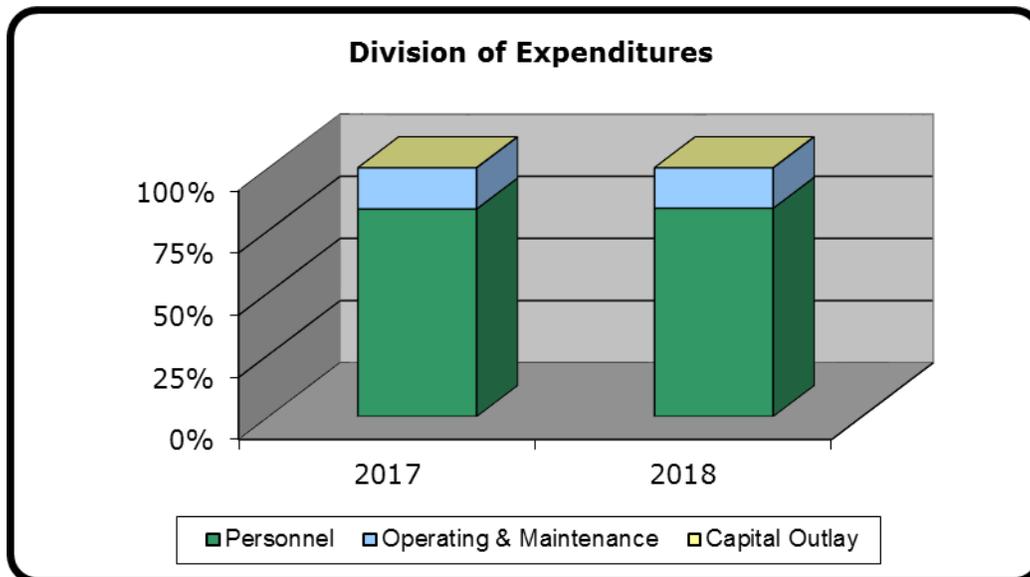
Measures	Actual		Projected	
	2015	2016	2017	2018
<b>Qualitative Measures</b>				
Percentage of CEMP updated	0	0	100	0
<b>Quantitative Measures</b>				
Number of training exercises	1	1	1	1

**Personnel Schedule**

Classification	Budgeted Positions				
	2014	2015	2016	2017	2018
Director of Emergency Services	0.10	0.10	0.10	0.10	0.10
Total	0.10	0.10	0.10	0.10	0.10

**Summary of Financial Information**

Use of Funds	Actual 2015	Amended 2016	Adopted 2017	Adopted 2018
Expenditures				
Personnel	\$ 14,262	\$ 14,415	\$ 14,746	\$ 15,048
Operating & Maintenance	633	4,675	2,925	2,925
Capital Outlay	-	-	-	-
<b>Total Expenditures</b>	<b>14,895</b>	<b>19,090</b>	<b>17,671</b>	<b>17,973</b>
Other Uses				
Interfund Transactions	-	-	-	-
Operating Transfers Out	-	-	-	-
<b>Total Uses</b>	<b>\$ 14,895</b>	<b>\$ 19,090</b>	<b>\$ 17,671</b>	<b>\$ 17,973</b>



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**Discussion of Key Elements**

**Personnel Expenditures:**

No changes or significant items to this category.

**Operating and Maintenance Expenditures:**

The most significant expenditure of the operating and maintenance budget is for communications.

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## **Parks**

### **Mission:**

The mission of the Parks department is to create and maintain attractive and safe parks, open spaces and trails that conserve and enhance our relationship with nature and provide the citizens with leisure time, relaxing and active recreational opportunities.

### **Responsibilities:**

- To provide for active and passive recreational opportunities through a network of parks and trails totaling 124 developed acres and 72.6 acres of open space.
- To develop and maintain attractive parks, greenbelts and community spaces through the use of City staff and volunteers.
- To collaborate with athletic leagues, to make facility improvements, plan for future growth and coordinate field usage.
- To improve the appearance of the community through partnerships with volunteers in the Adopt-A-Park program, the Gift Catalog program, the Oak Harbor Garden Club and service organizations.
- To promote tourism and community involvement by working with the Chamber of Commerce, service organizations and other agencies to host special events and activities in the parks.
- To collaborate with the Development Services Department to identify and implement capital improvement projects that meet the needs identified in the Parks Comprehensive Plan and growth in the community.
- To maintain public art and memorials throughout the community in cooperation with the Oak Harbor Arts Commission.

### **2016 Accomplishments:**

- ✓ The electronic reader board was installed and started displaying messages at Beekma Park. This took the place of the banners that were displayed in the past.
- ✓ Two Petanque courts were installed at Catalina Park.
- ✓ A new drinking fountain/ bottle filling station was installed at Ft Nugent Park.
- ✓ Two pickle ball courts were installed at Lions Park next to the Chamber of Commerce building.
- ✓ Additional Garry Oak trees were planted at the centennial Oak Grove site. There are approximately 110 6-8 ft. tall Oaks and 400-500 saplings planted at the Oak Grove.
- ✓ The Mini Harbor docks at Flintstone Park were rebuilt.

**2017 – 2018 Goals:****❖ Goal: Promote recreational activities for all residents.**

- Objective: To increase recreational opportunities available to the public by promoting the use of our facilities to both organized and casual park users. Encourage traditional recreational activities as well as non-traditional, such as disc golf, Frisbee football and Petanque, pickle ball court. Purchase additional property for the development of athletic fields to meet the increased needs of youth and adults sports leagues.

**❖ Goal: Protect and enhance capital investment in City parks and facilities.**

- Objective: To replace aging restroom and kitchen facilities and construct a new splash pad playground in Windjammer Park as shown in the Windjammer Park Improvement Plan.; replace aging playground equipment in neighborhood parks and install new backstop nets at all of the baseball fields.
- Objective: To continue to control vandalism and graffiti and other crimes that occur within the City parks by strengthening our partnership with the Oak Harbor Police Department. Install additional cameras and connect our security cameras to the City's computer network and Police patrol laptops for better recording capabilities and quicker response to crimes.
- Objective: To develop the 6 year Parks, Recreation and Open Space Plan to meet the current and future needs of the City.
- Objective: To purchase open space property for passive use and trails.
- Objective: Develop Catalina Park into a more vibrant usable park by adding a covered shelter which can be rented out for special events and family activities. This upgrade will also include a bocce ball court.

**❖ Goal: Promote community pride and tourism in Oak Harbor.**

- Objective: To collaborate and coordinate with the Chamber of Commerce, athletic leagues and service groups to organize and support community events and activities as well as athletic tournaments in our parks.
- Objective: To collaborate with the Garden Club and other service organizations to develop and implement community beautification projects. Continue to develop the waterfront trail and install additional interpretive signage and kiosks.
- Objective: To work collectively with civic clubs, school groups and community volunteers to establish future Garry Oak tree planting and to protect the existing Garry Oaks within the City.

**❖ Goal: High quality maintenance and operation of parks, greenbelts and public open spaces in a cost-effective manner.**

- Objective: To evaluate maintenance methods, schedules and standards to determine if modification is necessary to meet desired levels of service. Consider alternative staffing structures as well as volunteer and contract opportunities. To replace one position that was eliminated through budget cuts. Evaluate the value of the City owned RV Park and explore renovation, relocation or leasing options for the facility.
- Objective: To increase the number of parks adopted within the community through the City's Adopt-A-Park program.

❖ **Goal: Provide facilities for non-traditional recreational activities, such as pickle ball and bocce ball.**

- Objective: To broaden the City’s offering of non-traditional recreational activities to include a wide range of ages and interests. The City already offers disc golf as an alternative activity. The City is currently implementing pickle ball and bocce ball activities.

**Measurement Results**

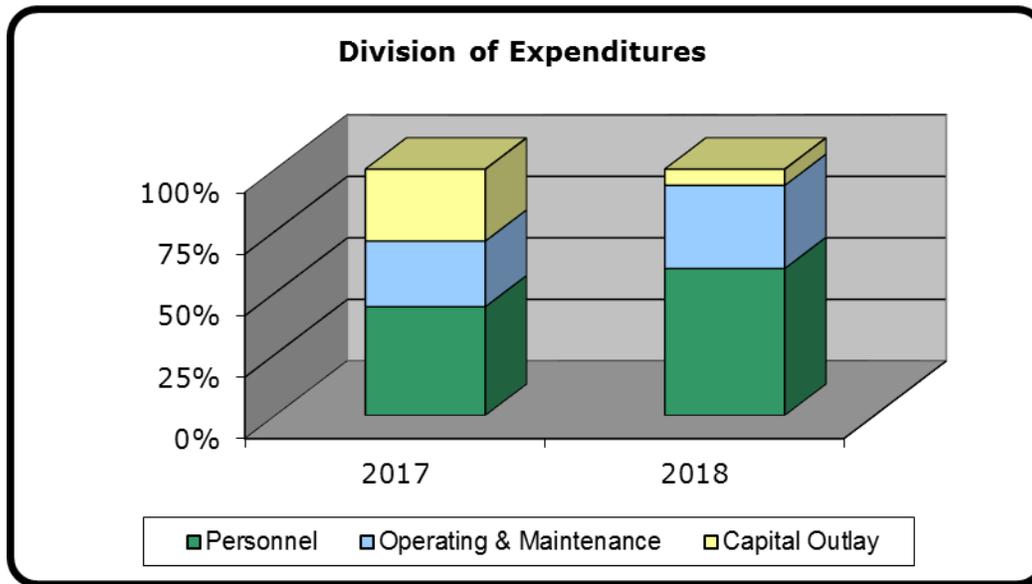
Measures	Actual		Projected	
	2015	2016	2017	2018
<b>Quantitative Measures</b>				
Acres of open space maintained	72.6	72.6	72.6	82.6
Community parks (acres)	87	87	87	87
Neighborhood parks (acres)	37	37	37	37
Linear miles of trails maintained	4.5	4.5	4.5	5
Total number of sports camps and tournaments in City parks	4	4	5	5
Sports leagues participation	1,503	1,500	1,540	1,540
Number of volunteer hours worked on Parks projects	1,252	1,250	1,260	1,265
Total number of community events held in parks	42	40	42	42
Number of visitors to the RV Park (full hookups)	6,091	5,604	5,600	0
Number of visitors to tent sites	300	0	0	0
Number of parks adopted	19	19	20	21
Public art pieces/memorials	15	16	17	18
Kitchen facility rentals	290	295	250	240

**Personnel Schedule**

Classification	Budgeted Positions				
	2014	2015	2016	2017	2018
Parks Operations Manager	1.00	1.00	1.00	1.00	1.00
Lead Parks Specialist	1.00	1.00	1.00	1.00	1.00
Parks Specialist II	1.00	1.00	1.00	4.00	4.00
Parks Specialist I	3.00	3.00	3.00	0.00	0.00
Parks Laborer (Part Time)	0.50	0.50	0.50	0.50	0.50
Seasonal Laborer	2.00	1.50	1.50	1.00	1.00
Total	8.50	8.00	8.00	7.50	7.50

**Summary of Financial Information**

Use of Funds	Actual 2015	Amended 2016	Adopted 2017	Adopted 2018
Expenditures				
Personnel	\$ 518,918	\$ 611,224	\$ 579,110	\$ 591,168
Operating & Maintenance	353,990	350,100	350,142	334,500
Capital Outlay	70,853	34,100	383,000	65,000
<b>Total Expenditures</b>	<b>943,761</b>	<b>995,424</b>	<b>1,312,252</b>	<b>990,668</b>
Other Uses				
Interfund Transactions	320,558	312,127	319,457	322,713
Operating Transfers Out	-	-	2,889	2,889
<b>Total Uses</b>	<b>\$ 1,264,319</b>	<b>\$ 1,307,551</b>	<b>\$ 1,634,598</b>	<b>\$ 1,316,270</b>



**Discussion of Key Elements**

**Personnel Expenditures:**

\$4,000 has been added to cover increased cost of overtime pay.

**Operating and Maintenance Expenditures:**

The most significant item in operating and maintenance continues to be utility costs. Approximately \$210,000 has been budgeted per year to pay for water to irrigate and electricity for parks. The office & operating supplies line item includes an additional \$12,000 to purchase new back stop nets and other fencing improvements for ball fields in 2017. The travel line item has been increased to \$2,500 in anticipation of Park employees obtaining additional schooling and certification in Parks operations. The inter-fund labor pool line item has also been increased to \$8,000 in anticipation of assistance by other divisions within the Public Works Department assisting with Parks projects. \$20,000 has been budgeted in 2017 and again in 2018 for Oak tree maintenance.

**Capital Outlay:**

The 2017 budget includes \$20,000 for the installation of security cameras at Flintstone Park, Hal Ramaly Park and Volunteer Park, \$250,000 to purchase property adjacent to Ft. Nugent Park and \$37,500, \$38,000, and \$37,500 to replace the playground equipment at Tyhuis Park, Lueck Park and Shadow Glenn, respectively

The 2018 budget includes \$27,500 and \$37,500 to replace the playground equipment at Neil Park and Kimball Park, respectively.

**Operating Transfers:**

Operating transfers consist of transfers out to the LOCAL fund for repayment of the lighting project debt.

**Library**

The Library fund accounts for expenditures related to the City support of the Sno-Isle Regional Library System. This entity, separate and apart from the City, receives support in the form of funding for shared janitorial and security services at the Library located at the Skagit Valley College campus.

**Sources of Revenue:**

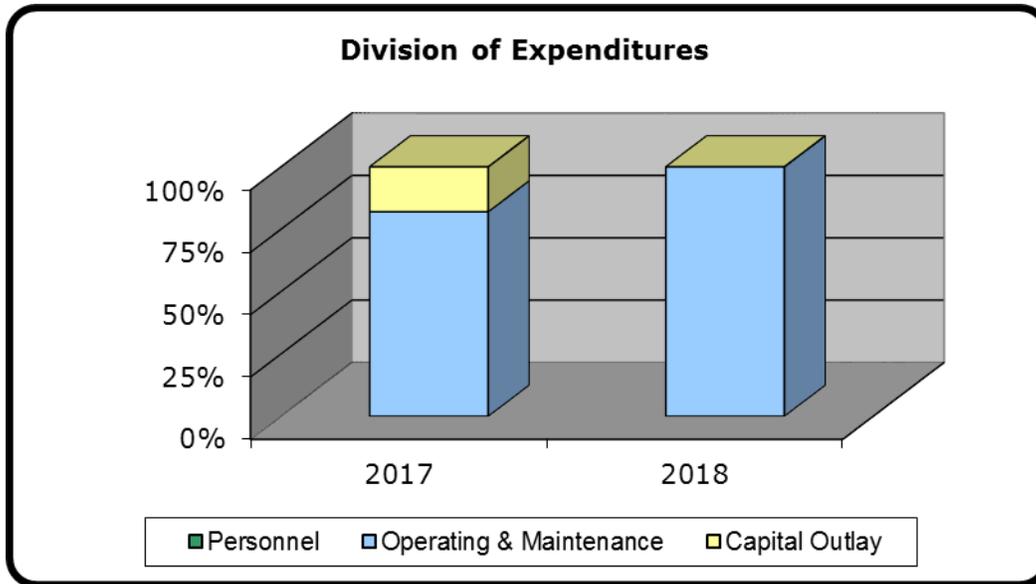
There are no sources of revenue from this operation.

**Personnel Schedule**

There are no employees charged to this department.

**Summary of Financial Information**

<b>Use of Funds</b>	<b>Actual 2015</b>	<b>Amended 2016</b>	<b>Adopted 2017</b>	<b>Adopted 2018</b>
Expenditures				
Personnel	\$ -	\$ -	\$ -	\$ -
Operating & Maintenance	66,220	72,500	68,400	68,400
Capital Outlay	-	216,603	15,000	-
<b>Total Expenditures</b>	<b>66,220</b>	<b>289,103</b>	<b>83,400</b>	<b>68,400</b>
Other Uses				
Interfund Transactions	1,321	573	1,400	1,400
Operating Transfers Out	-	-	-	-
<b>Total Uses</b>	<b>\$ 67,541</b>	<b>\$ 289,676</b>	<b>\$ 84,800</b>	<b>\$ 69,800</b>



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**Discussion of Key Elements**

**Operating and Maintenance Expenditures:**

The most significant item of the operating and maintenance budget is professional services and utilities for the City's portion of the operations of the Library.

**Capital Outlay:**

Capital outlay consist of additional funds required for HVAC system.

**Reserves**

**General Fund Reserves**

General Fund Reserves consists of a number of General Fund sub-funds utilized as depositories for the portion of beginning fund balance that exceeds the City policy of 15% of the annual expenditure budget for the General Fund. Sub-fund #002 is used as a stabilization fund for the purpose of identifying, reserving, and accumulating unexpended General Fund resources for use in mitigating impacts of non-routine unanticipated General Fund revenue shortfalls, budgetary imbalances, and shortages in working capital segregate. In addition, sub-funds #003 through #006 are used as conduit or special purpose type accounts for certain "pass thru" transactions or entrepreneurial operations that are not specific operational activities of another General Fund Department. These activities pertain to the Discovery Section 125 medical reimbursement plan, the DARE program, the City's Drug Seizure Program, and the Whidbey Island Marathon.

**Sources of Revenue:**

Operating transfers are the main source of revenue.

**Personnel Schedule**

There are no employees charged to this fund.

**Summary of Financial Information**

<b>Fund Balance Reconciliation</b>	<b>Actual 2015</b>	<b>Amended 2016</b>	<b>Adopted 2017</b>	<b>Adopted 2018</b>
Beginning Fund Balance	\$ 3,131,028	\$ 3,398,100	\$ 3,765,488	\$ 3,418,700
Revenues	-	-	-	-
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
Surplus (Deficit)	-	-	-	-
Other Sources (Uses)				
Net Interfund Transactions	-	-	-	-
Net Operating Transfers	331,322	285,588	(346,788)	-
Sources Over (Under) Uses	331,322	285,588	(346,788)	-
Change in Fund Balance	331,322	285,588	(346,788)	-
Ending Fund Balance	\$ 3,462,350	\$ 3,683,688	\$ 3,418,700	\$ 3,418,700

**Discussion of Key Elements**

**Operating Transfers:**

Operating transfers consist of transfer out to the Windjammer Park project for capital projects and to the General Fund for the fire feasibility plan.

The following 3 divisions, while part of the general fund, are related to separate funding accounts that do not require performance standards.

**Flexible Spending Account**

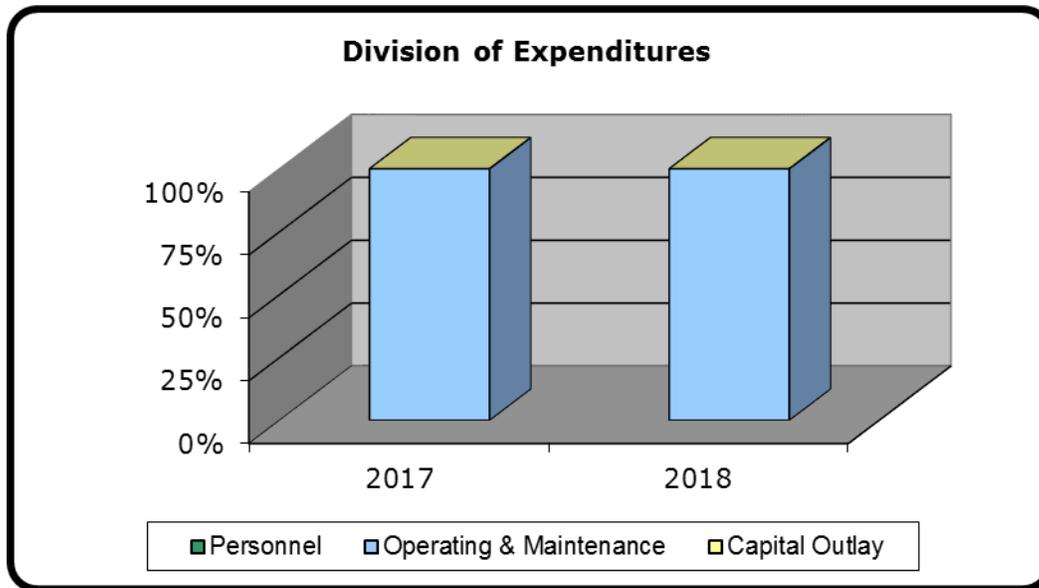
Discovery fund accounts for employee contributions into a tax deferred Section 125 fund.

**Sources of Revenue:**

Revenues consist of employee contributions.

**Summary of Financial Information**

<b>Fund Balance Reconciliation</b>	<b>Actual 2015</b>	<b>Amended 2016</b>	<b>Adopted 2017</b>	<b>Adopted 2018</b>
Beginning Fund Balance	\$ -	\$ -	\$ -	\$ -
Revenues	31,725	15,000	15,000	15,000
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	31,725	15,000	15,000	15,000
Capital Outlay	-	-	-	-
Total Expenditures	31,725	15,000	15,000	15,000
Surplus (Deficit)	-	-	-	-
Other Sources (Uses)				
Net Interfund Transactions	-	-	-	-
Net Operating Transfers	-	-	-	-
Sources Over (Under) Uses	-	-	-	-
Change in Fund Balance	-	-	-	-
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -



**Seizure**

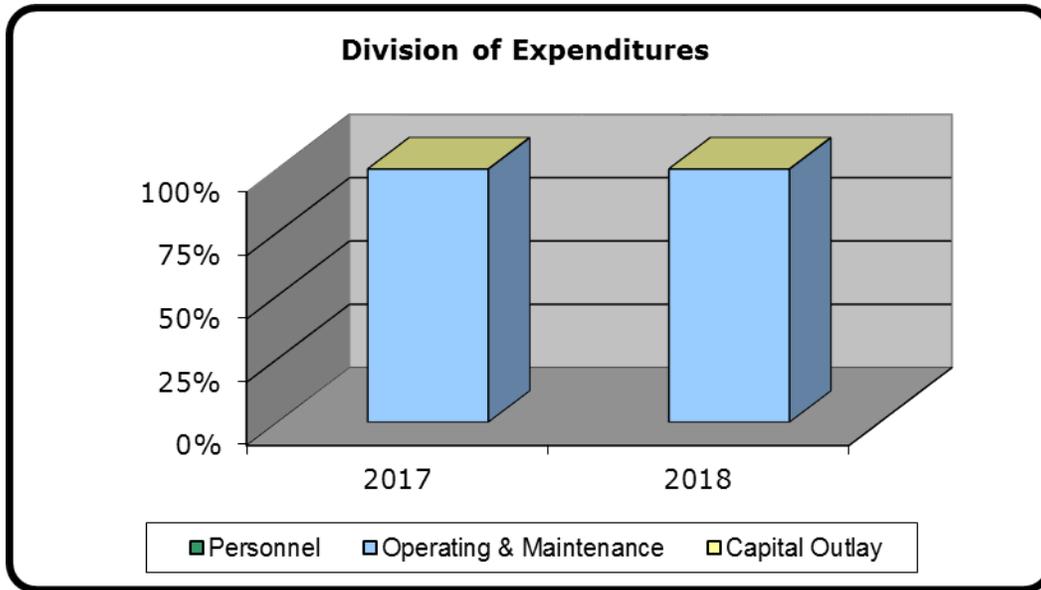
The Seizure fund accounts for expenditures in support of the City’s confidential Drug Seizure program.

**Sources of Revenue:**

Revenues consist of funds confiscated from drug seizure arrests.

**Summary of Financial Information**

<b>Fund Balance Reconciliation</b>	<b>Actual 2015</b>	<b>Amended 2016</b>	<b>Adopted 2017</b>	<b>Adopted 2018</b>
Beginning Fund Balance	\$ -	\$ -	\$ -	\$ -
Revenues	5,112	10,000	5,000	5,000
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	3,585	10,000	5,000	5,000
Capital Outlay	-	-	-	-
Total Expenditures	3,585	10,000	5,000	5,000
Surplus (Deficit)	1,527	-	-	-
Other Sources (Uses)				
Net Interfund Transactions	-	-	-	-
Net Operating Transfers	-	-	-	-
Sources Over (Under) Uses	-	-	-	-
Change in Fund Balance	1,527	-	-	-
Ending Fund Balance	\$ 1,527	\$ -	\$ -	\$ -



**Whidbey Island Marathon**

**Mission:**

The mission of the Whidbey Island Marathon is to promote community vitality and economic development through the promotion and hosting of a quality athletic event which draws not only athletes from around the world, but worldwide attention for tourism. Coupled with the associated Health and Fitness Expo, the event promotes opportunities for community wellness throughout the year as entrants plan and train for their participation

**Responsibilities:**

- To provide a safe, well organized recreation event for participants and spectators.
- To ensure the Whidbey Island Marathon maintains itself as a top quality event for its continued success

**2016 Accomplishments:**

- ✓ Started both the Marathon and Half Marathon near Deception Pass.
- ✓ Over 500 volunteers were recruited and coordinated.
- ✓ Added 1K Kids’ Run and 10K, all events run on the same date.
- ✓ Transitioned to new race director model in late 2016.

**2017 – 2018 Goals:**

- ❖ **Goal: Continue to build the Marathon event both in terms of economic sustainability and the quality of the runner’s experience.**
  - Objective: To streamline the logistical effort in conducting the Marathon event experience by combining the coordination of event activities under one outside contractor.
  - To increase marketing presence through the use of social media, and the promotion and advertising of the event through local, national, and international media.
- ❖ **Goals: Increase the number of Expo vendors and sponsors.**
  - Objective: To continue to provide a quality event that would draw increased vendor participation and financial support.

**Measurement Results**

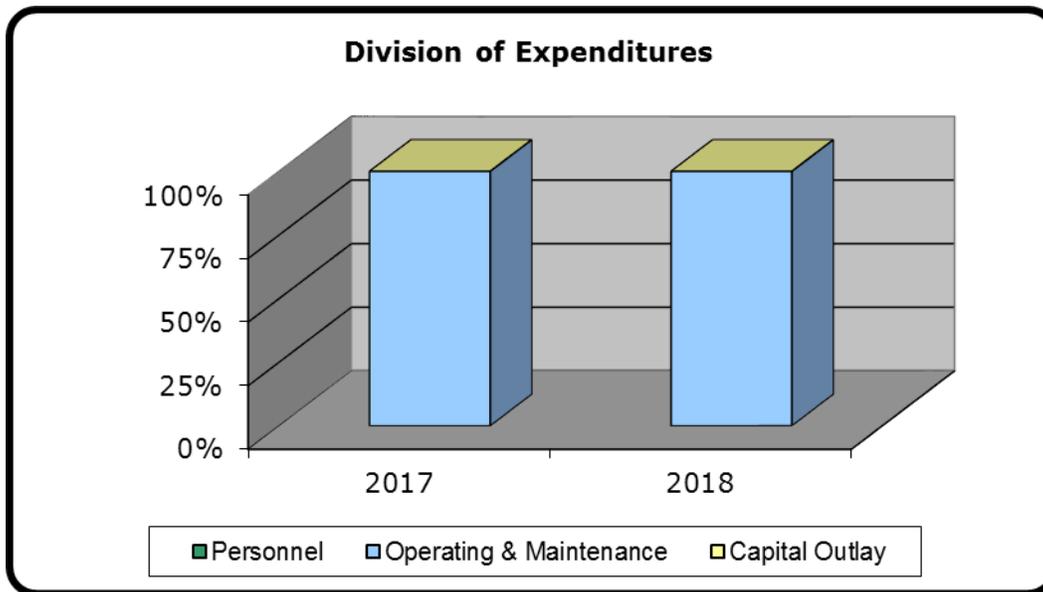
Measures	Actual		Projected	
	2015	2016	2017	2018
<b>Quantitative Measures</b>				
Number of participants:	1,683	1,530	2,039	2,200
Full marathon		183	213	200
Half marathon		886	1,091	1,200
10-K		209	354	400
5-K		166	285	300
1-K		86	96	100
Number of vendors		8	13	10

**Personnel Schedule**

Classification	Budgeted Positions				
	2014	2015	2016	2017	2018
Web Specialist	0.30	0.00	0.00	0.00	0.00
Total	0.30	0.00	0.00	0.00	0.00

**Summary of Financial Information**

Fund Balance Reconciliation	Actual 2015	Amended 2016	Adopted 2017	Adopted 2018
Beginning Fund Balance	\$ (23,201)	\$ (2,173)	\$ 3,171	\$ 7,665
Revenues	121,755	155,344	154,994	156,544
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	137,130	150,000	150,500	155,015
Capital Outlay	-	-	-	-
Total Expenditures	137,130	150,000	150,500	155,015
Surplus (Deficit)	(15,375)	5,344	4,494	1,529
Other Sources (Uses)				
Net Interfund Transactions	-	-	-	-
Net Operating Transfers	-	-	-	-
Sources Over (Under) Uses	-	-	-	-
Change in Fund Balance	(15,375)	5,344	4,494	1,529
Ending Fund Balance	\$ (38,576)	\$ 3,171	\$ 7,665	\$ 9,194



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**Discussion of Key Elements**

**Personnel Expenditures:**

As of 2015, there are no employee charged to this department.

**Operating and Maintenance Expenditures:**

Operating costs for the Marathon fall primarily into the following categories:

- » Marathon Contractor – duties include the management of course planning and certification, coordination of volunteers, marketing/promotion, sponsorship recruitment, materials acquisition such as shirts and medals, expo planning and management and race logistics and operations.
- » Timing Contractor – duties include registration/packet pickup services, chip and race bib preparation and timing/scoring services.
- » Other costs include photography, entertainment, permitting, and ground support.



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# Special Revenue Funds

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## **Streets**

### **Mission:**

The mission of the Streets division is to maintain streets, rights-of-way and related facilities in a safe manner that complies with local, state and federal standards and regulations.

### **Responsibilities:**

- To maintain approximately 73 miles of paved roadways and associated shoulders including crack sealing, pothole patching and grading of shoulders.
- To provide and maintain traffic control devices including more than 2,900 traffic and street signs, 8 signalized intersections, 35 School Zone flashing lights, 10 pedestrian activated lighted crosswalks, 2 radar activated speed reader boards and channelization (striping and pavement markings).
- To manage and fund the energy costs for 1014 Street lights through Puget Sound Energy and to operate and maintain 271 City-owned street lights.
- To improve and promote safety in the community by trimming trees and vegetation for sight distance and vehicular and pedestrian clearance, and by repairing sidewalks that have been raised or damaged by tree roots.
- To support community events through the installation of banners on the Welcome to Oak Harbor Signs on SR 20, providing assistance with the installation and removal of the lighted holiday decorations on Midway Boulevard and Pioneer Way, maintaining street light pole banners along SR 20 and Pioneer Way, and coordinating with the Police Department regarding road closures and traffic control during special events.
- To be accountable for snow and ice removal, respond to emergency calls and provide assistance during inclement weather and natural disasters.
- To support the Engineering division by collecting traffic data for Engineering Studies and installing traffic calming devices.

### **2016 Accomplishments:**

- ✓ Installed (3) traffic calming speed humps with signage and markings located at SW Dyer Street, NE Koetje Street and NE Easy Streets.
- ✓ Installed enhanced double yellow markers in the SW Robertson Dr. curve and the NW Elwha Ct S turn curves.
- ✓ Maintained city street shoulders and alleys.
- ✓ Ground down 720 linear feet of sidewalk trip hazards caused by settling sidewalks and tree roots.
- ✓ Repaired and replaced 30 feet of sidewalk sections due to settling sections and / or tree roots.
- ✓ City street asphalt preventative maintenance crack sealing by applying 10.8 tons of rubberized sealant
- ✓ City street pavement surface and pothole repair and replacement using 1.0 ton cold patch, 53.5 ton asphalt.
- ✓ Pavement repair/installation at city parks. Bocce ball court at Marina Park, path around willow trees at Windjammer Beach Park by lagoon, Flintstone Mini Harbor Park pathway.

- ✓ Trim and remove site restricting and overhanging vegetation to improve site distance and pedestrian passage on City right of ways.
- ✓ Striping centerline and fog lines, crosswalks and stop bars throughout city.-using 424 gallons white paint, 375 gallons yellow paint, and 2.4 ton reflective glass beads.
- ✓ Replaced (2) street light poles damaged due to accidents one located on SE Midway Blvd and the other on SR 20
- ✓ Updated 252 city owned streets lights to LED technology through the City's lighting project
- ✓ Street sign installation, maintenance & fabrication including updating signs to the new retro-reflectivity standards set by the federal government.

**2017 – 2018 Goals:**

❖ **Goal: Meet retro-reflectivity requirements mandated by the WSDOT.**

- Objective: Planned upgrade of all signage to new retro-reflectivity standards mandated by the Washington State Department of Transportation by 2018.

❖ **Goal: Maintain safety of public streets and related infrastructure.**

- Objective: To provide annual striping of public streets; maintain roadway surface in good repair; assist property owners in repair and maintenance of sidewalks; maintain signage and signals to regulatory standards; maintain street lighting for safety; coordinate with the Engineering Division on annual pavement management program; and respond to customer concerns in a timely manner.
- Objective: To control vegetation in order to maintain sight distance and pedestrian clearance as new requirements that municipalities have an obligation to maintain vegetation in the right of way for site distances; remove sidewalk trip hazards.
- Objective: To maintain street signage and lighted devices to enhance pedestrian and vehicle awareness by programming and maintenance of School Zone flashing lights, radar warning signage and lighted crosswalks.
- Objective: To implement the use of salt and salt brine as an alternative to sanding City streets during snow and ice events. Using salt brine will help the Streets Division to be more pro-active to control of ice and snow. Using sand is labor intensive due to application and clean up, and does not plug up storm drains.

❖ **Goal: Maintain Pavement Management Program.**

- Objective: Objective: To reduce operation and maintenance costs and long term replacement costs through timely rehabilitation and maintenance projects; extend the life of the City's pavement and related infrastructure including identifying and securing a revenue source for the program.

❖ **Goal: Secure stable funding source for Streets Division operations.**

- Objective: To assist the Administration and Finance Departments in identifying and securing stable sources of funding for Streets division functions due to the possible elimination of the special allotted gas tax revenue (Capron Funds) which is 63% of the Street operations budget. Securing funding to assist the Streets Division with costs associated with special event support such as street closures and banners would make more funds available for on-going maintenance activities which are funded by the Streets Division.

**Measurement Results**

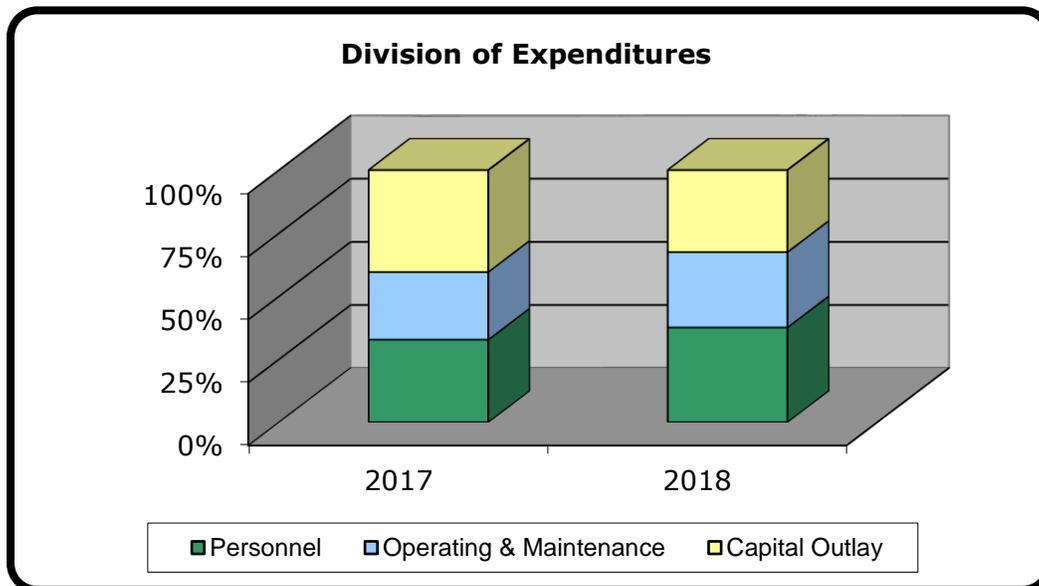
Measures	Actual		Projected	
	2015	2016	2017	2018
<b>Qualitative Measures</b>				
Overall street rating (4-year rating cycles for residential) (2-year rating cycles for arterials)	100%	100%	100%	100%
Repair potholes within 72 hours	90%	90%	100%	100%
<b>Quantitative Measures</b>				
Linear feet of sidewalks repaired and/or installed	394	30	200	200
Grinding trip hazards on existing sidewalks (linear feet)	851	720	500	500

**Personnel Schedule**

Classification	Budgeted Positions				
	2014	2015	2016	2017	2018
Lead Streets Specialist	1.00	1.00	1.00	1.00	1.00
Streets Specialist I	1.00	0.00	0.00	0.00	0.00
Streets Specialist II	2.00	3.00	3.00	3.00	3.00
Seasonal Laborer	0.25	0.50	0.50	0.25	0.25
Total	4.25	4.50	4.50	4.25	4.25

**Summary of Financial Information**

<b>Fund Balance Reconciliation</b>	<b>Actual 2015</b>	<b>Amended 2016</b>	<b>Adopted 2017</b>	<b>Adopted 2018</b>
Beginning Fund Balance	\$ 983,436	\$ 1,401,957	\$ 1,363,197	\$ 989,090
Revenues	1,114,276	1,002,500	1,026,600	1,037,325
Expenditures				
Personnel	321,090	367,330	370,301	378,297
Operating & Maintenance	298,457	362,700	303,142	300,000
Capital Outlay	267,709	-	455,000	326,000
Total Expenditures	887,256	730,030	1,128,443	1,004,297
Surplus (Deficit)	227,020	272,470	(101,843)	33,028
Other Sources (Uses)				
Net Interfund Transactions	(321,491)	(370,216)	(450,242)	(454,017)
Net Operating Transfers	-	-	177,978	177,978
Sources Over (Under) Uses	(321,491)	(370,216)	(272,264)	(276,039)
Change in Fund Balance	(94,471)	(97,746)	(374,107)	(243,011)
Ending Fund Balance	\$ 888,965	\$ 1,304,211	\$ 989,090	\$ 746,079



**Discussion of Key Elements**

**Sources of Revenue:**

The Streets division receives revenues primarily from a portion of the State Motor Vehicle Fuel Tax and a special Capron Fund, which is also funded from Motor Vehicle Fuel Tax.

**Personnel Expenditures:**

The wages, salaries, overtime costs and related employee benefits included in this budget support the current level of staffing. The continued aging of city streets and infrastructure as well as new construction has understandably increased the demand for manpower to maintain city street facilities. Due to limited revenue, the Streets division will not fill an

authorized staff position for 2017-2018. The Streets division will hire a five-month temporary employee in 2017-2018.

**Operating and Maintenance Expenditures:**

All supplies, professional services, training, communication and other regular, on-going costs of operation are included in the expenditure category. Increased costs are reflected in the substantial cost increase of office and operating supplies in the traveled way portion of the budget. Electricity for street and signal lighting will decrease with newly installed LED luminaires on city owned street lights, but the payment of the loan for LED upgrades and possible energy rate increases still exist. Approximately 17% of the streets operations budget is dedicated for energy costs for street lighting. Included are funds for ADA improvements for sidewalk improvements and traffic calming utilizing existing street funds

**Capital Outlay:**

2017 Capital Outlay:

- » Waterfront Trail (Veteran’s park (Design done, construction only)-\$129,000
- » Pedestrian sidewalk replacements and sidewalk missing link installation-\$10,000
- » Battery back-up system for City owned street signal lights-\$10,000
- » Audible pedestrian crosswalk upgrade-\$6,000
- » Asphalt maintenance overlays and/or chip seals to non-arterial streets-\$300,000

2018 Capital Outlay:

- » Pedestrian sidewalk replacements and sidewalk missing link installation-\$10,000
- » Battery back-up system for City owned street signal lights-\$10,000
- » Audible pedestrian crosswalk upgrade-\$6,000
- » Asphalt maintenance overlays and/or chip seals to non-arterial streets-\$300,000

**Operating Transfers:**

Operating transfers consist of transfers in from Cumulative Reserve 1<sup>st</sup> ¼ REET, Cumulative Reserve 2<sup>nd</sup> ¼ REET and Transportation Capital Improvement funds for street improvements, offset by transfers out to the LOCAL fund for repayment of the lighting project debt.

**Streets Cumulative Reserve**

The Streets Cumulative Reserve fund was established to reserves matching funds for grant requirements and as a contingency reserve for unanticipated expenditures. As streets construction projects are authorized, these funds will be transferred into the Streets fund (or a specially created utility construction fund) for expenditure. There are currently no balances or activity in this fund

**Arterials**

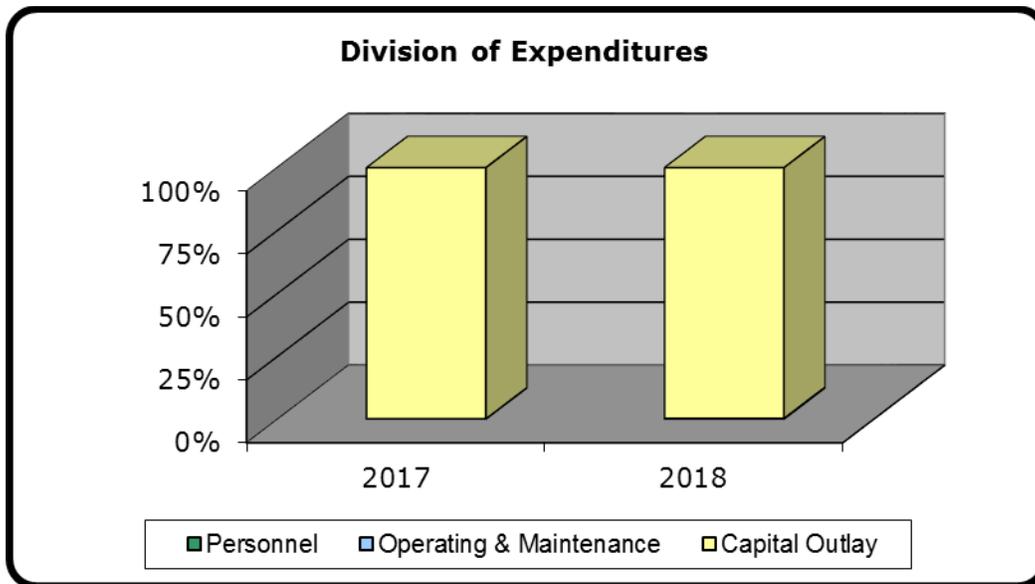
The Arterial Street fund accounts for the operation, maintenance, and minor improvements to the City’s arterial streets. Within the City of Oak Harbor, SR 20 is the only principal arterial street. Minor arterials include Bayshore Drive, Fort Nugent Road, Whidbey Avenue, NE 16<sup>th</sup> Avenue, Heller Street, Midway Boulevard, Goldie Street and SE Regatta Drive.

**Personnel Schedule**

There are no employees charged to this fund.

**Summary of Financial Information**

<b>Fund Balance Reconciliation</b>	<b>Actual 2015</b>	<b>Amended 2016</b>	<b>Adopted 2017</b>	<b>Adopted 2018</b>
Beginning Fund Balance	\$ 820,087	\$ 1,281,397	\$ 1,266,955	\$ 1,246,817
Revenues	131,475	123,600	446,865	377,200
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	114,170	-	1,300	1,300
Capital Outlay	3,454	224,500	361,000	242,000
Total Expenditures	117,624	224,500	362,300	243,300
Surplus (Deficit)	13,851	(100,900)	84,565	133,900
Other Sources (Uses)				
Net Interfund Transactions	(9,972)	(27,667)	(104,703)	(105,833)
Net Operating Transfers	-	-	-	-
Sources Over (Under) Uses	(9,972)	(27,667)	(104,703)	(105,833)
Change in Fund Balance	3,879	(128,567)	(20,138)	28,067
Ending Fund Balance	\$ 823,966	\$ 1,152,830	\$ 1,246,817	\$ 1,274,884



**Discussion of Key Elements**

**Sources of Revenue:**

All Transportation Impact Fees collected from developers are deposited into this fund. In addition, this fund receives State-shared restricted gasoline tax revenues and State grants for capital improvements to the City's arterial systems.

**Operating and Maintenance Expenditures:**

Operating expenditures consist of professional services.

**Capital Outlay:**

The 2017 budget includes \$361,000 for the NW Heller Street overlay. The 2018 budget includes \$242,000 for the design of the NE 7<sup>th</sup> Ave project. The majority of the funding for these two projects is expected to come from DOT grants.

**Transportation Capital Improvement**

The Transportation Capital Improvement fund accounts for activities relates to improvements to public streets and roads.

**Personnel Schedule**

There are no employees charged to this fund.

**Summary of Financial Information**

<b>Fund Balance Reconciliation</b>	<b>Actual 2015</b>	<b>Amended 2016</b>	<b>Adopted 2017</b>	<b>Adopted 2018</b>
Beginning Fund Balance	\$ 1,082,447	\$ 1,146,129	\$ 1,242,886	\$ 1,249,086
Revenues	43,030	41,968	41,390	42,022
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
Surplus (Deficit)	43,030	41,968	41,390	42,022
Other Sources (Uses)				
Net Interfund Transactions	-	-	-	-
Net Operating Transfers	-	-	(35,190)	(35,190)
Sources Over (Under) Uses	-	-	(35,190)	(35,190)
Change in Fund Balance	43,030	41,968	6,200	6,832
Ending Fund Balance	\$ 1,125,477	\$ 1,188,097	\$ 1,249,086	\$ 1,255,918

**Discussion of Key Elements****Sources of Revenue:**

The Transportation Capital Improvement fund receives revenue from development activity, motor vehicle tax and grants.

**Operating Transfers:**

Operating transfers consist of transfers out to the Streets fund for overlays.

**Paths and Trails**

The Paths and Trails fund accounts for revenues and expenditures related to identified projects of a multi-modal nature. The City uses these funds primarily for the funding of certain pathway projects such as the Windjammer and Freund Marsh Trails.

**Personnel Schedule**

There are no employees charged to this fund.

**Summary of Financial Information**

<b>Fund Balance Reconciliation</b>	<b>Actual 2015</b>	<b>Amended 2016</b>	<b>Adopted 2017</b>	<b>Adopted 2018</b>
Beginning Fund Balance	\$ 26,742	\$ 10,000	\$ 7,422	\$ 9,427
Revenues	2,396	2,422	3,305	3,435
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
Surplus (Deficit)	2,396	2,422	3,305	3,435
Other Sources (Uses)				
Net Interfund Transactions	-	-	-	-
Net Operating Transfers	(19,295)	(5,000)	(1,300)	-
Sources Over (Under) Uses	(19,295)	(5,000)	(1,300)	-
Change in Fund Balance	(16,899)	(2,578)	2,005	3,435
Ending Fund Balance	\$ 9,843	\$ 7,422	\$ 9,427	\$ 12,862

**Discussion of Key Elements****Sources of Revenue:**

The source of revenue for this fund is a operating transfer-in of 1% of all Motor Vehicle Fuel Tax proceeds received by the City's Streets and Arterials funds. Under State law, the funds must be spent within a ten year period from receipt.

**Operating Transfers:**

Operating transfer consist of transfer out to the General Fund for the purchase of park land.

**Arts Acquisition and Maintenance**

The Arts Acquisition and Maintenance fund accounts for revenues and expenditures related to purchase and preservation of art within the City. The Arts Commission researches and suggests potential projects for the Council's authorization.

**Personnel Schedule**

There are no employees charged to this fund.

**Summary of Financial Information**

<b>Fund Balance Reconciliation</b>	<b>Actual 2015</b>	<b>Amended 2016</b>	<b>Adopted 2017</b>	<b>Adopted 2018</b>
Beginning Fund Balance	\$ 48,823	\$ 63,434	\$ 102,021	\$ 144,716
Revenues	39,007	100	42,695	46,033
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	265	-	-	-
Capital Outlay	40,133	-	-	-
Total Expenditures	40,398	-	-	-
Surplus (Deficit)	(1,391)	100	42,695	46,033
Other Sources (Uses)				
Net Interfund Transactions	-	-	-	-
Net Operating Transfers	-	-	-	-
Sources Over (Under) Uses	-	-	-	-
Change in Fund Balance	(1,391)	100	42,695	46,033
Ending Fund Balance	\$ 47,432	\$ 63,534	\$ 144,716	\$ 190,749

**Discussion of Key Elements****Sources of Revenue:**

The source of funds is a portion of the City's Utility Tax. The amount of the allocations is set by Council through the adoption of the budget and currently is 0.25% of the gross revenue on the supply of water; collection and treatment of sewer; and the collection of solid waste. These proceeds must be utilized for the promotion of art.

**Civic Improvement**

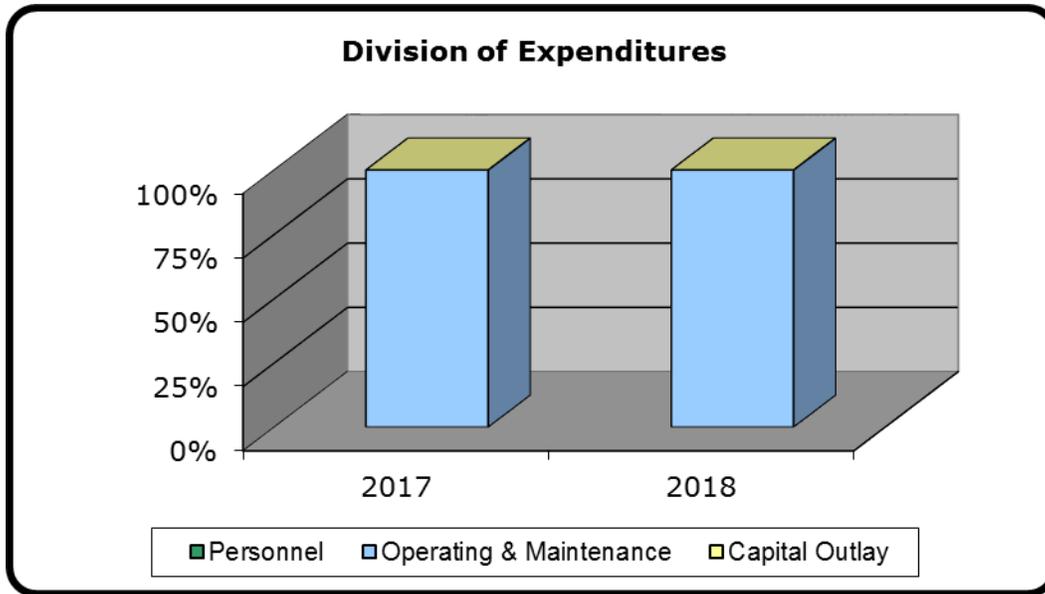
The Civic Improvement fund accounts for revenues and expenditures related to tourism. The City utilizes a Lodging Tax Advisory Committee consisting of representatives from two entities that collect the 2% Hotel Motel Tax funds (hoteliers) and two entities that use the funds in the promotion of tourism. The Committee is chaired by one City Council member, with the City's Finance Director attending in an ex officio advisory capacity.

**Personnel Schedule**

There are no employees charged to this fund.

**Summary of Financial Information**

<b>Fund Balance Reconciliation</b>	<b>Actual 2015</b>	<b>Amended 2016</b>	<b>Adopted 2017</b>	<b>Adopted 2018</b>
Beginning Fund Balance	\$ 601,272	\$ 686,210	\$ 659,396	\$ 662,396
Revenues	256,160	200,900	253,000	258,040
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	287,006	165,000	250,000	250,000
Capital Outlay	-	-	-	-
Total Expenditures	287,006	165,000	250,000	250,000
Surplus (Deficit)	(30,846)	35,900	3,000	8,040
Other Sources (Uses)				
Net Interfund Transactions	-	-	-	-
Net Operating Transfers	-	-	-	-
Sources Over (Under) Uses	-	-	-	-
Change in Fund Balance	(30,846)	35,900	3,000	8,040
Ending Fund Balance	\$ 570,426	\$ 722,110	\$ 662,396	\$ 670,436



**Discussion of Key Elements**

**Sources of Revenue:**

The source of funds is the City's 2% Hotel Motel Tax. These proceeds must be utilized for the promotion of tourism.

**Operating and Maintenance Expenditures:**

Operating and maintenance expenditures consist of the promotion of tourism.

**Neighborhood Parks**

The Neighborhood Parks Improvement fund accounts for revenues and expenditures related to acquisition and/or construction of neighborhood parks.

**Personnel Schedule**

There are no employees charged to this fund.

**Summary of Financial Information**

<b>Fund Balance Reconciliation</b>	<b>Actual 2015</b>	<b>Amended 2016</b>	<b>Adopted 2017</b>	<b>Adopted 2018</b>
Beginning Fund Balance	\$ 98,904	\$ 97,842	\$ 98,092	\$ 300
Revenues	326	250	300	300
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	-	-	-	-
Capital Outlay	-	99,404	-	-
Total Expenditures	-	99,404	-	-
Surplus (Deficit)	326	(99,154)	300	300
Other Sources (Uses)				
Net Interfund Transactions	-	-	-	-
Net Operating Transfers	-	-	(98,092)	-
Sources Over (Under) Uses	-	-	(98,092)	-
Change in Fund Balance	326	(99,154)	(97,792)	300
Ending Fund Balance	\$ 99,230	\$ (1,312)	\$ 300	\$ 600

**Discussion of Key Elements**

**Sources of Revenue:**

Neighborhood and Community Parks Impact Fees are now combined in the Park Impact Fee Fund.

**Operating Transfers:**

Operating transfer consist of transfer out to the General Fund for the purchase of park land.

**Community Parks**

The Community Parks Improvement fund accounts for revenues and expenditures related to acquisition and/or construction of community parks.

**Personnel Schedule**

There are no employees charged to this fund.

**Summary of Financial Information**

<b>Fund Balance Reconciliation</b>	<b>Actual 2015</b>	<b>Amended 2016</b>	<b>Adopted 2017</b>	<b>Adopted 2018</b>
Beginning Fund Balance	\$ 273,838	\$ 265,685	\$ 263,382	\$ 264,182
Revenues	896	650	800	800
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	4,908	-	-	-
Capital Outlay	-	275,138	-	-
Total Expenditures	4,908	275,138	-	-
Surplus (Deficit)	(4,012)	(274,488)	800	800
Other Sources (Uses)				
Net Interfund Transactions	-	-	-	-
Net Operating Transfers	-	-	-	(212,731)
Sources Over (Under) Uses	-	-	-	(212,731)
Change in Fund Balance	(4,012)	(274,488)	800	(211,931)
Ending Fund Balance	\$ 269,826	\$ (8,803)	\$ 264,182	\$ 52,251

**Discussion of Key Elements****Sources of Revenue**

Neighborhood and Community Parks Impact Fees are now combined in the Park Impact Fee Fund.

**Operating Transfers:**

Operating transfer consist of transfer out to the Windjammer Park Project fund for capital projects.

**Parks Impact fees**

The Parks Impact Fee fund is a new fund. It represents the consolidation for the Neighborhood Parks and Community Parks funds. It accounts for revenues and expenditures related to acquisition and/or construction of all types of parks.

**Personnel Schedule**

There are no employees charged to this fund.

**Summary of Financial Information**

<b>Fund Balance Reconciliation</b>	<b>Actual 2015</b>	<b>Amended 2016</b>	<b>Adopted 2017</b>	<b>Adopted 2018</b>
Beginning Fund Balance	\$ -	\$ 39,407	\$ 100,657	\$ 124,484
Revenues	30,203	61,250	70,100	71,501
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	-	-	-	-
Capital Outlay	-	120,500	-	-
Total Expenditures	-	120,500	-	-
Surplus (Deficit)	30,203	(59,250)	70,100	71,501
Other Sources (Uses)				
Net Interfund Transactions	-	-	-	-
Net Operating Transfers	-	-	(46,273)	(128,985)
Sources Over (Under) Uses	-	-	(46,273)	(128,985)
Change in Fund Balance	30,203	(59,250)	23,827	(57,484)
Ending Fund Balance	\$ 30,203	\$ (19,843)	\$ 124,484	\$ 67,000

**Discussion of Key Elements****Sources of Revenue:**

Park Impact Fees collected from developers are deposited here.

**Operating Transfers:**

Operating transfer consist of transfer out to the Windjammer Park Project fund for capital projects and to the General Fund for purchase of park land and playground equipment.

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## **Senior Services**

### **Mission:**

The mission of Senior Services is to empower older adults in Oak Harbor, and surrounding areas, for personal independence, healthy aging, social connection, and life-long learning.

### **Responsibilities:**

- Provide classes and activities for healthy aging that utilize best practices and evidenced based programming as available.
- Collect and assess data regarding Senior Center facility use and program participation. Utilize data for strategic planning of future services. Provide reports to City Council and Administration.
- Practice responsible stewardship of City and Senior Center financial and material resources.
- Promote Senior Services programs and activities through the Senior Center quarterly brochure, City website, social media, Chamber of Commerce, and liaising with community partners.
- Maintain facilities that are attractive, safe, and welcoming to all.
- Maintain a robust volunteer program that provides a broad source of expertise, talent and skills for Senior Center needs.
- Provide a central community resource for programs, activities, recreation, information, education and advocacy for older adults.

### **2016 Accomplishments:**

- ✓ Began taking passport photos as a "value added" service in our passport processing center. Generated almost \$4000 in additional revenue in the first seven months of implementation.
- ✓ Received \$4200 from Oak Harbor Senior Center Foundation for "MySeniorCenter" electronic Senior Center management system. This system allows us to collect data regarding how the Senior Center is used; provide communication to members via email and recorded voicemail; and allow for online registration for classes, trips and events.
- ✓ Awarded \$12k grant from the National Council on Aging to provide the Aging Mastery Program. The focus of the program is to assist older adults in developing sustainable behaviors across many dimensions that lead to improved health, stronger economic security, enhanced well-being, and increased societal participation.
- ✓ Received \$2800 funding from Group Health for evidence-based EnhanceFitness® program license. Two, 3-day per week sessions will be offered beginning January 2017.
- ✓ Created a new Pickleball Club and partnered with local schools to provide indoor and outdoor courts.

**2017 – 2018 Goals:**

- ❖ **Goals: Serve as convener and facilitator for partnerships and collaboration that will assist in developing and sustaining a “livable community” for older adults in Oak Harbor.**
  - Objective: Participate on appropriate City and County boards and committees as a representative of the older adult population.
  - Objective: Collaborate with other City departments to include older adults and/or maintain an awareness of the older adult population in City planning processes.
  - Objective: Partner with businesses and community groups to better utilize local resources, avoid duplication of services, and allow for more creative programming and problem solving.
  
- ❖ **Goals: Positively impact the financial sustainability of the Senior Center.**
  - Objective: Offer reasonably priced classes and activities that are financially self-sustaining.
  - Objective: Develop multiple fundraising opportunities; including grants, special events, appeals.
  - Objective: Enhance the travel program for increased profit.
  
- ❖ **Goals: Exceed community expectations in the delivery of services.**
  - Objective: Be proactive in assessing and meeting community needs.
  - Objective: Provide opportunities for member and community input regarding services, programs and facilities.
  - Objective: Provide resources for staff to keep abreast of changing industry trends so that cutting edge programming is developed, along with more traditional forms of programs and services.
  - Objective: Maintain a Senior Center environment that is regarded by the community as welcoming, helpful and efficient.
  
- ❖ **Goals: Maximize community usage of Senior Center buildings and facilities.**
  - Objective: Create opportunities for community groups to utilize facilities during times that are not otherwise scheduled for older adult activities.
  - Objective: Establish fees and produce marketing materials for facility rental.
  - Objective: Develop fundraising plans for facility improvements.
  - Objective: Assess need for Senior Center building remodel and/or expansion.
  
- ❖ **Goals: Create opportunities for a “center without walls”.**
  - Objective: Create a community based “lifelong learning” program that allows participants to benefit from the interests and life experiences of other community members.
  - Objective: Continue to partner with the Oak Harbor School District for shared use of facilities and development of intergenerational programs.
  - Objective: Act as a clearing house of information regarding activities and support services available to older adults through businesses and other organizations in the community.

**Measurement Results**

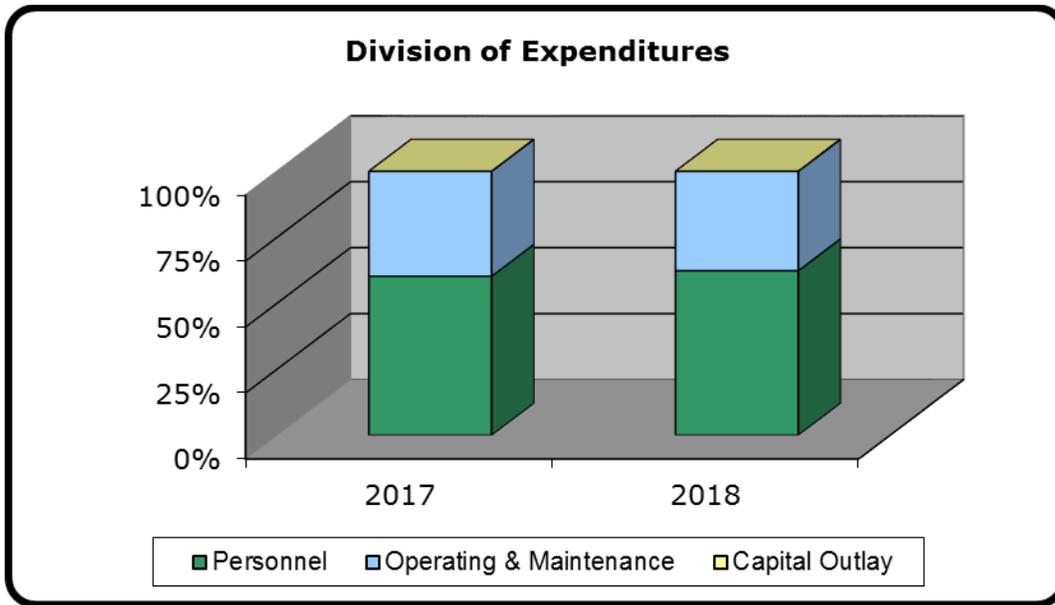
Measures	Actual		Projected	
	2015	2016	2017	2018
<b>Qualitative Measures</b>				
Implement new fee collection system to improve Senior Center members' access to classes, trips and events.	N/A	N/A	X	
Implement evidenced based programs for Senior Center members that emphasize personal independence, healthy aging, social connection, and life-long learning	N/A	N/A	X	X
<b>Quantitative Measures</b>				
Passports processed	1,186	1,233	1,200	1,200
Meals served (Site/MOWs)	N/A	N/A	N/A	N/A
Membership funds	27,800	26,880	27,000	27,540
Volunteer hours	5,132	6,035	6,200	6,350
Trip participants	1,679	1,410	1,500	1,550

**Personnel Schedule**

Classification	Budgeted Positions				
	2014	2015	2016	2017	2018
Senior Services Administrator	1.00	1.00	1.00	1.00	1.00
Program Coordinator	1.00	0.87	0.87	0.87	0.87
Program Assistant	0.50	0.88	0.88	0.88	0.88
Total	2.50	2.75	2.75	2.75	2.75

**Summary of Financial Information**

Fund Balance Reconciliation	Actual 2015	Amended 2016	Adopted 2017	Adopted 2018
Beginning Fund Balance	\$ 51,459	\$ (2,569)	\$ (38,689)	\$ (38,689)
Revenues	198,940	299,972	194,600	198,866
Expenditures				
Personnel	170,089	207,700	202,324	206,595
Operating & Maintenance	154,486	197,650	133,542	124,890
Capital Outlay	-	-	-	-
Total Expenditures	324,576	405,350	335,866	331,485
Surplus (Deficit)	(125,636)	(105,378)	(141,266)	(132,619)
Other Sources (Uses)				
Net Interfund Transactions	(34,498)	(30,453)	(30,038)	(27,692)
Net Operating Transfers	135,000	135,000	171,304	160,311
Sources Over (Under) Uses	100,502	104,547	141,266	132,619
Change in Fund Balance	(25,133)	(831)	-	-
Ending Fund Balance	\$ 26,326	\$ (3,400)	\$ (38,689)	\$ (38,689)



**Discussion of Key Elements**

**Sources of Revenue:**

Revenues are generated through membership dues, the travel program, passport processing and passport photos, class fees, facility rental and a variety of fundraising efforts.

**Personnel Expenditures:**

The Senior Services division is maintaining its authorized positions FTE level of 2.75 overall.

**Operating and Maintenance Expenditures:**

A significant portion of the operating and maintenance budget is for the senior travel program, which is a revenue generating program that makes trips available for older adults and also includes the passport program.

**Operating Transfers:**

Operating transfers consist of transfers in from the General Fund for operations, offset by transfers out to the LOCAL fund for repayment of the lighting project debt.



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# Debt Service Funds

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### **Long-term Debt**

In Washington State, City long-term debt can take one of four basic forms. For each form of debt there are dollar limitations on the amounts that can be issued. Discussed below are the basic types of debt, their dollar limitations, and current outstanding balances for the City of Oak Harbor.

#### **Councilmanic Debt**

This refers to long-term general obligation debt that, following a majority vote of the City Council, is authorized. No public vote is necessary for the issuance of councilmanic debt and repayment must come from the existing revenue sources of the City. There is no separate tax levy to support councilmanic bonds. The limitation on councilmanic debt is 1½% of the City's tax assessed valuation.

Currently the City has councilmanic debt for the 2011 Marina bond with repayment coming from the Marina Fund and for the 2016 LOCAL loan with repayment coming from the General, Streets and Senior Center Funds.

#### **Voter Approved Debt**

This is the most common type of general obligation long-term debt for cities. A 60% voter approval is necessary for the issuance of General Obligation Debt and, subject to certain limitations; the debt is restricted to 2½% of the city's tax assessed valuation.

The City currently has no voter-approved bonds outstanding.

#### **Revenue Debt**

This type of long-term debt can only be issued by those funds that can generate user fees for the repayment of the debt. Water and sewer capital projects are often times financed through revenue debt. Naturally the water or sewer service fees are adjusted to generate sufficient cash flow to service the debt.

Currently revenue debt is outstanding in the Wastewater Treatment Fund for the OAKWA16 Bond and several State Revolving Fund Loans. The Water and Storm Drain Funds each have Public Works Trust Fund Loans outstanding.

#### **Assessment Debt**

This type of debt frequently funds capital projects wherein there are specific pieces of property that benefit from the improvements. These properties are assessed an annual tax to pay for these improvements. Common types of assessment debt are street/sidewalk extensions, new water lines and sewer service extensions.

Currently the City has no outstanding assessment debt.

**LOCAL Loan**

The LOCAL Loan fund accounts for the debt service on the energy efficient lighting upgrades throughout the City

**Sources of Revenue:**

Revenues consist of operating transfers from the General, Streets and Senior Center Funds.

The debt service to maturity is as follows:

<b>Fiscal Year</b>	<b>Principal Payments</b>	<b>Interest Payments</b>	<b>Total Debt Service</b>
2015	\$ -	\$ -	\$ -
2016	32,090	27,800	59,890
2017	39,596	20,294	59,890
2018	41,575	18,315	59,890
2019	43,654	16,236	59,890
2020	45,837	14,053	59,890
2021	48,129	11,761	59,890
2022	50,535	9,355	59,890
2023	53,062	6,828	59,890
2024	54,322	5,568	59,890
2025	57,038	2,852	59,890

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# Capital Projects Funds

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**Cumulative Reserve 1st 1/4% REET**

The Cumulative Reserve 1st ¼% REET fund accounts for revenues and expenditures related to the collection and disbursement of the first quarter percent Real Estate Excise Tax.

**Sources of Revenue:**

The 1<sup>st</sup> ¼% Real Estate Excise Tax is received from the State of Washington. The tax is collected on the sale of real property within the City limits of Oak Harbor. Uses of the funds are designated by City Council, and pertain to projects within the City's Capital Improvement Plan (CIP).

**Personnel Schedule**

There are no employees charged to this fund.

**Summary of Financial Information**

<b>Fund Balance Reconciliation</b>	<b>Actual 2015</b>	<b>Amended 2016</b>	<b>Adopted 2017</b>	<b>Adopted 2018</b>
Beginning Fund Balance	\$ 1,003,864	\$ 1,356,784	\$ 1,682,334	\$ 1,674,249
Revenues	320,410	175,550	253,000	253,000
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
Surplus (Deficit)	320,410	175,550	253,000	253,000
Other Sources (Uses)				
Net Interfund Transactions	-	-	-	-
Net Operating Transfers	-	(500,000)	(261,085)	(175,000)
Sources Over (Under) Uses	-	(500,000)	(261,085)	(175,000)
Change in Fund Balance	320,410	(324,450)	(8,085)	78,000
Ending Fund Balance	\$ 1,324,274	\$ 1,032,334	\$ 1,674,249	\$ 1,752,249

**Discussion of Key Elements****Operating Transfers:**

Operating transfers consist of transfers out to the Streets fund for overlays, the Windjammer Park Project fund for capital projects and the General fund for the purchase of park land.

**Cumulative Reserve 2nd 1/4% REET**

The Cumulative Reserve 2<sup>nd</sup> ¼% REET fund accounts for revenues and expenditures related to the collection and disbursement of the second quarter percent Real Estate Excise Tax.

**Sources of Revenue:**

The 2<sup>nd</sup> ¼% Real Estate Excise Tax is received from the State of Washington. The tax is collected on the sale of real property within the City limits of Oak Harbor. Uses of the funds are designated by City Council, and pertain to projects within the City’s Capital Improvement Plan (CIP).

**Personnel Schedule**

There are no employees charged to this fund.

**Summary of Financial Information**

<b>Fund Balance Reconciliation</b>	<b>Actual 2015</b>	<b>Amended 2016</b>	<b>Adopted 2017</b>	<b>Adopted 2018</b>
Beginning Fund Balance	\$ 413,726	\$ 762,932	\$ 1,188,482	\$ 1,309,232
Revenues	318,433	175,550	252,000	252,000
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
<b>Surplus (Deficit)</b>	<b>318,433</b>	<b>175,550</b>	<b>252,000</b>	<b>252,000</b>
Other Sources (Uses)				
Net Interfund Transactions	-	-	-	-
Net Operating Transfers	-	-	(131,250)	(175,000)
<b>Sources Over (Under) Uses</b>	<b>-</b>	<b>-</b>	<b>(131,250)</b>	<b>(175,000)</b>
Change in Fund Balance	318,433	175,550	120,750	77,000
Ending Fund Balance	\$ 732,159	\$ 938,482	\$ 1,309,232	\$ 1,386,232

**Discussion of Key Elements**

**Operating Transfers:**

Operating transfers consist of transfers out to the Streets fund for overlays, the Windjammer Park Project fund for capital projects and the General fund for the purchase of park land.

**Municipal Pier**

The Municipal Pier fund accounts for revenues and expenditures related to any acquisition, construction, permitting, and other related costs incurred for the possible building of a City pier adjacent to Flintstone Park on Bayshore Drive. To date, the fund is operating as a reserve fund to set aside funding for future additions when and if they occur.

**Sources of Revenue:**

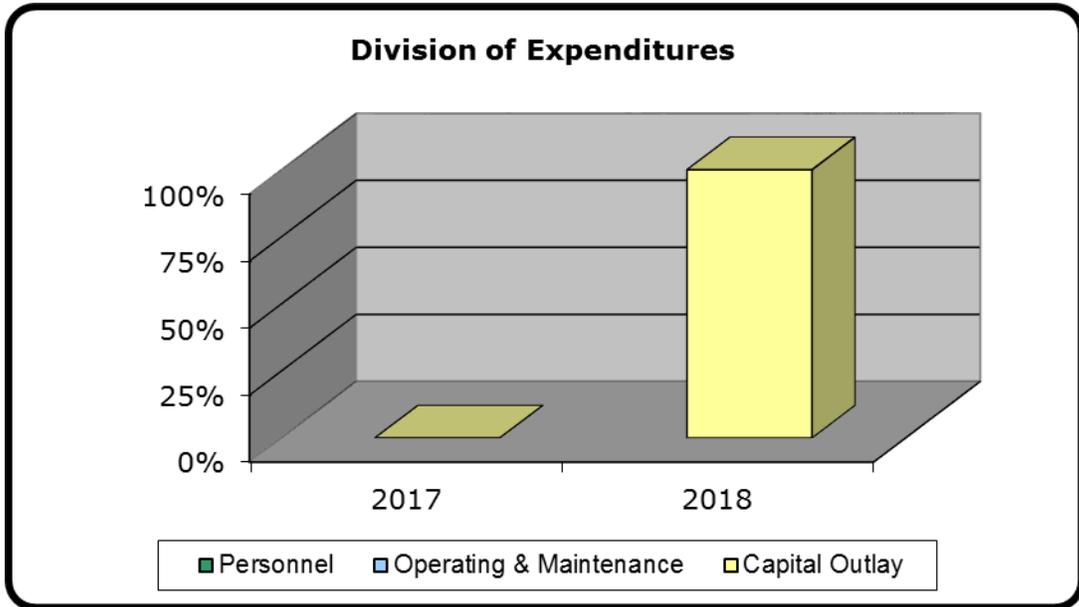
The primary sources of revenue are contributions from the General Fund, and various grant revenues.

**Personnel Schedule**

There are no employees charged to this fund.

**Summary of Financial Information**

<b>Fund Balance Reconciliation</b>	<b>Actual 2015</b>	<b>Amended 2016</b>	<b>Adopted 2017</b>	<b>Adopted 2018</b>
Beginning Fund Balance	\$ 167,814	\$ 168,900	\$ 168,900	\$ 200,500
Revenues	562	-	500	500
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	-	-	-	-
Capital Outlay	-	-	-	200,000
Total Expenditures	-	-	-	200,000
<b>Surplus (Deficit)</b>	<b>562</b>	<b>-</b>	<b>500</b>	<b>(199,500)</b>
Other Sources (Uses)				
Net Interfund Transactions	-	-	-	-
Net Operating Transfers	-	-	31,100	-
<b>Sources Over (Under) Uses</b>	<b>-</b>	<b>-</b>	<b>31,100</b>	<b>-</b>
Change in Fund Balance	562	-	31,600	(199,500)
<b>Ending Fund Balance</b>	<b>\$ 168,376</b>	<b>\$ 168,900</b>	<b>\$ 200,500</b>	<b>\$ 1,000</b>



**Discussion of Key Elements**

**Capital Outlays:**

Capital outlay includes the purchase and installation of two restrooms for downtown.

**Operating Transfers:**

Operating transfers consist of transfers in from the Sewer fund for the restrooms.

**Windjammer Park Project**

The Windjammer Park Projected fund accounts for revenues and expenditures related to acquisitions and improvements to Windjammer Park (formerly known as City Beach Park).

**Sources of Revenue:**

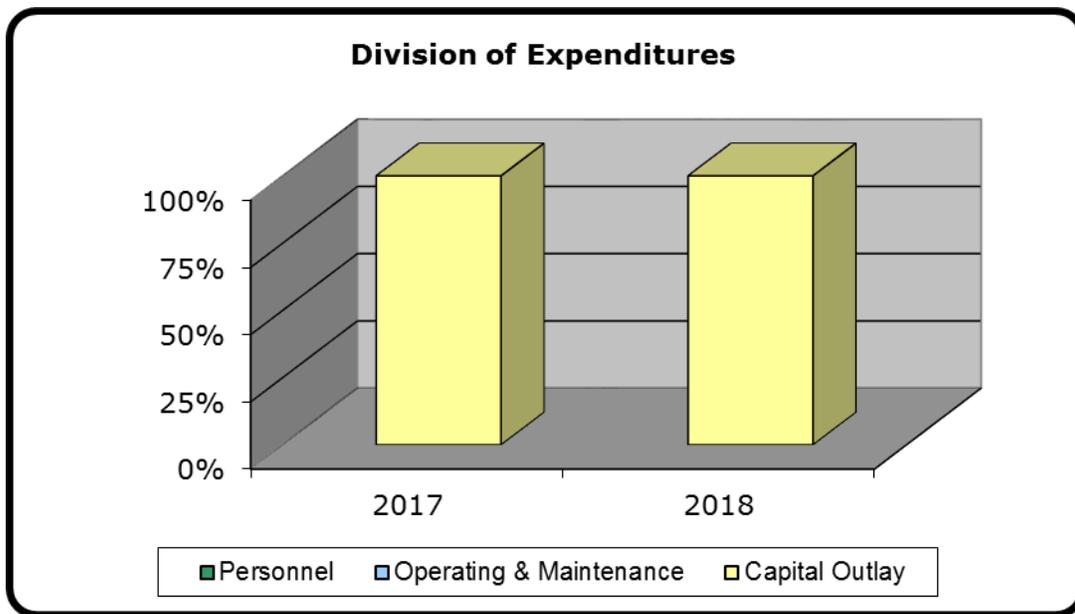
The sources of funds are General Fund contributions, grants, and 2% hotel motel tax.

**Personnel Schedule**

There are no employees charged to this fund.

**Summary of Financial Information**

<b>Fund Balance Reconciliation</b>	<b>Actual 2015</b>	<b>Amended 2016</b>	<b>Adopted 2017</b>	<b>Adopted 2018</b>
Beginning Fund Balance	\$ 403,199	\$ 379,552	\$ 380,902	\$ 847,976
Revenues	1,263	21,350	1,500	401,500
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	-	20,000	-	-
Capital Outlay	-	-	670,656	5,701,735
Total Expenditures	-	20,000	670,656	5,701,735
Surplus (Deficit)	1,263	1,350	(669,156)	(5,300,235)
Other Sources (Uses)				
Net Interfund Transactions	-	-	(229,344)	(231,590)
Net Operating Transfers	-	-	1,365,574	4,683,849
Sources Over (Under) Uses	-	-	1,136,230	4,452,259
Change in Fund Balance	1,263	1,350	467,074	(847,976)
Ending Fund Balance	\$ 404,462	\$ 380,902	\$ 847,976	\$ -



**Discussion of Key Elements**

**Capital Outlays:**

Capital outlay includes the Windjammer Park Integration Plan.

**Operating Transfers:**

Operating transfers consist of transfers in from the General, Reserve, Cumulative Reserve 1<sup>st</sup> ¼ REET, Cumulative Reserve 2<sup>nd</sup> ¼ REET, Neighborhood Parks, Park Impact and WWTP Project funds for capital projects.

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# Enterprise Funds

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## **Water**

### **Mission:**

The mission of the Water division is to provide safe, uninterrupted, quality water to our customers now and in the future and build confidence with our customers through education and efficient operation and maintenance programs.

### **Responsibilities:**

- To comply with all regulations regarding the quality and distribution of potable water through daily sampling and testing and timely response to customer concerns.
- To reliably distribute and maintain potable water through a system of four storage tanks, 108 miles of water mains, three booster pump stations and associated facilities.
- To maintain and be accountable for the City's emergency water supply through maintaining seven million gallons of storage and three existing deep wells, and actively seeking additional sources for emergency supplies.
- To promote community safety by providing adequate water pressure for fire flow and coordination with the Fire department to ensure a well-maintained network of more than 900 fire hydrants.
- To support the Finance department operations through accurate and dependable meter reading and meter repairs of the 6,236 water service connections, as well as addressing customer service related questions and issues.
- To protect public health and safety through administration and enforcement of the City's Cross Connection Control Program and state mandated water quality sampling.
- To promote community awareness of water conservation through public education, identification and notification of unusually high customer consumption and timely repairs of leaks in the City's water mains.
- To coordinate and communicate with the Development Services department regarding review of development plans and inspection of water infrastructure installed by developers.
- To collaborate with the Development Services department to identify and implement capital projects that will improve reliability, safety and accommodate growth.

### **2016 Accomplishments:**

- ✓ Replaced water main on NE 4<sup>th</sup> Ave.
- ✓ Replaced two water booster pumps at the Ault Field Water Pump Station.
- ✓ Upgraded the Wonder Ware SCADA program.
- ✓ Began the Deception Pass Bridge water main hanger replacement.
- ✓ Purchased new truck mounted water main valve operator/exerciser.
- ✓ Began a fire hydrant preventative maintenance program to rebuild selected fire hydrants.
- ✓ Began cross connection control site inspections on commercial buildings.

**2017 – 2018 Goals:**

- ❖ **Goal: Educate and assist customers concerning existing rate structure and billing policy and procedures.**
  - Objective: To assist the City water customers to understand the current rate structure as it pertains to type of use. To assist customers in making educated water use decisions and assist in leak detection and water use trending to conserve water.
- ❖ **Goal: Maintain optimum flows and ensure system reliability and dependability.**
  - Objective: To service and maintain all 1,280 of the City water main valves every two years; perform meter installations, service and repairs in a timely manner to ensure accurate meter readings; perform daily inspection of all pump stations, tank sites and critical facilities and services as needed; closely monitor and track unaccounted for water; and repair and maintain fire hydrants in a timely manner.
  - Objective: To maintain water system reliability during future related infrastructure upgrades, as indicated in our current Water System Plan.
  - Objective: To secure emergency supply of water by updating emergency response procedures, maintaining existing wells and pursuing additional sources of supply through reactivation of old wells. Design and construction of replacement for well #9.
  - Objective: To use existing resources available to inventory and map all water infrastructure including water mains, water services and meters, fire hydrants and valves. The information will be used for better asset management, locating of utilities and mapping and maintenance activities.
  - Objective: To improve redundancy of our water main grid in critical areas.
  - Objective: To improve fire flow while maintaining minimum pressures in deficient sections of our water system as identified in our 2014 Water System Plan.
- ❖ **Goal: Minimize water main breaks/leaks.**
  - Objective: To perform quality repairs; maintain a proactive program of water main replacement activities for substandard lines, connections and services; be proactive in investigating high water consumption for possible water leaks on customer water services.
- ❖ **Goal: Protect the public from the introduction of potential contamination hazards through the City water system.**
  - Objective: To maintain security and integrity of the system at reservoirs. Immediately investigate and address water quality concerns of customers.
  - Objective: To manage the City Cross Connection Control Program to protect the water system from contamination due to cross connections. Ensure the 952 backflow assemblies are properly inspected, maintained and tested.
- ❖ **Goal: Continue to expand the Water Conservation and Efficiency Program.**
  - Objective: To educate the public regarding environmental benefits of water conservation to protect our resources and minimize unaccountable water loss, which is a requirement of the State of Washington.

❖ **Goal: Maintain "Green" Operating Permit.**

- Objective: To comply with all water quality standards and to meet and/or exceed the level of service required by the Department of Health.

**Measurement Results**

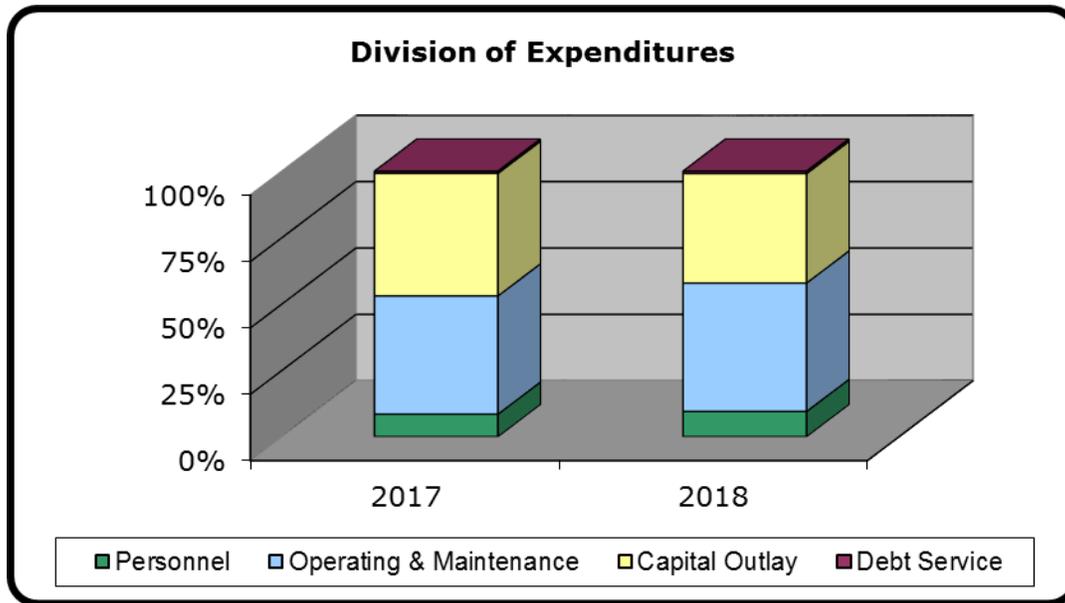
Measures	Actual		Projected	
	2015	2016	2017	2018
<b>Qualitative Measures</b>				
Water quality sampling compliance	100%	100%	100%	100%
<b>Quantitative Measures</b>				
Number of water line breaks/leaks repaired	26	12	10	10
Number of undesirable water quality concern	10	13	10	10
Percentage of water unaccounted for	7.6%	8.3%	7%	7%

**Personnel Schedule**

Classification	Budgeted Positions				
	2014	2015	2016	2017	2018
Water System Supervisor	0.00	0.00	0.00	1.00	1.00
Lead Water Specialist	1.00	1.00	1.00	1.00	1.00
Water Specialist II	3.00	5.00	5.00	4.00	4.00
Water Specialist I	1.00	0.00	0.00	0.00	0.00
Water Service Lead	1.00	0.00	0.00	0.00	0.00
Seasonal Laborer	0.25	0.00	0.00	0.50	0.50
Total	6.25	6.00	6.00	6.50	6.50

**Summary of Financial Information**

Fund Balance Reconciliation	Actual 2015	Amended 2016	Adopted 2017	Adopted 2018
Beginning Fund Balance	\$ 2,754,549	\$ 5,161,193	\$ 7,278,321	\$ 6,344,268
Revenues	6,173,058	5,481,164	6,094,600	6,276,025
Expenditures				
Personnel	369,272	437,487	568,045	580,200
Operating & Maintenance	3,960,536	2,830,410	2,978,264	2,951,339
Capital Outlay	-	-	3,085,125	2,515,000
Debt Service	54,160	54,054	53,796	53,540
Total Expenditures	4,383,968	3,321,951	6,685,230	6,100,079
Surplus (Deficit)	1,789,090	2,159,213	(590,630)	175,946
Other Sources (Uses)				
Net Interfund Transactions	(552,554)	(583,463)	(1,002,643)	(1,011,743)
Net Operating Transfers	(24,000)	(24,000)	659,220	4,000
Sources Over (Under) Uses	(576,554)	(607,463)	(343,423)	(1,007,743)
Change in Fund Balance	1,212,536	1,551,750	(934,053)	(831,797)
Ending Fund Balance	\$ 3,967,085	\$ 6,712,943	\$ 6,344,268	\$ 5,512,471



### Discussion of Key Elements

#### **Personnel Expenditures:**

There will be a restructure of the Water division beginning in 2017 requiring a new water supervisor position.

The Water division budgeted for a 5 month temporary laborer in 2017/2018. This position is necessary to address seasonal maintenance, fire hydrant painting and assist full time employees in water related tasks.

#### **Operating and Maintenance Expenditures:**

Significant items in operating and maintenance include the purchase of water from the City of Anacortes, the State B&O Tax and the City Utility Tax that the Water division must pay. In addition, funds are included in 2017 for the Ault Field Booster Station surge analysis and 24" transmission main study and in 2018, funds for an emergency supply study.

#### **Capital Outlay:**

2017 Capital Outlay:

- » \$276,000 Funds to design/construct lowering main on NE Regatta Drive/NE Crescent
- » \$301,200 Well #9 replacement and design
- » \$304,750 NE 11th Ave water main replacement
- » \$763,200 O'Leary Drive water main
- » \$632,400 North O'Leary Drive Water Main Extension
- » \$100,000 Water system telemetry upgrades
- » \$16,500 East side reservoir demolition
- » \$75,000 Funds to design/construct a 10 inch inter tie between 24" and 10"

- » \$569,075 Cross City Transmission Main
- » \$25,000 Security camera for North reservoir
- » \$22,000 Leak detection device

## 2018 Capital Outlay:

- » \$1,750,000 Cross City Transmission Main
- » \$500,000 Steel/AC pipe replacements
- » \$55,000 Water system telemetry upgrades
- » \$70,000 NE 9th to NE Taftson water line connection-
- » \$110,000 East side reservoir demolition
- » \$30,000 Ault Field Pump Station roof replacement

**Debt Service:**

The Water division has Public Works Trust Fund loans related to the improvement of infrastructure.

**Operating Transfers:**

Operating transfers consist of transfers in from the Water Cumulative Reserve fund for capital projects, offset by a transfer out to the general fund for the utility office remodel and the annual transfer to the Water Cumulative Reserve fund for future capital projects.

**Water Cumulative Reserve**

The Water Cumulative Reserve fund was established to accumulate excess water revenue for anticipated future capital projects. As water construction projects are authorized, these funds will be transferred into the Water fund (or a specially created utility construction fund) for expenditure.

**Summary of Financial Information**

<b>Fund Balance Reconciliation</b>	<b>Actual 2015</b>	<b>Amended 2016</b>	<b>Adopted 2017</b>	<b>Adopted 2018</b>
Beginning Fund Balance	\$ 2,556,571	\$ 2,767,161	\$ 2,980,661	\$ 2,502,441
Revenues	141,480	192,000	188,000	192,000
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	1,987	2,500	2,700	2,700
Capital Outlay	-	-	-	-
Total Expenditures	1,987	2,500	2,700	2,700
Surplus (Deficit)	139,493	189,500	185,300	189,300
Other Sources (Uses)				
Net Interfund Transactions	-	-	-	-
Net Operating Transfers	24,000	24,000	(663,520)	(4,000)
Sources Over (Under) Uses	24,000	24,000	(663,520)	(4,000)
Change in Fund Balance	163,493	213,500	(478,220)	185,300
Ending Fund Balance	\$ 2,720,064	\$ 2,980,661	\$ 2,502,441	\$ 2,687,741

**Discussion of Key Elements**

**Sources of Revenue:**

System development fees and transfers from the Water fund are the two major revenues sources for this fund.

**Operating Transfers:**

Operating transfers consist of transfers out to the Water fund for capital projects, offset by the annual transfer in from the Water fund for future capital projects.

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## **Wastewater**

### **Mission:**

The mission of the Wastewater division is to protect public health, property and the environment by providing efficient and reliable wastewater collection and treatment services which utilize sound financial and resource management practices and encourages the support of the public and recognizes that our employees are the key to success.

### **Responsibilities:**

- Continue to work with the City's engineering staff as well as the City's consultant and contractor to build a new wastewater facility that will be able to treat City wastewater flows until at least 2060.
- To provide wastewater collection and treatment in compliance with the City's NPDES discharge permit as issued by the Washington State Department of Ecology.
- To effectively treat an average of 2.02 million gallons of wastewater each day.
- To provide dependable collection and conveyance of wastewater to the City's Wastewater Treatment Plant through a network of more than 70 miles of sewer mains, 11 remote lift stations and appurtenant structures.
- To perform regularly scheduled inspections and be proactive in the maintenance and repairs of the treatment plant and collection system components.
- To administer the City's pretreatment regulations through public education regarding the impacts of fats, oils and grease in the wastewater system and regular inspection of grease traps in restaurants and other food preparation facilities. The Wastewater division currently conducts grease trap inspections of 70 businesses a minimum of 3 times per year.
- To coordinate and communicate with the Development Services department regarding review of development plans and inspection of wastewater facilities installed by developers.
- To collaborate with the Development Services department to identify and implement capital projects that will improve reliability, safety and accommodate growth.

### **2016 Accomplishments:**

- ✓ Application for NPDES Permit Renewal Completed and sent to DOE.
- ✓ Prior to the demolition of the RBC Plant, staff remove equipment, electrical wire, and process piping to salvage for other purposes if feasible.
- ✓ Replaced the Lagoon Treatment Plant Cape-Hart headworks macerator.
- ✓ Relocated the process lab and offices at the Pioneer Bank building.
- ✓ Replaced the roof at the Lagoon Treatment Plant headworks.
- ✓ Installed a 125hp backup pump at the RBC Plant Pump Station.
- ✓ Measured the solids in the anaerobic cell at the Wastewater Lagoon.
- ✓ Passed accreditation testing for the Wastewater lab.

**2017 – 2018 Goals:**

- ❖ **Goal: Continue the process to build a new wastewater treatment facility.**
  - Objective: Continue to remain in compliance with the City's National Pollution Discharge Elimination System (NPDES) permit number WA-0020567.
  - Objective: Obtain the highest level of water quality practical while recognizing the limitations of the rate payers of the City to fund the improvements.
  
- ❖ **Goal: Prepare a Capital Facilities Plan Element of the Comprehensive Plan.**
  - Objective: Prepare a capital facilities plan element consisting of: (a) An inventory of existing capital facilities owned by public entities, showing the locations and capacities of the capital facilities; (b) a forecast of the future needs for such capital facilities; (c) the proposed locations and capacities of expanded or new capital facilities; (d) at least a six-year plan that will finance such capital facilities within projected funding capacities and clearly identifies sources of public money for such purposes; and (e) a requirement to reassess the land use element if probable funding falls short of meeting existing needs and to ensure that the land use element, capital facilities plan element, and financing plan within the capital facilities plan element are coordinated and consistent. Park and recreation facilities shall be included in the capital facilities plan element.
  
- ❖ **Goal: Effectively convey wastewater to the treatment plant.**
  - Objective: Lift station maintenance – service and provide preventive maintenance on all sanitary sewer lift stations within the City system; inspect and repair all pumps, motors, valves, wet wells, and appurtenances; maintain and ensure system reliability and dependability; optimize usable life of the facilities; and ensure dependability and reliability through proper preventive maintenance activities.
  - Objective: Inspect the condition of sewer lines on a regular basis, utilizing remote video camera system.
  - Objective: Clean all sewer lines on a regular schedule, and increase frequency if needed, based on inspections.
  
- ❖ **Goal: Compliance with all health and environmental regulations.**
  - Objective: Meet all NPDES discharge permit parameters; maintain lab accreditation
  - Objective: Improve operations of the Lagoon WWTP by operational controls and engineered controls. With the use of a fluorescence microscope we continued to identify indicator bacteria the may forewarn us of an imminent upset to process.
  - Objective: With the implementation of a new NPDES permit in 2017 the Laboratory will have new challenges. To address this challenge the wastewater staff will modify bench sheets and reporting tools to align with the anticipated changes. New responsibilities will be defined such as process analysis and data correlation.

❖ **Goal: Ensure discharge compliance through our pretreatment Fats, Oils and Grease (FOG) program.**

- Objective: We will formalize a new pretreatment standard and data collection system which will involve the City Compliance Officer. With training and thoughtful customer consideration we feel this enhanced program will be a positive to the transition into our new plant and help preserve its longevity and effectiveness.
- Objective: Enforce compliance by making regular site visits and adhering to our program rules and requirements.

**Measurement Results**

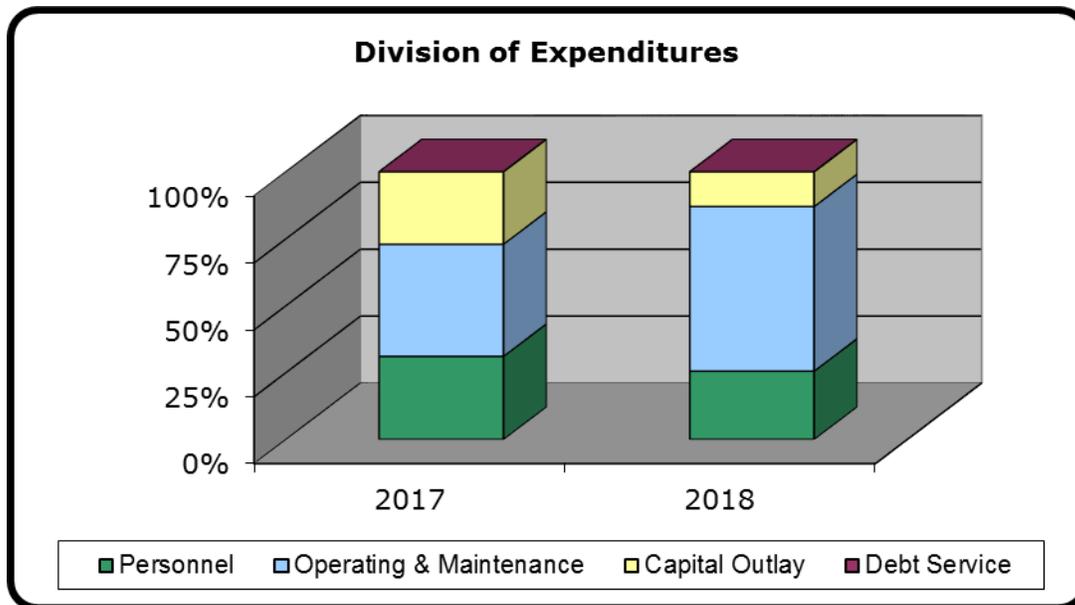
Measures	Actual		Projected	
	2015	2016	2017	2018
<b>Qualitative Measures</b>				
Permit compliance violations	3	1	0	0
<b>Quantitative Measures</b>				
Number of grease traps inspected	41	49	60	70
Millions of gallons of wastewater treated	707	677	700	500

**Personnel Schedule**

Classification	Budgeted Positions				
	2014	2015	2016	2017	2018
Operations Manager	0.33	0.33	0.33	0.33	0.33
Lead WWC Specialist	0.50	0.50	0.50	0.50	0.50
WWC Specialist II	2.00	2.00	2.00	2.00	2.00
WWTP Supervisor	1.00	1.00	1.00	1.00	1.00
Lead WWTP Operator	1.00	0.00	0.00	0.00	0.00
WWTP Lab Technician	1.00	1.00	1.00	1.00	1.00
WWTP Operator III	0.00	1.00	1.00	1.00	1.00
WWTP Operator II	1.00	0.00	0.00	4.00	5.00
WWTP Operator I	1.00	2.00	2.00	0.00	0.00
WWTP Operator In Training	1.00	0.00	0.00	0.00	0.00
Seasonal Laborer	0.25	0.00	0.00	0.00	0.00
<b>Total</b>	<b>9.08</b>	<b>7.83</b>	<b>7.83</b>	<b>9.83</b>	<b>10.83</b>

**Summary of Financial Information**

<b>Fund Balance Reconciliation</b>	<b>Actual 2015</b>	<b>Amended 2016</b>	<b>Adopted 2017</b>	<b>Adopted 2018</b>
Beginning Fund Balance	\$ 5,710,794	\$ 16,036,178	\$ 9,715,505	\$ 11,768,267
Revenues	23,477,174	21,516,305	6,886,059	7,916,566
Expenditures				
Personnel	618,412	833,967	900,616	1,012,767
Operating & Maintenance	2,685,262	1,152,805	1,216,167	2,441,500
Capital Outlay	-	550,000	785,000	515,000
Debt Service	1,754,184	211,888	-	-
Total Expenditures	5,057,858	2,748,660	2,901,783	3,969,267
Surplus (Deficit)	18,419,316	18,767,645	3,984,276	3,947,299
Other Sources (Uses)				
Net Interfund Transactions	(2,707,313)	(2,600,686)	(1,896,114)	(1,926,949)
Net Operating Transfers	-	-	(35,400)	-
Sources Over (Under) Uses	(2,707,313)	(2,600,686)	(1,931,514)	(1,926,949)
Change in Fund Balance	15,712,002	16,166,959	2,052,762	2,020,350
Ending Fund Balance	\$ 21,422,796	\$ 32,203,137	\$ 11,768,267	\$ 13,788,617

**Discussion of Key Elements****Personnel Expenditures:**

The Wastewater division will be filling four WWTPO positions during this two-year budget cycle in preparation for the new plant. The actual timing will be determined by the need.

**Operating and Maintenance Expenditures:**

A significant portion of the operating and maintenance budget is for utilities and taxes, including the State B&O Tax and the City Utility Tax.

**Capital Outlay:**

## 2017 Capital Outlay:

- » \$30,000 Replace sewer line SW6TH / Erie Street (design)
- » \$530,000 Replace a portion of sewer line on SE Ely Street
- » \$100,000 Pioneer lift station lid replacement
- » \$125,000 Biosolids removal lagoons treatment facility (design)

## 2018 Capital Outlay:

- » \$250,000 to extend the gravity line to NE Taftson Street and that will allow us to remove the lift station and save on operation and maintenance.
- » \$150,000 Replace sewer line SW 6TH / Erie Street
- » \$75,000 Slip line sewer main on NE Maylor Street.
- » \$40,000 Purchase new fork lift for MBR plant
- » \$16,155,135 Phase 3 construction of WWPT

**Operating Transfers:**

Operating transfers consist of transfers out to the General Fund for the utility office remodel and to the Municipal Pier fund for the installation of new restrooms.

**Wastewater Cumulative Reserve**

The Wastewater Cumulative Reserve fund was established to accumulate excess wastewater revenue for anticipated future capital projects. As wastewater construction projects are authorized, these funds will be transferred into the Wastewater fund (or a specially created utility construction fund) for expenditure.

**Summary of Financial Information**

<b>Fund Balance Reconciliation</b>	<b>Actual 2015</b>	<b>Amended 2016</b>	<b>Adopted 2017</b>	<b>Adopted 2018</b>
Beginning Fund Balance	\$ 5,161,732	\$ 5,295,389	\$ 5,415,889	\$ 5,538,149
Revenues	92,455	122,500	124,000	122,500
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	1,124	2,000	1,740	1,740
Capital Outlay	-	-	-	-
Total Expenditures	1,124	2,000	1,740	1,740
<b>Surplus (Deficit)</b>	<b>91,331</b>	<b>120,500</b>	<b>122,260</b>	<b>120,760</b>
Other Sources (Uses)				
Net Interfund Transactions	-	-	-	-
Net Operating Transfers	-	-	-	-
<b>Sources Over (Under) Uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Change in Fund Balance	91,331	120,500	122,260	120,760
<b>Ending Fund Balance</b>	<b>\$ 5,253,063</b>	<b>\$ 5,415,889</b>	<b>\$ 5,538,149</b>	<b>\$ 5,658,909</b>

**Discussion of Key Elements**

**Sources of Revenue:**

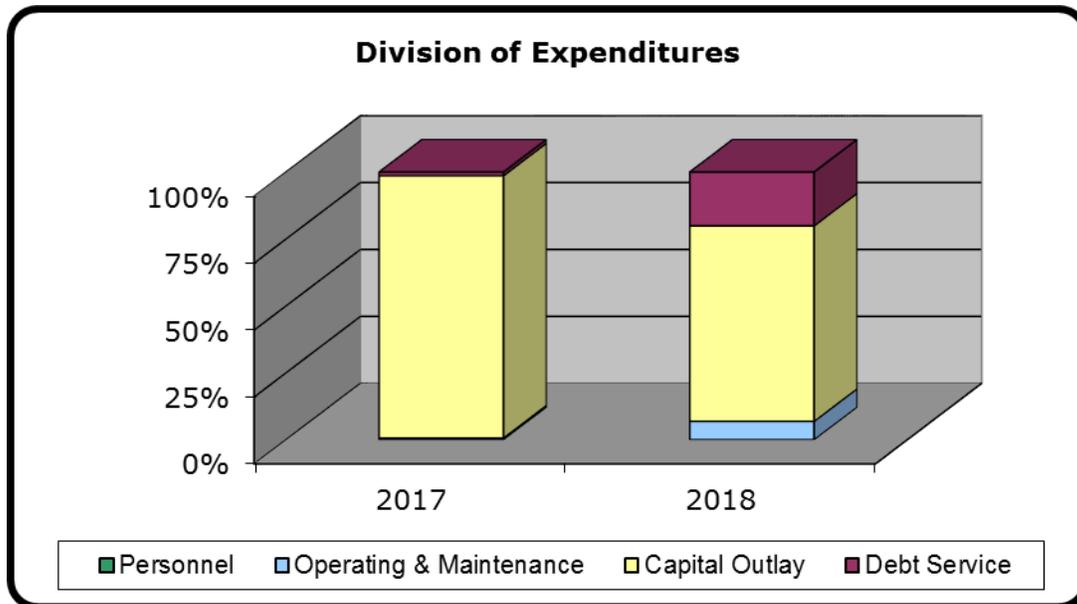
System Development Fees and transfers from the Wastewater fund are the two major revenues sources for this fund.

**Wastewater Treatment Plant Project**

The Wastewater Treatment Plant fund was established to accumulate revenue and expenditures related to the construction of the Wastewater Treatment Plant.

**Summary of Financial Information**

<b>Fund Balance Reconciliation</b>	<b>Actual 2015</b>	<b>Amended 2016</b>	<b>Adopted 2017</b>	<b>Adopted 2018</b>
Beginning Fund Balance	\$ -	\$ -	\$ 6,660,000	\$ -
Revenues	-	-	63,840,000	11,000,000
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	-	-	461,650	461,650
Capital Outlay	-	17,790,735	68,396,168	4,903,914
Debt Service	-	-	962,838	1,348,346
Total Expenditures	-	17,790,735	69,820,656	6,713,910
Surplus (Deficit)	-	(17,790,735)	(5,980,656)	4,286,090
Other Sources (Uses)				
Net Interfund Transactions	-	-	(229,344)	(231,590)
Net Operating Transfers	-	-	(450,000)	(4,054,500)
Sources Over (Under) Uses	-	-	(679,344)	(4,286,090)
Change in Fund Balance	-	(17,790,735)	(6,660,000)	-
Ending Fund Balance	\$ -	\$(17,790,735)	\$ -	\$ -



**Discussion of Key Elements**

**Sources of Revenue:**

A portion of rates, bond and loan proceed are the main revenues sources for this fund.

**Operating and Maintenance Expenditures:**

Operating expenditures consist of rent and professional services.

**Capital Outlay:**

Capital outlay for both years is for the construction of the Wastewater Treatment Plant.

**Debt Service:**

The Wastewater division has bonding and State Revolving Loans related to the construction of the Wastewater Treatment Plant.

**Operating Transfers Service:**

Operating transfers consist of transfers out to the Windjammer Park Project fund for capital projects.

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## **Solid Waste**

### **Mission:**

The mission of the Solid Waste division is to provide excellent full service solid waste, recycling and yard waste programs to our customers at a reasonable cost.

### **Responsibilities:**

- To provide dependable and efficient collection of residential and commercial solid waste.
- To coordinate with the Finance department regarding changes in solid waste account status and other customer service related issues.
- To promote community waste reduction through a residential and commercial curbside recycling program and through public education regarding the environmental and cost saving benefits of recycling.
- To provide cost effective alternatives for the disposal of yard waste through subscription roll cart or prepaid yard waste bag programs.
- To support community events and involvement by providing solid waste and recycling services; Adopt-A-Street program, timely clean-up of illegal dumping and regularly scheduled litter collection along arterial streets.
- To coordinate with the Development Services department regarding review of development plans as related to Solid Waste division functions.
- To continually research methods to improve service and reduce solid waste and recycling costs.

### **2016 Accomplishments:**

- ✓ Received two new front garbage trucks.
- ✓ Continued upkeep of dumpsters and updating dumpster enclosures closely working with development services department.
- ✓ Replaced two aging 35 yard roll off containers.

### **2017 – 2018 Goals:**

- ❖ **Goal: Increase public awareness and education.**
  - Objective: Provide sources of educational information using our web site, and informational pamphlets sent out with utility bills and using channel 10.
- ❖ **Goal: Dumpster replacement.**
  - Objective: In 2017, the Solid Waste division will need to continue replacing most of its 13 year old metal dumpsters. Many of our dumpsters have already had the bottoms replaced once.
- ❖ **Goal: Continue to look for ways to be more efficient.**
  - Objective: Find better and cheaper ways to export our commodities off island. As transportation methods change, we need to continue to evaluate ways to reduce our transportation cost.

**Measurement Results**

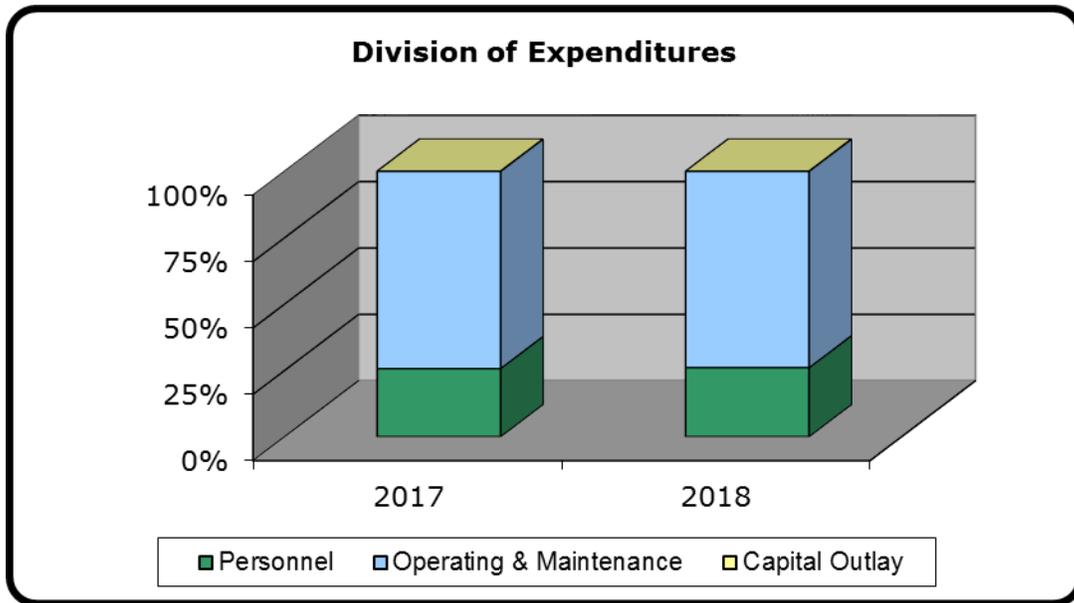
Measures	Actual		Projected	
	2015	2016	2017	2018
<b>Qualitative Measures</b>				
Percent of solid waste stream diverted	37.58%	39.77%	40%	40%
<b>Quantitative Measures</b>				
Tons of solid waste collected	8,338	8,554	8,811	9,075
Tons of recycling	1,315	1,432	1,475	1,519
Tons of yard waste	915	1,048	1,079	1,112
Number of commercial accounts with recycle roll carts	119	129	135	145

**Personnel Schedule**

Classification	Budgeted Positions				
	2014	2015	2016	2017	2018
Operations Manager	0.33	0.33	0.33	0.33	0.33
Lead Solid Waste Specialist	1.00	1.00	1.00	1.00	1.00
Solid Waste Specialist II	5.00	6.00	6.00	5.00	5.00
Solid Waste Specialist I	1.00	0.00	0.00	0.00	0.00
Seasonal Laborer	1.00	0.00	0.00	1.00	1.00
Total	8.33	7.33	7.33	7.33	7.33

**Summary of Financial Information**

Fund Balance Reconciliation	Actual 2015	Amended 2016	Adopted 2017	Adopted 2018
Beginning Fund Balance	\$ 2,467,823	\$ 2,338,654	\$ 1,536,520	\$ 1,417,787
Revenues	3,410,535	3,369,650	3,496,077	3,600,750
Expenditures				
Personnel	523,182	660,968	583,279	595,515
Operating & Maintenance	2,188,391	1,382,006	1,687,497	1,694,960
Capital Outlay	-	-	-	-
Total Expenditures	2,711,574	2,042,974	2,270,776	2,290,475
Surplus (Deficit)	698,961	1,326,676	1,225,301	1,310,275
Other Sources (Uses)				
Net Interfund Transactions	(1,013,015)	(1,061,193)	(1,339,734)	(1,346,346)
Net Operating Transfers	-	-	(4,300)	-
Sources Over (Under) Uses	(1,013,015)	(1,061,193)	(1,344,034)	(1,346,346)
Change in Fund Balance	(314,054)	265,483	(118,733)	(36,071)
Ending Fund Balance	\$ 2,153,769	\$ 2,604,137	\$ 1,417,787	\$ 1,381,716



**Discussion of Key Elements**

**Personnel Expenditures:**

There are no significant changes to the personnel expenditures.

**Operating and Maintenance Expenditures:**

A significant portion of the operating and maintenance budget is for utilities.

**Operating Transfers:**

Operating transfers consist of transfers out to the General Fund for the utility office remodel.

**Solid Waste Cumulative Reserve**

The Solid Waste Cumulative Reserve fund was established to accumulate excess solid waste revenue for anticipated future capital projects, including a possible future solid waste transfer station and a recycle center. As solid waste construction projects are authorized, these funds will be transferred into the Solid Waste fund (or a specially created utility construction fund) for expenditure.

**Summary of Financial Information**

<b>Fund Balance Reconciliation</b>	<b>Actual 2015</b>	<b>Amended 2016</b>	<b>Adopted 2017</b>	<b>Adopted 2018</b>
Beginning Fund Balance	\$ 116,496	\$ 117,250	\$ 117,560	\$ 117,910
Revenues	390	310	350	350
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
Surplus (Deficit)	390	310	350	350
Other Sources (Uses)				
Net Interfund Transactions	-	-	-	-
Net Operating Transfers	-	-	-	-
Sources Over (Under) Uses	-	-	-	-
Change in Fund Balance	390	310	350	350
Ending Fund Balance	\$ 116,886	\$ 117,560	\$ 117,910	\$ 118,260

**Discussion of Key Elements****Sources of Revenue:**

Transfers from the Solid Waste fund are the major revenue source for this fund.

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## **Storm Drain**

### **Mission:**

The mission of the City's Storm Drain division is to protect and preserve the community public health and the environment through implementation of activities to reduce and eliminate urban runoff pollution from industrial, commercial, new development/construction, and residential areas that may enter the storm drainage system.

### **Responsibilities:**

- To protect the public through efficient collection and conveyance of storm water runoff through a well-maintained network of 10 City-owned detention facilities and control structures and 63+ miles of storm drain pipe, roadside ditches and bio-swales.
- To protect and enhance the quality of storm and surface water runoff through a proactive program of regularly scheduled catch basin cleaning, street sweeping and public education activities.
- To inspect privately owned detention facilities and control structures to ensure proper operation, and coordinate with the Engineering division regarding maintenance needs of these privately owned facilities.
- To coordinate and communicate with the Development Services department regarding review of development plans and inspection of storm water facilities installed by developers.

### **2016 Accomplishments:**

- ✓ City Council adopted the newly updated LID code and 2012 Stormwater manual to meet state requirements.
- ✓ The City retained Gray and Osbourne to update the Storm water Comprehensive Plan.
- ✓ Distributed 47 spill kits to local restaurants.
- ✓ Inspected 244 detention ponds and control devices.
- ✓ Public education programs were prepared and conducted throughout the City.

### **2017 – 2018 Goals:**

- ❖ **Goal: Provide pollution prevention public education and outreach.**
  - Objective: Provide sources of educational information using our web site, informational pamphlets sent out with utility bills, and volunteers and local organizations.
  - Objective: Inspect businesses for illicit discharges into the City's storm drain system.
- ❖ **Goal: Protect and preserve ocean, shoreline/beaches, and ecosystems from pollutants.**
  - Objective: Utilizing the ordinance entitled Elicit Discharge Elimination 12.50 the Storm Drain division has the ability to inspect and require organizations to use proper Best Management Practices (BMPs) to reduce the amount of urban runoff pollution from various activities.
  - Objective: Perform street sweeping on a regular schedule and increase frequency as needed to reduce leaves and debris entering the storm water system.

❖ **Goal: Complete Scenic Heights Outfall.**

- Objective: Objective: Install a new over the bank outfall on Scenic Heights Rd to reduce erosion of the bank.

❖ **Goal: Develop dedicated and well trained staff, involved management, a great maintenance program and contingency plans.**

- Objective: Provide training to Operators, focused on NPDES Stormwater Permit, Illicit discharges and Spill identification. Encourage self-directed study using books, trade magazines, internet webcasts and local training opportunities. Share knowledge and experiences with coworkers and colleagues.

❖ **Goal: Complete the update of the Stormwater Comprehensive Plan.**

- Objective: Work with the Engineering division to complete a 6-year plan to improve stormwater management and reduce flooding in the community.

❖ **Goal: Implement LID development code changes.**

- Objective: Provide educational opportunities and materials to developers and builders regarding changes to the City's development code as related to mandatory low impact development features in new development.

**Measurement Results**

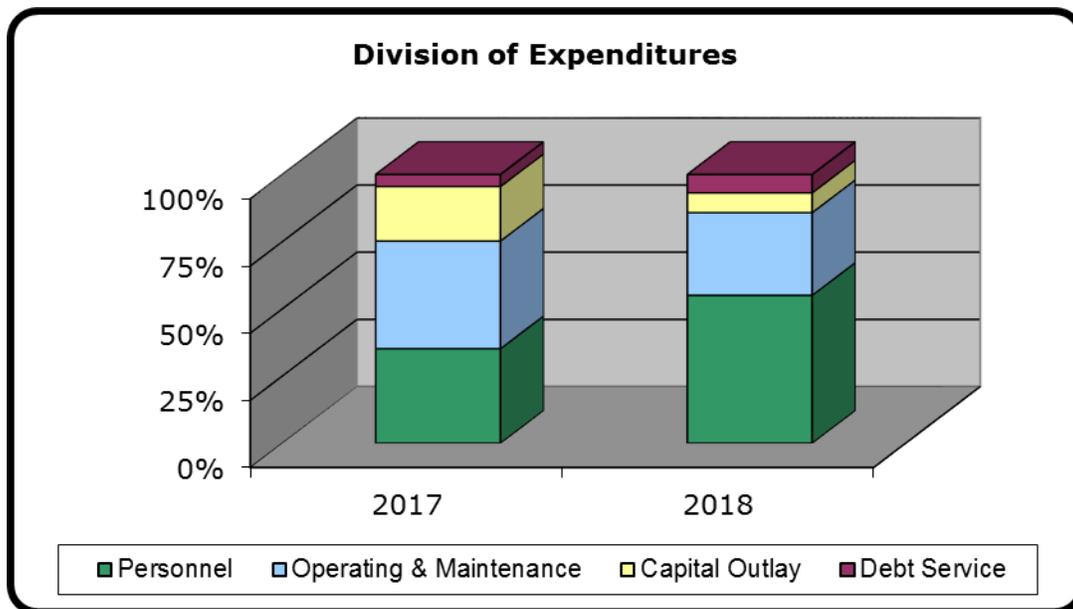
Measures	Actual		Projected	
	2015	2016	2017	2018
<b>Qualitative Measures</b>				
Environmental activities	39	33	45	45
<b>Quantitative Measures</b>				
Street sweeping (hours)	818	582	600	600
Control devices/detention pond inspections	332	244	350	350
Catch basins cleaned	534	485	500	500

**Personnel Schedule**

Classification	Budgeted Positions				
	2014	2015	2016	2017	2018
Operations Manager	0.34	0.34	0.34	0.34	0.34
Lead Storm Drain Specialist	0.50	0.50	0.50	0.50	0.50
Stormwater Inspector/Educator	0.00	0.00	0.00	1.00	1.00
Storm Drain Specialist II	3.00	3.00	3.00	3.00	3.00
Code Compliance Officer	0.25	0.25	0.25	0.25	0.25
Seasonal Laborer	0.25	0.50	0.50	0.25	0.25
<b>Total</b>	<b>4.34</b>	<b>4.59</b>	<b>4.59</b>	<b>5.34</b>	<b>5.34</b>

**Summary of Financial Information**

<b>Fund Balance Reconciliation</b>	<b>Actual 2015</b>	<b>Amended 2016</b>	<b>Adopted 2017</b>	<b>Adopted 2018</b>
Beginning Fund Balance	\$ 175,875	\$ 1,216,215	\$ 1,890,425	\$ 1,880,985
Revenues	2,117,872	1,788,345	1,953,864	2,010,891
Expenditures				
Personnel	359,486	413,430	477,395	487,303
Operating & Maintenance	886,797	242,284	543,418	272,533
Capital Outlay	-	50,000	275,000	65,000
Debt Service	51,196	-	60,782	60,634
Total Expenditures	1,297,479	705,714	1,356,595	885,470
Surplus (Deficit)	820,394	1,082,631	597,269	1,125,421
Other Sources (Uses)				
Net Interfund Transactions	(272,396)	(354,036)	(602,409)	(621,185)
Net Operating Transfers	-	-	(4,300)	-
Sources Over (Under) Uses	(272,396)	(354,036)	(606,709)	(621,185)
Change in Fund Balance	547,998	728,595	(9,440)	504,236
Ending Fund Balance	\$ 723,873	\$ 1,944,810	\$ 1,880,985	\$ 2,385,221



**Discussion of Key Elements**

**Personnel Expenditures:**

There will be a new educator/inspector position included in this fund.

**Operating and Maintenance Expenditures:**

A significant portion of the operating and maintenance budget is for taxes, including the City Utility Tax that the Storm Drain division must pay. Included in the year 2017 are funds for the Comprehensive Plan, the Freund Marsh study and for storm water software. Included in the year 2018, are funds for additional storm water software.

**Capital Outlay:**

Capital outlay include the following:

2017 Capital Outlay:

- » \$75,000 turn well site 10 into detention pond
- » \$200,000 Scenic Heights outfall project

2018 Capital Outlay:

- » \$65,000 Upsize storm water pipe on Whidbey & Fairhaven

**Debt Service:**

The Storm Drain division has Public Works Trust Fund loans related to the improvement of infrastructure.

**Operating Transfers:**

Operating transfers consist of transfers out to the General Fund for the utility office remodel.

**Storm Drain Cumulative Reserve**

The Storm Drain Cumulative Reserve fund was established to accumulate excess storm drain revenue for anticipated future capital projects. As storm drain construction projects are authorized, these funds will be transferred into the Storm Drain fund (or a specially created utility construction fund) for expenditure.

**Summary of Financial Information**

<b>Fund Balance Reconciliation</b>	<b>Actual 2015</b>	<b>Amended 2016</b>	<b>Adopted 2017</b>	<b>Adopted 2018</b>
Beginning Fund Balance	\$ 415,305	\$ 417,994	\$ 418,494	\$ 419,694
Revenues	1,391	500	1,200	1,200
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
Surplus (Deficit)	1,391	500	1,200	1,200
Other Sources (Uses)				
Net Interfund Transactions	-	-	-	-
Net Operating Transfers	-	-	-	-
Sources Over (Under) Uses	-	-	-	-
Change in Fund Balance	1,391	500	1,200	1,200
Ending Fund Balance	\$ 416,696	\$ 418,494	\$ 419,694	\$ 420,894

**Discussion of Key Elements****Sources of Revenue:**

Transfers from the Storm Drain fund are the major revenue source for this fund.

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## **Marina**

### **Mission:**

The mission of the Oak Harbor Marina is to provide the highest quality boating and recreational facilities for permanent tenants, guests, and the general public; and to provide outstanding service to all marina users, while maintaining safe, fiscally sound, and efficient operations.

### **Responsibilities:**

- Provide quality, in-water moorage for permanent tenants and guest boaters, to include electrical power, water service, sound floats and cleats for mooring, and a clean and safe environment in which to store, maintain and operate their boats.
- Provide efficient and professional services through operation of storage sheds for lease by the public and Marina tenants, in which they may store boats, equipment, etc. and operation of a marine fueling dock, to provide fuel and lubricants to all boaters, both transient and permanent.
- Accomplish effective maintenance and repair of all Marina amenities, so that the grounds and facilities are safe, clean, properly functioning and in good repair, and by so doing, ensure the longest possible service life for these facilities.
- Plan and execute an effective facilities improvement, upgrade and expansion program.
- Provide recycling opportunities and facilities for Marina tenants and guests, with the objective of eliminating any adverse impact on the environment that might result from operation of the Marina.
- Ensure sound accounting and bookkeeping through professional maintenance of customer accounts, including accurate billing, correct and timely processing of payments, and proper reporting of revenues and expenditures to the City Finance department.

### **2016 Accomplishments:**

- ✓ Updated and improved free Wifi service to be used by all marina tenants and guests.
- ✓ Replaced the lift station behind the Harbormasters office to ensure reliability and reduce maintenance costs.
- ✓ Rebuilt and replaced select power pedestals to ensure safety and increased accurate monthly usage measurements.
- ✓ Replaced select pile hoops to improve dock stability and reduce maintenance costs.
- ✓ Removed and replaced the carpet in the Harbormasters building to remove trip hazards for tenants, guests and staff.
- ✓ Fabricated and replaced select whalers on A and B docks to increase dock stability and reduce maintenance costs.

**2017 – 2018 Goals:**

- ❖ **Goal: Continue implementation of the Marina Redevelopment Program.**
  - Objective: Adopt a Marina Improvement Plan that identifies the sequencing and funding for future phases of work.
  - Objective: Work with the Marina Advisory Committee to complete a plan for City Council review and approval.
  - Objective: Rebuild/replace select power pedestals.
  - Objective: Replace select whalers and rub boards.
- ❖ **Goals: Continue modernizing Marina facilities and operations.**
  - Objective: Improve customer service and customer satisfaction in targeted areas.
  - Objective: Purchase and install new computer software that will expand the Marina's capabilities in moorage management and guest moorage reservations.
  - Objective: Purchase and install credit/debit card reader systems at the fuel dock to simplify transactions and provide better financial controls.
  - Objective: Purchase and install a new kiosk for F dock that is compatible with the Marina management software; that will accept payments, and assist with guest moorage reservations.
- ❖ **Goals: Maintain Marina facilities to a high standard to extend their useful life and to provide quality facilities for Marina customers.**
  - Objective: Complete major maintenance projects.
  - Objective: Install a central trash and recycling enclosure that will allow access to only tenants and guests.
  - Objective: Rebuild and replace select power pedestals to ensure safety and increased accurate monthly usage measurements.
  - Objective: Reconfigure docks and slips to accommodate larger vessels.

**Measurement Results**

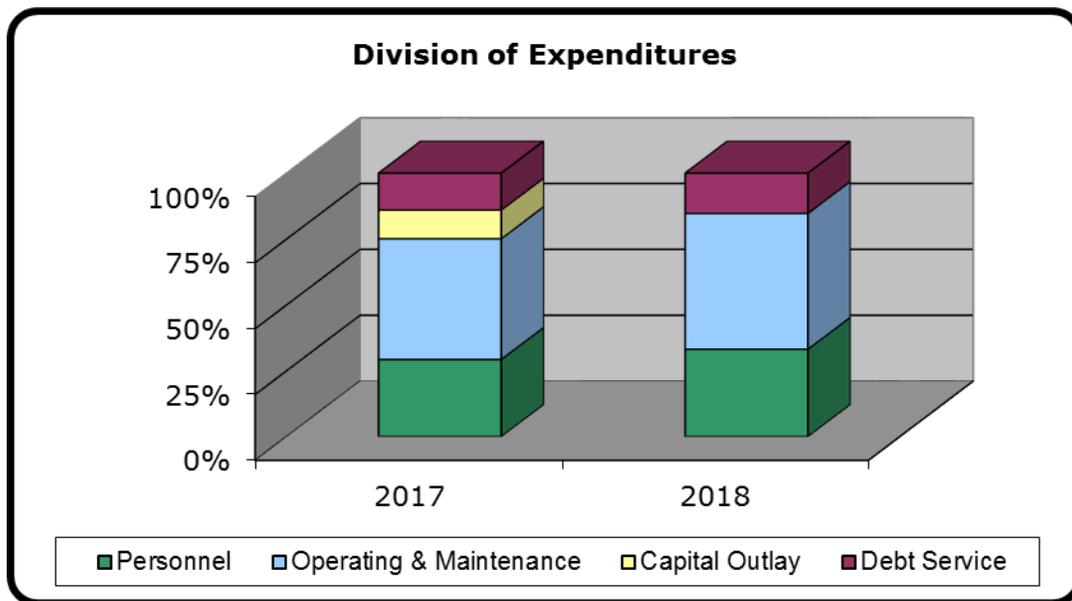
Measures	Actual		Projected	
	2015	2016	2017	2018
<b>Qualitative Measures</b>				
Improve marina sewage/waste water capacity		✓		
Adopt Marina Improvement Plan			✓	
Improve moorage management through new computer software			✓	
Improve marina cash/credit card handling	✓	✓	✓	✓
<b>Quantitative Measures</b>				
Gallons of fuel pumped	146,359	145,220	146,000	147,000
Yacht clubs hosted	16	17	18	19

**Personnel Schedule**

Classification	Budgeted Positions				
	2014	2015	2016	2017	2018
Harbormaster	1.00	1.00	1.00	1.00	1.00
Marina Maintenance Attendant I, II, III	2.00	2.00	2.00	2.00	2.00
Marina Operations Specialist	1.00	1.00	1.00	1.00	1.00
Seasonal Laborer	0.50	1.50	1.50	0.75	0.75
<b>Total</b>	<b>4.50</b>	<b>5.50</b>	<b>5.50</b>	<b>4.75</b>	<b>4.75</b>

**Summary of Financial Information**

Fund Balance Reconciliation	Actual 2015	Amended 2016	Adopted 2017	Adopted 2018
Beginning Fund Balance	\$ 385,529	\$ 506,278	\$ 418,163	\$ 429,664
Revenues	1,449,291	1,348,380	1,518,705	1,436,334
Expenditures				
Personnel	336,150	411,510	389,809	398,045
Operating & Maintenance	1,012,458	668,571	610,466	619,135
Capital Outlay	-	50,000	144,494	-
Debt Service	186,753	184,040	186,678	183,378
<b>Total Expenditures</b>	<b>1,535,360</b>	<b>1,314,121</b>	<b>1,331,447</b>	<b>1,200,558</b>
<b>Surplus (Deficit)</b>	<b>(86,070)</b>	<b>34,259</b>	<b>187,258</b>	<b>235,776</b>
Other Sources (Uses)				
Net Interfund Transactions	(158,346)	(161,699)	(175,757)	(164,388)
Net Operating Transfers	-	-	-	-
<b>Sources Over (Under) Uses</b>	<b>(158,346)</b>	<b>(161,699)</b>	<b>(175,757)</b>	<b>(164,388)</b>
<b>Change in Fund Balance</b>	<b>(244,416)</b>	<b>(127,440)</b>	<b>11,501</b>	<b>71,388</b>
<b>Ending Fund Balance</b>	<b>\$ 141,113</b>	<b>\$ 378,838</b>	<b>\$ 429,664</b>	<b>\$ 501,052</b>



**Discussion of Key Elements****Personnel Expenditures:**

No staffing changes are expected to occur in 2017 or 2018.

**Operating and Maintenance Expenditures:**

Significant operating and maintenance expenditures anticipated include the purchase of fuel for resale and purchase of marina modernization items such as new marina management software.

**Capital Outlay:**

The only capital outlay purchase for 2017-2018 will be new point of sale software that will improve moorage management capabilities.

**Debt Service:**

The Marina has bonding related to the dredging.

**Marina Cumulative Reserve**

The Marina Cumulative Reserve fund was established to accumulate marina funds for anticipated future capital projects. As marina construction projects are authorized, these funds will be transferred into the Marina fund (or a specially created utility construction fund) for expenditure.

**Summary of Financial Information**

<b>Fund Balance Reconciliation</b>	<b>Actual 2015</b>	<b>Amended 2016</b>	<b>Adopted 2017</b>	<b>Adopted 2018</b>
Beginning Fund Balance	\$ 8,330	\$ 8,451	\$ 8,651	\$ 8,701
Revenues	28	200	50	50
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	-	-	-	-
Debt Service	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
Surplus (Deficit)	28	200	50	50
Other Sources (Uses)				
Net Interfund Transactions	-	-	-	-
Net Operating Transfers	-	-	-	-
Sources Over (Under) Uses	-	-	-	-
Change in Fund Balance	28	200	50	50
Ending Fund Balance	\$ 8,358	\$ 8,651	\$ 8,701	\$ 8,751

**Discussion of Key Elements****Sources of Revenue:**

Transfers from the Marina fund and interest are the major revenue source for this fund. No transfers are scheduled for 2017 or 2018.



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# Internal Service Funds

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## **Equipment Rental**

### **Mission:**

The mission of the Equipment Rental division is to provide safe, efficient and economical fleet services for the City and to be recognized by our customers as improving their efficiency and effectiveness by providing the highest level of fleet services at the lowest possible cost.

### **Responsibilities:**

- To support the mission of all City departments by providing cost effective and dependable vehicles and equipment, by performing timely maintenance, repairs and safety inspections.
- To be accountable for the on-site fuel system and communication needs.
- To cooperate with State and local agencies to establish cooperative purchasing agreements that will reduce costs and improve efficiency and effectiveness.
- To maintain a fleet replacement program that adequately funds vehicle replacement without having to borrow funds.
- To oversee the City auction and sale of City assets in accordance with RCW 39.

### **2016 Accomplishments:**

- ✓ Provided an effective fleet management program.
- ✓ Rebuild of side arm loaders with certified used parts, reducing repair cost by 75%.
- ✓ Mechanics and operators are regularly trained on equipment. Mechanics have continually increased their training on fire apparatuses, 6 liter diesel engines, big truck brake clinics and clutch repair and replacement.
- ✓ Improved customer relationships with all City departments/divisions through open communication and transparent records.

### **2017 – 2018 Goals:**

#### **❖ Goal: Continue to provide an effective Fleet Management program.**

- Objective: Schedule preventive maintenance services on all vehicles/equipment, provide high quality maintenance for all City vehicles and equipment, and service all vehicles and equipment within the scheduled maintenance period. Prepare and maintain an accurate and effective replacement program.

#### **❖ Goals: Continue to develop a comprehensive fleet policy guide.**

- Objective: To continue to develop a comprehensive fleet policy guide which will allow Equipment Rental staff to educate customers on the City's policies and procedures related to fleet operations. This will increase the operator's knowledge of the care, maintenance and operation for vehicles and equipment, as well as fulfill State and Federal safety requirements. Operator safety will increase and the essential care and operation of vehicles and equipment will extend the life of the fleet. This is a continuing goal and one that we are striving to obtain and constantly enhance.

❖ **Goal: Pursue opportunities with City departments and other agencies to improve operations and to lower overhead costs to our internal customers.**

- Objective: Through new inter-local agreements we will be able to decrease our overhead and operating costs. Perhaps in the future create a revenue source through outside customers and possible fueling opportunities.

**Measurement Results**

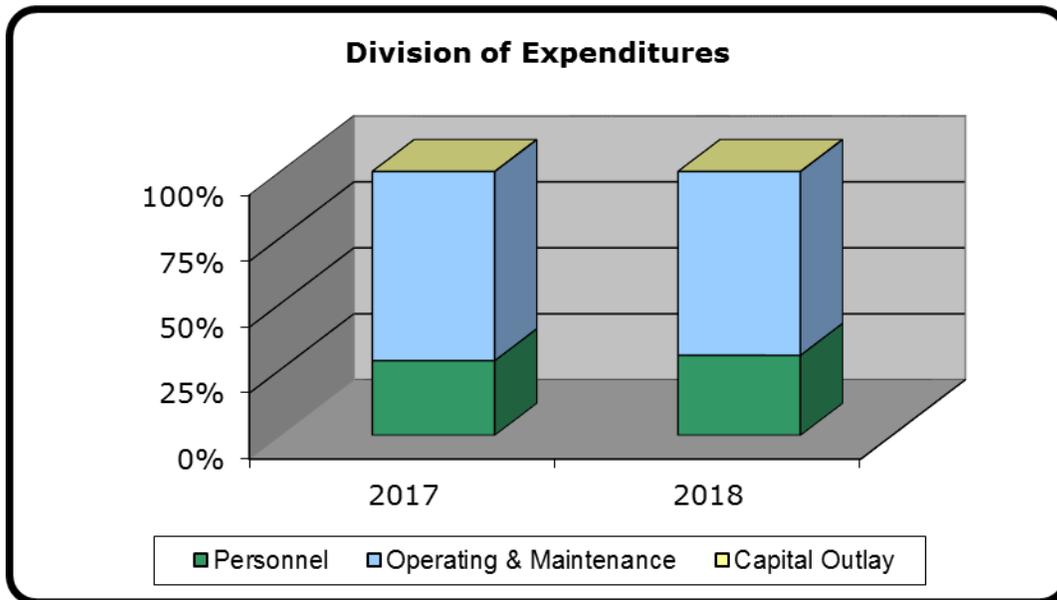
Measures	Actual		Projected	
	2015	2016	2017	2018
<b>Qualitative Measures</b>				
Scheduled preventive maintenance orders completed within 30 days	100%	100%	100%	100%
Scheduled equipment repairs completed within 20 days	90%	90%	90%	90%
Non-billable department costs (overhead percentage)	28%	23%	25%	25%
<b>Quantitative Measures</b>				
Ratio of vehicles to mechanics	64	61	61	61
Number of vehicles in fleet	127	121	121	121
Number of equipment in fleet	99	99	99	99
Number of preventive maintenance orders performed monthly	386	423	435	435
Number of work orders performed	1,235	1,295	1,250	1,250
Gallons of diesel fuel used	41,504	48,369	48,000	48,000
Gallons of unleaded fuel used	29,934	30,450	48,000	48,000
Total cost of fuel	\$177,379	\$150,048	\$180,000	\$180,000

**Personnel Schedule**

Classification	Budgeted Positions				
	2014	2015	2016	2017	2018
Lead Mechanic	1.00	1.00	1.00	1.00	1.00
Diesel Mechanic	1.00	1.00	1.00	1.00	1.00
Seasonal Laborer	0.50	0.00	0.00	0.50	0.50
Total	2.50	2.00	2.00	2.50	2.50

**Summary of Financial Information**

<b>Fund Balance Reconciliation</b>	<b>Actual 2015</b>	<b>Amended 2016</b>	<b>Adopted 2017</b>	<b>Adopted 2018</b>
Beginning Fund Balance	\$ 138,513	\$ 228,298	\$ 233,768	\$ 236,119
Revenues	11,498	5,470	5,500	5,600
Expenditures				
Personnel	153,189	173,412	204,171	208,337
Operating & Maintenance	566,731	620,000	517,000	478,000
Capital Outlay	-	-	-	-
Total Expenditures	719,919	793,412	721,171	686,337
Surplus (Deficit)	(708,421)	(787,942)	(715,671)	(680,737)
Other Sources (Uses)				
Net Interfund Transactions	747,154	793,412	718,022	714,347
Net Operating Transfers	-	-	-	-
Sources Over (Under) Uses	747,154	793,412	718,022	714,347
Change in Fund Balance	38,732	5,470	2,351	33,610
Ending Fund Balance	\$ 177,245	\$ 233,768	\$ 236,119	\$ 269,729



**Discussion of Key Elements**

**Personnel Expenditures:**

There are two full time mechanics budgeted in this fund and a five month temporary help if needed.

**Operating and Maintenance Expenditures:**

A significant portion of the operating and maintenance budget is for fuel and parts for City vehicles. Included in 2017, are funds to repaint the shop floors and for a preventative maintenance tool that will locate air leaks in the after treatment systems of our diesel engines.

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## **Equipment Replacement**

### **Mission:**

The mission of the Equipment Replacement fund is to provide safe, efficient and economical fleet replacements and effective and economical technology services for the City and to be recognized by our customers as improving their efficiency and effectiveness. Individual departments contribute towards future purchases over time in order to have adequate cash to fully fund the purchase of the asset with no short term borrowing.

In 2012, the Technology Fund and Equipment Replacement Fund were combined based on guidance in the State BARS manual, which indicates that you should work with the fewest number of funds necessary. Finance Department and Equipment Rental staff determined that it would be in the City's best interest to combine the funds due to the similar nature of their functions.

### **Responsibilities:**

- To cooperate with State and local agencies to establish cooperative purchasing agreements that will reduce costs and improve efficiency and effectiveness.
- To maintain a fleet replacement program that adequately funds vehicle replacement without having to borrow funds.
- To oversee the City auction and sale of City assets in accordance with RCW 39.
- To support the mission of all City departments by providing cost effective and dependable computers and high tech assets.
- To be accountable for the maintenance and upkeep of all City software.
- To maintain a technology replacement program that adequately funds hardware and software replacements without having to borrow funds.
- To provide reliable communication through the upkeep of the internal and external network system.

### **2016 Accomplishments:**

- ✓ Continued to implement a fleet procurement program that matches the needs and resources for each division/department.
- ✓ Final patrol SUV placed into service completing a three year phase in replacement plan, which includes an upgraded Coban camera system.
- ✓ Replacement of two Vactor trucks, with a combined life of 41 years, with two current technology, fuel efficient and environmentally friendly Vactors to be used by our Wastewater and Water divisions.
- ✓ Implemented new technology, such as Microsoft Surfaces used in the field and in the office in lieu of traditional laptops and CPU's.

**2017 – 2018 Goals:**

- ❖ **Goal: Continue to implement a fleet procurement program that matches the needs and resources for each division/department.**
  - Objective: Enhance communication among departments, assess with departments the condition of assigned equipment, work with departments to identify their needs and resources, purchase new equipment in a cost effective manner, purchase multi-use vehicles whenever feasible and utilize alternative fuel and electric vehicles when available.
  
- ❖ **Goals: Continue to enhance the motor pool program.**
  - Objective: By doing so the City will save money and also provide adequate equipment for all division/department needs.
  
- ❖ **Goals: Continue to enhance our existing technology fund.**
  - Objective: Implement new technology and procedures to assist the departments in meeting their daily needs.
  - Objective: Implement cloud based technology to share and access files remotely.
  - Objective: Implement the use of tablets to enhance our efficiency in the field and to save costs in the long run.

**Measurement Results**

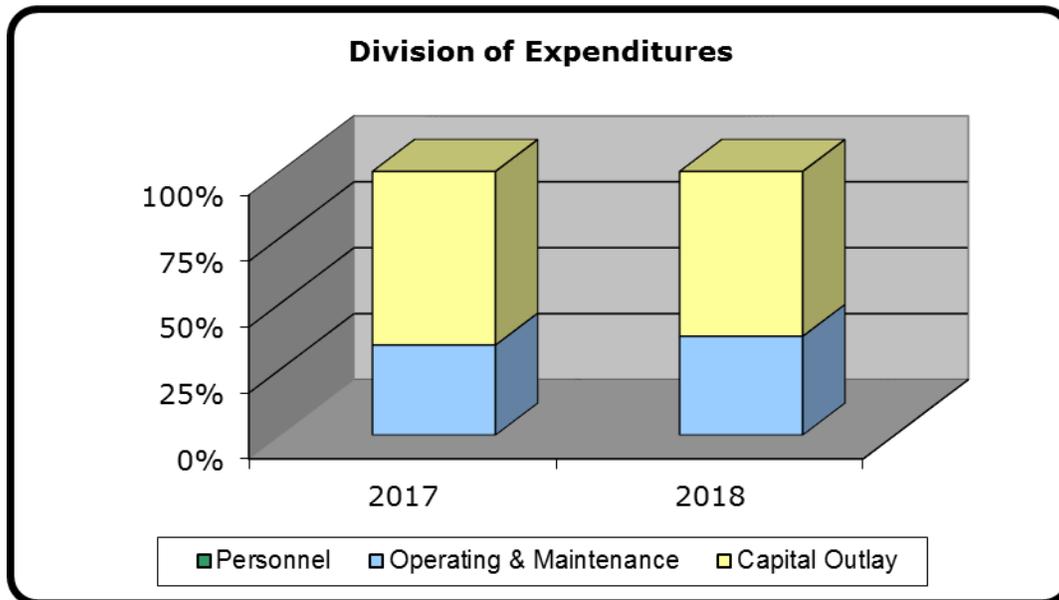
Measures	Actual		Projected	
	2015	2016	2017	2018
<b>Qualitative Measures</b>				
Ongoing completion of a schedule for all technology assets	100%	100%	100%	100%
Review needs annually and implement	100%	100%	100%	100%
Respond to service calls in 24 hours	90%	90%	90%	90%
Respond to supply calls in 24 hours	95%	95%	95%	95%
<b>Quantitative Measures</b>				
Number of workstations replaced	16	21	15	15
Number of motor pool vehicles	20	20	20	20
Number of replacements completed	2	16	17	10

**Personnel Schedule**

There are no employees charged to this fund.

**Summary of Financial Information**

<b>Fund Balance Reconciliation</b>	<b>Actual 2015</b>	<b>Amended 2016</b>	<b>Adopted 2017</b>	<b>Adopted 2018</b>
Beginning Fund Balance	\$ 7,453,338	\$ 8,449,419	\$ 9,032,175	\$ 9,885,884
Revenues	(13,481)	-	-	-
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	785,834	295,000	503,000	456,000
Capital Outlay	-	455,000	968,000	760,000
Total Expenditures	785,834	750,000	1,471,000	1,216,000
Surplus (Deficit)	(799,315)	(750,000)	(1,471,000)	(1,216,000)
Other Sources (Uses)				
Net Interfund Transactions	1,640,756	1,690,756	2,324,709	2,272,462
Net Operating Transfers	20,000	-	-	-
Sources Over (Under) Uses	1,660,756	1,690,756	2,324,709	2,272,462
Change in Fund Balance	861,441	940,756	853,709	1,056,462
Ending Fund Balance	\$ 8,314,779	\$ 9,390,175	\$ 9,885,884	\$ 10,942,346



**Discussion of Key Elements**

**Operating and Maintenance Expenditures:**

The majority of the operating and maintenance budget is for software licensing.

**Capital Outlay:**

Capital asset purchases include 2017 replacements for the following:

VEH #	YEAR	DESCRIPTION	DIVISION	AMOUNT
5	2000	FORD TRACTOR W/FLAIL MOWER	STORM	100,000
82	1999	FORD F350 PICK UP W/CRANE	COLLECTIONS	50,000
E-17	1995	GODWIN PUMP	COLLECTIONS	50,000
12	2001	DODGE PICK UP	SOLID WASTE	40,000
13	1999	FORD TRACTOR	MOTOR POOL	75,000
		COVERED STORAGE	MOTOR POOL	300,000
		CRASH ATTENUATOR	MOTOR POOL	40,000
		PARKING LOT SEALING	MOTOR POOL	100,000
		LED SIGNALS	STREETS	28,000
E-6	1988	CLEASBY SPRAYER	STREETS	20,000
E-38	1999	EMERGENCY TRAILER	STREETS	5,000
P-01	2002	CHEVROLET VAN	POLICE	60,000
		MAPPING FUNDS	WATER/STREETS/WWTP/STORM	100,000

Capital asset purchases include 2018 replacements for the following:

VEH #	YEAR	DESCRIPTION	DIVISION	AMOUNT
63	2006	PETERBILT YARD WASTE TRUCK	SOLID WASTE	350,000
26	2008	GMC REFUSE TRUCK	SOLID WASTE	150,000
72	2010	X MARK MOWER	PARKS	25,000
85	1999	CAT FORKLIFT	MOTOR POOL	25,000
E-25	1994	VERMEER CHIPPER	MOTOR POOL	40,000
48	2003	CHEVROLET PICK UP	WATER	30,000
49	2005	FORD PICK UP	WATER	30,000
P-05	2007	CHEVROLET IMPALA	POLICE	55,000
P-20	2003	CHEVROLET IMPALA	POLICE	55,000

### **Shop Facility**

#### **Mission:**

The mission of the Shop Facility division is to effectively manage and maintain several of the City facilities, as well as provide for the administrative functions necessary to support all of the Public Works divisions.

The Engineering Division budget is included in the Shop Facility Fund. The mission of the Engineering Division is to provide the essential engineering support for the City of Oak Harbor. Many of the functions of the Engineering Division are required by state statute and regulations, such as traffic engineering and water system planning.

#### **Responsibilities:**

- To maintain City facilities at a level which achieves or surpasses the design life and to be proactive in implementing preventive maintenance measures while tracking inventory, work orders and other costs through a facility maintenance program.
- To be accountable for a safe workplace in compliance with State and Federal safety regulations.
- To establish maintenance contracts which provide reliable and cost effective repairs and maintenance.
- To manage the central purchasing function for the City and reduce the cost of supplies and goods.
- To provide dependable support and service to all City departments by providing accurate fixed asset and purchasing records; future replacement needs for budgetary consideration; as well as other documents such as invoices, handouts, and financial reports.
- To promote compliance with City codes as they relate to City-owned and privately-owned properties.
- To plan, organize, supervise, control, direct and evaluate the engineering functions of the City.
- To develop or supervise development of plans, specifications, cost estimates and bid documents for utility and street projects and other projects and/or supervise individuals engaged in these activities.
- To administer the review and approval of plans for municipal and private development and stamp plans for municipal development produced in-house. Analyze proposals for technical adequacy and compliance with City codes, policy requirements and safety needs and/or provide direction and guidance to individuals or groups involved in the projects.
- To meet with citizens, developers, consultants and contractors to discuss projects or proposals and explain/negotiate needed changes. Review proposals with City staff and make public presentations. Recommend contract awards and other actions to the City Council.
- To conduct or supervise studies to determine future City needs and capital improvement priorities. Review utility systems for operational characteristics, impacts or needed changes.
- To plan, organize and direct major utility studies, including transportation.

- To coordinate and oversee engineering support to other divisions and departments by serving as technical liaison.
- To prioritize public infrastructure needs for the City and assist in securing funding for such improvements.
- To prepare maps and utility inventories and provides asset management support.
- To serve as the statutory traffic safety engineer.
- To act as liaison with other agencies such as State DOT, Island County and other cities.
- To procure, negotiate and administer consultant contracts.

**2016 Accomplishments:**

- ✓ Installed covered area over roll cart cleaning area.
- ✓ Replaced heating systems in the mechanics shop due to unavailability of parts for the old system.
- ✓ Completed construction of a large vehicle scale to weigh trucks and material in and out of the facility.
- ✓ Added material bays to organize dry material like crushed rock and sand.
- ✓ Assisted all departments/divisions with their purchasing and facility replacement needs.
- ✓ Provided dependable and reliable support to all departments/divisions through preventative measures and requests.
- ✓ Continued the design and construction of the Clean Water Facility.
- ✓ Completed planning and initiated design of Windjammer Park Phase 1.
- ✓ Completed permitting and design of repairs of the Marina breakwater.
- ✓ Completed the design and started construction of the 10-inch water main anger Replacement.
- ✓ Completed the replacement of an aging steel water main of the NE 4th Ave water main replacement.
- ✓ Completed design and replacement of two undersized booster pumps at the Ault Field Booster Pump.
- ✓ Assisted with design of a replacement for the Marina's sewer lift station Marina Sewer Booster Station.
- ✓ Initiated permitting for construction of a new outfall over the bluff at Scenic Heights.
- ✓ Completed the update to the water system plan.
- ✓ Updated planning documents for the Transportation Element of the Comprehensive Plan & Transportation Plan.
- ✓ Initiated development of an update to the Stormwater Comprehensive Plan.
- ✓ Completed structural evaluation of the Marina boat hoist.
- ✓ Completed structural evaluation of the tank lids at the Pasek Sewer Overflow Structure (SE Pioneer Way Lift Station).
- ✓ Engineering staff assisted with the implementation of the 2012 Western Washington Design Manual for stormwater design.
- ✓ Engineering staff reviewed 48 land use applications last year.

- ✓ Monitored construction activities conducted by Public Works staff.
- ✓ Provided archeological comments on private development applications.
- ✓ Presented on the topic of archeology at several local and regional service organizations.
- ✓ Initiated development of a CLG program for the City of Oak Harbor.
- ✓ Assists or provides archaeological services on Public Works Capital Projects.
- ✓ Updated the Inadvertent Discovery Plan to match current program.
- ✓ Initiated implementation of a CRMP for the City of Oak Harbor to better address how the City and its residents protect cultural resources.

**2017 – 2018 Goals:**

- ❖ **Goals: Provide effective management and implementation of the directives established by the Mayor, City Administrator and City Council.**
  - Objective: Maintain accountability and open communication with other City Departments and all employees in Public Works.
- ❖ **Goals: Implement and oversee a preventive maintenance program for City owned facilities.**
  - Objective: Identify deficiencies and maintain a schedule for repair and replacement.
- ❖ **Goals: Continue to provide a safe, clean and comfortable place for City of Oak Harbor employees to work and citizens to participate.**
  - Objective: Respond to service requests in a timely and efficient manner utilizing the Facility Dude Program. Establish and manage required maintenance service contracts for HVAC, janitorial, fire alarms and others as needed.
- ❖ **Goals: Continue to lower the cost of goods to the City through existing inter-local agreement and through the establishment of new inter-local agreements with additional agencies.**
  - Objective: Lower cost of goods. Establish and manage inter-local agreements with agencies willing to help us meet this goal.
- ❖ **Goals: Update the purchasing policies and procedures that will improve the purchasing process.**
  - Objective: It is time to update the policies and procedures that will help streamline and improve the purchasing process.
- ❖ **Goals: Implement new policies and procedures that will improve the surplus process for real property and buildings.**
  - Objective: The City does not have an established internal policy on how to surplus and dispose of real property and buildings that is no longer of use. A policy is necessary to streamline this process.

**Measurement Results**

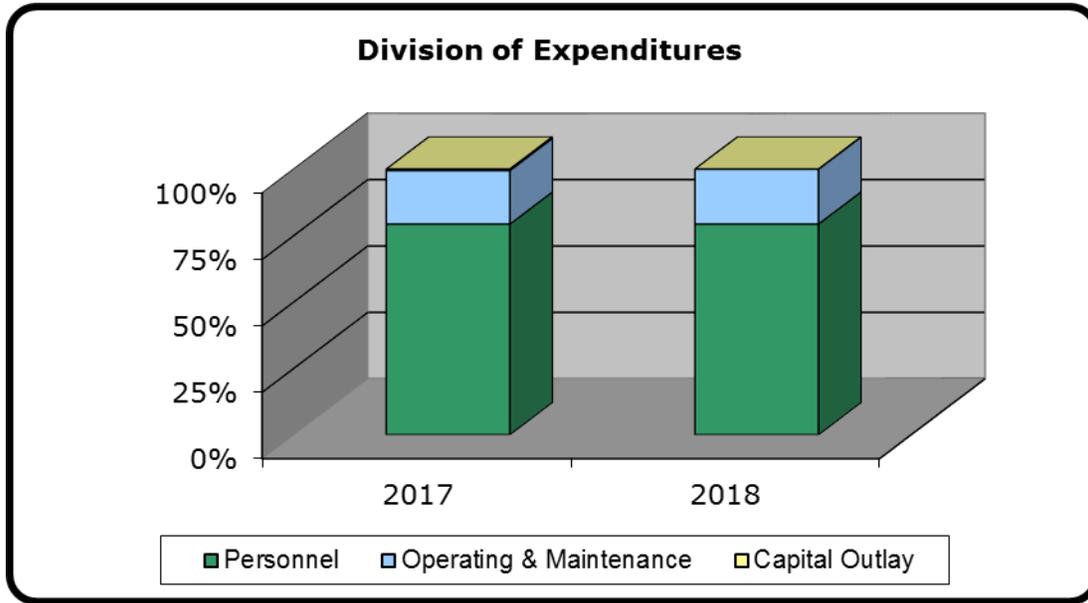
Measures	Actual		Projected	
	2015	2016	2017	2018
<b>Qualitative Measures</b>				
Audit and develop a replacement schedule for City facilities, equipment and property	NA	NA	100%	100%
Percent of maintenance staff hours devoted to preventative maintenance	6%	3.5%	10%	15%
Percent of maintenance staff hours devoted to on call maintenance issues	94%	96.5%	90%	85%
Percent of all permits reviewed by staff archaeologist	N/A	N/A	100%	100%
<b>Quantitative Measures</b>				
Hours spent at City Hall/I-Com	422.75	339.25	400	400
Hours spent at Police Department/Animal Shelter	217	212.50	250	250
Hours spent at Senior Center	64	68	70	70
Hours spent at Library	27.5	63.5	40	40
Hours spent with PW divisions	134.5	185.5	140	140
Number of Development Services Permits reviewed by staff archaeologist	N/A	28	28	28
Number of Land Use applications reviewed by Engineering	36	48	50	50

**Personnel Schedule**

Classification	Budgeted Positions				
	2014	2015	2016	2017	2018
Public Works Director	1.00	1.00	1.00	1.00	1.00
Operations Manager	1.00	1.00	1.00	1.00	1.00
Centralized Purchasing/Contract Coordinator	0.00	0.00	0.00	1.00	1.00
Budget & Purchasing Specialist	1.00	1.00	1.00	0.00	0.00
Senior Administrative Assistant	0.00	0.00	0.00	1.00	1.00
Administrative Assistant	1.00	1.00	1.00	0.00	0.00
City Engineer	1.00	1.00	1.00	1.00	1.00
Project Engineer	2.00	2.00	2.00	3.00	3.00
Civil Engineer	1.00	1.00	1.00	1.00	1.00
Certified Storm Water Manager/Developer	0.00	0.00	0.00	1.00	1.00
Archaeologist	0.00	0.00	0.00	1.00	1.00
Engineering Technician	1.00	1.00	1.00	1.00	1.00
Construction Inspector	1.00	1.00	1.00	1.00	1.00
Associate Planner-Engineering	0.00	1.00	1.00	0.00	0.00
Project Specialist	1.00	0.00	0.00	0.00	0.00
Administrative Assistant-Engineering	1.00	1.00	1.00	1.00	1.00
Facilities/Utility Worker	1.00	1.00	1.00	1.00	1.00
Seasonal Painter	0.50	0.50	0.50	0.00	0.00
<b>Total</b>	<b>13.50</b>	<b>13.50</b>	<b>13.50</b>	<b>15.00</b>	<b>15.00</b>

**Summary of Financial Information**

Fund Balance Reconciliation	Actual 2015	Amended 2016	Adopted 2017	Adopted 2018
Beginning Fund Balance	\$ 339,161	\$ 167,682	\$ (87,781)	\$ 11,488
Revenues	(45,781)	6,600	7,500	7,500
Expenditures				
Personnel	1,326,865	1,494,506	1,844,642	1,771,311
Operating & Maintenance	1,530,320	447,392	469,142	460,903
Capital Outlay	-	50,000	12,000	-
Total Expenditures	2,857,185	1,991,898	2,325,784	2,232,214
Surplus (Deficit)	(2,902,966)	(1,985,298)	(2,318,284)	(2,224,714)
Other Sources (Uses)				
Net Interfund Transactions	2,019,894	1,991,898	2,417,553	2,468,263
Net Operating Transfers	-	-	-	-
Sources Over (Under) Uses	2,019,894	1,991,898	2,417,553	2,468,263
Change in Fund Balance	(883,071)	6,600	99,269	243,549
Ending Fund Balance	\$ (543,910)	\$ 174,282	\$ 11,488	\$ 255,037



**Discussion of Key Elements**

**Personnel Expenditures:**

Reclassification of the following positions has been included in the 2017-2018 budget.

- Administrative Assistant to Senior Administrative Assistant
- Budget and Purchasing Coordinator to Centralized Purchasing & Contract Coordinator
- Reclassify Civil Engineer I to Certified Storm Water Manager/Development Review Engineer

Changes are necessary to more accurately reflect job duties and responsibilities..

**Operating and Maintenance Expenditures:**

A significant portion of the operating and maintenance budget is for staff, indirect cost allocations and equipment replacement.

**Capital Outlay:**

2017 capital outlay is the purchase of a used areal lift.



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# Supplemental Information

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### Glossary

**Accrual Basis.** The basis of accounting under which transactions are recognized when they occur, regardless of the timing of related cash receipts and disbursements.

**Actuarial Basis.** A basis used in computing the amount of contributions to be made periodically to a fund or account so that the total contributions plus the compounded earnings thereon will equal the required payments to be made out of the fund. A pension trust fund for a public employee retirement system is an example of a fund concerned with actuarial basis data.

**Ad Valorem Taxes.** Commonly referred to as property taxes levied on both real and personal property according to the property's valuation and the tax rate.

**Agency Fund.** A governmental accounting classification used to describe those situations where one jurisdiction is acting on behalf of another. In this context, the City of Oak Harbor is providing accounting services for D.A.R.E. and Drug Seizure Funds via an agency fund.

**Amortization.** (1) Gradual reduction, redemption, or liquidation of the balance of an account according to a specified schedule of times and amounts. (2) Provisions for the extinguishment of a debt by means of a debt service fund.

**Appropriation.** A legal authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes. Spending should not exceed this level without approval by the legislative body.

**Assessed Valuation.** A value assigned to real estate or other property by a government as a basis for levying taxes.

**Assessment.** (1) The process of making the official valuation of property for purposes of taxation. (2) The valuation placed upon property as a result of this process.

**Assets.** Resources owned or held by a government which have monetary value.

**Balanced Budget.** The budget is in balance when revenues plus available resources are equal to or greater than planned expenditures plus reserves.

**BARS.** The State of Washington Budget, Accounting and Reporting System required for all governmental entities in the State.

**Benefits.** Benefits provided for employees, such as Social Security, retirement, worker's compensation, life insurance, and medical insurance.

**Biennial Budget.** A budget applicable to two fiscal years.

**Bond.** A written promise to pay a specified sum of money, called the face value or principal amount, at a specified date or dates in the future, called the maturity date(s), together with periodic interest at a specified rate. The difference between a note and a bond is that the latter runs for a longer period of time and requires greater legal formality.

**Bonded Debt.** That portion of indebtedness represented by outstanding bonds.

**Budget.** A forecast of expected resources and the purposeful distribution of those scarce resources. When a budget is appropriated by ordinance or resolution, it provides both the right to spend and limits the amount to be spent.

**Budgetary Control.** The control or management of a government or enterprise in accordance with an approved budget for the purpose of keeping expenditures within the limitations of available appropriations and available revenues.

**Budget Document.** The instrument used by the budget-making authority to present a comprehensive financial program to the appropriating body.

**Budget Message.** A general discussion of the proposed budget as presented in writing by the budget-making authority to the legislative body.

**Capital Improvement.** Expenditures related to the acquisition, expansion or rehabilitation of public facilities, equipment, and infrastructure.

**Capital Plan/Program.** A plan for capital expenditures to be incurred each year over a fixed number of years to meet capital needs arising from the government's long-term needs.

**Capital Outlay.** Expenditures which result in the acquisition of or addition to fixed assets.

**Capital Project.** The largely one-time cost for acquisition, construction, improvement, replacement, or renovation of land, structures, and improvements thereon. Capital project budgets are adopted at the time the project is authorized and continue until completion.

**Cash Basis.** A basis of accounting under which transactions are recognized only when cash is received or disbursed.

**Collective Bargaining Agreement.** A legal contract between the employer and a verified representative of a recognized bargaining unit for specific terms and conditions of employment (e.g. hours, working conditions, salary, fringe benefits, and matters affecting health and safety of employees).

**Comprehensive Budget.** An entity-wide budget that includes all resources the government expects and everything it intends to spend or encumber during a fiscal period. The comprehensive budget contains annual/biennial appropriated budgets, the annual/biennial portion of continuing appropriations such as capital improvement projects, debt amortization schedules, and grant projects, flexible budgets and all non-budgeted funds.

**Consumer Price Index (CPI).** A statistical description of price levels provided by the U.S. Department of Labor. The index is used as measure of the increase in cost of living (i.e. economic inflation).

**Contingency.** The appropriation of reserve funds for emergencies, unforeseen expenditures not otherwise budgeted, or for future allocation in the event specific budget allotments have expired and additional funds are needed.

**Contributed Capital.** An equity account recording resources externally restricted for the acquisition or construction of capital assets, contributions from developers and customers, and tax levies restricted to capital purposes.

**Cost Allocation.** Assignment of applicable costs and charges from one fund to another required by treating each fund as an independent entity.

**Coverage.** Percent of revenues which covers expenditures.

**Current Assets.** (1) In governmental funds, those assets which are available or can be made readily available to finance current operations or to pay current liabilities. (2) In proprietary funds, those assets which will be used up or converted into cash within next operating cycle (e.g. one year). Some examples are cash, temporary investments, and taxes receivable.

**Current Expense Fund.** Same as General Fund.

**Current Liabilities.** Liabilities which are payable within next operating cycle (e.g. one year).

**Debt Limit.** The maximum amount of gross or net debt which is legally permitted.

**Debt Service.** The annual payment of principal and interest according to a predetermined payment schedule on the City's bonded indebtedness. Bonds are issued to finance the construction of capital projects such as utility facilities and expansion.

**Deficit.** (1) The excess of the liabilities of a fund over its assets. (2) The excess of expenditures or expenses over revenues during an accounting period; or, in the case of proprietary funds, the excess of expense over income during an accounting period.

**Depreciation.** Expiration in the service life of fixed assets attributable to wear and tear, deterioration, action of the physical elements, inadequacy or obsolescence.

**Direct Costs/Expensed.** Those expenses which can be charged directly as a part of the cost of a product, service, department, operating unit or activity, as distinguished from indirect costs (overhead) which must be prorated among several products, services, departments, operating units or activities.

**Employee (or Fringe) Benefits.** Contributions made by a government to meet commitments or obligations for employee fringe benefits. Included are the government's share of costs for Social Security and the various pension and medical plans.

**Encumbrances.** The amount of funds committed to vendors for goods or services received or to be received by the City as specified in a City purchase order.

**Enterprise Fund.** A fund established to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed primarily through user charges. Examples include the utility funds.

**Entitlement.** The amount of payment to which a state or local government is entitled as determined by the federal government pursuant to an allocation formula contained in applicable statutes.

**Estimated Revenue.** The amount of projected revenue to be collected during the fiscal year.

**Expenditures.** Decreases in net current assets. Expenditures include debt service, capital outlays, and those current operating costs which require the use of current assets.

**Expenses.** Decreases in net total assets. Expenses represent the total cost of operations during a period regardless of the timing of related expenditures.

**Fees.** A general term for any charge for services levied by government associated with providing a service, permitting an activity, or imposing a fine or penalty. Major types of fees include business licenses, fines, and user charges.

**Fiduciary Fund Type.** The trust and agency funds used to account for assets held by a government unit in a trustee capacity or as an agent for individuals, private organizations, other government units and/or other funds.

**Fiscal Policy.** A government's policies with respect to revenues, spending, and debt management as these relate to government services, programs and capital investment. Fiscal policy provides an agreed-upon set of principles for the planning and programming of government budgets and their funding.

**Fixed Assets.** Assets which are intended to be held or used for a long term, such as land, buildings, improvements other than buildings, machinery and equipment.

**Fixed Budget.** Used to describe those budgets which set an absolute maximum or ceiling on the expenditures of a particular fund, department, or other specific category. A fixed budget can be either an annual/biennial appropriated budget or a continuing appropriation. Fixed budgets must be adopted by ordinance or resolution, either for the government's fiscal period or at the outset of a service project, debt issue, grant award, or capital project.

**Franchise.** A special privilege granted by a government permitting a monopoly or the continuing use of public property, such as city streets.

**Full-time Equivalent Position (FTE).** A part-time position converted to the decimal equivalent of a full-time position based on 2,080 hours per year.

**Function.** A group of related activities aimed at accomplishing a major service or regulatory program for which a government is responsible.

**Fund.** A fiscal and accounting entity with a self-balancing set of accounts (revenues and expenses) which are segregated for the purpose of carrying out a specific purpose or activity.

**Fund Balance.** The excess of the assets of a fund over its liabilities, reserves, and carryover.

**GAAP.** Generally Accepted Accounting Principles. Uniform minimum standards and guidelines used for financial accounting and reporting. They govern the form and content of the financial statements of an entity. They include not only broad guidelines, but also detailed practices and procedures. The primary authoritative body on the application of GAAP to state and local governments is the Governmental Accounting Standards Board.

**GASB.** Governmental Accounting Standards Board. Established in 1985 it is the authoritative accounting and financial reporting standard-setting body for government entities.

**General Fund.** The fund used to account for all financial resources except those required to be accounted for in another fund.

**General Ledger.** A book, file, or other device which contains the accounts needed to reflect the financial position and the results of operations of an entity.

**General Long-term Debt.** Long-term debt expected to be repaid from governmental funds. This includes general assessment debt for which the government is obligated in some manner.

**General Obligation (G.O.) Bonds.** Bonds for which the full faith and credit of the issuing government has been pledged for repayment.

**Goal.** A statement of broad direction, purpose or intent based on the needs of the community. A goal is general and timeless.

**Grants.** External contributions or gifts of cash or other assets to be used or expended for a specified purpose, activity, or facility.

**Impact Fees.** Fees assessed to developers to help mitigate costs associated with the impact of growth and development.

**Indirect Costs.** A cost necessary for the functioning of the organization as a whole, but which cannot be directly assigned to one service.

**Infrastructure.** The physical assets of a government (e.g. streets, water, sewer, public buildings and parks).

**Interfund Transfers.** The movement of monies between funds of the same governmental entity.

**Intergovernmental Revenue.** Funds received from federal, state and other local government sources in the form of grants, entitlements, shared revenues, or payments in lieu of taxes.

**Internal Control.** The system of controls established by the City to protect the assets from misappropriation and ensure accurate reporting of financial transactions.

**Internal Service Fund.** A fund used to account for the financing of goods or services provided by one department or agency to other departments or agencies on a cost-reimbursement basis. The City's Equipment Rental Fund is an example of an internal service fund.

**LEOFF.** Law Enforcement Officers and Firefighters Retirement System provided in the State of Washington.

**Levy.** (*Verb*) To impose taxes, special assessments, or service charges for the support of governmental activities. (*Noun*) The total amount of taxes, special assessments, or service charges imposed by a government.

**Liabilities.** Debt or other legal obligations arising out of transactions in the past which must be liquidated, renewed, or refunded at some future date. The term does not include encumbrances.

**Licenses and Permits.** Revenue category that include building permits, business licenses, and any other miscellaneous license.

**LID.** Local Improvement District or Special Assessments made against certain properties to defray part or all of the cost of a specific improvement or service deemed to primarily benefit those properties. The City is not directly responsible for the debt but is obligated to the extent that it is required to establish a guaranty fund to guaranty payments.

**Long-term Debt.** Debt with a maturity of more than one year after the date of issuance.

**Mission Statement.** A broad statement of the purpose, in terms of meeting public service needs, that a department is organized to meet.

**Net Income/Revenue.** The excess of operating revenues, nonoperating revenues, and operating transfers-in over operating expenses, nonoperating expenses, and transfers-out.

**Nonoperating Expenses.** Those expenses which are not directly related to the fund's primary service activities.

**Nonoperating Revenues.** Those revenues which are incidental to, or by-products of, the fund's primary service activities.

**Objective.** Something to be accomplished in specific, well-defined, and measurable terms and that is achievable within a specific time frame.

**Obligations.** Amounts which a government may be required legally to meet out of its resources.

**Operating Budget.** Plans of current expenditures and the proposed means of financing them. The annual/biennial operating budget is the primary means by which most of the financing, acquisition, spending, and service delivery activities of a government are controlled.

**Operating Expenses.** Those costs including expenditures for salaries and wages, benefits, supplies, services, and charges which are necessary to support the primary services of the operation.

**Operating Revenues.** Those revenues which are directly related to the fund's primary service activities. They consist primarily of user charges for service.

**Other Financing Sources.** Governmental fund general long-term debt proceeds, operating transfers-in, and material proceeds of fixed asset dispositions. Such amounts are classified separately from revenues.

**Other Financing Uses.** Governmental fund operating transfers-out. Such amounts are classified separately from expenditures.

**Outlays.** Synonymous with expenditures.

**Overhead.** All costs other than direct costs.

**Performance Indicators.** Specific quantitative and qualitative measures of work performed as an objective of specific departments or programs.

**Performance Measure.** Data collected to determine how effective or efficient a program is in achieving its objectives.

**PERS.** Public Employees Retirement System provided for employees other than police and fire personnel in the State of Washington.

**Policy.** A principle or course of action chosen to guide decision making.

**Preliminary Budget.** The recommended and unapproved City budget submitted to the City Council and the public.

**Refunding Bonds.** Bonds issued to retire bonds already outstanding. The refunding bonds may be sold for cash and outstanding bonds redeemed in cash, or the refunding bonds may be exchanged with holders of outstanding bonds.

**Reserve.** (1) An account used to segregate a portion of fund balance to indicate that it is not available for expenditure; and (2) an account used to segregate a portion of fund equity as legally set aside for a specific future use.

**Restricted Assets.** Monies or other resources, the use of which is restricted by legal or contractual requirements. These are sometimes called restricted "funds" but such terminology is not preferred.

**Resolution.** A special or temporary order of a legislative body; an order of a legislative body requiring less legal formality than an ordinance or statute.

**Resources.** Total amounts available for appropriation including estimated revenues, fund transfers, and beginning balances.

**Revenue.** Sources of income financing the operations of government.

**Revenue Bonds.** Bonds whose principal and interest are payable exclusively from earnings of an enterprise fund. In addition to a pledge of revenues, such bonds sometimes contain a mortgage on the enterprise fund's property.

**Special Assessment.** A compulsory levy made against certain properties to defray part or all of the cost of a specific improvement or service deemed to primarily benefit those properties.

**Tax Levy.** The resultant product when the tax rate per one hundred dollars is multiplied by the tax base.

**Taxes.** Compulsory charges levied by a government for the purpose of financing services performed for the common benefit of the people. This term does not include specific charges made against particular persons or property for current or permanent benefit such as special assessments. Neither does the term include charges for services rendered only to those who pay, for example, sewer service charges.

**Trust Funds.** Funds used to account for assets held by a government in a trustee capacity for individuals, private organizations, other governments, and/or other funds.

**Unreserved Fund Balance.** The portion of fund's balance that is not restricted for a specific purpose and is available for general appropriation.

**User Fees.** The payment of a fee for direct receipt of a public service by the party who benefits from the services.

**Working Capital.** The year-end balance of current assets less current liabilities in the Enterprise and Internal Service Funds. The unencumbered balance at year-end is available for appropriation in the next year's budget.

**ORDINANCE NO. 1778**

**AN ORDINANCE TO ENCUMBER RESOURCES AND TO ESTABLISH EXPENDITURE AUTHORITY THROUGH THE ADOPTION OF THE CITY OF OAK HARBOR 2017-2018 BIENNIAL BUDGET.**

WHEREAS, the City of Oak Harbor has elected to utilize a biennial budget as provided in RCW 35A.34.040; and

WHEREAS, a public hearing was held August 3, 2016 regarding revenue sources for the 2017-2018 biennial period, including consideration of possible increases in property tax revenues as required by RCW 84.55.120; and

WHEREAS, budget estimates from each department of City government were provided to the City Clerk as required by RCW 35A.34.050 setting forth the complete financial program of the City for the ensuing fiscal biennium; and

WHEREAS, a proposed preliminary budget was prepared setting out the complete financial program of the City for the ensuing fiscal biennium as required by RCW 35A.34.070; and

WHEREAS, we are following Chapter 2.34.080 of Oak Harbor Municipal Code by upgrading the salary grid to reflect market conditions; and

WHEREAS, the preliminary budget was prepared in detail on November 15, 2016, making revisions or additions to the reports of the department heads and is made available to the public at least six weeks prior to the City's new fiscal biennium, beginning January 1, 2017; and

WHEREAS, the City Clerk has published notice of a final public hearing on the final 2017-2018 biennial budget in the Whidbey News Times on November 19 and November 26, 2016; and,

WHEREAS, the Oak Harbor City Council held the final public hearing at the December 6, 2016 City Council meeting to receive discussion and input from the public; and,

WHEREAS, the City of Oak Harbor desires to set forth and establish expenditure authority for the purpose of continuing operations for the biennial period commencing January 1, 2017 through December 31, 2018;

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF OAK HARBOR do hereby ordain as follows:**

**Section 1:** The 2017-2018 Biennial Budget as presented at the December 6, 2016 public hearing is hereby adopted as the revenue and expenditure authority for years 2017-2018 for the City of Oak Harbor. The City Clerk is instructed to file the same with the minutes of this meeting. Set

forth in summary form are the totals of the estimated revenues and expenditures for each separate fund and the aggregate totals for all such funds combined:

<u>Fund</u>	<u>2017</u> <u>Budget</u>	<u>2018</u> <u>Budget</u>
001 GENERAL FUND	\$ 17,029,382	\$ 15,886,033
002 CURRENT EXPENSE RESERVES	3,765,488	3,418,700
003 CURRENT EXP - AMERIFLEX	15,000	15,000
005 CURRENT EXP - SEIZURE	5,000	5,000
006 WHIDBEY ISLAND MARATHON	158,165	164,209
101 STREETS	2,619,987	2,257,205
104 ARTERIALS	1,713,820	1,624,017
105 TRANSPORTATION CAPITAL IMPROVEMENT	1,284,276	1,291,108
106 PATHS & TRAILS 1/2 OF 1% MVFT	10,727	12,862
115 ART ACQUISITION & MAINTENANCE	144,716	190,749
116 CIVIC IMPROVEMENT (2%)	912,396	920,436
125 PARK IMPROV-NEIGHBORHOOD PARKS	98,392	600
126 PARK IMPROV COMMUNITY PARKS	264,182	264,982
127 PARK IMPACT FEES	170,757	195,985
129 SENIOR CENTER	330,164	323,437
230 LOCAL LOAN FUND	59,890	59,890
311 CUM RESERVE (M) 1ST 1/4% REET	1,935,334	1,927,249
312 CUM RESERVE MCI 2ND 1/4% REET	1,440,482	1,561,232
320 CONSTRUCTION - DOCK PROJECT	200,500	201,000
325 WINDJAMMER PARK	1,747,976	5,933,325
401 WATER	14,061,441	12,649,293
402 SEWER	16,601,564	19,684,833
403 SOLID WASTE	5,032,597	5,018,537
404 STORM DRAIN	3,854,289	3,901,976
410 MARINA	1,936,868	1,865,998
411 CUMULATIVE RESERVE WATER	3,192,661	2,718,441
412 CUMULATIVE RESERVE SEWER	5,539,889	5,660,649
413 CUMULATIVE RESERVE - SOLID WASTE	117,910	118,260
414 CUMULATIVE RESERVE STORM DRAIN	419,694	420,894
420 CUMULATIVE RESERVE MARINA	8,701	8,751
422 WASTEWATER TREATMENT PLANT	70,500,000	11,000,000
501 EQUIPMENT RENTAL	1,174,302	1,176,753
502 EQUIPMENT REPLACEMENT	11,356,884	12,158,346
510 SHOP FACILITY	2,897,434	3,043,508
	<u>\$ 170,600,868</u>	<u>\$ 115,679,258</u>

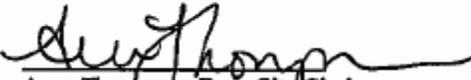
**Section 2:** This ordinance shall be in full force and effect on January 1, 2017, at least five days after passage and upon legal publication.

PASSED and approved by the City Council this 6<sup>th</sup> day of December, 2016.

CITY OF OAK HARBOR

  
\_\_\_\_\_  
ROBERT SEVERNS, MAYOR

Attest:

  
\_\_\_\_\_  
Anna Thompson, Esq., City Clerk

Approved as to Form:

  
\_\_\_\_\_  
Nikki Esparza, City Attorney

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